

6



TANZANIA INVESTMENT CENTRE

PROJECT VERIFICATION VISIT REPORT

ON

**APPLICATION FOR ISSUANCE OF NEW CERTIFICATE OF
INCENTIVES TO FACILITATE THE UNIMPLEMENTED CEMENT
GRINDING PROJECT**

BY

MAWENI LIMESTONE LIMITED

24/05/2021

TABLE OF CONTENTS

1.0 INTRODUCTION	3
2.0 PROJECT VISIT FOR VERIFICATION (PVV)	4
3.0 CONCLUSIONS	8
4.0 RECOMMENDATIONS	8
5.0 ANNEXES	10

1.0 INTRODUCTION

M/S Maweni Limestone Limited is a TIC registered project holding TIC Certificate of Incentives No. 040187 dated 22nd May, 2008 granted for purposes of establishing and operating a cement clinker project at Plot No. 33 & 34 Block C Kange Industrial Area, Maweni in Tanga City, cement grinding factory at Plot No. 33 & 34 Block C Kange Industrial Area, Maweni in Tanga City and cement grinding factory at Mkuranga, Coast region; however, due to various internal and external factors the **actual establishment for cement clinker commenced in 2012, while cement grinding project remained unimplemented to-date**. The Company later applied for and granted an extension of implementation period until 2015; however, until December 2020 the company implemented only part of the approved project due to various challenges. These challenges are such as:

- a) Financial challenges and bankruptcy hence decided to seek new investors i.e. Huaxin Cement Co. Limited from Hong Kong, China to inject new capital to facilitate clearing of debts and completion of project remaining activities;
- b) Delays in completion of share transfer process with BRELA;
- c) Delays in obtaining Building Permit from Tanga City Council to facilitate cement grinding factory at Plot No. 33 & 34 Block C Kange.

On 3rd July, 2020 M/S Huaxin Cement Co. Limited submitted to TIC an application for new certificate of incentives to facilitate Maweni Limestone Limited to implement the unimplemented project, however; TIC could not proceed with the request basing on the reasons that BRELA process to incorporate the new investor i.e. Huaxin Cement Co. Limited as a shareholder to the Maweni Limestone Limited was not completed. It was also of TIC opinion that the submitted application was for expansion as the original investors (*Maweni Limestone Limited*) had already implemented the TIC approved project between 2008 and 2015.

On 10th May, 2021 TIC received another letter from M/S Maweni Limestone Limited with Reference No. MAWENI/TIC/01/2020 dated 6th May 2020 clarifying that it has completed the share transfer with BRELA where it was decided original and majority shareholder of Maweni, ARM Cement PLC (Kenya) to transfer some shares to Huaxin Cement Co. Limited as confirmed by BRELA Search presented as **Annex I**. Maweni Limestone therefore requested TIC to issue a new certificate of incentives for unimplemented cement grinding factory at Maweni, Tanga City.

Basing on the above background, the TIC Northern Zone Manager, *Mr. Daudi Riganda* in collaboration with TIC Land Officer, *Mr. Jonas Mathew Chikawe* and Investment Facilitation and Promotion Officer, *Ms. Veronica Mrema* conducted a project physical verification visit (PVV) on Thursday, 20th May 2021 for purpose of establishing facts as presented by investors prior deciding on issuance of new certificate for cement grinding factory at Plot No. 33 & 34 Block C Kange Industrial Area, Maweni, Tanga City.

2.0 PROJECT VISIT FOR VERIFICATION (PVV)

2.1 Findings

During the visit, our Team obtained the following information at the site regarding the project:

2.1.1 Company's General Information obtained at the site

Table 1- Company information

S/N	Information	Description	Current Project Status		
			Shareholder	Nationality	Percentage
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	Huaxin (Hong Kong) International Holdings Ltd	Chinese	8%
			Huaxin (Tanzania) Investment Ltd	Chinese	72%
			Pradipkumar Harjivandas Paunrana	Indian	2%
			ARM Cement PLC (under administration)	Kenyan	18%
			Total		100%

2.	Company Communication Information	Email address	<u>luoyeping@huaxincem.com</u>
		Mobile Number	+255 753 207 687
		Landline Telephone Number	N/A
		Physical Address (Plot No., Block No, Street, District and Region)	<i>Plot No. 33 and 34, Block C, Kange Industrial Area, Maweni in Tanga City</i>
3.	Contact Person	Name	<i>Calla Luo</i>
		Position	<i>Assistant Country Manager</i>
		Communication Details (Email, Mobile and telephone)	+255 753 207 687 <u>luoyeping@huaxincem.com</u>
4.	Incorporation	Certificate of Incorporation No.	<i>59140 dated 2nd February 2007</i>
5.	TIN information	TIN Certificate No.	<i>107-053-670 issued in February 2008</i>
6.	Project Objective	Project Core Activity	<i>cement clinker production</i>
7.	Project's Capacity	Project's Production Capacity per Year	<i>2,300-2,500 MT per day</i>
8.	Direct Employment	Foreign (Men)	<i>35</i>
		Foreign (Women)	<i>5</i>
		Local (Men)	<i>227</i>
		Local (Women)	<i>19</i>
9.	Indirect Employment	Estimated Total No.	<i>279</i>
		Type/Areas of Indirect Employment	<i>Security, Loading & Off loading, etc</i>

2.1.2 Project's Financial Expenditure

Table 2- Investment Financing

	Amount (in Million USD)	Percentage	Source Country
Local Equity	-	-	-
Local Loans	-	-	-
Foreign Equity	151	57%	Chinese
Foreign Loans	115	43%	Chinese
Total Investment	266	100%	

It was further observed that:

- (i) Cement grinding project at Plot No. 33 & 34 Block C Kange Industrial Area, Maweni in Tanga City has never been implemented.
- (ii) Construction of the new cement grinding project has begun and is going on. Please see pictures presented as **Annex V**.
- (iii) Investors obtained Building Permit from the Tanga City Council for construction of the Cement Factory last year on 10th July 2020. This Permit is presented as **Annex II**.
- (iv) Maweni Limestone Limited current shareholders as per **Annex I** are:

S/N	Name of Shareholders	Nationality	Number of Shares	% Shareholding
1.	Pradipkumar Harjivandas Paurana	Indian	1	1%
2.	ARM Cement PLC (formerly ARM Cement Ltd)	Kenyan	9	9%
3.	Huaxin (Hong Kong) International Holdings Ltd	Chinese	4	4%
4.	Huaxin Hong Kong (Tanzania) Investment Ltd	Chinese	36	36%
	Un-allocated Shares	N/A	50	50%
	Total		100	100

However, despite of all shareholders being non-citizens, the Certificate of Occupancy was granted to M/S Maweni Limestone Limited on 17th September 2008. The Land Act of 1999, Part V, Section 19.-(2) requires a person or a group of persons, whether formed into a corporate body under the Companies Ordinance or otherwise who is or are non-citizens, including a corporate body the majority of whose shareholders or owners are non-citizens to obtain a right of occupancy or derivative right for purposes of investment prescribed under the Tanzania Investment Act, 1997. **Section 20 (1) further explains that a non-citizen shall not be allocated or granted land unless it is for investment purposes under the Tanzania Investment Act, 1997**

- (v) Maweni Limestone Limited is not a land rent defaulter as they have been paying land rent as required by law year after year as presented by **Annex IV** of this Report.
- (vi) The investment of US\$ 266 million planned for this project by foreign investors has surpassed the previous one of US\$ 100 million as shown in TIC Certificate of Incentives No. 040187 dated 22nd May, 2008

2.1.3 Remaining Activities

From what we observed and investors' explanations at the site, the most pending activity is construction and completion of a cement grinding factory at Plot No. 33 & 34 Block C Kange Industrial Area. This plant will have capacity to produce 4,000 MT of cement per day after its completion.

In this context importation and installation of the cement production line which is said to be of high-tech and environmental-friendly is absolutely necessary. It is expected that the cement plant factory construction, designs (architectural, technical and mechanical), materials purchase, logistics, machinery installation, tailor and testing of parameters, and all other required provisions for the new plant will take between 18 and 20 months (approximately one and half years) before commissioning of the project due to COVID-19 pandemic new procedures.

2.2 Challenges

As explained earlier, between 2008 and 2020 the company had experienced financial challenges that to some extent made the project's business move at a snail's pace contrary to investors' expectations. Due to this, investors failed to implement a cement grinding projects at Plot No. 33 & 34 Block C Kange Industrial Area, Maweni in Tanga City and one at Mkuranga, Coast region

Other challenges include:

- a) Delays in completion of share transfer process with BRELA;
- b) Delays in obtaining Building Permit from Tanga City Council

to facilitate cement grinding factory at Plot No. 33 & 34 Block C Kange.

All the above challenges are currently resolved.

3.0 CONCLUSIONS

In view of the observation and findings above, the following are our conclusions regarding the objective of the PVV:

- 3.1 The investors appear to be serious with the project. The reasons provided for the need of new certificate seem to be genuine;
- 3.2 The cement grinding project was never been implemented by the project promoters;
- 3.3 Challenges reported by project promoters are sound;
- 3.4 From economic point of view, grant of new certificate for this company will generate substantial benefits to the nation. The completion of this project will certainly contribute and serve as an additional source of supply of cement to the economy. It will also contribute to the growth of the economy through generation of employment, increase in government revenue through payment of taxes, and through a multiplier effect that would arise through various points in the value chain of cement production and distribution. The project will involve transfer of modern technology in cement grinding. When in full production, this plant will certainly contribute in making Tanzania self-sufficient in cement, bearing in mind that the existing supply gap has been inadequate in meeting local demand.

4.0 RECOMMENDATIONS

From the above findings and conclusions, we wish to recommend the following:

- 4.1 That, the company's commitment and efforts towards the proposed new investment justify approval for new certificate of incentives. This will assist investors complete construction of a new cement grinding factory and import/

install production line at the project's site;

- 4.2 That, based on the fact that investors never implemented a cement grinding project at Maweni - Tanga, we are of the opinion that TIC grants a new certificate of incentives for the unimplemented project.
- 4.3 That, based on current procurement and/or shipping and clearance procedures due to COVID-19 pandemic, importation and installation of new cement production line is estimated at 18-20 months, and consequently our Team is of the opinion that TIC approves an implementation period for **three (3) years further (starting from the date of submission of their application)**.
- 4.4 That, since all shareholders of M/S Maweni Limestone Limited are non-citizens, the company's directors to start immediately the process of applying for Derivative Right as per the Land Act of 1999, Part V, Sections 19.-(2) & 20 (1) while TIC is proceeding with this application for issuance of new certificate. Maweni Certificate of Occupancy is presented **as Annex III**.
- 4.5 Considering the investment of US\$ 266 million planned for this project by foreign investors and investment made by the company to-date, we are of the opinion that investors be advised in future to apply for strategic investor status as they meet minimum investment threshold of US\$ 50,000,000 required to obtain such a status. This will enable investors recruit expatriate staff to work for the project beyond the minimum quota of five expatriates as proposed by them.

We humbly submit,



Daudi Riganda
ZM(N)



Jonas Mathew Chikawe
LO



Veronica Mrema
IFPO

ANNEX I: BRELA OFFICIAL SEARCH

ANNEX II: BUILDING

No. 2376

THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
TANGA CITY COUNCIL

Simu:
City Director: 27 2643068
All Departments: 27 2644530/3
Fax: 255 27 2644141/27 2647905
E-Mail: info@tangacc.co.tz



Independence Avenue,
P.O. BOX 178,
Tanga
Tanzania

The local government (Urban Authorities) Development Control) Regulations, 2008

Building Permit (BP) No. 2020/136

Made under regulation (124)

Permission is hereby issued
To: MAWENI LIME STONE LTD to erect NEW AND EXTENSION OF CEMENT GRINDING SYSTEM
On plot No. 02 Area MAWENI INDUSTRIAL SITE in accordance with the
approved plan No. attached here to and with all conditions imposed by the
regulations. CAP 288

Sign _____

Date: this _____ Day 10TH of JULY 20 20

Your attention is invited to the following regulations and by laws

a. VALIDITY OF THIS PERMIT: CAP 288 (137)

Erection of the approved building shall commence within six calendar months of the date of this permit. Failing to do so. The permit shall be deemed to have lapsed.

b. COMMENCEMENT NOTICE: CAP 288 (130)

Before you begin to erect the approved building, you must deliver or send to the authority upon the form to be obtained from authority seven days previous notice in writing of the date on which such erection shall commence.

- i. Notify the Tanesco and Telecommunication Company should the electricity wires or Telephone cables in the street be accessible from any portion of such building when erected (Cap: 131)
- ii. You must provide sufficient and convenient latrine accommodation for workmen to the satisfaction of the authority.
- iii. You must erect a sign in accordance with Contractors Registration board's directives.

c. APPROVED PLANS: (CAP 288 (126)

The erection of building is required to be done in accordance with approved plans. No subsequent modification or alterations shall be made until it has been approved by the authority.

d. REGULAR INSPECTION: (CAP 288 (131) (133) (138)

The covering of sewer, drain foundation, column, beam, floor, roof for the purpose of this part there shall be inspected by architects, structural engineers and building inspectors appointed by authority.


e. SUPERVISION OF CONSTRUCTION: Acct No. 14 & 16 of 1997 (ERB). Amendment 2010

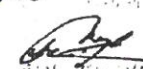
A qualified Architect and structural Engineer, whose qualification are recognized by their respective boards, must be involved in supervision.

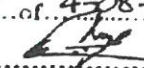
f. CERTIFICATION OF OCCUPATION: CAP 288 (134) (140) (141)

No person shall occupy a new building until such building has been certified by the authority to be in the opinion in every respect fit for occupation or in the case of domestic building for human habitation.

ANNEX III: MAWENI CERTIFICATE OF OCCUPANCY

TITLE No. 24444
 REGISTERED ON
26-09-2008
 at 9:00 Am

 Asst. Registrar of Titles

Stamp Duty Shs. 100/= Paid
 and Revenue Receipt No. 32943328
 of 4-08-2008

 Asst. Registrar of Titles

Stamp Duty Shs. 19,000/= Paid
 on Original Revenue Receipt No.
32943328 of 4-08-2008

 Asst. Registrar of Titles

THE UNITED REPUBLIC OF TANZANIA

THE LAND ACT, 1999
 (NO. 4 OF 1999)
 CERTIFICATE OF OCCUPANCY

(Under Section 29)

LAND REGISTRY MOSHI

Title No. 24444
 L.O. No. 264788
 L.D. NO. TAD/35844

The 17th

day of September, Two thousand and eight.

THIS IS TO CERTIFY that **MAWENI LIMESTONE LIMITED** a limited liability Company incorporated in Tanzania under Company Ordinance (Cap.212) and having its Registered Office at Dar es Salaam of P.O. Box 45554 Dar es Salaam. (hereinafter called "the Occupiers") are entitled to the Right of Occupancy (hereinafter called "the Right") in and over the land described in the Schedule hereto (hereinafter called "the Land") for a term of **ninety nine** years from the first day of July, Two thousand and Eight according to the true intent and meaning of the Land Act and subject to the provisions thereof and to any regulations made thereunder and to any enactment in substitution there for or amendment thereof and to the following special conditions:-

1. The Occupiers having paid rent up to the thirtieth day of June, 2009, shall hereafter pay rent of shillings **fifteen million (Shs. 15,000,000/=)** a year in advance on the first day of July in every year of the term without deduction PROVIDED that the rent may be revised by the Commissioner for Lands.
2. The Occupiers shall:-
 - (i) Be responsible for the protection of all beacons on the land throughout the term of the Right. Missing beacons will have to be re-established at any time at the Occupier's expenses as assessed by the Director responsible for Surveys and Mapping.
 - (ii) Do everything necessary to preserve the environment and protect the soil and prevent soil erosion on the land and do all things which may be required by the authorities responsible for environment and to achieve such objective.
 - (iii) Building shall be in permanent materials.
 - (iv) Building plans to be submitted to the Tanga City Council within six months from the commencement of the Right.
 - (v) Building construction to begin within six months after approval of the plans.

3. The Occupiers shall further:-
 - (i) make and maintain on the land throughout the term adequate arrangements for water supply, drainage and disposal of trade refuse and effluent to the satisfaction of the Authority;
 - (ii) make and keep all the buildings on the land rat-proof and carry out such measures as the Medical Officer of Health for the Authority may require for this purpose;
 - (iii) provide and maintain on the land such ablution facilities and take and maintain such hygienic measures as may be required by the said Medical Officer of Health.
4. The Occupiers shall pay to the Minister on demand made by the Commissioner on his behalf:-
 - (i) any further fees or stamp duties which may be discovered to be payable by the Occupier in connection with the Right.
 - (ii) an amount equal to any contribution in lieu of rates which may be payable by Government for the land during the term of the Right;
 - (iii) such sum as the Commissioner shall assess as a proper share payable for the land of the cost of making up the road or improvement of same upon which the land fronts, abuts or adjoins, whether such demand is made before during or after such making or improvement thereof. This condition does not oblige the Government to make or improve roads.
5. **USER:** The Land and the Buildings erected thereon used for **Special Industries** purposes only. Use Group 'N' use class (a) as defined in the Town and Country Planning (Use Classes) Regulations, 1960 as amended in 1993.
6. The Occupiers shall not assign the Right within three years of the date hereof without the prior approval of the Commissioner.
7. The Occupiers shall deliver to the Commissioner notification of disposition in prescribed form before or at the time the disposition is carried out together with the payment of all premia, taxes and dues prescribed in connection with that disposition.
8. The President may revoke the right for good cause and in public interest.

SCHEDULE

ALL that Land known as Plot Nos. 33 and 34/^{Block C}situated at Kange Industrial area in Tanga City containing **seventy three decimal point two four (73.24) Hectres** shown for identification only edged red on the plan attached to this Certificate and defined on the registered Survey Plan Numbered **52348** deposited at the Office of the Director for Surveys and Mapping at Dar es Salaam.

Given under my hand and my official seal the day and year first above written.



ACT COMMISSIONER FOR LANDS

The within named **MAWENI LIMESTONE LIMITED** hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the **COMMON SEAL** of the)
said **MAWENI LIMESTONE LIMITED**)
and **DELIVERED** in the presence of us)
this 4th day of SEPTEMBER 2008.)

Signature: [Handwritten Signature])

Postal Address: P.O. Box 45534)

DAR ES SALAAM)

Qualification: DIRECTOR)

Signature: [Handwritten Signature])

Postal Address: P.O. Box 45534)

Dar es salaam)

Qualification: Director)

SCHEDULE

ALL that land known as Plot Nos. 33 and 34/^{Block C} situated at Kongo Industrial area in Tanga City containing seventy three decimal point two four (73.24) Hectres shown for identification only edged red on the plan attached to this Certificate and defined on the registered Survey Plan Numbered 52348 deposited at the Office of the Director for Surveys and Mapping at Dar es Salaam.

Given under my hand and my official seal the day and year first above written.


ACT. COMMISSIONER FOR LANDS

The within named **MAWENI LIMESTONE LIMITED** hereby accept the terms and conditions contained in the foregoing Certificate of Occupancy.

SEALED with the **COMMON SEAL** of the)
said **MAWENI LIMESTONE LIMITED**)
and **DELIVERED** in the presence of us)
this... 11 day of SEPTEMBER 2008.)

Signature: [Signature])

Postal Address: P.O. BOX 45554)

DAR ES SALAAM)
Qualification: DIRECTOR)

Signature: [Signature])

Postal Address: P.O. Box 45554)

Dar es salaam)
Qualification: Director)

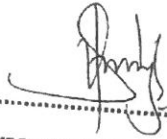
ANNEX IV: PAYMENT OF LAND LENT

http://154.118.227.29/molisv3/content.php?page=rent/assessment_...

Land Rent Assessment

ASSESSMENT DATE: 10-Jul-2020
ID 188958 **NUMBER** 2
AREA 985300 SQM **LOT TYPE** Plot
LAND RENT USE Industrial
REGION TANGA **DISTRICT** TANGA CITY COUNCIL
LOCATION MAWENI **BLOCK** INDUSTRIAL
OWNER: MAWENI LIMESTONE LIMITED
ADDRESS: 212 TANGA
BILL CONTROL NUMBER: 991173071247
SP CODE: SP117

Last Pay Date	Balance	Interest	Total
9-Jun-2020	-36.68	0.00	-36.68
Year	Rent	Interest	Total
2020/2021	93,603,500.00	0.00	93,603,500.00
Total	93,603,463.32	0.00	93,603,500.00



Issued By: VICTORIN STANLEY URASSA

JINSI YA KULIPIA

eza kulipia kwenye tawi lolote la NMB/CRDB/NBC nchini, namba ya malipo (Reference) **991173071247**
aweza kulipia kwa mitandao T-Pesa, M-Pesa, TigoPesa, Airtel Money, HaloPesa na EzyPesa.
ya kampuni **001001**, namba ya malipo (Reference) **991173071247**

Account Statement

Name: MAWENI LIMESTONE LIMITED

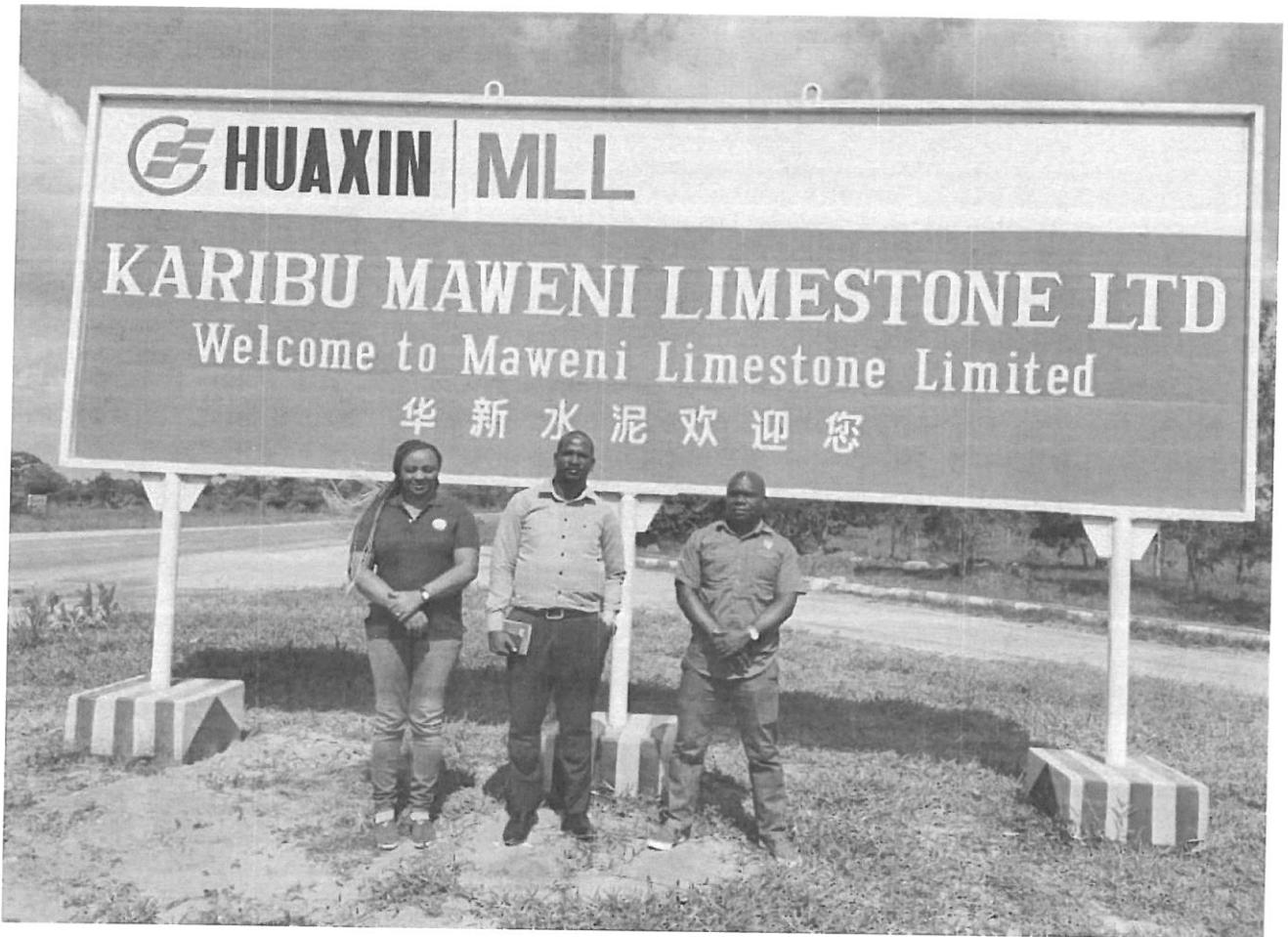
NMB
Value Date: 20 May 2021

Account Summary			
Account Number	20110027940	Branch	Bank House
Customer No	004349784	Old Account Number	20110027940
Account Type	Current and Savings	Currency	TZS
Address	ILALA, ILALA DAR ES SALAAM, TANZANIA		
Account Description	MAWENI LIMESTONE LIMITED		
From Date	10 Jul 2020	Account Class	NMB CORPORATE BUSINESS ACCOUNTS
Opening Balance	TZS 563,936,158.12	To Date	10 Jul 2020
Total Credit Count	2	Closing Balance	TZS 511,944,047.86
Total Debit Count	43	Total Credit	TZS 376,949,840.00
		Total Debit	TZS 428,941,950.26

Book Date	Value Date	Reference Number	Branch Name	Narration/Description	Cheque Number/ Control Number	Debit Amount	Credit Amount	Balance
10 Jul 2020	10 Jul 2020	101FTIT201920513	Bank House	101 - NMB Head Office - Incoming Funds Transfer - Sender's Ref 211014677ST3865 => Ordering Customer 0150281236800 * JUN YU INVESTMENT INTER C => Remittance Info PATMENT OF CLINKER			TZS 341,949,840.00	TZS 905,885,999.12
10 Jul 2020	10 Jul 2020	101UTLP2019234EH	Bank House	101 - NMB Head Office - Utility Payments - 1007 14 48 10 Internet:banking NetworkID GEPG_PAY Ref 991173071247 Debit AC2011002794011 From MAWENI LIMESTONE LIMITED => MINISTRY OF LANDS REVENUE ACCOUNT A		TZS 93,605,500.00		TZS 812,282,498.12
10 Jul 2020	10 Jul 2020	101FTIT201921730	Bank House	101 - NMB Head Office - Incoming Funds Transfer - Sender's Ref 8108441007201528 => Ordering Customer 0150460419600 * FORTUNE CEMENT T CO LTD => Remittance Info ADVANCE PART PAYMENT FOR CLINKER			TZS 35,000,000.00	TZS 847,282,498.12
10 Jul 2020	10 Jul 2020	201IBOT201920013	Bank House	201 - Bank House - Outgoing Funds Transfer - Sender's Ref 79Q8CJTAH7 => Ultimate Beneficiary /0050018728 * LAL TRADING CO LTD => Remittance Info CHARGES		TZS 19,042,000.00		TZS 827,340,498.12
10 Jul 2020	10 Jul 2020	201IBOT201920013	Bank House	201 - Bank House - Commission on Funds Transfer - Sender's Ref 79Q8CJTAH7 => Ultimate Beneficiary /0050018728 * LAL TRADING CO LTD => Remittance Info CHARGES		TZS 6,779.66		TZS 827,333,718.46

20 May 2021, 12:51

ANNEX V: PROJECT PICTURES



L-R: Veronica Mrema (IFPO), Jonas Chikawe (PLO) and Daudi Riganda (ZMN)



On-going construction of the cement grinding factory at Maweni, Tanga City



Aerial picture of the on-going construction of the cement grinding factory at Maweni



L-R: *Veronica Mrema (IFPO), Jonas Chikawe (PLO), Calla Luo (Huaxin Assistant Country Manager) and Daudi Riganda (ZMN)*