

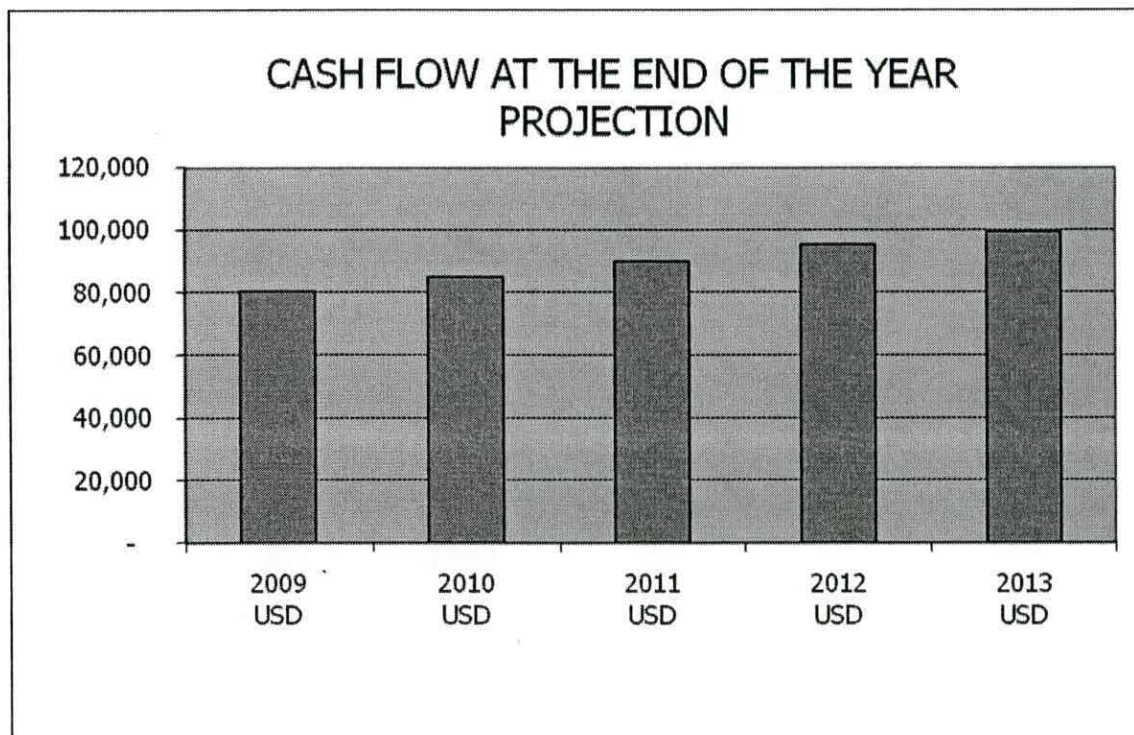
HONG YANG

INTERNATIONAL CO. LTD

CASH FLOW PROJECTION

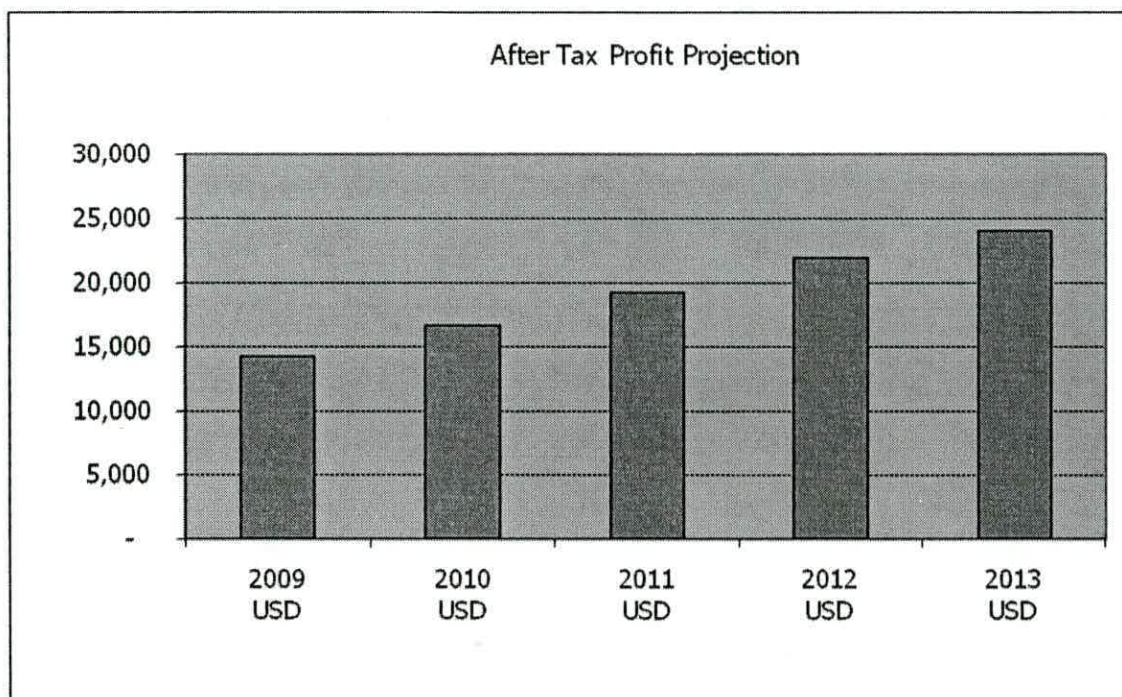
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
CASH FLOW AT THE END OF THE YEAR	80,566	85,209	90,084	95,203	99,578

CASH FLOW AT THE END OF THE YEAR PROJECTION

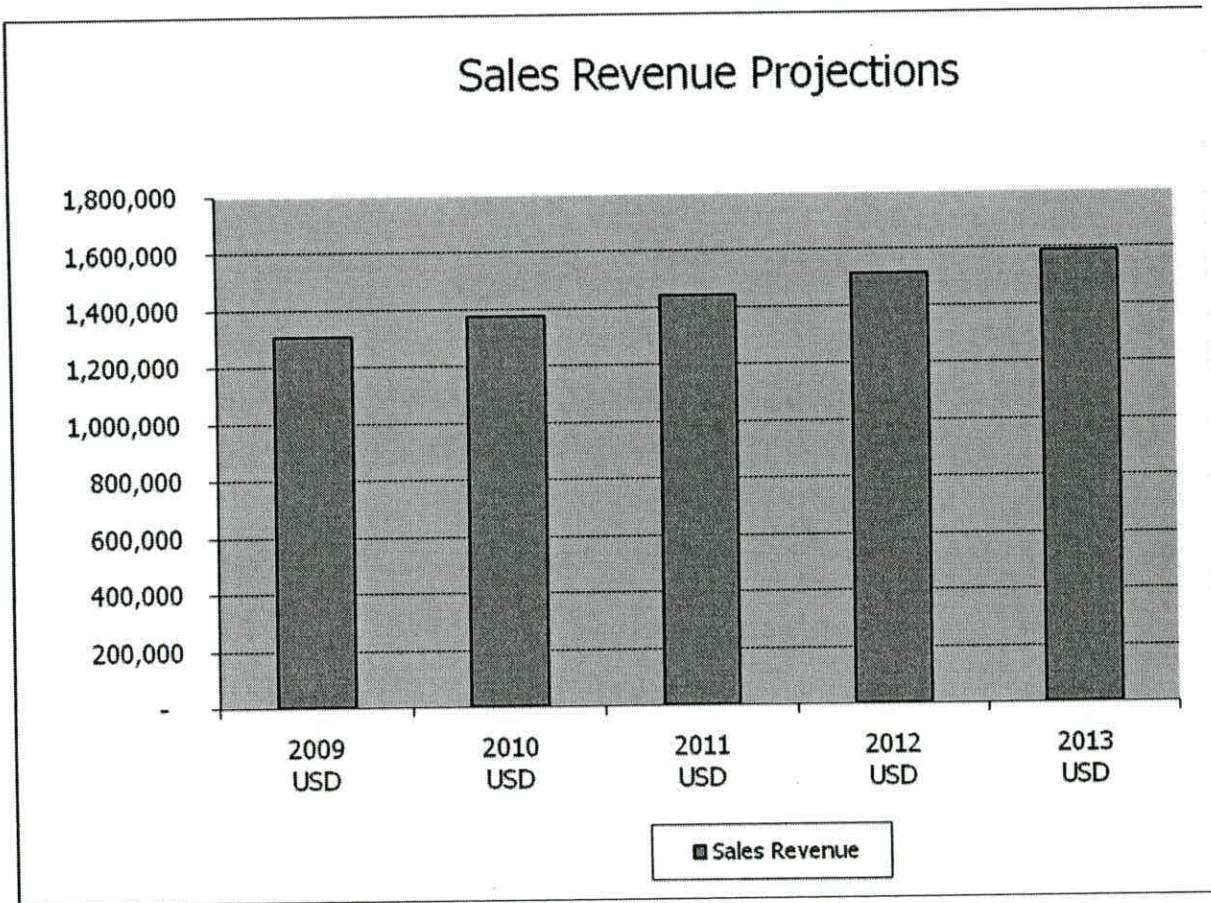


PROFIT PROJECTION

	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Profit After Tax	14,197	16,640	19,204	21,897	24,024



REVENUE PROJECTION					
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Sales Revenue	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910



Machinery, tools & Equipment	30,000	30,000	30,000	30,000	30,000
Motor Vehicles	5,500	5,500	5,500	5,500	5,500
Furniture & Fixtures	4,000	4,000	4,000	4,000	4,000
ANNUAL DEPRECIATION	49,500	49,500	49,500	49,500	49,500
CLOSING FIXED ASSETS	425,500	376,000	326,500	277,000	227,500

SCHEDULE 5

SALARIES & WAGES

NO	DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	3000	3000	36,000
2	Finance and Administration Manager	1	2500	2500	30,000
3	Production Manager	1	2000	2000	24,000
4	Sales and Marketing Manager	1	2000	2000	24,000
5	Marketing Officer	2	1000	2000	24,000
6	Assistant Accountants	2	1000	2000	24,000
7	Secretary	1	600	600	7,200
8	Carpenters	20	500	10000	120,000
9	Drivers	2	300	600	7,200
10	Security Guards	4	200	800	9,600
11	Office Assistant	2	200	400	4,800
	TOTAL USD \$	37	13,300	25,900	310,800

SCHEDULE 3

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	100,000
Machinery & Equipment	300,000
Motor Vehicles	55,000
Furniture & Fixtures	20,000
Pre exp	50,000
Others	50,000
Working Capital	100,000
TOTAL	675,000

SCHEDULE 4

FIXED ASSETS SCHEDULE					
NAME OF ASSETS	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Land and Buildings	100,000	90,000	80,000	70,000	60,000
Machinery, tools & Equipment	300,000	270,000	240,000	210,000	180,000
Motor Vehicles	55,000	49,500	44,000	38,500	33,000
Furniture & Fixtures	20,000	16,000	12,000	8,000	4,000
TOTAL	475,000	425,500	376,000	326,500	277,000
DEPRECIATION	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Land and Buildings	10,000	10,000	10,000	10,000	10,000

HONG YANG INTERNATIONAL COMPANY LTD

SCHEDULES AND GRAPHS

SCHEDULE 1

REVENUE PROJECTION

PRODUCTS	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Furniture	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910

SCHEDULE 2

OTHER OPERATING COSTS

OTHER OPERATING COST	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Motor vehicle running expenses	143,792	150,982	158,531	166,457	174,780
Salaries and wages	310,800	326,340	342,657	359,790	377,779
Pension contribution	31,080	32,634	34,266	35,979	37,778
Depreciation	49,500	49,500	49,500	49,500	49,500
Administrative expenses	261,440	274,512	288,238	302,649	317,782
Marketing Costs	39,216	41,177	43,236	45,397	47,667
Utility costs	32,680	34,314	36,030	37,831	39,723
Insurance	14,250	14,963	15,711	16,496	17,321
Interest Expense	6,075	6,075	6,075	6,075	6,075
Communication	12,000	12,600	13,230	13,892	14,586
Total costs	900,833	943,096	987,472	1,034,067	1,082,991

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED CASHFLOW

		2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
CASHFLOW FROM OPERATIONS:						
Cash Sales		1,071,904	1,098,048	1,152,950	1,210,598	1,271,128
VAT Receipt		196,080	205,884	216,178	226,987	238,336
Subtotal Cash Received		1,267,984	1,303,932	1,369,129	1,437,585	1,509,464
Expenditures from Operations:						
Purchases		313,728	329,414	345,885	363,179	381,338
Additional Cash Spent		845,258	887,521	931,897	978,492	1,028,416
VAT payments		78,432	82,354	86,471	90,795	95,335
Subtotal Cash payment		1,237,418	1,299,289	1,364,253	1,432,466	1,505,089
CASH FROM OPERATIONS		30,566	4,643	4,875	5,119	4,375
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		- 475,000				
Working capital and pre expenses		150,000				
CASH FLOW FROM INVESTMENTS:		- 625,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Loan		202,500				
Owners Equity Contribution		472,500				
CASH FLOW FROM FINANCING		675,000	-	-	-	-
NET CASHFLOW FOR PERIOD		80,566	4,643	4,875	5,119	4,375
CASHFLOW START OF YR		-	80,566	85,209	90,084	95,203
CASHFLOW AT THE END OF YEAR		80,566	85,209	90,084	95,203	99,578

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED BALANCE SHEET

		2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
<u>Fixed Assets</u>						
Long-term Assets		475,000	425,500	376,000	326,500	277,000
Depreciation		49,500	49,500	49,500	49,500	49,500
Total Long-term Assets		425,500	376,000	326,500	277,000	227,500
<u>Current Assets</u>						
Cash		80,566	85,209	90,084	95,203	99,578
Accounts Receivable		230,191	294,041	360,339	429,212	501,085
Total Current Assets		310,757	379,250	450,424	524,416	600,664
Total Assets		736,257	755,250	776,924	801,416	828,164
<u>Current Liabilities</u>						
Accounts Payable		15,686	16,471	17,294	18,159	19,067
Other Current Liabilities		31,373	32,941	34,589	36,318	38,134
Subtotal Current Liabilities		47,059	49,412	51,883	54,477	57,201
<u>Long-term Liabilities</u>						
Long-term Liabilities		202,500	202,500	202,500	202,500	202,500
Total Liabilities		249,559	251,912	254,383	256,977	259,701
Net Assets		486,698	503,338	522,542	544,440	568,464
<u>Capital and Reserves</u>						
Owners Contribution		472,500	472,500	472,500	472,500	472,500
Retained Earnings		14,197	30,838	50,042	71,939	95,964
Total Capital		486,697	503,338	522,542	544,439	568,464

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED INCOME & EXPENDITURE STATEMENT

		2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Sales Revenue		1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
Cost of Sales		392,160	411,768	432,356	453,974	476,673
Gross Profit		915,040	960,792	1,008,832	1,059,273	1,112,237
Operating Expenses:						
Administrative Expenses:		261,440	274,512	288,238	302,649	317,782
Motor Vehicle running expenses		143,792	150,982	158,531	166,457	174,780
Salaries and wages		310,800	326,340	342,657	359,790	377,779
Pension contribution		31,080	32,634	34,266	35,979	37,778
Depreciation		49,500	49,500	49,500	49,500	49,500
Marketing Costs		39,216	41,177	43,236	45,397	47,667
Utility costs		32,680	34,314	36,030	37,831	39,723
Insurance		14,250	14,963	15,711	16,496	17,321
Communication		12,000	12,600	13,230	13,892	15,586
Total Expenses		894,758	937,021	981,397	1,027,992	1,077,916
Profit before Tax		20,282	23,771	27,435	31,281	34,320
Tax (30%)		6,085	7,131	8,230	9,384	10,296
Profit After Tax		14,197	16,640	19,204	21,897	24,024

- It will create more business opportunities to local suppliers of timber and logs, which will also have a trickledown effect in the saw milling and related forestry industries.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and royalties
- The project will earn substantial amounts of foreign exchange.

9.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Net worth of the project increases from US\$ 486,698 in the first year of operation to US\$ 568,464 in the 5th year.

1 st Year	486,698.00
2 nd Year	503,338.00
3 rd Year	522,542.00
4 th Year	544,440.00
5 th Year	568,464.00

8. ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values:

- Processing of wood products particularly manufacturing of furniture will greatly add value to wood products. At present most of wood products are mainly exported in the form of logs and timber.
- The project will involve transfer of technology in furniture manufacturing.
- The project will create employment for 37 people on permanent contract basis as well as on temporary basis.

REVENUE PROJECTION					
PRODUCTS	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Furniture	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910

Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 of operation to the 5th year.

1 st Year	80,566.00
2 nd Year	85,209.00
3 rd Year	90,084.00
4 th Year	95,203.00
5 th Year	99,578.00

Taxation and Depreciation

The corporate tax charged is 30% of the profits. Capital investment allowance is 50% with an indefinite loss carry over period. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

Production and Revenue Assumptions.

It is assumed that the major raw material will be procured from Government licensed dealers. Furniture will be manufactured at the factory .Revenues have been conservatively estimated based on experience of the promoters and trends in the furniture and timber industry.

7.2 Financial Statements:

Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five years, and that production of the different types of furniture commence from the first year of operation

6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied weather conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed with most of the timber processing operations and manufacturing of furniture being carried out at their Dar es Salaam factory. The growing demand for quality furniture locally and in neighbouring countries give them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

The monitoring and evaluation tools that have been successful in other countries like China, will be applied in the country as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1 Considerations and Assumptions:

Exchange Rate

The exchange rate for the financial analysis has been taken at Tshs. 1,300 = US\$ 1.00 for all the period.

5.0 MANAGEMENT AND MANPOWER REQUIREMENTS

5.1 Management

A Board of Directors will closely supervise the proposed project as it has been mentioned above, Mr. Tang Hong Bo, one of the three directors and shareholders will be directly managing the project. The Managing Director will be assisted by properly trained managers in areas of Sales and Marketing, Finance and Administration and Production, who will together comprise the management team.

5.2 Manpower Requirements

The management team will be supported by a team of 37 local and expatriate permanent staff in various capacities. Casual labourers will also be employed on a daily or weekly payment basis.

4.4 Competition

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute products.

4.5 Distribution

The company expects to establish its own show rooms to facilitate distribution of its furniture. This will involve setting up of a special unit which will be provided with resources to enable it efficiently undertake the distribution function of the company. The company will also consider appointing dealers in neighbouring countries when it reaches the stage of exporting furniture to such countries

4.6 Promotion

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market.

4.0 MARKETING ASPECTS

4.1 The products

The main products of the proposed project consist of a

- Wooden Furniture
- Other timber based products

4.2 The Markets

The products are for both the local and export market in neighbouring countries. As mentioned above, the promoters are well versed in the business with well established market contacts.

4.3 Supply Position

Apparently, there is limited production of furniture products of the quality targeted by the company. State of the art technology to be employed will enable the company produce very high quality furniture.

miscellaneous pre-operation payments. The amount of US\$ 50,000 is considered sufficient for this category.

3.5 Project Financing Plan

The shareholders of this company will finance the project using 70% equity and 30% loans as shown below.

Source/Type of Financing	Foreign US\$	Local US\$
Equity (70%)	472,500	-
Loans (30%)	202,500	-

Maintenance:

The company will procure various mill tools, workshop tools etc for proper care and maintenance of mill equipment and machinery. Mill tools will include items like timber logs, lifting hooks, strapping tools and moisture meters. Workshop tools will be comprised of items like maintenance / repair kits, grease guns, ratchets, wrenches, and pliers. Other items include screw drivers, toolboxes, vices, pressure pumps, oils and lubricants.

A total of US\$ 300,000 has been budgeted for machinery and equipment during project construction.

3.3 Motor Vehicles

One (1) unit Light Truck will be required for the haulage of timber from the saw mills or other sources to the factory. One (1) unit of 4WD Pick Up has been budgeted for supervision, and one (1) unit minibus for transportation of factory staff. Total estimated cost for this item is put at US\$ 55,000.

3.4 Pre-operation Expenses

This item includes items like investment studies, preparatory investigations, company formation and legal fees, initial recruitment and training of technical staff and

Support equipment:

Edging machines:

Edging machines will be used for timber that comes off the mills that is not properly sized.

The Cross Cut Saw:

The Cross Cut Saw is specially designed for cross cutting of sawn timber. The cutting is done with the use of radial sawn. They can also be used to cut smaller square logs or cants.

Re-Saw Units:

Sometimes you may need to split thick boards into two thinner boards and here is where the use of re-saw units comes in.

Other Equipment:

Other equipment will include lift trucks, haulage trucks, electric generators, welding machines, power saws etc.

The company intends to construct the factory building for furniture making, preferably timber sheds for housing of machinery, and sawmills. Sheds are necessary to ensure that production is not interrupted by changes caused by weather conditions etc. There will also be construction of site offices, timber warehousing, workshops and timber houses.

The company has budgeted for US\$ 100,000 for refurbishment, partitioning and construction of new civil works structures in this plot.

3.2 Plant, Machinery and Equipment

The project intends to acquire a variety of furniture making machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in furniture making.

The company is already negotiating with overseas equipment suppliers and once agreements are reached such equipment will be shipped to Tanzania to enable installation and commencement of operations

3.0 PROJECT'S ESTIMATED CAPITAL INVESTMENT

The estimated capital investment cost of the project is US\$ 675,000 out of which US\$ 525,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US\$ 50,000 while working capital is put at US\$ 100,000.

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	100,000
Machinery & Equipment	300,000
Motor Vehicles	55,000
Furniture & Fixtures	20,000
Pre exp	50,000
Others	50,000
Working Capital	100,000
TOTAL	675,000

3.1 Land and Building

Head Office Dar es Salaam

The headquarters of the project and factory will be located at Plot no. 845, Mbezi Area, within Kinondoni Municipality, Dar es salaam. This will serve for both office accommodation and storage yard for raw materials as well as finished products.

(b) Land lease/concession

Investment in forestry is a long-term undertaking. Consequently the National Forests Ordinance provides for long-term land lease/concession to those who wish to invest in the sub sector.

(c) Immigration quotas

Any business enterprise granted a certificate of incentives is entitled, by law, to an initial automatic maximum immigration quota of up to 5 people during the start up period. A request for additional experts can be considered upon presentation of a request to the Executive Director for Tanzania Investment Centre (TIC). Visas are issued at points of entry to Tanzania. Multiple entry visas to Tanzania are provided to investors on request and where there is evidence that it is necessary to make frequent visits to Tanzania.

- An order from Importer
- Produce evidence of Export returns for previous years
- Be registered by the Ministry responsible for Natural Resources and Tourism.
- Obtain approval for export (each year)
- Prepare Invoice, Pay fees for grading certificate per consignment of 20 m³/tonnes and pay an additional fees for export permit issued by the Ministry of Natural Resources and Tourism

2.8 Incentives for Investors in Forestry Sector:

(a) Monetary incentives

- | | |
|---|-----|
| • Corporate tax | 30% |
| • Custom duty on capital goods | 0% |
| • Value Added Tax on capital goods | 0% |
| • Capital allowance deduction in the years of income | 50% |
| • With indefinite loss carry-forward period | |
| • Withholding tax on dividends | 10% |
| • Withholding tax on interest | 0% |
| • Free repatriation of earned income, profits and dividends | |

2.6 Trade in wood and wood products within the country

Traders in wood and wood products are expected to register with the Ministry of Natural Resources and Tourism. Any trader is expected to have a trading business licence and an Income tax Clearance certificate from Tanzania Revenue Authority. Where one has to enter into a forest reserve and fell/remove timber from the forests, it is necessary to have a licence to fell and remove timber and any other wood products from the forests from relevant forest authorities. Timber and wood products harvested from the forests must be certified by a forestry official and marked with a hammer (for the case of timber) before they are removed from the forest. The trader needs to obtain a transit pass, which allows them to move the products from the forest to the market.

2.7 Trade in wood and wood products outside the country.

Before one engages in trade on wood and wood products on the export market, it is necessary to do the following:

Complete export forms and attach the following documents;

- Copy of registration certificate for his or her company
- Business license
- Income tax Clearance

coastal and riverine forests. Investors could develop recreational facilities such as lodges and hotels in exclusive natural environments.

The Eastern Arc Mountains which range from North Pare, The Usambaras, Uluguru and Udzungwa mountains and mangrove forests in Mtwara, Lindi, Coast and Tanga regions are potential sites for eco-tourism.

Sale of plants

As indicated earlier, Tanzania is endowed with high biodiversity. The natural forests have many different endemic plants which have high value on the export market. The East African Violet (Saint Paulia) for instance has commanded the flower market in Europe. Sale of plants is an area, which is yet to be fully exploited.

2.5 Trading conditions and license procedures for forest products.

The Government of Tanzania has simplified procedures for trading in wood and wood products to encourage trading in these products. In order to facilitate trading in wood and wood products, the procedures to be followed by investors and traders who wish to engage in the trade are as follows:

The forests have useful fruit trees such as **Uapaka kirkiana**, **Vangueria infausta**, **Syzgium** species and **Tamarindus indica** just to mention a few. Fruits from these trees are delicious and have a good domestic market. **Sclerocarya birrea** (Marula) is popular for making an internationally recognized liqueur (Amalura drink), which is sold in many departmental stores in Southern Africa. One can also make juices and jams from the fruit. The nuts have high protein - rich oil. Fruits of **Adansonia digitata** are rich in vitamin C while leaves for the species, used for soups and sauces, are rich in vitamin A. Neem can be used for the production of insecticides for controlling agricultural pests.

Some of the tree species have leaves that can be used for the production of beautiful mats that can be sold on the local and export markets. Sandal wood (**Osyris compressa**) are famous for the perfume industry and have a high demand on the export market. **Trichilia emetica**, seed has potential for the manufacture of soap.

This wide range of non-wood products from the forests offers investors many options for investing in the forest sub sector.

Eco-tourism

The natural forests in Tanzania have a variety of scenic areas which are suitable for eco tourism and development of recreational sites. Some of the sites are in mountain rain forests,

- Sawmilling (saw wood) industry
- Chipboard (Partial board) factories
- Fiberboard (Hard boards) manufacturing plants.
- Furniture and joinery woodwork
- Prefabricated structures and other industrial wood use.
- Pulp and paper industries.

The government encourages trading of manufactured and semi-manufactured wood products.

With the exception of Teak (**Tectona grandis**) and Paurosa (**Swartzia madagascarensis**), export of round logs is prohibited. Other wood products that are also allowed for export include; flooring strips, Clarinet sets, Scottish pipes, wood carvings, doors, windows and Zanzibar chest.

2.4 Non- Wood Forest Products

The high biodiversity of Tanzania's natural forests offers a wide range of non-wood products such as Gum arabic from **Acacia Senegal**. The natural forests have many plants, which can produce dyes. The forests have many useful medicinal plants such as **Balanites aegyptiaca**, **Azadirachta indica** etc. The forests are a source of food. They harbour numerous species of mushrooms that have high nutrition value. Mushrooms have a very good domestic market.

8	Rubare	Kagera	Pines	285	
9	Rubya	Ukerewe, Mwanza	Pines	1,816	29,056
10	Buhindi	Mwanza	Pines	3,206	51,296
11	Meru	Arusha	Cypress, Pines, Eucalyptus	6,885	110,160
12	West Kilimanjaro	Kilimanjaro	Pines, Cypress	4,653	74,448
13	North Kilimanjaro	Kilimanjaro	Pines, Cypress	5,588	89,409
14	Longuza	Muheza, Tanga	Teak, Terminalia	1,746	27,936
15	Sao Hill	Mufindi, Iringa	Pines, Eucalyptus	40,529	648,464
16	Mtibwa	Turiani, Morogoro	Teak, Cedrela	1,773	28,369
	Total			80,508	1,288,128

2.3 Natural forests

This forests have numerous valuable indigenous tree species suitable for industrial wood production such as **Dalbergia melanoxylon** (E.A. Blackwood), **Pterocarpus angolensis (mninga)**, **Khaya anthotheca** (African mahogany), **paurosa** etc. These species are suitable for construction timber, joinery, and furniture production, carving, flooring and general purpose construction wood.

Soft wood and hardwood plantations offer good opportunities to invest in establishment of wood based industries, which may include:

general lands. These forests contain many potential wood and non-wood products and a number of outstanding scenery sites.

2.2 Forest plantations.

Tanzania has 16 plantations covering a total planted area of 80,000 hectares. Tree species planted include: **Pinus patula**, **Pinus caribaea**, **Pinus elliottii**, **Cupressus lusitanica**, **Cedrela odorata**, **Tectona grandis**, **Terminalia** spp, **Podocarpus species**, **Juniperus procera** and various **Eucalyptus** species. Most of these plantations are mature and ready for harvesting. Table 2 presents a summary of the industrial forest plantation resources.

Table 2: Forest Plantations

SN	Plantation	Location	Major species	Area (Ha)	Estimated Allowable cut) m3
1	Shume	Lushoto-Tanga	Pines, Cypress	3,388	54,209
2	Magamba	Lushoto Tanga	Pines, Cypress, Cedar	523	8,368
3	Ukaguru	Kilosa, Morogoro	Pines	2,396	38,336
4	Rondo	Lindi	Teak, Pines	2,664	42,624
5	Matogoro	Songea, Ruvuma	Pines	1,029	16,464
6	Kawetire	Mbeya	Pines	1,764	28,224
7	Kiwira	Mbeya	Pines	2,627	42,032

2.0 AN OVERVIEW TO THE FORESTRY INDUSTRY IN TANZANIA.

2.1 Forest Distribution:

Tanzania is endowed with vast forest resources. The country has 33.5 million hectares of forests and woodlands (Table 1).

Table 1: Forest distribution by area and cover type.

Type of forest	Area ('000 hectares)	Percentage
Closed forests	1,400	4.18
Mangroves	115	0.34
Woodlands	31,985	95.48
Total	33,500	100.00
Used of forest land		
Net productive area	23,755	78.04
Unproductive area	9,745	21.96
Total	33,500	100.00
Legal status		
Forest reserves	13,059	38.98
Forest/woodlands within parks	2,000	5.97
Public forest lands	18,441	55.05
Total	33,500	100.00

The Forestry and Beekeeping Division is responsible for administering a total of 13 million hectares of forest reserves and 20.2 million hectares of unreserved forest resources in

Under his management, M/s HONG YANG INTERNATIONAL COMPANY LIMITED is expected to grow steadily from its position as a small manufacturer and graduate into a large furniture manufacturer serving neighbouring states.

1.5 Raw Material Base

The enhanced timber utilization project will strictly adhere to the timber utilization policy of the country's Forestry Department of the Ministry of Natural Resources and Tourism. The company will only deal with licensed dealers who only select approved species of hardwood for harvesting and processing.

Tanzania is endowed with valuable indigenous tree species suitable for industrial wood production. These include E.A. Blackwood, ptecorapus, anglensis (mninga), African Mahogany, Pau Rosa, Mpanga panga, Muhuhu, Mhama, Mkora etc.

As stated above, the major supplying areas for this furniture manufacturing project have been identified as Handeni and Korogwe though Utete, Liwale and Ifakara districts in the Coast, Lindi and Morogoro Regions may also be approached, depending on demand from time to time.

The major products will be:

- Wood Furniture and
- Sawn Timber

At a later stage, the project promoters expect to enter into the export markets where they anticipate to sell quality furniture particularly in neighbouring countries.

1.3 The Sponsors

M/s HONG YANG INTERNATIONAL COMPANY LIMITED will be sponsoring this project.

The Company is jointly owned by the following shareholders.

	Name and Address of Subscribers	Number of Shares	Percent Shareholding
1	Mr. Tang Hong Bo P.O. Box 76838 Dar es Salaam	50	50
2	Mr. Tang Rong P.O. Box 76838 Dar es Salaam	25	25
3	Mr. Hamis Omar Mfaume P.O. Box 76838 Dar es Salaam	25	25

1.4 Project Management

M/s HONG YANG INTERNATIONAL COMPANY LIMITED will be under the Management of Mr. Tang Hong Bo who has experience managing various businesses within and outside Tanzania.

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

This project document presents a proposal by M/s HONG YANG INTERNATIONAL COMPANY LIMITED, a locally registered company with Certificate of Incorporation No. 62314 dated 2nd October 2007 seeking to establish enhanced timber utilization project which will especially utilize the locally available valuable and abundant hardwood as well as softwood. In essence, the project will involve setting up furniture making factory in Dar es salaam .This factory will be fed by raw material purchased from authorized dealers in the country.

The project will adopt state of the art furniture production technology to be acquired from China. This feasibility study report lays down the financial and economic viability of the intended project.

1.2 Location

The headquarters of the project and the furniture manufacturing factory will be located at Plot no. 845, Block E, Mbezi Area, within Kinondoni Municipality, Dar es salaam. The premises will serve as both the head office and storage yard for both finished products and raw materials arriving from the countryside.

The project will acquire some trucks for the transportation of the raw materials to the factory and finished products to the markets.

6.0. ASPECTS OF PROJECT SUSTAINABILITY

7.0. FINANCIAL ANALYSIS

7.1. Considerations and assumption

7.2. Financial statement

8.0. ECONOMIC ASPECTS

9.0. CONCLUSION AND RECOMMENDATIONS

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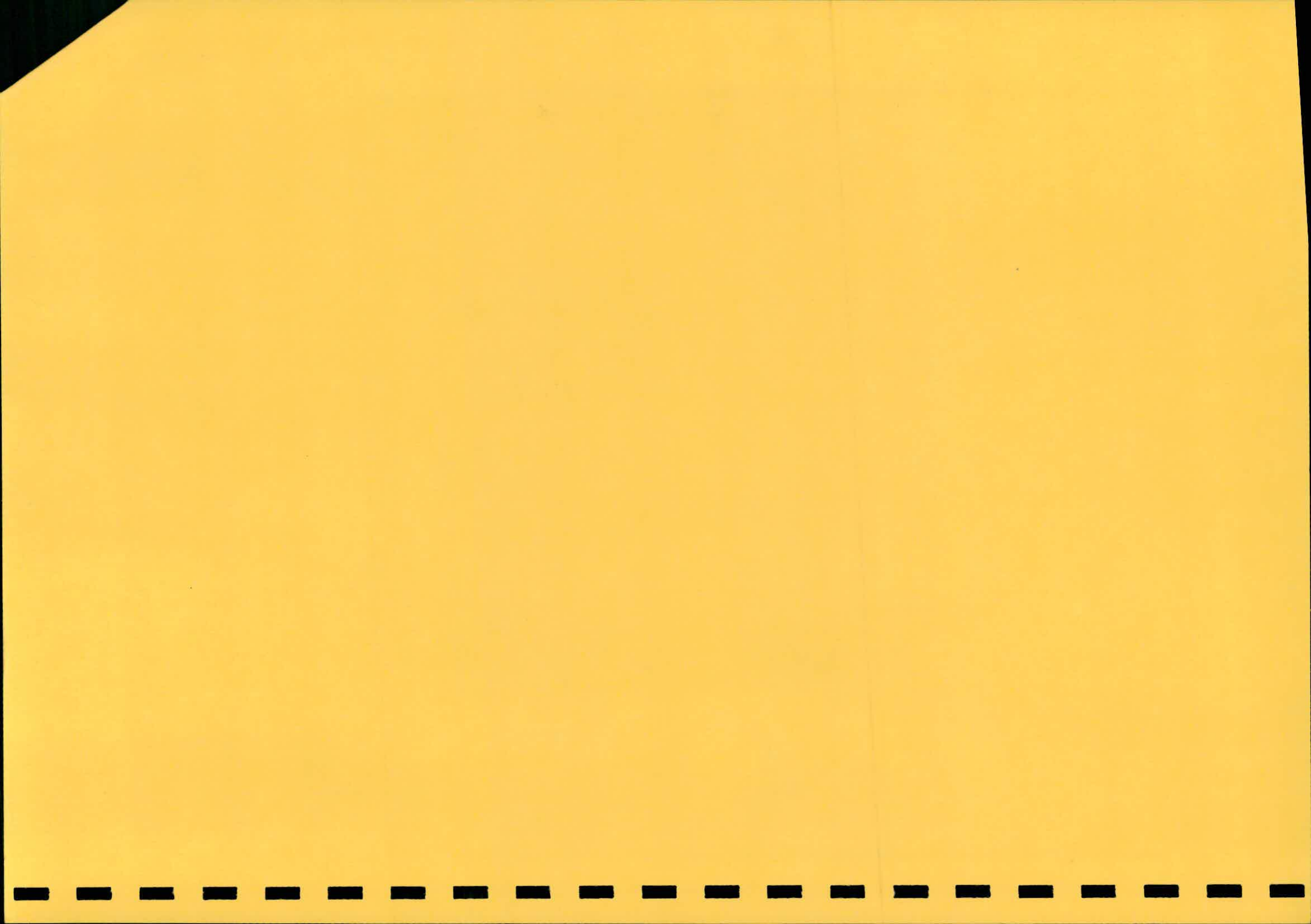
HONG YANG INTERNATIONAL COMPANY LIMITED

PROPOSED PROJECT FOR MANUFACTURING OF HIGH QUALITY FURNITURE

A BUSINESS PLAN

**Presented by:
Hong Yang International Company Ltd
P.O Box 76838
Dar es salaam**

January 2009



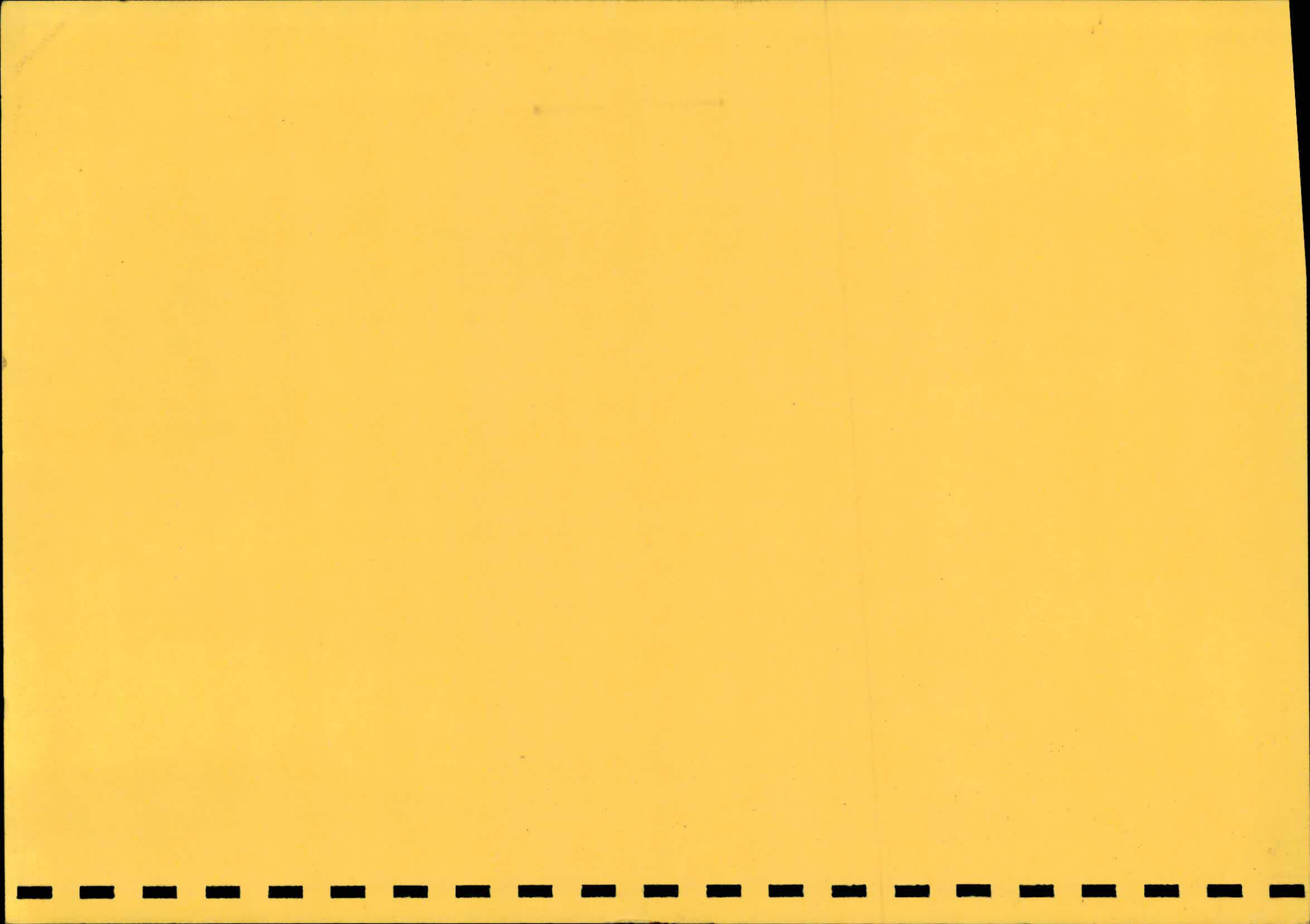
HONG YANG INTERNATIONAL COMPANY LIMITED

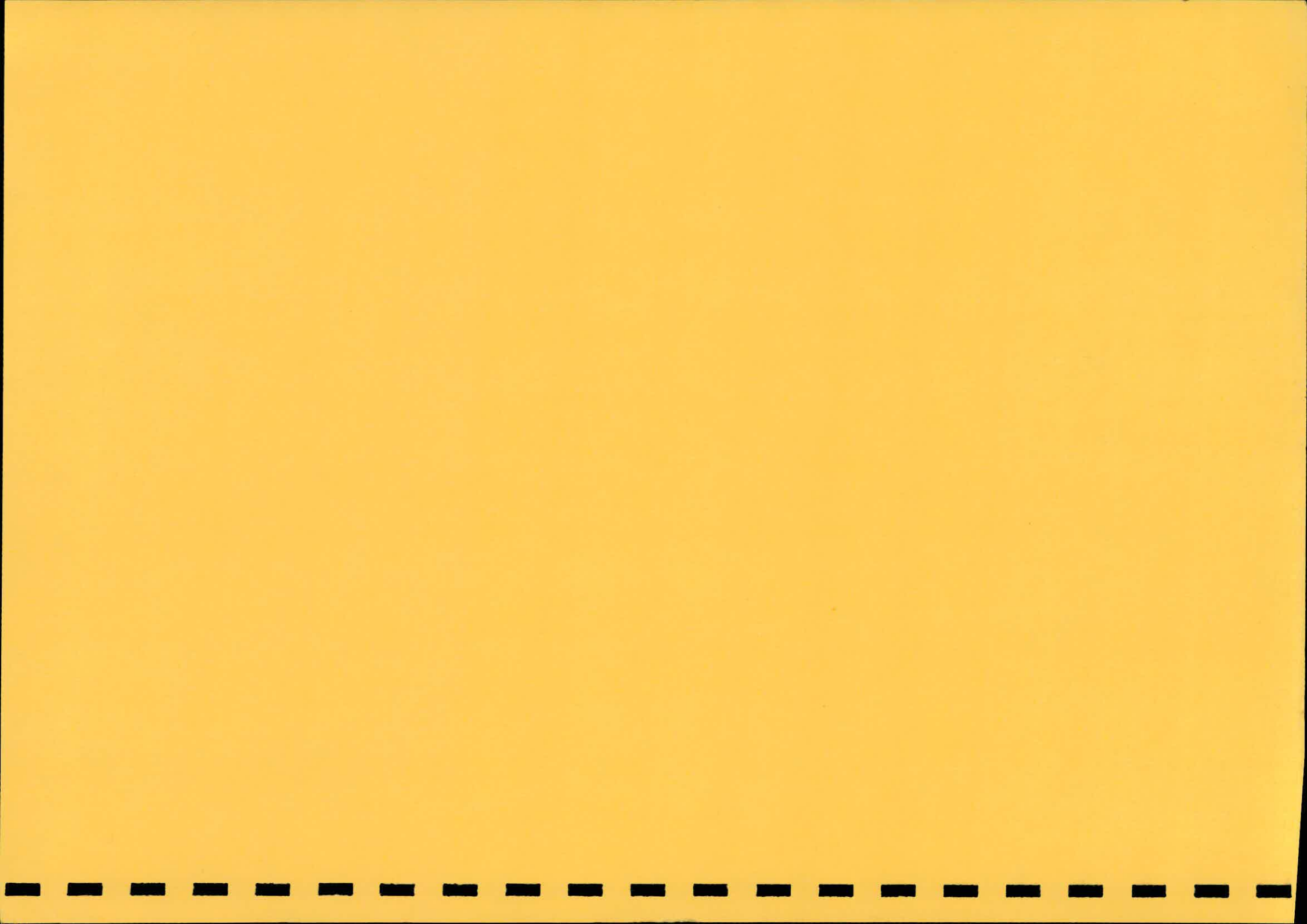
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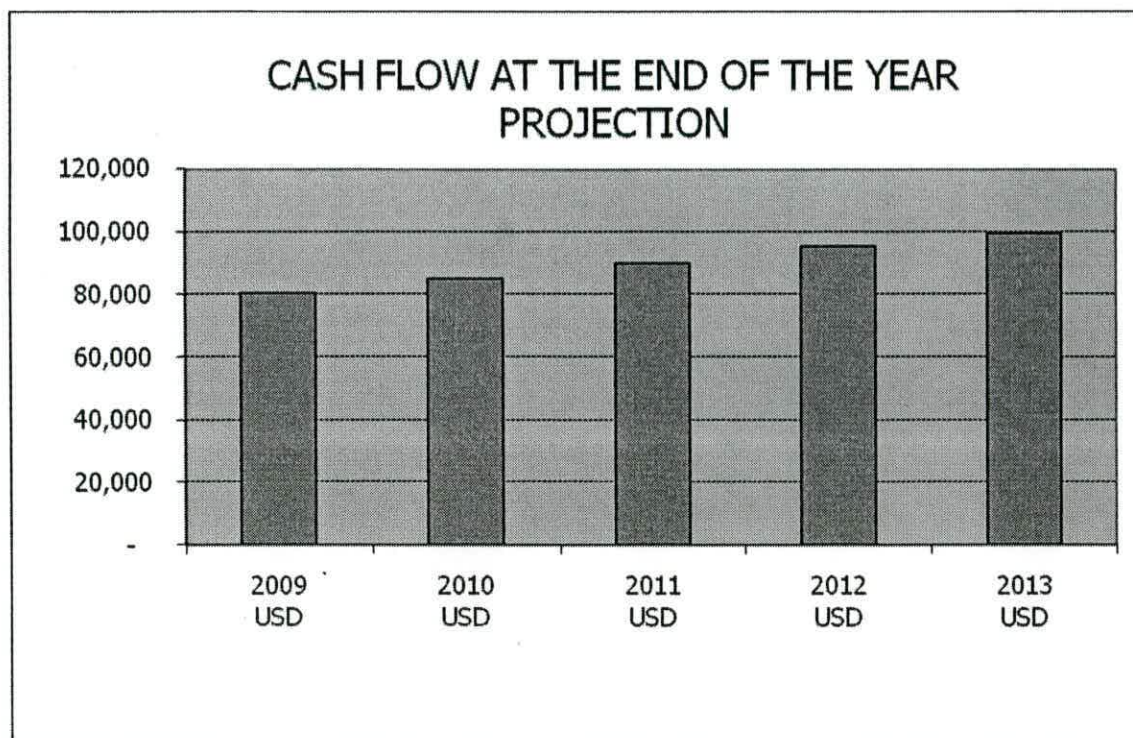




CASH FLOW PROJECTION

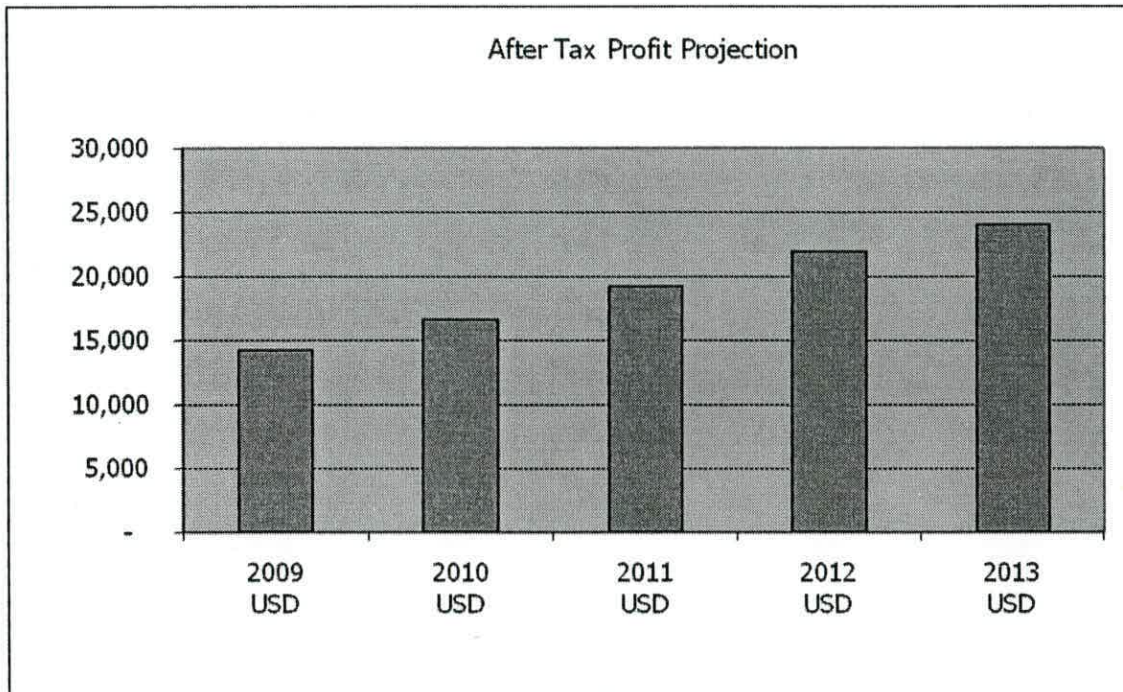
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
CASH FLOW AT THE END OF THE YEAR	80,566	85,209	90,084	95,203	99,578

CASH FLOW AT THE END OF THE YEAR PROJECTION

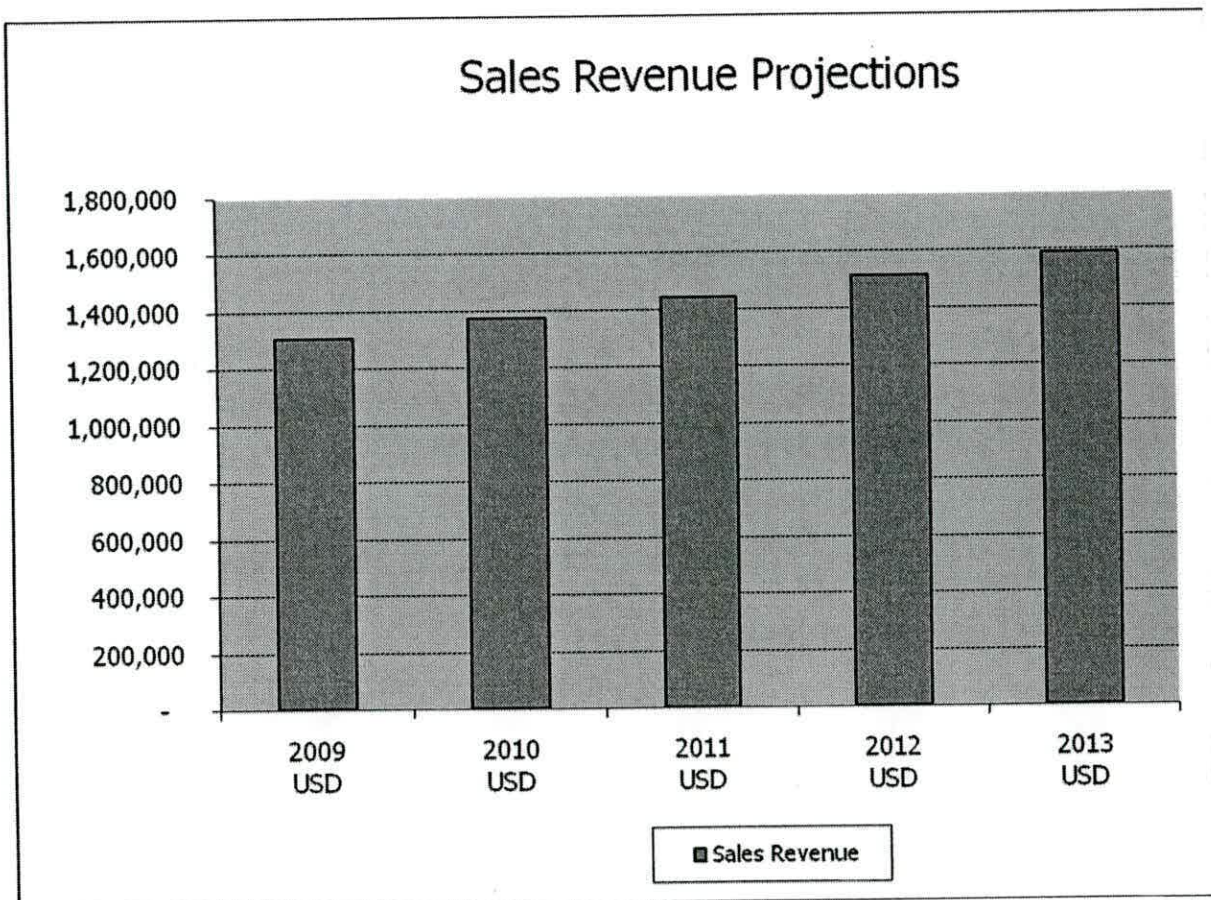


PROFIT PROJECTION

	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Profit After Tax	14,197	16,640	19,204	21,897	24,024



REVENUE PROJECTION					
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Sales Revenue	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910



Machinery, tools & Equipment	30,000	30,000	30,000	30,000	30,000
Motor Vehicles	5,500	5,500	5,500	5,500	5,500
Furniture & Fixtures	4,000	4,000	4,000	4,000	4,000
ANNUAL DEPRECIATION	49,500	49,500	49,500	49,500	49,500
CLOSING FIXED ASSETS	425,500	376,000	326,500	277,000	227,500

SCHEDULE 5

SALARIES & WAGES

N O	DEPARTMENTS/DESIGNATION	NO.	SALARY PER MONTH	SUBTOTAL MONTHLY SALARY	ANNUAL GROSS SALARY
1	Managing Director	1	3000	3000	36,000
2	Finance and Administration Manager	1	2500	2500	30,000
3	Production Manager	1	2000	2000	24,000
4	Sales and Marketing Manager	1	2000	2000	24,000
5	Marketing Officer	2	1000	2000	24,000
6	Assistant Accountants	2	1000	2000	24,000
7	Secretary	1	600	600	7,200
8	Carpenters	20	500	10000	120,000
9	Drivers	2	300	600	7,200
10	Security Guards	4	200	800	9,600
11	Office Assistant	2	200	400	4,800
	TOTAL USD \$	37	13,300	25,900	310,800

SCHEDULE 3

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	100,000
Machinery & Equipment	300,000
Motor Vehicles	55,000
Furniture & Fixtures	20,000
Pre exp	50,000
Others	50,000
Working Capital	100,000
TOTAL	675,000

SCHEDULE 4

FIXED ASSETS SCHEDULE					
NAME OF ASSETS	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Land and Buildings	100,000	90,000	80,000	70,000	60,000
Machinery, tools & Equipment	300,000	270,000	240,000	210,000	180,000
Motor Vehicles	55,000	49,500	44,000	38,500	33,000
Furniture & Fixtures	20,000	16,000	12,000	8,000	4,000
TOTAL	475,000	425,500	376,000	326,500	277,000
DEPRECIATION	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Land and Buildings	10,000	10,000	10,000	10,000	10,000

HONG YANG INTERNATIONAL COMPANY LTD

SCHEDULES AND GRAPHS

SCHEDULE 1

REVENUE PROJECTION

PRODUCTS	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Furniture	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910

SCHEDULE 2

OTHER OPERATING COSTS

OTHER OPERATING COST	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Motor vehicle running expenses	143,792	150,982	158,531	166,457	174,780
Salaries and wages	310,800	326,340	342,657	359,790	377,779
Pension contribution	31,080	32,634	34,266	35,979	37,778
Depreciation	49,500	49,500	49,500	49,500	49,500
Administrative expenses	261,440	274,512	288,238	302,649	317,782
Marketing Costs	39,216	41,177	43,236	45,397	47,667
Utility costs	32,680	34,314	36,030	37,831	39,723
Insurance	14,250	14,963	15,711	16,496	17,321
Interest Expense	6,075	6,075	6,075	6,075	6,075
Communication	12,000	12,600	13,230	13,892	14,586
Total costs	900,833	943,096	987,472	1,034,067	1,082,991

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED CASHFLOW

		2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
CASHFLOW FROM OPERATIONS:						
Cash Sales		1,071,904	1,098,048	1,152,950	1,210,598	1,271,128
VAT Receipt		196,080	205,884	216,178	226,987	238,336
Subtotal Cash Received		1,267,984	1,303,932	1,369,129	1,437,585	1,509,464
Expenditures from Operations:						
Purchases		313,728	329,414	345,885	363,179	381,338
Additional Cash Spent		845,258	887,521	931,897	978,492	1,028,416
VAT payments		78,432	82,354	86,471	90,795	95,335
Subtotal Cash payment		1,237,418	1,299,289	1,364,253	1,432,466	1,505,089
CASH FROM OPERATIONS		30,566	4,643	4,875	5,119	4,375
CASH FLOW FROM INVESTMENTS:						
Purchase of Assets		- 475,000				
Working capital and pre expenses		150,000				
CASH FLOW FROM INVESTMENTS:		- 625,000	-	-	-	-
CASH FLOW FROM FINANCING:						
Loan		202,500				
Owners Equity Contribution		472,500				
CASH FLOW FROM FINANCING		675,000	-	-	-	-
NET CASHFLOW FOR PERIOD		80,566	4,643	4,875	5,119	4,375
CASHFLOW START OF YR		-	80,566	85,209	90,084	95,203
CASHFLOW AT THE END OF YEAR		80,566	85,209	90,084	95,203	99,578

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED BALANCE SHEET

		2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
<u>Fixed Assets</u>						
Long-term Assets		475,000	425,500	376,000	326,500	277,000
Depreciation		49,500	49,500	49,500	49,500	49,500
Total Long-term Assets		425,500	376,000	326,500	277,000	227,500
<u>Current Assets</u>						
Cash		80,566	85,209	90,084	95,203	99,578
Accounts Receivable		230,191	294,041	360,339	429,212	501,085
Total Current Assets		310,757	379,250	450,424	524,416	600,664
Total Assets		736,257	755,250	776,924	801,416	828,164
<u>Current Liabilities</u>						
Accounts Payable		15,686	16,471	17,294	18,159	19,067
Other Current Liabilities		31,373	32,941	34,589	36,318	38,134
Subtotal Current Liabilities		47,059	49,412	51,883	54,477	57,201
<u>Long-term Liabilities</u>						
Long-term Liabilities		202,500	202,500	202,500	202,500	202,500
Total Liabilities		249,559	251,912	254,383	256,977	259,701
Net Assets		486,698	503,338	522,542	544,440	568,464
<u>Capital and Reserves</u>						
Owners Contribution		472,500	472,500	472,500	472,500	472,500
Retained Earnings		14,197	30,838	50,042	71,939	95,964
Total Capital		486,697	503,338	522,542	544,439	568,464

HONG YANG INTERNATIONAL COMPANY LTD

PROJECTED INCOME & EXPENDITURE STATEMENT

	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Sales Revenue	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
Cost of Sales	392,160	411,768	432,356	453,974	476,673
Gross Profit	915,040	960,792	1,008,832	1,059,273	1,112,237
Operating Expenses:					
Administrative Expenses:	261,440	274,512	288,238	302,649	317,782
Motor Vehicle running expenses	143,792	150,982	158,531	166,457	174,780
Salaries and wages	310,800	326,340	342,657	359,790	377,779
Pension contribution	31,080	32,634	34,266	35,979	37,778
Depreciation	49,500	49,500	49,500	49,500	49,500
Marketing Costs	39,216	41,177	43,236	45,397	47,667
Utility costs	32,680	34,314	36,030	37,831	39,723
Insurance	14,250	14,963	15,711	16,496	17,321
Communication	12,000	12,600	13,230	13,892	15,586
Total Expenses	894,758	937,021	981,397	1,027,992	1,077,916
Profit before Tax	20,282	23,771	27,435	31,281	34,320
Tax (30%)	6,085	7,131	8,230	9,384	10,296
Profit After Tax	14,197	16,640	19,204	21,897	24,024

- It will create more business opportunities to local suppliers of timber and logs, which will also have a trickledown effect in the saw milling and related forestry industries.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and royalties
- The project will earn substantial amounts of foreign exchange.

9.0 CONCLUSION AND RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.

Projected Balance Sheet

The projected Balance Sheet of the project is shown in the financial statements under same heading. Net worth of the project increases from US\$ 486,698 in the first year of operation to US\$ 568,464 in the 5th year.

1 st Year	486,698.00
2 nd Year	503,338.00
3 rd Year	522,542.00
4 th Year	544,440.00
5 th Year	568,464.00

8. ECONOMIC ASPECTS

Implementation of this project will have the following social and economic values:

- Processing of wood products particularly manufacturing of furniture will greatly add value to wood products. At present most of wood products are mainly exported in the form of logs and timber.
- The project will involve transfer of technology in furniture manufacturing.
- The project will create employment for 37 people on permanent contract basis as well as on temporary basis.

REVENUE PROJECTION					
PRODUCTS	YEARS				
	2009 USD	2010 USD	2011 USD	2012 USD	2013 USD
Furniture	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910
	1,307,200	1,372,560	1,441,188	1,513,247	1,588,910

Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 of operation to the 5th year.

1 st Year	80,566.00
2 nd Year	85,209.00
3 rd Year	90,084.00
4 th Year	95,203.00
5 th Year	99,578.00

Taxation and Depreciation

The corporate tax charged is 30% of the profits. Capital investment allowance is 50% with an indefinite loss carry over period. The capital assets are exempted from custom duty and Value Added Tax. The straight line method to depreciate the project's capital items has been applied.

Production and Revenue Assumptions.

It is assumed that the major raw material will be procured from Government licensed dealers. Furniture will be manufactured at the factory .Revenues have been conservatively estimated based on experience of the promoters and trends in the furniture and timber industry.

7.2 Financial Statements:

Project Profit and Loss Account

For projection purposes, it is assumed that the economic life of the project is five years, and that production of the different types of furniture commence from the first year of operation

6.0 ASPECTS OF PROJECT SUSTAINABILITY

The project sponsors having studied weather conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed with most of the timber processing operations and manufacturing of furniture being carried out at their Dar es Salaam factory. The growing demand for quality furniture locally and in neighbouring countries give them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

The monitoring and evaluation tools that have been successful in other countries like China, will be applied in the country as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

7.0 FINANCIAL ANALYSIS

7.1 Considerations and Assumptions:

Exchange Rate

The exchange rate for the financial analysis has been taken at Tshs. 1,300 = US\$ 1.00 for all the period.

5.0 MANAGEMENT AND MANPOWER REQUIREMENTS

5.1 Management

A Board of Directors will closely supervise the proposed project as it has been mentioned above, Mr. Tang Hong Bo, one of the three directors and shareholders will be directly managing the project. The Managing Director will be assisted by properly trained managers in areas of Sales and Marketing, Finance and Administration and Production, who will together comprise the management team.

5.2 Manpower Requirements

The management team will be supported by a team of 37 local and expatriate permanent staff in various capacities. Casual labourers will also be employed on a daily or weekly payment basis.

4.4 Competition

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute products.

4.5 Distribution

The company expects to establish its own show rooms to facilitate distribution of its furniture. This will involve setting up of a special unit which will be provided with resources to enable it efficiently undertake the distribution function of the company. The company will also consider appointing dealers in neighbouring countries when it reaches the stage of exporting furniture to such countries

4.6 Promotion

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target market.

4.0 MARKETING ASPECTS

4.1 The products

The main products of the proposed project consist of a

- Wooden Furniture
- Other timber based products

4.2 The Markets

The products are for both the local and export market in neighbouring countries. As mentioned above, the promoters are well versed in the business with well established market contacts.

4.3 Supply Position

Apparently, there is limited production of furniture products of the quality targeted by the company. State of the art technology to be employed will enable the company produce very high quality furniture.

miscellaneous pre-operation payments. The amount of US\$ 50,000 is considered sufficient for this category.

3.5 Project Financing Plan

The shareholders of this company will finance the project using 70% equity and 30% loans as shown below.

Source/Type of Financing	Foreign US\$	Local US\$
Equity (70%)	472,500	-
Loans (30%)	202,500	-

Maintenance:

The company will procure various mill tools, workshop tools etc for proper care and maintenance of mill equipment and machinery. Mill tools will include items like timber logs, lifting hooks, strapping tools and moisture meters. Workshop tools will be comprised of items like maintenance / repair kits, grease guns, ratchets, wrenches, and pliers. Other items include screw drivers, toolboxes, vices, pressure pumps, oils and lubricants.

A total of US\$ 300,000 has been budgeted for machinery and equipment during project construction.

3.3 Motor Vehicles

One (1) unit Light Truck will be required for the haulage of timber from the saw mills or other sources to the factory. One (1) unit of 4WD Pick Up has been budgeted for supervision, and one (1) unit minibus for transportation of factory staff. Total estimated cost for this item is put at US\$ 55,000.

3.4 Pre-operation Expenses

This item includes items like investment studies, preparatory investigations, company formation and legal fees, initial recruitment and training of technical staff and

Support equipment:

Edging machines:

Edging machines will be used for timber that comes off the mills that is not properly sized.

The Cross Cut Saw:

The Cross Cut Saw is specially designed for cross cutting of sawn timber. The cutting is done with the use of radial sawn. They can also be used to cut smaller square logs or cants.

Re-Saw Units:

Sometimes you may need to split thick boards into two thinner boards and here is where the use of re-saw units comes in.

Other Equipment:

Other equipment will include lift trucks, haulage trucks, electric generators, welding machines, power saws etc.

The company intends to construct the factory building for furniture making, preferably timber sheds for housing of machinery, and sawmills. Sheds are necessary to ensure that production is not interrupted by changes caused by weather conditions etc. There will also be construction of site offices, timber warehousing, workshops and timber houses.

The company has budgeted for US\$ 100,000 for refurbishment, partitioning and construction of new civil works structures in this plot.

3.2 Plant, Machinery and Equipment

The project intends to acquire a variety of furniture making machinery, equipment and accessories and install them at the site. The facilities that the company intends to install have advantage of incorporating state of the art technology in furniture making.

The company is already negotiating with overseas equipment suppliers and once agreements are reached such equipment will be shipped to Tanzania to enable installation and commencement of operations

3.0 PROJECT'S ESTIMATED CAPITAL INVESTMENT

The estimated capital investment cost of the project is US\$ 675,000 out of which US\$ 525,000 will be fixed investment costs. Pre-production expenditures have been budgeted at US\$ 50,000 while working capital is put at US\$ 100,000.

COST STRUCTURE	
PARTICULAR	AMOUNT USD
Land and Buildings	100,000
Machinery & Equipment	300,000
Motor Vehicles	55,000
Furniture & Fixtures	20,000
Pre exp	50,000
Others	50,000
Working Capital	100,000
TOTAL	675,000

3.1 Land and Building

Head Office Dar es Salaam

The headquarters of the project and factory will be located at Plot no. 845, Mbezi Area, within Kinondoni Municipality, Dar es salaam. This will serve for both office accommodation and storage yard for raw materials as well as finished products.

(b) Land lease/concession

Investment in forestry is a long-term undertaking. Consequently the National Forests Ordinance provides for long-term land lease/concession to those who wish to invest in the sub sector.

(c) Immigration quotas

Any business enterprise granted a certificate of incentives is entitled, by law, to an initial automatic maximum immigration quota of up to 5 people during the start up period. A request for additional experts can be considered upon presentation of a request to the Executive Director for Tanzania Investment Centre (TIC). Visas are issued at points of entry to Tanzania. Multiple entry visas to Tanzania are provided to investors on request and where there is evidence that it is necessary to make frequent visits to Tanzania.

- An order from Importer
- Produce evidence of Export returns for previous years
- Be registered by the Ministry responsible for Natural Resources and Tourism.
- Obtain approval for export (each year)
- Prepare Invoice, Pay fees for grading certificate per consignment of 20 m³/tonnes and pay an additional fees for export permit issued by the Ministry of Natural Resources and Tourism

2.8 Incentives for Investors in Forestry Sector:

(a) Monetary incentives

- | | |
|---|-----|
| • Corporate tax | 30% |
| • Custom duty on capital goods | 0% |
| • Value Added Tax on capital goods | 0% |
| • Capital allowance deduction in the years of income | 50% |
| • With indefinite loss carry-forward period | |
| • Withholding tax on dividends | 10% |
| • Withholding tax on interest | 0% |
| • Free repatriation of earned income, profits and dividends | |

2.6 Trade in wood and wood products within the country

Traders in wood and wood products are expected to register with the Ministry of Natural Resources and Tourism. Any trader is expected to have a trading business licence and an Income tax Clearance certificate from Tanzania Revenue Authority. Where one has to enter into a forest reserve and fell/remove timber from the forests, it is necessary to have a licence to fell and remove timber and any other wood products from the forests from relevant forest authorities. Timber and wood products harvested from the forests must be certified by a forestry official and marked with a hammer (for the case of timber) before they are removed from the forest. The trader needs to obtain a transit pass, which allows them to move the products from the forest to the market.

2.7 Trade in wood and wood products outside the country.

Before one engages in trade on wood and wood products on the export market, it is necessary to do the following:

Complete export forms and attach the following documents;

- Copy of registration certificate for his or her company
- Business license
- Income tax Clearance

coastal and riverine forests. Investors could develop recreational facilities such as lodges and hotels in exclusive natural environments.

The Eastern Arc Mountains which range from North Pare, The Usambaras, Uluguru and Udzungwa mountains and mangrove forests in Mtwara, Lindi, Coast and Tanga regions are potential sites for eco-tourism.

Sale of plants

As indicated earlier, Tanzania is endowed with high biodiversity. The natural forests have many different endemic plants which have high value on the export market. The East African Violet (Saint Paulia) for instance has commanded the flower market in Europe. Sale of plants is an area, which is yet to be fully exploited.

2.5 Trading conditions and license procedures for forest products.

The Government of Tanzania has simplified procedures for trading in wood and wood products to encourage trading in these products. In order to facilitate trading in wood and wood products, the procedures to be followed by investors and traders who wish to engage in the trade are as follows:

The forests have useful fruit trees such as **Uapaka kirkiana**, **Vangueria infausta**, **Syzgium** species and **Tamarindus indica** just to mention a few. Fruits from these trees are delicious and have a good domestic market. **Sclerocarya birrea** (Marula) is popular for making an internationally recognized liqueur (Amalura drink), which is sold in many departmental stores in Southern Africa. One can also make juices and jams from the fruit. The nuts have high protein - rich oil. Fruits of **Adansonia digitata** are rich in vitamin C while leaves for the species, used for soups and sauces, are rich in vitamin A. Neem can be used for the production of insecticides for controlling agricultural pests.

Some of the tree species have leaves that can be used for the production of beautiful mats that can be sold on the local and export markets. Sandal wood (**Osyris compressa**) are famous for the perfume industry and have a high demand on the export market. **Trichilia emetica**, seed has potential for the manufacture of soap.

This wide range of non-wood products from the forests offers investors many options for investing in the forest sub sector.

Eco-tourism

The natural forests in Tanzania have a variety of scenic areas which are suitable for eco tourism and development of recreational sites. Some of the sites are in mountain rain forests,

- Sawmilling (saw wood) industry
- Chipboard (Partial board) factories
- Fiberboard (Hard boards) manufacturing plants.
- Furniture and joinery woodwork
- Prefabricated structures and other industrial wood use.
- Pulp and paper industries.

The government encourages trading of manufactured and semi-manufactured wood products. With the exception of Teak (**Tectona grandis**) and Paurosa (**Swartzia madagascarensis**), export of round logs is prohibited. Other wood products that are also allowed for export include; flooring strips, Clarinet sets, Scottish pipes, wood carvings, doors, windows and Zanzibar chest.

2.4 Non- Wood Forest Products

The high biodiversity of Tanzania's natural forests offers a wide range of non-wood products such as Gum arabic from **Acacia Senegal**. The natural forests have many plants, which can produce dyes. The forests have many useful medicinal plants such as **Balanites aegyptiaca**, **Azadirachta indica** etc. The forests are a source of food. They harbour numerous species of mushrooms that have high nutrition value. Mushrooms have a very good domestic market.

8	Rubare	Kagera	Pines	285	
9	Rubya	Ukerewe, Mwanza	Pines	1,816	29,056
10	Buhindi	Mwanza	Pines	3,206	51,296
11	Meru	Arusha	Cypress, Pines, Eucalyptus	6,885	110,160
12	West Kilimanjaro	Kilimanjaro	Pines, Cypress	4,653	74,448
13	North Kilimanjaro	Kilimanjaro	Pines, Cypress	5,588	89,409
14	Longuza	Muheza, Tanga	Teak, Terminalia	1,746	27,936
15	Sao Hill	Mufindi, Iringa	Pines, Eucalyptus	40,529	648,464
16	Mtibwa	Turiani, Morogoro	Teak, Cedrela	1,773	28,369
	Total			80,508	1,288,128

2.3 Natural forests

This forests have numerous valuable indigenous tree species suitable for industrial wood production such as **Dalbergia melanoxylon** (E.A. Blackwood), **Pterocarpus angolensis (mninga)**, **Khaya anthotheca** (African mahogany), **paurosa** etc. These species are suitable for construction timber, joinery, and furniture production, carving, flooring and general purpose construction wood.

Soft wood and hardwood plantations offer good opportunities to invest in establishment of wood based industries, which may include:

general lands. These forests contain many potential wood and non-wood products and a number of outstanding scenery sites.

2.2 Forest plantations.

Tanzania has 16 plantations covering a total planted area of 80,000 hectares. Tree species planted include: **Pinus patula**, **Pinus caribaea**, **Pinus elliottii**, **Cupressus lusitanica**, **Cedrela odorata**, **Tectona grandis**, **Terminalia** spp, **Podocarpus species**, **Juniperus procera** and various **Eucalyptus** species. Most of these plantations are mature and ready for harvesting. Table 2 presents a summary of the industrial forest plantation resources.

Table 2: Forest Plantations

SN	Plantation	Location	Major species	Area (Ha)	Estimated Allowable cut) m3
1	Shume	Lushoto-Tanga	Pines, Cypress	3,388	54,209
2	Magamba	Lushoto Tanga	Pines, Cypress, Cedar	523	8,368
3	Ukaguru	Kilosa, Morogoro	Pines	2,396	38,336
4	Rondo	Lindi	Teak, Pines	2,664	42,624
5	Matogoro	Songea, Ruvuma	Pines	1,029	16,464
6	Kawetire	Mbeya	Pines	1,764	28,224
7	Kiwira	Mbeya	Pines	2,627	42,032

2.0 AN OVERVIEW TO THE FORESTRY INDUSTRY IN TANZANIA.

2.1 Forest Distribution:

Tanzania is endowed with vast forest resources. The country has 33.5 million hectares of forests and woodlands (Table 1).

Table 1: Forest distribution by area and cover type.

Type of forest	Area ('000 hectares)	Percentage
Closed forests	1,400	4.18
Mangroves	115	0.34
Woodlands	31,985	95.48
Total	33,500	100.00
Used of forest land		
Net productive area	23,755	78.04
Unproductive area	9,745	21.96
Total	33,500	100.00
Legal status		
Forest reserves	13,059	38.98
Forest/woodlands within parks	2,000	5.97
Public forest lands	18,441	55.05
Total	33,500	100.00

The Forestry and Beekeeping Division is responsible for administering a total of 13 million hectares of forest reserves and 20.2 million hectares of unreserved forest resources in

Under his management, M/s HONG YANG INTERNATIONAL COMPANY LIMITED is expected to grow steadily from its position as a small manufacturer and graduate into a large furniture manufacturer serving neighbouring states.

1.5 Raw Material Base

The enhanced timber utilization project will strictly adhere to the timber utilization policy of the country's Forestry Department of the Ministry of Natural Resources and Tourism. The company will only deal with licensed dealers who only select approved species of hardwood for harvesting and processing.

Tanzania is endowed with valuable indigenous tree species suitable for industrial wood production. These include E.A. Blackwood, ptecorapus, anglensis (mninga), African Mahogany, Pau Rosa, Mpanga panga, Muhuhu, Mhama, Mkora etc.

As stated above, the major supplying areas for this furniture manufacturing project have been identified as Handeni and Korogwe though Utete, Liwale and Ifakara districts in the Coast, Lindi and Morogoro Regions may also be approached, depending on demand from time to time.

The major products will be:

- Wood Furniture and
- Sawn Timber

At a later stage, the project promoters expect to enter into the export markets where they anticipate to sell quality furniture particularly in neighbouring countries.

1.3 The Sponsors

M/s HONG YANG INTERNATIONAL COMPANY LIMITED will be sponsoring this project.

The Company is jointly owned by the following shareholders.

	Name and Address of Subscribers	Number of Shares	Percent Shareholding
1	Mr. Tang Hong Bo P.O. Box 76838 Dar es Salaam	50	50
2	Mr. Tang Rong P.O. Box 76838 Dar es Salaam	25	25
3	Mr. Hamis Omar Mfaume P.O. Box 76838 Dar es Salaam	25	25

1.4 Project Management

M/s HONG YANG INTERNATIONAL COMPANY LIMITED will be under the Management of Mr. Tang Hong Bo who has experience managing various businesses within and outside Tanzania.

1.0. EXECUTIVE SUMMARY

1.1 Project Concept

This project document presents a proposal by M/s HONG YANG INTERNATIONAL COMPANY LIMITED, a locally registered company with Certificate of Incorporation No. 62314 dated 2nd October 2007 seeking to establish enhanced timber utilization project which will especially utilize the locally available valuable and abundant hardwood as well as softwood. In essence, the project will involve setting up furniture making factory in Dar es salaam .This factory will be fed by raw material purchased from authorized dealers in the country.

The project will adopt state of the art furniture production technology to be acquired from China. This feasibility study report lays down the financial and economic viability of the intended project.

1.2 Location

The headquarters of the project and the furniture manufacturing factory will be located at Plot no. 845, Block E, Mbezi Area, within Kinondoni Municipality, Dar es salaam. The premises will serve as both the head office and storage yard for both finished products and raw materials arriving from the countryside.

The project will acquire some trucks for the transportation of the raw materials to the factory and finished products to the markets.

6.0. ASPECTS OF PROJECT SUSTAINABILITY

7.0. FINANCIAL ANALYSIS

7.1. Considerations and assumption

7.2. Financial statement

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9.0. CONCLUSION AND RECOMMENDATIONS

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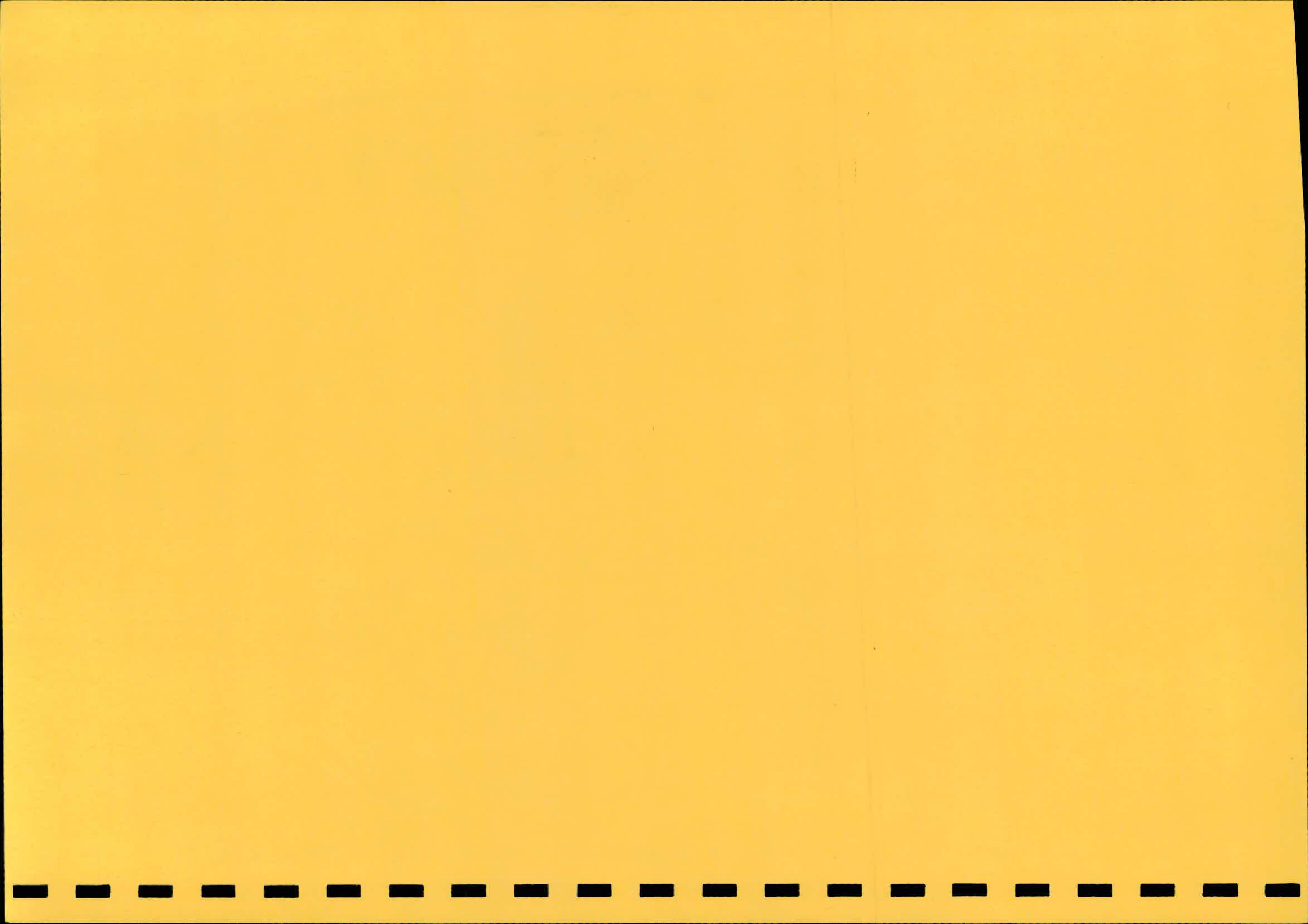
HONG YANG INTERNATIONAL COMPANY LIMITED

PROPOSED PROJECT FOR MANUFACTURING OF HIGH QUALITY FURNITURE

A BUSINESS PLAN

**Presented by:
Hong Yang International Company Ltd
P.O Box 76838
Dar es salaam**

January 2009



HONG YANG INTERNATIONAL COMPANY LIMITED

PROPOSED PROJECT FOR MANUFACTURING OF HIGH QUALITY FURNITURE

A BUSINESS PLAN

Presented by:
Hong Yang International Company Ltd
P.O Box 76838
Dar es salaam

January 2009

APPLICATION SUMMARY

Company Name: HONG YANG INTERNATIONAL COMPANY LTD

Certificate of Incorporation Number: 62314 Status: NEW

Certificate of Incorporation Date: 2/10/2007

Post Box: 76838

Town: DAR ES SALAAM

Sector: MANUFACTURING Sub-Sector: FURNITURE MANUFACTURER

Investment Financing Plan in Million US\$/Tshs

Foreign Equity	Local Equity	Foreign Loan	Local Loan
472,500	-	202,500	-

Project Objectives: TO ESTABLISH A PROJECT FOR MANUFACTURING HIGH QUALITY FURNITURE

Capacity:

Employment: Foreign: 5 Local: 37 Total: 42

Implementation Period: 5 YEARS

Project Location

Site/Plot/Block No.: 845 BLOCK E

Street: MBEZI AREA District: KINONDONI Region: DAR ES SALAAM (Attach sketch map showing project location)

Shareholders	Nationality	%
TANG HONG BO	CHINESE	50
TANG RONG	CHINESE	25
HAMIS OMAR MFAUME	TANZANIAN	25

Investment Breakdown ~~US\$/Tsh.M~~

Land/Building	100,000
Plant	300,000
Vehicles	55,000
Furniture & Fittings	20,000
Pre-expenses	50,000
Others	50,000
Working Capital	100,000
TOTAL	675,000

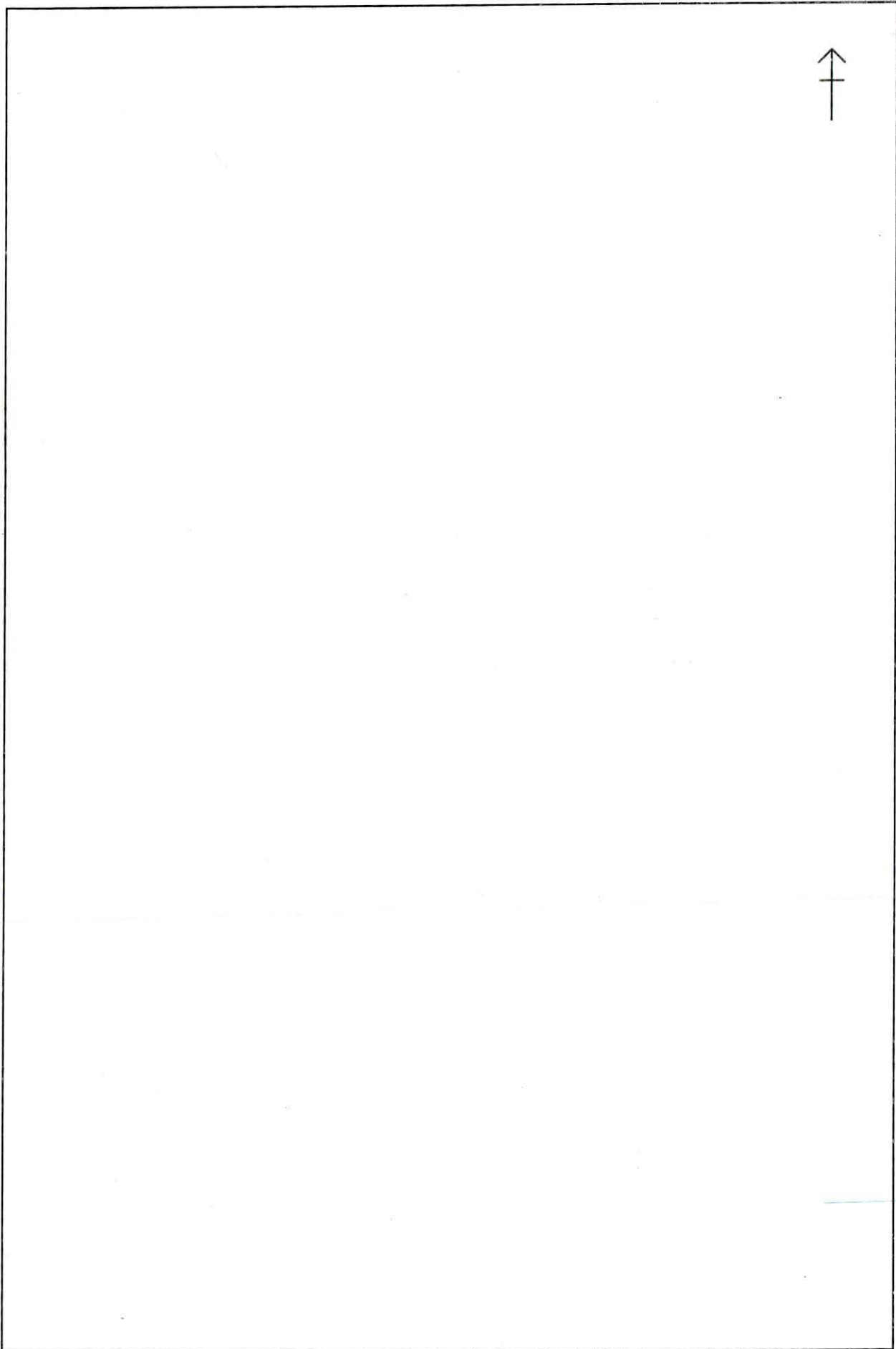
Contact Details:

Name: Tang Hongbo Title: Managing Director
Telephone: 022-2780966, 0787-195119, 0715-202022 Fax: 2780966
Email: ~~tanghb163@~~ tang.h.bb8@163.com

Payments to be made payable to:

TANZANIA INVESTMENT CENTRE
STANDARD CHARTERED BANK TANZANIA LTD.
SWIFT ADDRESS: **SCBLTZTX**
ACCOUNT NO.: **8702006002000**

SKETCH MAP SHOWING PROJECT LOCATION





7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ 675,000
8. The month and day of the financial year end is 31ST DEC

Note: *failure to provide all the required information will result in the return of the application by the Centre.*

I/We enclose a cheque/cash made payable to the **Tanzania Investment Centre** for Tshs./US\$ 100 Being the Registration Fees. *In the event this application is unsuccessful we understand that this fee will not be refunded.*

I, TANG HONG BO of Post Office Number 76838

DISALAAM do solemnly and sincerely declare that I am a director/~~duly~~ authorized agent of HONG YANG INTERNATIONAL COMPANY LTD

AND that all the requirements of the Tanzania Investment Act, 1997 in respect of matters precedent to the registration of the business enterprise under the Act and incidental thereto have been complied with, **AND** I make this solemn declaration conscientiously believing the same to be true.

Declared at Dar es Salaam }
 The 25TH day of JANUARY 2009 }
 Applicant [Signature]

Before me:

[Signature]
 Commissioner for Oaths



UNITED REPUBLIC OF TANZANIA

THE TANZANIA INVESTMENT ACT

(No. 26 of 1997)

APPLICATION FOR REGISTRATION

(Made under Regulation 42)

To: The Executive Director
Tanzania Investment Centre
P. O. Box 938
DAR ES SALAAM
Tanzania

1. I/We ~~TANG~~ TANG HONG BO
(director/directors/agent of HONG YANG INTERNATIONAL CO. LTD
(name of business enterprise) apply for registration of CERTIFICATE OF INCENTIVES
under Section 17 of the Act and Part IV of the Investment Regulations, 2002.
2. The registered office of the company will be situated at PLOT NO 845, BLOCK
E, MBEZI AREA, DAR ES SALAAM

Copies of the following documents are attached to this application:

- (i) The Memorandum and Articles of Association/or partnership agreement
 - (ii) Certificate of Incorporation/Registration
 - (iii) A copy of the Project Profile or Feasibility Study showing the implementation period, programme of implementation and operative date
 - (iv) Evidence of financing and evidence of land ownership for the project
3. The Head Office of the Company will be situated at PLOT NO. 845, BLOCK E, MBEZI
D' SALAAM
4. The Principal Officers of the Company are TANG HONG BO,
TANG RONG AND HAMIS OMAR
MFAUME
5. Auditors of the Company are
6. The authorized share capital of the Company is Tshs./US\$ 1,000,000.00

5537

07647



TANZANIA INVESTMENT CENTRE

REGISTRATION FORM

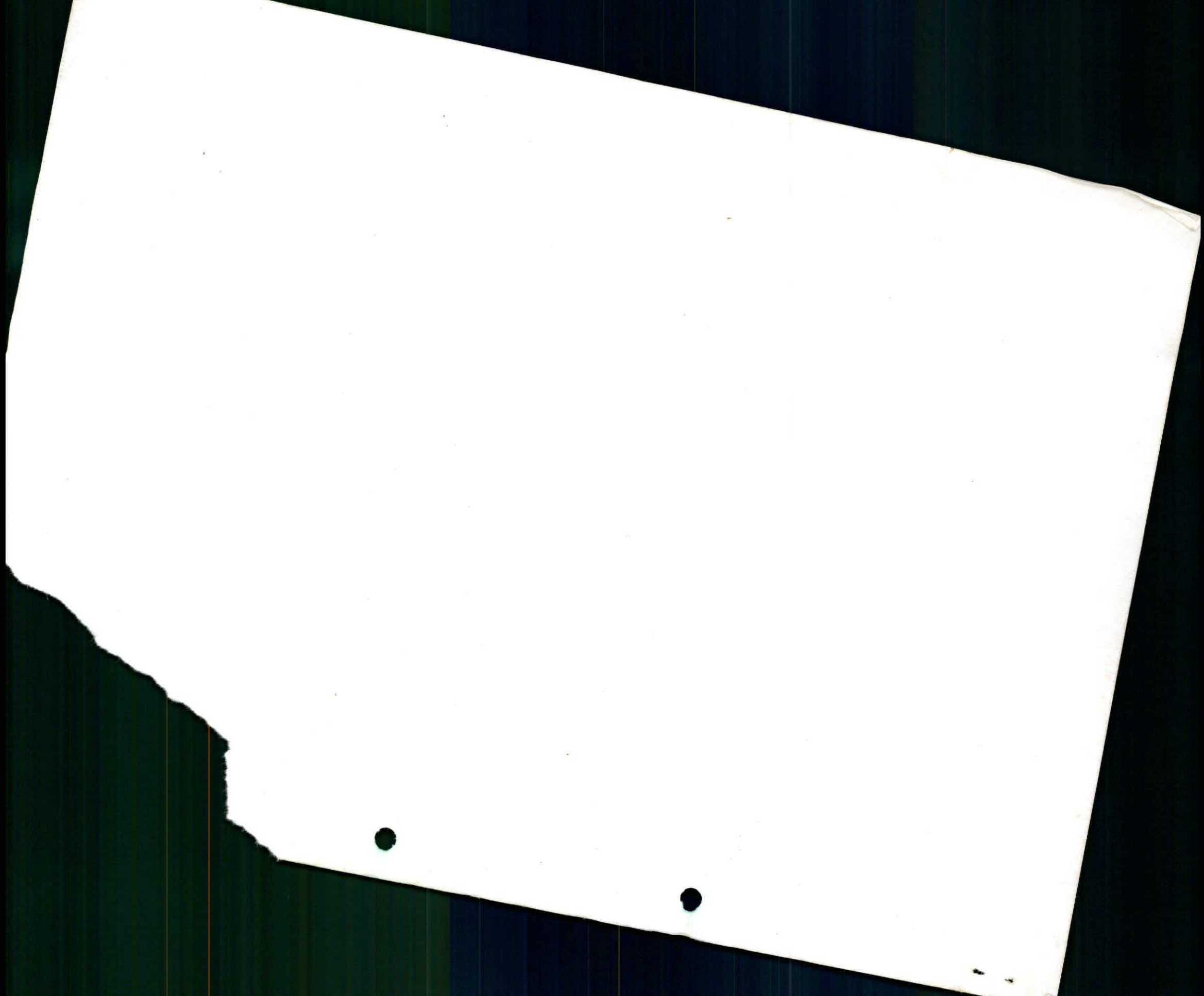
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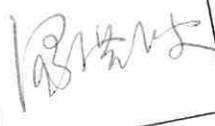


CERTIFICATE OF INCENTIVES

**(Tanzania Investment Act 1997, Section 17 and 18,
and the Investment Regulations:
Regulation 42, Government Notice No. 318A of 2002)**

Tanzania Investment Centre
9A & B Shaaban Robert Street
P. O. Box 938
DAR ES SALAAM
Tel. 022 2116328
Fax. 022 2118253
e-mail: information@tic.co.tz
Website: www.tic.co.tz

(Please fill the form in duplicate)



Name Addresses and description of subscribers	Numbers Share taken by each subscriber	Signature
MR. TANG HONG BO P. O. Box 76838 DAR ES SALAAM	50	
MR. TANG RONG P. O. Box 76838 DAR ES SALAAM	25	
MR. HAMIS OMAR MFAUME P.O. BOX 76838 DAR ES SALAAM	25	

Date at D'Salaam 27th day of September 2007

Witness to the above signatures:

Name Pius L. Chabruma

Signature 

Post Address Box 32203 D'SALAAM

Qualification ADVOCATE



56. No number shall (as such) have right of inspecting any accounting records other book or document of the company except as conferred by statute or authorized by the directories or by ordinary resolution of the company.

57. The directors shall from time to time in accordance with sections 153, 155 and 150 of the Act, cause to be prepared and to be laid before the company in general meeting, such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.

58. In accordance with section 164 of the Act, the copy of the company's annual accounts to be laid before the company in general meeting together with a copy of the directors, report and the auditors shall not less than twenty - one day's before the date of the meeting be sent to every member of, and every holder of debentures of, the company. Provided that this regulation shall not require a copy of the documents to be sent to any person of whose address the company is not aware or to more than one the joint holders of any debentures.

AUDIT

59. Auditors shall be appointed and their duties regulated in accordance with section 170 of the Act.

60. Any notice to be given to or by any person pursuant to the taken shall be in writing except that a notice calling a meeting of directors need not be in writing. The company may give any notice to a member either personally or by sending it by post in prepared envelope addressed to the member at his registered address, or by leaving it at that address. Where a notice is sent by post, service of the notice shall be deemed to be affected by properly addressing, prepaying, and posting a letter containing the notice, and to have been affected at the expiration of seventy - two hours after the letter containing the same was posted. A member whose registered address is not within the Tanzania and who gives the company an address within the Tanzania at which notices may be given him shall be entitled to have notice given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

members shall be governed by the articles regulating the proceedings so far as they are capable of applying.

49. All act done by a meeting of the directors or of a committee of directors, or of a person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director, or that they were disqualified from holding office, or had vacated office, or that they were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and was entitled to vote.

50. A resolution in writing signed by all the directors entitled to receive notice of a meeting of the directors, or of a committee of directors, shall be as valid and effectual as it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held, and may consist of several documents in the like form each signed by one or more directors.

SECRETARY

51. The Secretary shall be appointed by the directors for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

52. A provision of the Act or these articles requiring or authorizing a thing to be done by or to a director and the secretary shall not be satisfied by its being done or to the same person acting both as director and as, or in place of, the secretary.

THE SEAL

53. The seal shall only be used by the authority of the directors or of a committee of the directors authorized by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by second director.

54. The directors shall cause proper books of account to be kept with respect to:-
a) All sums of money received and expended by the company and the matters in respect to which the receipt and expenditure takes place;
b) All sales and purchase of goods by the company; and
c) The assets and liabilities of the company.

Properly books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

55. The books of account shall be kept at the registered office of the company, or subject to section 151 (4) of the Act, at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

40. The company may by ordinary resolution appoint a person who is director to fill a vacancy or be an additional director.
41. The directors may appoint a person who is to be act to be a director, or a vacancy or as an additional director, but so that the total number of directors shall not at anytime exceed the number fixed by or in accordance with these articles. Any director so appointed shall hold office only until the next following general meeting, and shall then be eligible for re-election.
42. The company may by ordinary resolution, of which special notice had been given in accordance with section 144 of the ACT, remove any director before the expiration of his period of office notwithstanding anything in the article or any agreement between the company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract such director may have damages for breach of any contract of service between him and the company.
43. The company may by ordinary resolution appoint another person in place of a director removed from office under the immediately preceding article. Without prejudice to the powers of the directors under article 40 the company in general meeting may appoint any person to be a director either to fill a vacancy or an additional director.
44. Subject to the provisions of the article, the directors may regulate their meetings as they think fit. Questions arising at a meeting shall be decided by a majority of vote. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting of directors to any directors who are absent from Tanzania.
45. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless do fixed shall be two.
46. The directors may act notwithstanding any vacancy but, if and so long as their number is reduced below the number fixed by or pursuant to the articles of the act for the purpose of increasing the number of directors to that number, or summoning a general meeting of the company, but for no other purpose.
47. The directors may appoint one of their numbers to be chairman of the board of directors and determine the period of which he is to hold office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if no such chairman is appointed, or if he is unwilling to preside, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.
48. The directors may delegate any of their power to any committee consisting of one or more directors; any committees so formed shall in the exercise of the powers so to any such regulations, the proceedings of a committee with two or more

BORROWING POWERS

34. The director may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking and property, or any part thereof, and to issue debentures, denture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or any third party.

POWER AND DUTIES OF DIRECTORS

35. Subject to the provisions of the ACT, the memorandum and the articles and to any directors given by special resolution, the directors, who may exercise all the powers of the powers of the Company, shall manage the business of the company. No alteration of the memorandum or articles and no such directions shall invalidate any prior act of the directors, which would otherwise have valid. The powers given by this article shall not be limited by any special power given to the directors by the articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
36. The directors may by power of attorney or agent of the company for such purposes and or such conditions as they determine, including authority for the attorney or agent to delegate all or any of his powers.
37. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for money s paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as they case may be, in such manner as the directors shall from time to time by resolution determine.
38. The directors shall cause minutes to be made in books provided for the purpose:-
- a) of all appointments of officers made by the directors;
 - b) of the names of the directors and present at each meeting of the directors and of any committees of the directors;
 - c) of all resolutions and proceedings at all meeting of the company, and of the directors, and of committees of directors.

DISQUQLIFICATION OF DIRECTORS

39. The office of director shall be vacated if the directors:-
- a) Without the consent of the company in general meeting holds any other of profit under the company; or
 - b) Becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - c) Cases to be a director by virtue of any provision of the ACT or becomes prohibited by law from being a director; or
 - d) Becomes of unsound mind; or
 - e) Resigns his office by notice in writing to the company; or
 - f) Is directly or indirectly interested in any contract with the company and fails to declare the nature of his interest in manner required by the ACT.

A director shall not vote in respect of any contract in which he is interested or any matter arising thereat, and if he does so vote shall not be counted.

“Strike out which ever is not desire”

28. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
29. A vote given in accordance with the terms of an instrument of proxy, or poll demanded by proxy, or by the duly authorized representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at its registered office (or at such other place at which the instrument of proxy was duly deposited) before the commencement of the meeting or adjourned meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATION AT MEETING

30. Any corporation which is a member of the company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the company, and the person so authorized shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the company.

DIRECTORS

31. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum of association or a majority of them and until such determination the signatories to the Memorandum of Association shall be the first directors. Unless otherwise determined by ordinary resolution the number of directors shall not be subject to any maximum but shall be not less than two.
32. The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors shall also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.
33. The following persons shall be first Directors to the Company:-
 - a) **MR. TANG HONG BO**
 - b) **MR. TANG RONG**
 - c) **MR HAMIS OMAR MFAUME**

22. No member shall be entitled to vote any general meeting unless all money presently payable by him to the company has been paid.

23. On a poll votes may be given either personally or proxy.

24. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized writing, or, if the appointer is a corporation, either under sea) or under the hand of an office or attorney duly authorized. A proxy need not be a member of the company.

25. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the company or at such other place within the Territory as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting of adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

26. An instrument appointing a proxy shall be in the following form or a form as near here to as circumstances admit:-

“ Limited
I / We of Being a member /
members of the above – named company, hereby appoint
of or failing him of as my / our
proxy to vote for me / us on my / or behalf at the (annual or extraordinary, as the
case maybe) general meeting of the
Company to be held on the Day of 200....., and
at any adjournment thereof.

Signed thisday of 200

27. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form as near thereto as circumstances admit:-

“ Limited.

I / Weof Being a member / member
of the above named company, hereby appoint ofof or
failing him of as my / our proxy to vote for me / us
on my / our behalf of the (annual or extraordinary, as the case may be) general
meeting of the company to be held on the Day of 200,
and at any adjournment thereof.

Signed this day of 200

This form is to be used in favour of / against the resolution. Unless otherwise instructed, the proxy will vote as he thinks fit.

15. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands demand:-
- a) By the chairman; or
 - b) By at least (three)members present in person or by proxy; or
 - c) By any members or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.

Unless a poll be so demanded a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to the effect in the book containing the minutes of proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may, before the poll is taken, be withdrawn

16. Except as provided in article 18, if a poll is duly demand it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the was demand.
17. In the case of an equality of votes, whether on shoe of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
18. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time as the chairman of the meeting directs, and any business other than upon which a poll has been demanded may be proceeded with pending the taking of the poll.
19. A resolution in writing executed or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall have effect as if it had been passed at a general meeting duly convened and held, and consist of several instruments in the like form each executed by or on behalf of one more member.

VOTE OF MEMBERS

20. Every member shall have one vote.
21. A member in respect of whose estate a manager has been appointed under section 26 of the Mental Disease Ordinance, may vote, whether on a show of hands or on a poll, by said manager, and any such manager may, on a poll, vote by proxy.

bankruptcy to give notice of a meeting to, or the non receipt to notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDING AT GENERAL MEETINGS

9. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.
10. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; two persons, entitled to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorized representative of a corporation, shall be a quorum.
11. If within half an hour from the time appointment for the meeting quorum is not present, or if during the course of a meeting a quorum is not present, the meeting shall stand adjourned to the same day and in the next week, at the same time and place, or to such other day and at such other time and place as the directors may determine.
12. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the general meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for the holding of the meeting and willing to act, the directors present shall elect one of their number to be chairman of the meeting and, if there is only one director and willing to act, he shall be chairman.
13. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be a chairman of the meeting.
14. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days notice of the adjourned meeting shall be given specifying the time and place of the meeting and the general nature of the business to be transacted. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

GENERAL MEETING

4. The Company shall in each year hold a general meeting as its annual general meeting in addition to carry to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the company and that of the next.

Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place, as the directors shall appoint.

5. All general meetings other than annual general meetings shall be called extraordinary general meetings.
6. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default, may be convened by such requisitions, as provided by section 133 of the Act. If at any time there are not within the Tanzania sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meeting may be convened by directors.

NOTICE OF GENERAL MEETINGS

7. Every general meeting shall be called by twenty-one clear days' notice in writing at the least. The notice shall specify the place, the day and hour of meeting and, in case of special business, the general nature of that business:

Provided that a meeting of the company shall, notwithstanding that it is called by shorter notice than that specified in this article be deemed to have been duly called if it so agreed:-

- a) In the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
 - b) In the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representation not less than ninety – five percent of the total voting rights at that meeting of all the members.
8. Subject to the provisions of the articles, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or

TANZANIA
Stamp Duty Sbs. 500/-
7-9-22
ON ORIGINAL
Stamp Duty Officer

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATIONS
OF
HONG YANG INTERNATIONAL COMPANY LIMITED

TANZANIA
Stamp Duty Sbs. 500/-
7-9-22
Stamp Duty Officer
Receipt No. 2000013
Asst. Registrar of Companies

INTERPRETATION

1. In these articles:-

“The ACT ” means the Companies Act;

“ clear days” in relation to the period of a notice mans that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“The seal ” means any person appointed to perform the duties of the secretary of the Company;

“Secretary” shall means any person appointed to perform the duties of the secretary of the Company.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithograph, photocopy, and other modes of representing or reproducing words in a visible form.




Unless the context otherwise required, words or expressions contained in these articles shall bear the same meaning as in the Act nay statutory modification thereof in force at the date at which these articles become binding on the company.

MEMBERS

2. The number of members with which the company proposes to be registered but the directors may from time to tome register an increase of members.
3. The subscribers to the memorandum of association and such other persons as the directors shall admit to membership shall be members of the company.

or special rights, privileges, or conditions as any be determined by or in accordance with the Articles of Association of the Company.

We, the several persons whose names and addresses are subscribed are desirous of being formed into a company, in pursuance of this memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Name Addresses and Disrepair of subscribers	Number of share taken by each subscriber	Signature
MR. TANG HONG BO P. O. Box 76838 DAR ES SALAAM	50	
MR TANG RONG P. O. Box 76838 DAR ES SALAAM	25	
MR HAMIS OMARY MFAUME P.O. BOX 76838 DAR ES SALAAM	25	

Date 27th.....this day of September..... 2007

Witness to above signatures

Name Pius L. Chabuma

Signature 

Post address Box 32203 DAR ES SALAAM

Qualification ADVOCATE



directly or indirectly the Company's interests; to clear sites for the same ; to contribute to, subsidies or otherwise assist in the building construction, alternation, repair, improvement, enlargement, maintenance, development, demolition, removal, replacement, working, management, carrying out or control, to carry business of buying and selling building materials, hardware's, electrical goods and household items.

- e. To carry on the business architectural work and technical drawings on building and contractors, masonry and general construction contractors and were necessary to give consultation on the same.
- f. To carry on the business as exporters, traders, supplies, general merchants, stockists, wholesales, retailers and dealers in business of scrapers, agricultural machinery, implements, equipment and all kinds of industrial projects machinery.
- g. To establish workshops for training of heavy-duty construction equipment handling and safety measures, high of construction equipment, construction labour and general advisory services.
- h. To carry on the business as exporters, traders, suppliers, general merchants, stockists, wholesalers, retailers and dealers in business of scrapers, agricultural machinery, implements, equipment and all kinds of industrial projects machinery.
- i. To act as agents for the sale and purchase of any stocks shares or securities or for any other monetary or mercantile transactions.
- j. To transact or carry on all kinds of agency business and in particular in relation to the entertainment of the objects or any of them.

And it is hereby declared that:-

The word "in this clause, except where in reference to this Company, shall be deemed to include any partnership or other body of persons, whether corporate or incorporate, and whether domiciled in the united republic of Tanzania or elsewhere. The object specified in each of the paragraphs of the paragraph of this clause shall be regarded as independent objects, and accordingly shall in no way be limited or restricted (except where otherwise expressed in such paragraphs) by reference from the terms of any other paragraph of the name of the Company but may be carried out in as full and ample a manner and construed in as wide a sense as each of the said paragraph define the objects of the separate ad district compound.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed eluded generic with any particular word or words in the same paragraph.

- 4. The liability of the members is limited.
- 5. The capital of the Company is Shillings 1,000,000/= divided into 1,000 shares of Shillings 1,000/= each. The Company shall have powers to increase its capital and to divide the shares and to attach there to respectively such preferential, deferred

THE COMPANIES ACT 2002

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

HONG YANG INTERNATIONAL COMPANY LIMITED

1. The name of the Company "HONG YANG INTERNATIONAL COMPANY LIMITED"
2. The Registered office of the company will be situated in Tanzania.
3. The objective for which the company as established are.
 - a. To carry on the business of Import and sale of furniture, travel agents, insurance agents tourist agents, manufacturers representation road contractors cargo super intendance packers machinery haulage specialist warehousemen, engineers electrician motor cars cabs omnibus, lorries, oil tank and coach proprietors and transporters.
 - b. To manufacture, buy, sell, refine, prepare, grow, import and export and deal in provision of all kinds, both wholesale and retail and whether solid or liquid, and to carry on all any of the business of manufacture's representative, general merchants and commission agents, importers, exporters, merchants of and dealers in ironmonger and hardware of all kinds, soft goods and materials, cotton, textiles, cloth, silk, wool, plastic, machinery, engines, vehicles, tools, time pieces, instruments, canned goods and manufactured goods generally and to act as concessionaries, licenses, wholesales and retailers of and in goods, produce and materials of every description.
 - c. To carry on the business of clearing and forwarding agents, commission agents, transporters, freighters, haulers, customs bonded warehouse and godown keepers, cargo and travel agents, insurance agents, tourist agents, manufacturers representatives, road contractors, cargo superintendents, packers, machinery haulage specialists, warehousemen, engineers, electricians, motor cars, cabs, omnibus, lorries, oil tank and coach proprietors and transporters, civil transport contractor and transporters by any means of conveyance of people and goods in Tanzania and the neighboring countries and in such other place or places as may from time to time determined by the company, engage in and or otherwise carry on the business as transporters and transport agents, fight forwarders.
 - d. To build, construct, alter, improve, enlarge, repair, maintain, develop, demolish, remove or replace and to work, manage, carry out or control works of all descriptions, including but not limited to offices, factories, mills, warehouse, shops, stores, garages and other buildings, roads, machinery and plants, which may, in the opinion of the Directors of the Company, be likely to advance

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

HONG YANG INTERNATIONAL COMPANY LIMITED

Incorporated thisDay of2007

Drawn by:
Subscriber
MR. HAMIS .O. MFAUME
P. O. Box 76838
DAR ES SALAAM.

4

JAMHURI YA MUUNGANO WA TANZANIA
THE UNITED REPUBLIC OF TANZANIA
STAKABADHI YA SERIKALI
EXCHEQUER RECEIPT

30324892 1

TFN. 614 (Rev. 8.94)

NIMEPOKEA KWA
Received from

HONG YANG INTERNATIONAL LTD

KIASI
Amount

Shs.				Cts.	
U	7	5	0	0	0

JUMLA YA SHILINGI (Kwa maneno)
The Sum of Shillings (Words)

USDOLLAR SEVEN HUNDRED FIFTY ONLY

NA SENTI
And Cents

KWA MALIPO YA
In Respect of

CERTIFICATE OF INCENTIVES

KWA TASLIM/HUNDI NAMBA
By Cash/Cheque No.

CASH

MAHIHI YA MPOKEAJI-
Signature

[Signature]

CHEO- Title

Acc 06 FEB. 2009

Kituo - Station

BSM.



25	round blade	pcs	100	φ 8mm	
26	saw blade	pcs	50	MJ6132B(12"*72T)	
27	saw blade	pcs	50	MJ6132B(4"*24T)	
28	flat blade	pcs	50	MX5117B(12CM)	
29	flat blade	pcs	20	MX5117B(7CM)	
30	belt for sander	pcs	1000		
31	Paint spray gun	no	5		
32	Air nail gun	no	10		
33	Air nail	box	800	ST-50	
34	Air nail	box	400	ST-38	
35	Air nail	box	800	T-50	
36	Air nail	box	400	T-38	
37	Air nail	box	400	F-25	
38	Air nail	box	300	F-10	
39	Air staples	box	800	1013J	
40	Air staples	box	800	422J	
41	Sanding paper	pcs	5,000		80
42	Sanding paper	pcs	5,000		100
43	Sanding paper	pcs	5,000		120
44	Sanding paper	pcs	5,000		360
45	Sanding paper	pcs	5,000		80
46	Drawer slideway	pcs	2,000		
47	Hingle	pcs	5,000		
48	Door handle	pcs	2,000		

HONNG YANG INTERNATIONAL COMPANY LTD

APPLICATION FOR VEHICLES AND EQUIPMENTS EXEMPTION LIST

SN	Description	Unit	Quantity	Model/Type
	Vehicles			
1	Light truck	no	1	2Tons
2	Light truck	no	1	3Tons
3	Pickup	no	3	1Ton/Single
	Machines and tools			
4	Sliding table saw	no	2	MJ6132B
5	Single spindle shaper	no	3	MX5117B (4Kw10000)
6	Supface planer	no	3	MBL503/300
7	Drill machine	no	2	MZ511
8	Supface planer	no	2	MB106A(600)
9	Straight knife grinder	no	2	MR2560
10	Universal circular saw	no	4	MJ143
11	air compressor	no	8	1.1KW
12	air compressor	no	4	1.5KW
13	air compressor	no	4	2KW
14	air compressor	no	2	4kw
15	blade	pcs	50	MB150(33*30*300)
16	blade	pcs	50	MB106A(3*30*600)
17	grider wheel	pcs	300	MR2560
18	sanding machine	no	10	2488
19	border machine	no	3	5799
20	grider machine	no	3	944
21	knife blade	pcs	100	φ 8mm
22	knife blade	pcs	100	φ 10mm
23	blade for repairing machine	pcs	100	φ 8mm
24	blade for repairing machine	pcs	100	φ 10mm

CTIN.:

00283820



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

HONG YANG INTERNATIONAL COMPANY LIMITED
.....

has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

106-083-762
.....

with effect from

04-Oct-2007
.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

This Certificate is issued in accordance with the provisions of Section 17 of the Tanzania Investment Act, 1997 and subject to the conditions prescribed under item 14 and 15 hereafter:—

1. Shareholders	Nationality	Shareholding (%)
Tang Hong Bo	Chinese	50
Tang Rong	Chinese	25
Hamis Omar Mfaume	Tanzanian	25

2. Proposed Activities : To establish a project for manufacturing of quality furniture

3. Sector: Manufacturing Subsector Furniture

4. Investment cost: Foreign USD 0.675m. Local - Total USD 0.675m.

5. Project Financing: Equity USD 0.473m. Loans USD 0.202m. Total USD 0.675m.

6. Source, terms and conditions of loan

7. Assets to be invested:

Capital items:	Foreign	Local	Total
	USD 0.675m.	-	USD 0.675m.

8. Technology Agreement None

9. Date of TIC Registration: 6th February 2009

10. Implementation period February 2009 - January 2012

11. Operative date February 2012

12. Investment Incentive Grade: As defined in part III Section 19 (1), (2) and Section 20 of the Tanzania Investment Act, 1997

(i) Applicable Import Duty And VAT as per Customs Tariff Act, 1976 & VAT Act, 1997

(ii) Applicable with-holding Tax As per Income Tax Act, 2004 (as amended)

(iii) Eligibility of Capital Allowances As per Income Tax Act, 2004 (as amended)

13. Protection of Investment, Arbitration and Transfer of Foreign Currency: as defined in part III Section 21, 22 and 23 of the Act.

14. Conditions attached to this Certificate of Incentives

- (i) Date of Commencement of investment has to be notified to the Centre.
- (ii) Certificate not to be transferred, assigned or amended
- (iii) Failure to commence implementation within two years invalidates Certificate
- (iv) Failure to operate investment must be notified to the Centre
- (v) Changes in shareholding, project activities and level of invested capital must be notified to the centre

15. Additional conditions attached to Certificate

Finished goods are not allowed under this Certificate.

Signed 
Executive Director



No: 00215355

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 041634

This is to certify that

HONG YANG INTERNATIONAL COMPANY LTD

of address P.O. BOX 76838

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~rehabilitation~~/expansion
~~or equity of the~~ enterprise known as

HONG YANG INTERNATIONAL COMPANY LTD

Which is located at PLOT NO. 845, BLOCK 'E' MBEZI AREA, KINONDONI

MUNICIPALITY - DAR ES SALAAM

Further particulars required by Section 17 of the Tanzania Investment Act are set out overleaf.

Executive Director

Tanzania Investment Centre
P.O. Box 938, Dar es Salaam

Dated 13TH FEBRUARY 2009

5

Hongyang International company Ltd

P.O BOX 76838 Dar es Salaam

OUR REF: HYTAN/061109

Date: 26/11/2009

The executive Director
M/S Tanzania Investment Centre
P.O.BOX: 938
Dar es Salaam
U.f.s



The Executive Director
Tanzania Revenue Authority
P.O BOX 8714
Dar es Salaam

Dear Sir or Madam,


RE: Application for exemption for vehicles, equipments and tools.

We, Hongyang International company ltd got certificate of incentives on 13th February, 2009. We should enjoy exemption for some vehicles, equipments and tools by your policy.

Hereby, we applied exemption for some vehicles, equipments and tools. We prepared and attached the list of exemption things. You are kindly requested to issue our application .Check all the items in the list please.

Thanking in advance.

Yours sincerely,

Tang Hongbo 
Managing Director

Hongyang Intrnational company ltd

HONG YANG INTERNATIONAL CO. LTD.
P. O. Box 76838
DAR ES SALAAM

6

TICC/PP.10/041634/6

30/11/2009

Commissioner for Customs & Excise,
Tanzania Revenue Authority,
P.O. Box 9053,
DAR ES SALAAM

Dear Sir,

**RE: DUTY/VAT EXEMPTION ON THE CAPITAL/DEEMED CAPITAL
GOODS OF CERTIFICATE OF INCENTIVES NO. 041634**

M/S Hong Yang International Company Limited is a TIC registered company with certificate of incentives **No. 041634** which is valid up to **January 2012**

The company has been registered with objectives of establishing and operating a project for manufacturing of furniture.

Attached herewith please find a list of Capital/ Deemed Capital Goods for Duty and VAT exemption approval.

Yours sincerely

TANZANIA INVESTMENT CENTRE


N.A. Senzia

FOR: EXECUTIVE DIRECTOR

DIF

7



HONGYANG INTERNATIONAL COMPANY LIMITED

Head office:
No, 123 Lingnan Avenue North Changcheng
Foshan China:
Tel & Fax: (86) 757 - 88035989
Mob: +86 18666552997
E-mail: taghb68@163.com

Tanzania office:
845 Mbezi beach
P.O.Box 76838 Dar es salaam
Tel: (255) 22-261 7640
Fax: (255) 22-261 7640
E-mail: soupfood@gmail.com

OUR REF: HYTAN 0118/11/2012

08/11/2012

EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTER
P.O.BOX 938
DAR ES SALAAM

*1 Mr. Tang
Please send down
A
DIF
10/11/2012*

RE: REQUEST FOR THE REFUND OF USD 1705

As the heading of the letter says,

We kindly request the sum of **1705 USD**, which was paid as the work permit fee for **MR. DU YUCHUN** the application were three (3) two of them passed and that one was refused due to the un balanced ratio between local people employed by our company against foreigners.

We hope your favorable consideration and be acted upon at your earliest convenience

Thanking in advance.

Sincerely yours

Tang Hongbo
HONGYANG INTERNATIONAL CO. LTD.
Box 76838
DAR ES SALAAM
TANG. HONGBO
MANAGING DIRECTOR



DIF

8

HONGYANG INTERNATIONAL COMPANY LIMITED

Head Office :

No. 123 Lingnan Avenue North Chanchen
Foshan China:
Tel & Fax: (86) 757—88035989
Mob: + 86 18666552997
E-mail: taghb68@163.com

Tanzania \ Office:

845 Mbezi beach
P. O. Box 76838 Dar es Salaam
Tel: (255) 22-261 7640
Fax: (255) 22-2617640
E-mail: soupflod@gmail.com

OUR REF:HYTAN 0125/12/2012

13/12/2012

EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTER
P. O. BOX 938
DAR ES SALAAM



RE: REQUEST FOR STOPPING REFUND OF USD 1705

As the heading of this letter says.

We are stopping the refund which we requested in our letter with ref No. HYTAN 0118/11/2012 dated on 08/11/2012.

Instead we request your good office to permit /allow us to top up some money for our new request for the permit which is on process.

By this letter, we withdraw the first one.

Thanks in advance



TANG HONGBO
MANAGING DIRECTOR



DIF

8

HONGYANG INTERNATIONAL COMPANY LIMITED

Head Office :

\No, 123 Lingnan Avenue North Chanchen
Foshan China:
Tel & Fax: (86) 757—88035989
Mob: + 86 18666552997
E-mail: taghb68@163.com

Tanzania \ Office:

845 Mbezi beach
P. O. Box 76838 Dar es Salaam
Tel: (0255) 22-261 7640
Fax: (255) 22-2617640
E-mail: soupflod@gmail.com

OUR REF:HYTAN 0125/12/2012

13/12/2012

EXECUTIVE DIRECTOR
TANZANIA INVESTMENT CENTER
P. O. BOX 938
DAR ES SALAAM



RE: REQUEST FOR STOPPING REFUND OF USD 1705

As the heading of this letter says.

We are stopping the refund which we requested in our letter with ref No. HYTAN 0118/11/2012 dated on 08/11/2012.

Instead we request your good office to permit /allow us to top up some money for our new request for the permit which is on process.

By this letter, we withdraw the first one.

Thanks in advance

Sincerely yours



TANG HONGBO
MANAGING DIRECTOR

3 DIF

The refund is to be done/made request on F. 7.

I submit

10/12/2012

4) DAF

Please refund as per M3 and request of F2 10/12/12

5. Reels M4 & 7

Use process refund as per receipts
re-confirmation
11/12/2012

6) DAF

The investor is requesting us to stop Refunding his payments and he wants to use the money to top up for other permits

7/2/2013

From M 6 of 5 K 8 7 7

Re tall note and set accordingly

TICC/PP.10/041634/2

6th February 2009

We wish you every success in the implementation of the project.

Yours sincerely,

Tanzania Investment Centre



B. D. Chonjo

For: Executive Director

Copy to: Permanent Secretary,
Ministry of Finance and Economic Affairs,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM

TICC/PP.10/041634/2

6th February 2009

Managing Director,
Hong Yang International Co. Ltd,
P.O. Box 76838,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF A PROJECT FOR MANUFACTURING OF
QUALITY FURNITURE**

We wish to acknowledge receipt of your project proposal to establish a project for manufacturing of quality furniture as presented in the TIC P.A. 1 Form No. 07647 and Feasibility Study with a projected investment of USD 0.675 m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience.

.../2



TIC Evaluation Report

Name of the Company
Hong Yang International Co Ltd

Post Box	Mbezi Area	COI Number	62341	Contact	Hong Bo
Post Office	76838	COI Date	02/01/2007	Designation	Managing Director
Region	Dar Es Salaam	Application F. No	07647	Phone	0
Country	Tanzania	Status	Expansion	Direct Phone	022 2780966
		Sector	Manufacturing	Cell Phone	0787 195119/0715 202022
		Sub Sector	Furniture	Fax	2780966
		File No	041634	E-Mail Address	tanghbb8@163.com

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot no 845 block E	Foreign Equity	Local Equity	Foreign Loan	Local Loan
Street	Mbezi Area				
District	Kinondoni				
Region	Dar es Salaam				
		0.473	0	0.202	0

Shareholders Detail		
Name	Nationality	(%)
Hamis Omar Mfaume	Tanzanian	25
Tang Rong	Chinese	25
Tang Hong Bo	Chinese	50

Investment Breakdown (USD Million)	
Land/Building	0.1
Plant	0.3
Vehicles	0.055
Furniture & Fittings	0.02
Pre-expenses	0.05
Others	0.05
Working Capital	0.1
Total	0.675

Employment	42	Evaluated By	Sospeter Ndelema Dome
Capacity	xxxx	Drawn By	Dorah Registry
Project Turn Over			

Description

To establish a project for manufacturing of quality furniture

Recommendations

Be approved subject to providing evidence as required by section 17 of Tanzania Investment Act, 1997

Decision

Approved - President
EXD 3/2

TICC/PP.10/041634/2

6th February 2009

We wish you every success in the implementation of the project.

Yours sincerely,
Tanzania Investment Centre


B. D. Chonjo

For: Executive Director

Copy to: Permanent Secretary,
Ministry of Finance and Economic Affairs,
P. O. Box 9111,
DAR ES SALAAM

Permanent Secretary,
Ministry of Industry, Trade and Marketing,
P.O. Box 9503,
DAR ES SALAAM

Commissioner General,
Tanzania Revenue Authority,
P. O. Box 11491,
DAR ES SALAAM

TICC/PP.10/041634/2

6th February 2009

Managing Director,
Hong Yang International Co. Ltd,
P.O. Box 76838,
DAR ES SALAAM

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE
ESTABLISHMENT OF A PROJECT FOR MANUFACTURING OF
QUALITY FURNITURE**

We wish to acknowledge receipt of your project proposal to establish a project for manufacturing of quality furniture as presented in the TIC P.A. 1 Form No. 07647 and Feasibility Study with a projected investment of USD 0.675 m.

We have studied your project proposal and are pleased to inform you that your investment proposal is now officially registered and therefore your project will be granted a CERTIFICATE OF INCENTIVES, given under authority conferred upon TIC under Part III, Section 17 (1-8) of the Tanzania Investment Act, 1997.

You will be required to submit to the Centre a Progress Report on the implementation of the project after every six months for our information and review. Guidelines for the preparation of the report are contained in annexure 2 also attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Please also note that a facilitation fee equivalent to US\$ 750.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience.

.../2

CTIN.:

00283820



TANZANIA REVENUE AUTHORITY

CERTIFICATE OF REGISTRATION FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

(ISSUED UNDER SECTION 133 OF THE INCOME TAX ACT NO. 11 OF 2004)

THIS IS TO CERTIFY THAT

HONG YANG INTERNATIONAL COMPANY LIMITED

.....

has been registered with the Tanzania Revenue
Authority and assigned the Taxpayer
Identification Number

106-083-762

.....

with effect from 04-Oct-2007

.....


JOANNES N. A. MALLY

OFFICIAL SEAL

COMMISSIONER FOR DOMESTIC REVENUE

NOTE: THE REQUIREMENTS UNDER WHICH THIS CERTIFICATE IS ISSUED ARE STATED OVERLEAF

TANZANIA



Certificate of Incorporation

Section 15

No **62314**

I HEREBY CERTIFY THAT

HONG YANG INTERNATIONAL COMPANY

LIMITED =====

is this day incorporated under the Companies Act, 2002 and that the Company is Limited.

Given under my hand at Dar es salaam

this **2ND** day of **OCTOBER**

TWO THOUSAND AND SEVEN

[Signature]
Asst. Registrar of Companies



International Commercial Bank (Tanzania) Limited.

Ref: ICB/HO/OM/09/ 664

21 January 2009

To

The Tanzania Investment Centre,
Shaaban Robert Street,
P.O.Box 938,
Dar es Salaam
TANZANIA.

Dear Sirs,

Sub: M/s HONG YANG INTERNATIONAL COMPANY LTD. – Issuance of Certificate of Incentives

This is to certify and confirm that **M/s HONG YANG INTERNATIONAL COMPANY LTD, P.O.Box 76838, Dar es Salaam** have been Banking with us since 27th October 2007. They are operating their TSH Account (No 0001/01/601289/01) and USD account (NO.0001/01/601288/09) since then. The operations in the account has been satisfactory.

This Certificate is issued at the specific request of M/s Hong Yang Company Ltd., to apply for the Certificate of Incentives.

For **INTERNATIONAL COMMERCIAL BANK (TANZANIA) LTD.**


V.K. Mohandas
SENIOR MANAGER - OPERATIONS



9. The Landlord shall at any reasonable time during the day inspect his demise premises save that a three (3) days written notice shall be provided or notified to the Tenant and the Tenant shall thereon allow the Landlord or his agent free access to inspect the same.
10. The landlord shall not enter into any sale agreement or the like to third parties of the said demise premises without first notifying the tenant of his intention to do so and if the Landlord consider to waive this clause then the Tenant shall not give vacant possession until after this Lease Agreement expires.
11. Any renovation done by the Tenant including the fittings of air conditioning or water pumps or sim-tanks or the like shall be removed by the Tenant when this Lease terminates or when the Tenant parts with the possession of the Demise Premises of this Lease.

IN WITNESS WHEREFOR these presents put their signatures in the day and year and in the manner hereinafter appearing.


SIGNED and DELIVERED by the said }
 Jeremiah Matiko Ryoba who is known }
 to me personally/identified to me by }
the latter being known }
 to me personally in my presence this 22 }
 October 2008. }



 Jeremiah Matiko Ryoba


NAME: DEOSTHOSKO
 ADDRESS:

SIGNATURE: 
 QUALIFICATIONS: SELEMALA


MAHER H. J. MUCCADAM
 NOTARY PUBLIC &
 COMMISSIONER FOR OATHS
 CERTIFIED TRUE COPY OF
 THE ORIGINAL

SIGNED, DELIVERED and COMMON-SEAL
 of Hong Yang (T) Ltd who are known to us
 in our presence this 22 day of October 2008

NAME: Tang Hong bo
 ADDRESS:

SIGNATURE: 
 QUALIFICATIONS:

NAME: ANDERSON CHAZE
 ADDRESS: Blaise

SIGNATURE:

LEASE AGREEMENT

This Lease Agreement is made the 21st October 2008 Between Jeremiah Matiko Ryoba (Hereinafter called the "Landlord") of P.O. Box 29816 Dar es Salaam of the one part and HONG YANG INTERNATIONAL LTD (Hereinafter called the "Tenant") of P.O. BOX 76838 Dar es Salaam of the other part.

WHEREAS the Landlord is the legal owner of all that demise premises situated on plot 845 Block "E" Mbezi Medium Density area Kinondoni Municipal Dar es Salaam under ref.NO.D/KN/A/24773/1/SMK {here is after refereed as "the property"}

AND WHEREAS a Tenant is desirous of leasing from the landlord and the landlord has agreed to lease the property to the Tenant free from any encumbrances for a consideration sum mentioned below under the following terms and conditions.

IT IS HEREBY AND THIS AGREEMENT WITNESSETH AS FOLLOWS

1. The Landlord shall let and the Tenant shall lease all that demise premises for a **CONSIDERATION** sum of US Dollars 1250.00 (One Thousand Two Hundred and Fifty US Dollars) per month payable per year in advance and the receipt the Landlord hereby acknowledges immediately after signing of this Lease Agreement.
2. Consent is hereby granted by the landlord to the Tenant to build servant quarter, workshop for the office use and for storeroom to keep the Tenant's good and other structure for the use of the Tenant.
3. The said demise premise shall be let by the Landlord to the Tenant ~~for both Residential and Commercial purposes~~ and particularly for the use of Hong Yang (T) Limited.
4. This Lease Agreement is for a period of five (5) years and can be renewed or terminated by the Tenant before the end of the year by giving the Landlord tow (2) months written notice.
5. There shall be no review of rent of the said demise premises on the part of the Landlord or the Tenant within the period of this Lease.
6. The Landlord shall within one (1) week extend and increase the height of the entire fence of the said demise premises at the cost of the Landlord.
7. The Tenant shall be responsible to pay electric bill from the beginning of his Lease until its expiration or termination including water use save that if there was any outstanding electric or water arrears from the said demise premises if any then the Landlord shall within one (1) week from the date hereof clear the said outstanding arrears.
8. The Landlord shall pay withholding tax from the consideration sum of this lease to the Tanzania Revenue Authority.

HONG YANG INTERNATIONAL COMPANY LIMITED


EXTRACT FROM A MEETING OF THE BOARD OF DIRECTORS AND SHAREHOLDERS OF

HONG YANG INTERNATIONAL COMPANY LIMITED

AT A DULY CONVENED AND CONSTITUTED MEETING OF THE BOARD OF DIRECTORS OF HONG YANG INTERNATIONAL COMPANY LIMITED HELD AT THE REGISTERED OFFICES OF THE COMPANY ON THE 2ND DAY OF JANUARY 2009, THE FOLLOWING RESOLUTIONS WERE PASSED:

1. THAT FUNDS AMOUNTING US\$ 472,500 BE CONTRIBUTED BY SHAREHOLDERS TO FINANCE ESTABLISHMENT OF A FURNITURE MANUFACTURING PROJECT AT COST OF US\$ 675,000. THE BALANCE BE RAISED THROUGH BANK LOANS.
2. THAT MR. TANG HONG BO THE PRINCIPAL OFFICER TO OVERSEE IMPLEMENTATION OF THE PROJECT.
3. THAT THE PROJECT BE REGISTERED WITH TANZANIA INVESTMENT CENTRE SO AS TO ENJOY FULLY INVESTMENT INCENTIVES, BENEFITS AND PROTECTION AS STATUTORILY PROVIDED FOR UNDER TANZANIA INVESTMENT ACT, 1997.

CERTIFIED TRUE EXTRACT
(By order of the Board)

Tang Hongbo 

CHAIRMAN

Jiang Shan 

SECRETARY

HONG YANG INTERNATIONAL COMPANY LIMITED

1

Box 76838 Dar es salaam

Date: 20th January 2009

The Executive Director
Tanzania Investment Centre
P.O. Box 938
Dar es Salaam
TANZANIA



Dear Sir,

RE: APPLICATION FOR TIC CERTIFICATE OF INCENTIVES

We hereby submit our application for TIC Certificate of Incentives to facilitate establishment of a project for manufacturing of high quality furniture employing state of the art technology.

Attached herewith please find the following basic documents for your kind approval:

1. Duly completed and signed Application Form
2. A copy of our Certificate of Incorporation
3. A copy of the company's Memorandum and Articles of Association
4. Company Board Resolution to register with TIC
5. copies of our Business Plan
6. Bank reference letter
7. Evidence of land ownership

Thanking you for your kind cooperation.

Yours' sincerely

HONG YANG INTERNATIONAL COMPANY LIMITED

A handwritten signature in black ink, appearing to read 'Tang Hong Bo'.

Tang Hong Bo
MANAGING DIRECTOR

3 DIF

The refund is to be done/made as per request on F.7.

1 submit

proceeds

16/12/2012

(B) DAF

Please refund as per M3 and request of F2

10/12/12

5

Needs m & F

Use process refund as per request
re-endorse

DAF
11/12/2012

(6) DAF

The investor is requesting us to stop Repatriating his payments and he wants to use the money to top up ~~for~~ other permits

21/2/2013

Needs confirmation of refund on 8/12

DAF

7

From

M 6/5/12 & 7/8/12

Use term note and set accordingly

Time etc

1.0

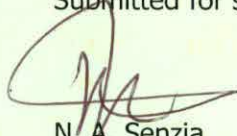
EXD

The approved project has fulfilled the investment requirements, which are: -

- (a) Minimum finance investment threshold has been exceeded, the project expects to invest USD 0.625 m
- (b) Legal entity has been incorporated under certificate No. 62341 of 62/01/2007

Based on the above, the letter of approval is hereby submitted for signature in order for the project to comply with the requirements of Section 17 of Tanzania Investment Act, 1997.

Submitted for signature.



N. A. Senzia
DIF
06th February 2009

2.0

EXD

In response to the TIC letter of registration dated 6th Feb 2009

the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from International Commercial Bank
- (c) Lease Agreement as evidence of land

With the above submission EXD is requested to sign Certificate of Incentives No. 041639 herein attached.


DIF