



WATSON GROUP

Co. LTD

# MINUTE SHEET

Dokezo  
No.

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 ..... US\$ 4.545m .....
- (b) Legal entity has been incorporated under certificate  
No. .... 98520 ..... of .... 04/12/2013 .....

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. Senzia  
DIF



18<sup>th</sup> July, 2013

2.0

## EXD

In response to the TIC letter of registration dated ..... 17<sup>th</sup> July 2013 .....  
the project has submitted the required documents namely: -

- (a) Company Board Resolution.
- (b) Reference letter/Financing from ..... CRDB Bank LTD .....
- (c) ..... Lease agreement as evidence of land .....

With the above submission EXD is requested to sign Certificate of Incentives No. .... 042492 ..... herein attached.

2/08/2013



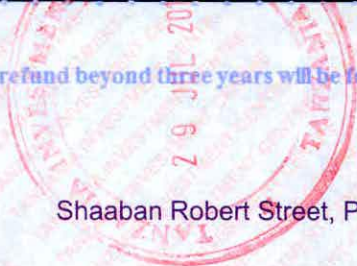
  
DIF

# MINUTE SHEET

Dokezo  
No.

49

Unclaimed refund beyond three years will be forfeited



# TANZANIA INVESTMENT CENTRE

Shaaban Robert Street, P.O. Box 938, Dar Es Salaam, Tel. +255 22 2116328-31, Fax: +255 22 2118253

RECEIPT REC012185

No. 006313

Received from : WATSON GROUP COMPANY LTD

Address P.O. Box Dar Es Salaam

Received the sum of (In words): ONE THOUSAND AND ZERO CENTS ONLY

**For Executive Director  
Tanzania Investment Centre**

Being payment in respect of CERTIFICATE OF INCENTIVES FEES

Amount : USD 1,000.00

Cash / Cheque No: Bank Trans 25/7

Date : 29-Jul-2013

BUISSO pm  
Receiving Officer

Aug '11

53980

①

**WATSON GROUP COMPANY LIMITED**

**P. O. Box 105353, Mobile No. +255767788889,  
Dar es Salaam,**

**26<sup>th</sup> June 2013**

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



**RE: Application for TIC Certificate Registration**

The reference is made to the above subject.

**WATSON GROUP COMPANY LIMITED** is planning to establish project for oil processing in Bagamoyo-Coast Region, Tanzania applying for TIC Certificate

The followings are attached:

- TIC Application form
- Cop of Certificate of incorporation
- Copy of Company Memorandum and Article of Associations
- Directors Board Resolution
- Bank introduction letter

Yours Sincerely

Liu Di 



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

**WATSON GROUP COMPANY LIMITED**

**P. O. Box 105353, Mobile No. +255767788889,**

**Dar es Salaam,**

AT A DULY EASTSTAR LOGISTICS LIMITED CONVENED AND  
CONSTITUTED MEETING OF THE BOARD OF WATSON GROUP  
COMPANY LIMITED AT REGISTERED OFFICES OF THE  
COMPANY MIKOCHE NI DAR ES SALAAM TANZANIA ON 26<sup>TH</sup> OF  
JUNE 2013, THE FOLLOWING RESOLUTIONS WERE PASSED:


1. THAT US\$ 4,500,000 BE ALLOCATED TO ESTABLISH PROJCT  
FOR CROPS COLLECTION, OIL PROCESSING AND EXPORT  
PROJECT
2. THAT THE COMPANY BE REGISTERED WITH TANZANIA  
INVESTMENT CENTRE SO AS TO ENJOY FULLY INVESTMENT  
INCENTIVES, BENEFITS AND PROTECTION AS STATUTORY  
PROVIDED FOR UNDER TANZANIA INVESTMENT ACT, 1997.

CERIFIED TRUE EXTRACT

(By order of the Board)



CHAIRMAN



SECRETARY

**WATSON GROUP COMPANY LIMITED**

**BUSINESS PLAN**

**FOR**

**OIL PROSESSING PLANT**

Prepared by:

**WATSON GROUP COMPANY LIMITED**

**P. O. Box 105353**

**MIKOCHEMI**

**TABLE OF CONTENTS**

**C/N**

**Page**

1. Project	summary	
.....		3
2. Executive	summary	
.....		4
3. About	the	
company.....		5
4. Project description .....		6-11
5. Governance and technical assistance .....		12-13
6. Management and management information system .....		14-15
7. Technical feasibility, manpower, raw material resources and environment .....		16-36
8. Tarime district soil distribution .....		37-42
9. Investment requirement, project financing .....		43-47
10. Markets and sales .....		48-49
11. Industry dynamics .....		50-51
12. Government, donor support and regulation .....		52
13. Security and risk mitigation .....		53-54
14. Time table for project implementation and completion .....		55
15. Detailed implementation plan and financing .....		56
16. Economic benefits of the project .....		56
17. security of the loan .....		56
18. Conclusion and recommendation .....		57
19. Attachments		

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**Project Summary**

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**Project Concept** : Oil Mills Processing

**Project Site** : BAGAMOYO-COAST REGION

**Legal Status** : Private Limited Liability Company  
(Incorporated in Tanzania)

**Project Promoters** : CHEN ZHONG  
QIANJIAN HUA

**Contacts** : Tel: +255767788889

**Implementation Schedule:** July 2013-June 2016

**Total Project Cost** : US\$ 4,500,000

**Shareholders' Commitment:** 100 Percent

**External Financing** : Nil

## 1.0 EXECUTIVE SUMMARY

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**WATSON GROUP COMPANY LIMITED** is a private limited liability company registered in Tanzania in year 2013 with the objective of, among other things, to carry on the business of crops collection, oil processing and marketing, export etc. The company's orientation is to make profit while alleviating rural poverty.

Sesame is one of the most important oilseed crops in Tanzania. The crop is adaptable over a wide range of environments and therefore it is widely cultivated in Tanzania. The crop is popular in the Eastern, Central, Northern and Southern Highlands of Tanzania. Sesame is gaining popularity and current data shows that local production is increasing rapidly due to good price in the local market, currently the local market of sesame 1kg is **US\$ 1.8 or Tsh 3,000**.

Company shareholders have for the past 5-years, been involved in crops collection, processing and marketing. The project's total cost is estimated at US\$ 4,500,000. The shareholders will contribute US\$4,500,000 from own sources of finance. Upon completion, the project will generate annual revenues amounting to US\$-----and net profit after tax estimated at ----- in the -----.

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### 1.1 Introduction:

**WATSON GROUP COMPANY LIMITED** is a limited company registered in Tanzania owned by two Chinese shareholders; **WATSON GROUP COMPANY LIMITED** is involved in the agro-business sector. The company's operations base is in Bagamoyo, Coast Region where the

company has acquired **35 acres**. The company's interest is to develop 35 acres by establishing big industrial yard, collection centre, warehouse and processing plant.

## **1.2 Company Objectives:**

The company main business objectives include the following:

- Construction of industrial parker
- Construction of warehouses
- Crops collection
- To add value by sesame oil processing ,
- Wholesaling and export
- To support small-scale farmers through adding value to their produce by putting a processing plant, processing their produce and provision useful links related to market and other networks.

## **1.3 Company Formation:**

**WATSON GROUP COMPANY LIMITED** was registered on 12<sup>th</sup> April 2013 to carry on the business of processing and marketing of sesame.

## **1.4 Legal Status:**

**WATSON GROUP COMPANY LIMITED** is a private limited liability company registered in Tanzania on 12<sup>th</sup> April 2013 with **Certificate of Incorporation No. 98520**

## **1.5 Study Objectives**

The objective of this Business Plan is twofold. First is to determine the viability of the proposed project. Second is to facilitate the application for Tanzania Investment Centre (TIC) Certificate of Incentivizes to access exemptions as statutorily provided for under Tanzania Investment Act (1997) of the Project.

## 1.6 Project Location

The project will be located in Bagamoyo-Coast Region where the company has purchased 35 acres of land.

## 1.7 Products and Production Capacity.

The project will produce sesame. The proposed production capacities are 20,000 ton per year.

## 1.8 The planned New Activities

WATSON GROUP COMPANY LIMITED is now planning to do the following during the next years:

- To construct industrial park
- Procure and install machines.
- To collect crops and process them.
- To employ 30 people and train them
- To exports

## 2.0 Project Description

There is a demonstrated and studied market for sesame seed oil, and much attention has been given by the government of Tanzania to promoting general vegetable oil production. There are some four big and reliable plants within Tanzania which partially refine crude extracted oil from various sources, including ground nuts, sesame, brackfiwi. Factory which refines oil and markets a canned product include – Murza Oil Mills and Mohamed Enterprises Co. Ltd in Dar es Salaam and other many SMEs located in various regions many of them in Singida region. The market for crude oil is therefore essentially local; the market for refined oil is easily accomplished. So there is a national need, with local demand close to the source of supply, and a potential international in the offing

## 2.1 Project Promoters

SN	NAME OF SHARE HOLDERS	NUMBER OF SHARE (%)
1.	Chen Zhong	50.4
2.	Qian Jian Hua	49.6

## 2.2 Management, Production, Marketing and Finance

- **Management:** This is largely internal. Management of the proposed enterprise, managing director has various experiences in oil processing, marketing and export management, The Managing Director will be from the board of Directors and will be provided by his team with financial, technical and marketing information, as will the whole board. If there are complex matters which require specialist assistance for elucidation, there is access to a number of consultants.
- **Production:** Again largely internal, with access to a broad global base of data and experience. The agricultural production operation requires comprehension and evaluation of public domain information and routine discussion with consultants, expertise being called in when required. The extraction, processing, storage and transportation of the oil is not a technically demanding task.
- **Accounting:** This is a combination of internal and external expertise and operations. A firm of accountants must be appointed as auditors, and they will also review the management accounts as well as the tax returns and will assist in preparing P&L, cash flow and balance sheet information annually, save that in the first year this will be done quarterly.

- **Marketing:** This is internal and is a minor matter at first, because initially sesame oil will be exported and other sold domestically. More complex marketing techniques may be required during export into foreign market.
- **Technical Assistance:** Technical assistance as usually understood, meaning a group experienced in the field of operations overseeing the setting up of a project is not required. When the opinion of an expert is to be sought it will be done in the normal way.

### 2.3 Controlling and Monitoring Systems

- **Financial Monitoring:** The main activity in the field is cash control and debt management. Preparation of payrolls and muster-rolls is a field operation. Central accounting will receive daily on line input from the field, and the preferred accounting package to be sourced from China or the Indian Tally system.
  - **General procedure monitoring:** A monthly activity plan is prepared by Management, and a weekly review meeting takes place. Minute will be distributed
  - **Market Monitoring:** Anecdotal information on the purchasing of crude sunflower, prices, sources and buyers will be collated and minuted at the weekly management meeting.
  - **Neighbour and community relations monitoring:** Regular visits to the local chairperson and councillor will take place, and they will be briefed in a short monthly letter on the progress of the project.

### 3.0 **Brief description of production process and cycles:**

The project is essential processing, packaging, transporting and marketing.

The extraction of the oil is by crushing and separating. This is also covered in other section in considerably detail. The products from the crusher are essentially crude oil - some 25% by weight, waste – most of which can be pressed into seed cask and comprises about 65% by weight. Some 10% is waste or lost material. These figures can be improved or worsened according to the handling.

The oil will be refined. This involves a specialised plant. The requirements are essentially removal of viscous wax components in the oil, and oxidation of unpleasant smelling compounds which are present in the oil. The oil, if reaching the required physic-chemical specifications is then canned and sold to wholesalers.

### 3.1 **Oil extraction**

The operation of the processing plant is in no way complex; the following compilation of available data is being used as a guide to planning and purchasing, also fabricating the equipment needed:

There are many varieties of seeds and nuts that can produce oils for food, nutraceuticals, skincare products, aromatherapies, fuels and industrial lubricants. This publication describes the basic processes involved in oil processing including seed cleaning, extraction, clarification, packaging and storage.

Culinary oils include olive, sesame, safflower, sunflower, grape seed,

walnut oils. Advertisements for these culinary oils tout their health benefits and unique flavours. Some of these plant-derived oils can be used to make soap, body and hair oils, detergents and paints. Some can also be used to make industrial lubricants. A wide range of oilseeds and other oil-producing plants are high-quality feedstock for biodiesel. Oilseed processing expands the use of crops such as sunflowers and brings value to grape seeds, which are usually waste products.

Most oil processing in the China is done on a large industrial scale. Small-scale oil extraction is more commonplace in other parts of the world. As a result, many of the useful resource materials and much of the appropriate-scale machinery come from other countries. However, interest in small- to intermediate-scale oilseed processing on the part of farmers and others in the United States grew dramatically in the past five years. This publication describes the basic processes of oilseed production, with extensive sources for additional information and equipment.

### **3.2 Getting started:**

Culinary oil businessman and consultant E. Peter Matthies, now living in Germany, suggests that you ask yourself the following questions before starting oil processing:

- Why do I want to start oil processing?
- Will it be a hobby or a new economic enterprise?
- How big will the operation be?
- How many different products will be made, including both oil and the press cake left after the oil is pressed out of the raw seeds or nuts?
- Do I want to target mass markets or specialty markets?
- What geographical area do I want to cover?

The first question is important because it affects the answers to all the other questions. It even affects how you read this publication. If you crush oilseeds for biodiesel or straight vegetable oil fuel production, you need to pay special attention to several specific processing steps.

For culinary oils, there are several more processing steps and technologies to consider and possibly add to your plan. You may forego some of the more complex, costly steps for exclusively personal-use cooking oil or biofuel.

Later in this publication, Matthies describes how he got into this new oil business after retiring from the petroleum business.

### 3.4 Basic processing steps

#### i. Seed preparation and conditioning

For successful pressing, the seed must be:

- **Clean.** Fine dust in the seed may clog the oil press hardware. Chaff left in the seed will absorb some of the oil and keep it from getting squeezed out of the expeller. Sand in the seed will wear out the press. Stones damage the oil press screw or piston.
- **Dry.** Moist seed leads to low yields and clogs the screw or cage, a part of the press. Moist seed may also get moldy, as mold spores are present in all crops. A rule of thumb is that the moisture content of the seed should be close to 10 percent. The number varies considerably for specific oilseeds. For example, rapeseed should be dried to a 7-percent moisture content, camelina to about 6 percent and sunflower to 8.5 percent. Safflower needs only to be dried to 11 percent and soybean is safe for storage and processing at 12 percent (Alam, 2007).

held moisture testers allow the user to simply place the seed in the tester, turn it on and select the type of seed to test. The tester provides an instant readout.

Here is a lower-tech, low-cost way of moisture testing: Weigh a sample of seed, and then heat the sample in an oven at 300 degrees Fahrenheit for one hour. Reweigh the sample. The weight lost in the oven is equal to the moisture content of the original sample. Calculate the percentage by dividing the weight lost by the original weight and multiplying the result by 100.

Even dry seed can quickly get damp by being in contact with damp earth. Once the seed is dried and bagged, it must be carefully stored to keep it from absorbing moisture.

- **Warm.** Warm seed will yield the most oil for the least effort. The optimum heat range for oil extraction is from 100 to 160 degrees. There are several ways to preheat the seed in advance of extraction. For very small batches, heating the seed in an oven or double boiler works, as does concentrated sunlight in a solar food dryer or some other solar collector. For larger batches, a heating element in a hopper located between the seed storage facility and the oilseed press works well.
- ii. **Extraction by cold pressing**
- Oil can be extracted mechanically with a ram press, an expeller or even a wooden mortar and pestle, a traditional method that originated in India. Presses range from small, hand-driven models that an individual can build to power-driven commercial presses. The ram press uses a piston inside a cage to crush the seed and force out the oil.

Expellers have a rotating screw inside a horizontal cylinder that is capped at one end. The screw forces the seeds or nuts through the cylinder with gradually increasing pressure.

The seed is heated by friction and electric heaters or a combination of the two. Once the cap is removed, the oil escapes from the cylinder through small holes or slots and the press cake, or meal, emerges from the end of the cylinder. Both the pressure and temperature can be adjusted for different kinds of feedstock.

There are two distinct expeller press designs — a single cylinder press that expels the press cake out in pellet form and a traditional cage-style screw press that expels the meal out in large flakes.

### iii. Oil expellers

There are many manufacturers of single-cylinder presses. Most presses are sold in European countries and designed primarily for rapeseed, or canola. For example, the Täby Press is a screw press manufactured in Sweden. It is similar to the Komet Oil Expeller described below. Various models are available for cold pressing rapeseed, linseed, flaxseed, sunflower seed, sesame seed, peanut, groundnut, mustard seed, poppy seed, cotton seed, jojoba and more. All of the Täby lines of screw presses are distributed in the United States by Magic Mill International.

Komet Vegetable Oil Expellers are manufactured by IBG Monforts in Germany. The company's range of products covers small hand-operated machines as well as industrial machines. According to product literature, Komet oil expellers feature a special cold pressing system with a single conveying screw to squeeze the oils from various oil-bearing seeds.

The machines operate on a gentle mechanical press principle that does not involve mixing and tearing the seeds. Virtually all oil-bearing seeds, nuts and kernels can be pressed with standard equipment and without adjusting the screws or oil outlet holes. Some advantages and disadvantages of each type of press are:

iv. **Singlecylinder**

Advantages:

- Simple to use and adjust for multiple feed stocks
- Designed for continuous use
- Easier to unclog if it gets backed up, which happens occasionally
- Works quite well out of the box.

Disadvantages:

- Not for use for large, industrial-scale presses due to the very large pressure generated on the press head
- Expensive

v. **Cage style:**

Advantages:

- Less expensive for small and large electric-driven presses
- The expeller of choice for larger capacities of more than 3 tons per day

Disadvantages:

- Difficult to adjust for different sizes of seeds
- Needs more constant monitoring

Note: Reports from farmers who bought certain imported Chinese models included lower than expected quality and considerable setup

time. They may need new parts or motor upgrades to function properly.

If you want to process larger amounts of oilseed crops, a 3-ton to 10-ton per day cage press may be what you want. You can also link multiple cylinder presses in tandem to perform the same function. Another option is the Instapro press, which is a semi-industrial-scale press available in the 20-ton per day capacity.

Both cylinder and cage presses have significant electrical requirements. Any press with a capacity over 3 tons per day will likely require three-phase power and smaller presses require 220-volt power.

Choosing the correct size of press for what you intend to do is very important. For example, Montana farmers' experiences led to the conclusion that 1-ton per day presses are too small for what is needed to produce biodiesel or straight vegetable oil fuel on an average Montana grain farm.

**vi. Solvent extraction of oil**

Oils can also be extracted with solvents, but solvent extraction is a complex and costly operation. Solvent extraction isn't suited for small-scale processing because of high capital and operating costs, risks due to fire and explosions from solvents, and the sheer complexity. Management of solvents such as hexane is a problem as well.

**vii. Clarification**

Clarification removes contaminants such as fine pulp, water and resins. You can clarify oil by allowing it to sit undisturbed for a few days and then removing the upper layer. If the oil needs further clarification, filter the oil through a fine filter cloth. Finally, you can heat the oil to

drive off traces of water and destroy any bacteria. Very clean oil is important in all uses, including biodiesel.

### Viii Degumming

Degumming is the process of removing the phospholipids from the oil. Many people advise that you allow the resulting oil to settle out the gums, or hydra tables, over a period of one to two weeks. However, you need more chemical processing to make high-quality culinary oil or biodiesel feedstock.

### 3.5 Refining, bleaching and deodorizing

The vegetable oil produced and processed to this point does not need refining, bleaching or deodorizing as long as the natural taste, smell and color are acceptable to the user. However, getting the oil to commercial food grade may be an important step in oilseed processing if your market demands it. For example, restaurants require oils that have a relatively high smoke temperature and may or may not want the taste of the natural oil. Getting the oil to food grade will add value and can make small-scale biodiesel from oilseeds more feasible for those who intend to use the oil in a manner similar to the full-cycle farming story below.

### 3.6 The RBD process gets oil to commercial grade specifications.

The RBD process includes:

- **Refining.** Refining usually consists of two steps. The first step is degumming, which is described above. The second step is neutralization, in which the free fatty acids (FFAs) in the crude oil are caustic-stripped with sodium hydroxide (NaOH) in an aqueous solution. The resulting soap stock is settled, filtered or centrifuged out

- **Bleaching.** In this step, the oil is mixed with certain types of bleaching clays to absorb colors and some other contaminants such as soap, trace metals and sulfur compounds.
- **Deodorizing.** This is a distillation process that occurs at high temperatures and low pressure (Van Gerpen et al., 2006). The oil is put under a vacuum and heated with steam to remove any leftover taste or odors and FFAs. Deodorizing can also be achieved by treatment with activated charcoal (Pilgeram, 2008).

RBD is not always beneficial to nutrition. Crude oil contains more vitamin E, trace elements, phytosterols and more. The trade-off is that crude oil is healthier but less stable (Pilgeram, 2008).

### 3.7 Oil packaging and storage

Use clean, dry containers to package and store oils. Sealed glass or plastic bottles are adequate for small quantities. Colored containers in a dark box help increase shelf life. Steel or plastic tanks work well for large quantities. The shelf life of oil is usually six to 12 months if it is properly packaged and kept away from heat and sunlight (Fellows and Hampton, 1992).

Keeping air away from oil is perhaps the most important step to prevent rancidity. Completely fill whatever size container you chose so there is no air space and then cap the container tightly (Van Gerpen, 2008).

Shelf life of oil may vary depending on the type of oil as well as the storage conditions. For example, flax and grape seed have a shorter shelf life than canola or sunflower due to the large amount of polyunsaturates present.

If the stored vegetable oil does not reach sustained temperatures of 100° F or more, its vital components will be preserved. Therefore, vegetable oil is excellently suited for natural nutrition. As long as the oil is stored in a dark, *cool* place, it will have a long shelf life. Oilseed by-products: Meal and hulls

Soy hulls and sunflower shells removed before pressing are used as animal feed. Soy hulls are used as a replacement for corn or winter hay.

Seed meal is a valuable by-product of pressing oilseeds. Sesame seed cake is valuable as a human food. Sunflower seed cake is not suitable for people, but it makes a good addition to chicken, pig or cattle feed. It is quite high in crude protein, but contains very few carbohydrates. It should be used as a feed additive, not a feed by itself.

Canola, soy and safflower meal are also used as animal feed supplements. At the time of this writing, extensive camelina animal feeding trials are being conducted.

#### 5.0 **Requirements for and availability of skilled and unskilled manpower**

WATSON GROUP COMPANY LIMITED is planning to employ **30** people, **5** foreigners and the remaining **25** locals

Stock and cash control require some skill and experience, but the storekeeper has a simple task and the accountant on site is a bookkeeper. The account will be kept on line on a daily basis and a professional accountant will deal with the preparation both of management and of tax accounting.

## 6.0 Investment Cost

### Watson Group Company Limited Cost Structure

PARTICULAR	US\$
Land and Buildings	1,800,000.00
Vehicles	400,000.00
Plant and Machinery	900,000.00
Furniture & Fittings	5,000.00
Pre exp .	395,000.00
Working Capital	1,000,000.00
<b>TOTAL</b>	<b>4,500,000.00</b>

## 6.1 Markets and Sales

### The basic market orientation, local, national, regional or international

There is a completely unsaturated market for sesame oils. However, as experience from adjacent Kenya shows, there is also an international market with large potential profitability. In particular, the Arab and China world, being adjacent and having a high requirement for vegetable oil is a possible target. The orientation of marketing initially is wholly local, the extracted oil will be initially be exported to China and other to be sold domestic market

## 6.2 Market Analysis.

Tanzania is an import- led economy when it comes to industrial products of all kinds, including fishing net and allied fishing gear.

Having studied the sesame oil industry of Tanzania for above items for a considerable time now, promoters of this project have seen a big opportunity in oil processing

The market for sesame oil is high locally and foreign market

### **6.3. The Targeted Market.**

The products are intended mainly for domestic market and foreign countries.

Prospects in the growth of these target market segments are quite good.

### **6.4. Demand and Supply.**

Tanzania meets most of its requirement of cooking oil through low quality imports. It is the intention of this project to produce quality products of sesame oil and sell at a very reasonable and affordable prices compared to the current market prices.

The oil processing factories in the Tanzanian are very limited. There is a steady demand for oil processing factory; the current production is less than demand

### **6.5 Critical factors that determine market potential**

The factors affecting market potential are twofold, those affecting local sales of sesame oil, and those affecting foreign market.

These factors are:

- Quality of oil, depending on: Effectiveness and cleanliness of extraction plant, Quality and cleanliness of packaging material.
- Timing and quantity of delivery to customer as agreed
- Comparative pricing, following cost effective production and decision on margin.

## 7.0 Project Financing

The project sponsors have considerable financial resources. The project promoters are planning to finance by equity by 100%; constituting US\$ 4, 500,000

## 8.0 Project Implementation.

Full implementation of the project is planned to take from March 2013 to July 2014 for fully operational.

S/N	Description	Time
1	TIC Application	July 2013
2	Land transfer	July-September 2013
3	Building industrial premises	October-May 2014
4	Machine importation	June- August 2014
5	Machine Installation	September-December 2014
6	Raw materials importation	September- December 2014
7	Staffing and Training	January- March 2015
8	Testing	March- June 2015
8	Commercial production	July 2015

## 9.0 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing of manufacturing sector and rises of middle income earners gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

## 10.0 Monitoring and Evaluation

The monitoring and evaluation tools will be applied in running this project as well, the project sponsors are determined to cooperate fully with the government and other stakeholders for smooth business running.

## **11.0 Financial Analysis**

### **11.1 Considerations and Assumptions:**

The corporate tax charge is 30% of the profits. Capital investment allowance is 50%. 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.

Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

### **11.2 Financial Statements:**

### **11.3 Projected Revenue**

For projection purposes, it is assumed that the economic life of the project is 8<sup>th</sup> years, and that revenue from the business commence from the first year of operation.

### **11.4 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 5 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$685,650 in first year to US \$ 13,359,464 8th year

### 11.5 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1st, i.e. US\$ 514,350 of operation to the 8th year i.e. US\$ 7,489,485

### 11.6 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Total equity of the project increases from US\$ 4,500,000 in the first year of operation to US \$ 8,007,424 in the 8<sup>th</sup> year.

### 11.7 Projected payback period

Total investment is US \$ 4,500,000 cash accumulation 5th year is US\$ 5,687,706 which is more than the initial investment by US\$ US\$ 1,187,706 the project payback Period is within 5 years,

The project has a relatively short payback period. It is remarkably impressive for a project whose investment is as big as US\$ 5,500,000 being recovered within 5 years.

## 12.0 ECONOMIC ASPECTS

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

- The project is an ideal option for import substitution
- The project will create employment for **30 people** on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to farmers which will also have an economical trickledown effect.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.

- The project will have transfer of knowledge and skills to manufacturing sector
- The project will generate foreign earnings

### **13.0 CONCLUSION & 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.

## APPENDIX I

## WATSON GROUP COMPANY LIMITED PROJECTED INCOME &amp; EXPENDITURE STATEMENT

" US \$"

	1	2	3	4	5	6	7	8
Revenue	40,000,000.00	40,800,000.00	41,616,000.00	42,448,320.00	43,297,286.40	44,163,232.13	45,046,496.77	45,947,426.71
Cost of Sales:	36,000,000.00	37,440,000.00	37,497,600.00	37,499,904.00	37,499,996.16	37,499,999.85	37,499,999.99	37,500,000.00
Gross Profit	4,000,000.00	3,360,000.00	4,118,400.00	4,948,416.00	5,797,290.24	6,663,232.28	7,546,496.78	8,447,426.71
Operating Cost	2,800,000.00	2,856,000.00	2,913,120.00	2,971,382.40	3,030,810.05	3,091,426.25	3,153,254.77	3,216,319.87
Profit before Interest and Depre	1,200,000.00	504,000.00	1,205,280.00	1,977,033.60	2,766,480.19	3,571,806.03	4,393,242.00	5,231,106.84
Bank interest	-	-	-	-	-	-	-	-
Depreciation	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00
Profit before Tax	979,500.00	283,500.00	984,780.00	1,756,533.60	2,545,980.19	3,351,306.03	4,172,742.00	5,010,606.84
Tax (30%)	293,850.00	85,050.00	295,434.00	526,960.08	763,794.06	1,005,391.81	1,251,822.60	1,503,182.05
Profit After Tax	685,650.00	198,450.00	689,346.00	1,229,573.52	1,782,186.13	2,345,914.22	2,920,919.40	3,507,424.79
Accumulated Profit	685,650.00	884,100.00	1,573,446.00	2,803,019.52	4,585,205.65	6,931,119.88	9,852,039.28	13,359,464.06



## APPENDIX III

## WATSON GROUP COMPANY LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8
<b>Fixed Assets</b>	-								
Opening balance	-	3,105,000.00	2,884,500.00	2,664,000.00	2,443,500.00	2,223,000.00	2,002,500.00	1,782,000.00	1,561,500.00
Additions	-	0	0	0	0	0	0	0	0
<b>Total Long-term Assets</b>	-	<b>3,105,000.00</b>	<b>2,884,500.00</b>	<b>2,664,000.00</b>	<b>2,443,500.00</b>	<b>2,223,000.00</b>	<b>2,002,500.00</b>	<b>1,782,000.00</b>	<b>1,561,500.00</b>
<b>Less depreciation</b>	-	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00	220,500.00
<b>Closing balance</b>	-	<b>2,884,500.00</b>	<b>2,664,000.00</b>	<b>2,443,500.00</b>	<b>2,223,000.00</b>	<b>2,002,500.00</b>	<b>1,782,000.00</b>	<b>1,561,500.00</b>	<b>1,341,000.00</b>
Working capital	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00	1,395,000.00
Accumulated cash	-	514,350.00	619,900.00	1,335,834.00	2,083,294.00	3,067,588.00	4,293,480.00	5,765,803.00	7,489,485.00
<b>Total assets</b>	<b>1,395,000.00</b>	<b>4,793,850.00</b>	<b>4,678,900.00</b>	<b>5,174,334.00</b>	<b>5,701,294.00</b>	<b>6,465,088.00</b>	<b>7,470,480.00</b>	<b>8,722,303.00</b>	<b>10,225,485.00</b>
Financed by									
Equity	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00
Profit	-	685,650.00	198,450.00	689,346.00	1,229,573.00	1,782,186.00	2,345,914.00	2,920,919.00	3,507,424.00
Total equity	4,500,000.00	5,185,650.00	4,698,450.00	5,189,346.00	5,729,573.00	6,282,186.00	6,845,914.00	7,420,919.00	8,007,424.00
Long term loan	-	-	-	-	-	-	-	-	-
<b>Total debts</b>	-	-	-	-	-	-	-	-	-
<b>Total equity and debts</b>	<b>4,500,000.00</b>	<b>5,185,650.00</b>	<b>4,698,450.00</b>	<b>5,189,346.00</b>	<b>5,729,573.00</b>	<b>6,282,186.00</b>	<b>6,845,914.00</b>	<b>7,420,919.00</b>	<b>8,007,424.00</b>

## PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	685,650.00	220,500.00	906,150.00	906,150.00
2	198,450.00	220,500.00	418,950.00	1,325,100.00
3	689,346.00	220,500.00	909,846.00	2,234,946.00
4	1,229,573.00	220,500.00	1,450,073.00	3,685,019.00
5	1,782,186.00	220,500.00	2,002,686.00	5,687,705.00
6	2,345,914.00	220,500.00	2,566,414.00	8,254,119.00
7	2,920,919.00	220,500.00	3,141,419.00	11,395,538.00
8	3,507,424.00	220,500.00	3,727,924.00	15,123,462.00
<b>Initial Investment cost= USD 4,500,000</b>				
<b>From above table, payback period is within 5 years</b>				

## APPENDIX IV

## WATSON GROUP COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	1,800,000.00
Vehicles	400,000.00
Plant and Machinery	900,000.00
Furniture & Fittings	5,000.00
Pre exp	395,000.00
Working Capital	1,000,000.00
<b>TOTAL</b>	<b>4,500,000.00</b>

## APPENDIX V

## WATSON GROUP COMPANY LIMITED FIXED ASSETS SCHEDULE (US\$)

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	1,800,000	1,710,000	1,620,000	1,530,000	1,440,000	1,350,000	1,260,000	1,170,000
Vehicles	400,000	360,000	320,000	280,000	240,000	200,000	160,000	120,000
Plant and Machinery	900,000	810,000	720,000	630,000	540,000	450,000	360,000	270,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000	2,500	2,000	1,500
<b>Total</b>	<b>3,105,000</b>	<b>2,884,500</b>	<b>2,664,000</b>	<b>2,443,500</b>	<b>2,223,000</b>	<b>2,002,500</b>	<b>1,782,000</b>	<b>1,561,500</b>
<b>DEPRECIATION</b>	<b>1 USD</b>	<b>2 USD</b>	<b>3 USD</b>	<b>4 USD</b>	<b>5USD</b>	<b>6 USD</b>	<b>7 USD</b>	<b>8SD</b>
Land and buildings	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Vehicles	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Plant and Machinery	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Furniture & Fixtures	500	500	500	500	500	500	500	500
<b>ANNUAL DEPRECIATION</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>	<b>220,500</b>
<b>CLOSING FIXED ASSETS</b>	<b>2,884,500</b>	<b>2,664,000</b>	<b>2,443,500</b>	<b>2,223,000</b>	<b>2,002,500</b>	<b>1,782,000</b>	<b>1,561,500</b>	<b>1,341,000</b>

7. The intended capital investment of the Company in terms of Section 2(2) of the Act is Tshs./US\$ ..... ~~3,000,000~~ - 4,500,000
8. The month and day of the financial year end is ..... 31st DECEMBER

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\$ ..... 10285 ..... Being the Registration Fees. **In the event this application is unsuccessful we understand that this fee will not be refunded.**

I, Liu D ..... of Post Office Number P.O BOX 105353 .....

DAR ES SALAAM do solemnly and sincerely declare that I am a director/duly authorized agent of WASON GROUP COMPANY LIMITED .....

**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 3rd day of July ..... 2013. }

Applicant  


Before me:

  
 .....  
 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 Liu Di  
(director/directors/agent of WATSON GROUP COMPANY LIMITED  
(name of business enterprise) apply for registration of TIC CERTIFICATE  
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 BAGAMORO - COAST  
REGION

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 BAGAMORO COAST - REGION
4. The Principal Officers of the Company are 1) CHEN ZHONG  
2) QIAN JIAN HUA
5. Auditors of the Company are TO BE APPOINTED LATER
6. The authorized share capital of the Company is Tshs./US\$ 250,000,000/-





# **TANZANIA INVESTMENT CENTRE**

## **REGISTRATION FORM**

**FOR**

## **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](mailto:information@tic.co.tz)  
Website: [www.tic.co.tz](http://www.tic.co.tz)

**(Please fill the form in duplicate)**

### APPLICATION SUMMARY

**Company Name:** WATSON GROUP COMPANY LIMITED

**Certificate of Incorporation Number:** 98525 **Status:** NEW

**Certificate of Incorporation Date:** 12<sup>th</sup> APRIL 2013

**Post Box:** 105353

**Town:** DAR ES SALAM

**Sector:** MANUFACTURING **Sub-Sector:** OIL PROCESSING

**\* Investment Financing Plan in Million US\$/Tshs.**

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>US \$ 4,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Project Objectives:** collect crops and process to  
oil and storage export also we  
can sell out products inside Tanzania

**\* Capacity:** 2000 tons/year

**\* Employment:** Foreign: 5 Local: 25 Total: 30

**Implementation Period:** 3 YEAR

**Project Location**

Site/Plot/Block No.: .....

Street: BAGAMBO District: BAGAMBO Region: COAST-REGION  
 (Attach sketch map showing project location)

Shareholders	Nationality	%
<u>CHEN ZHONG</u>	<u>CHINESE</u>	<u>30.4%</u>
<u>QIAN JIAN HUA</u>	<u>CHINESE</u>	<u>49.6%</u>
.....	.....	.....
.....	.....	.....
.....	.....	.....

**\* Investment Breakdown      US\$/Tshs.M**

Land/Building ..... \$ 180,000/-  
Plant ..... \$ 90,000/-  
Vehicles ..... \$ 40,000/-  
Furniture & Fittings ..... \$ 10,000/-  
Pre-expenses ..... ~~\$ 20,000~~ 395,000/-  
Others ..... \$ .....  
Working Capital 巨款 \$ 100,000/-  
**TOTAL** ..... 4,500,000/-

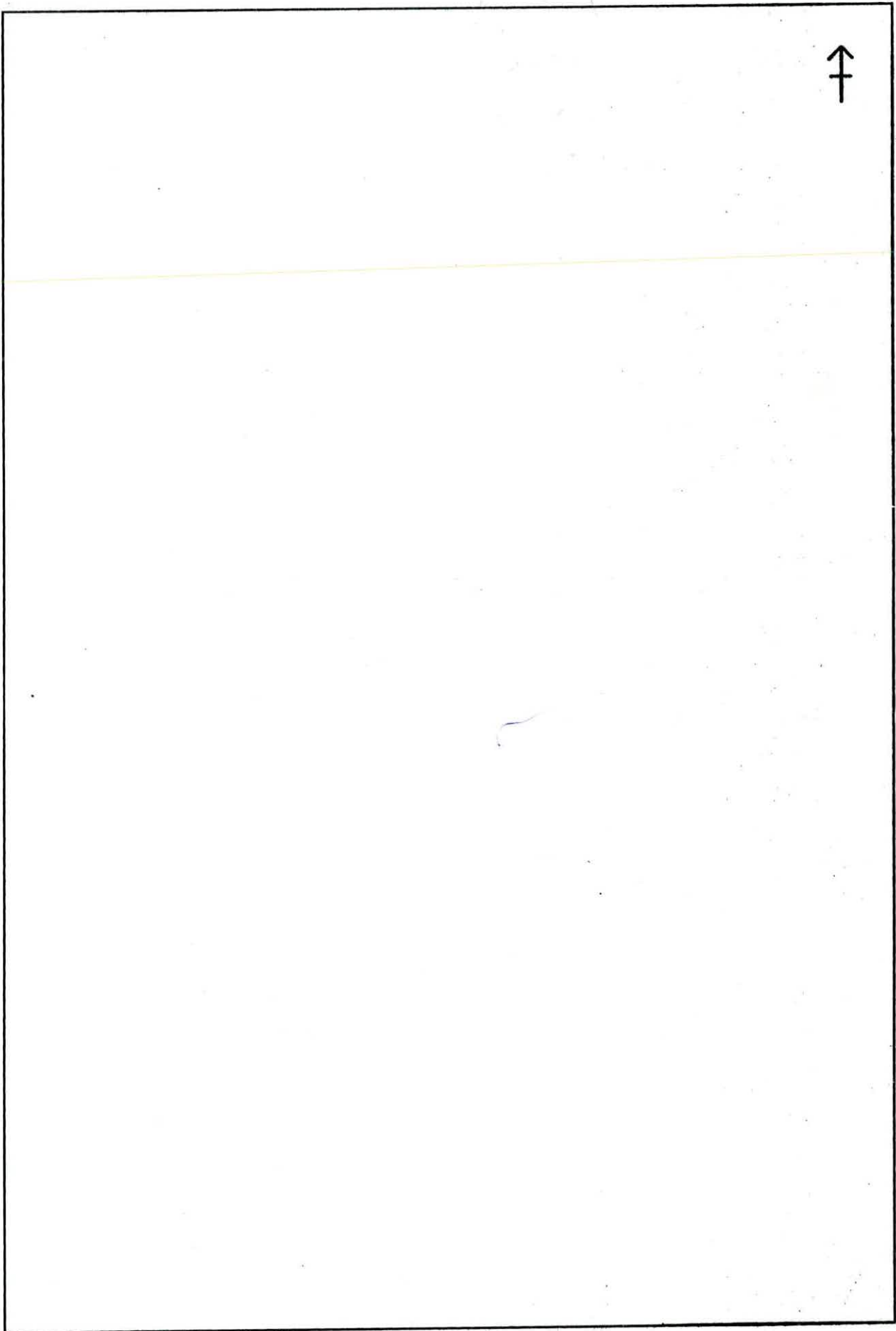
**Contact Details:**

Name: ..... LIU DI ..... Title: ..... \*LIU DI .....  
Telephone: ..... 0767788889 ..... Fax: .....  
Email: ..... 21525298@98.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





Account Statement



Statement Date: 29-May-13  
 Statement Number: 05-Jun-13  
 Page: Page 1 of 1  
 Branch: MIKOCHENI  
 Branch Code: 00003374  
 Contact Details: Tel

WATSON GROUP CO LTD  
 BOX 105353 DSM  
 MIKOCHENI  
 0767 789889

TZA

Account No	0250303206300
Account Description	WATSON GROUP CO LTD
Currency	USD

TRANS DATE	DETAILS	CHANNEL ID	VALUE DATE	DEBIT	CREDIT	BOOK BALANCE
29-May-13	Brought forward Balance					0.00 CR
29-May-13	3374A/c Deposit. Client-3032063 WID: =2997154.	BPWR	29-May-13		600.00	600.00 CR
29-May-13	WIBU TRADERS LTD	BPWR	29-May-13		100,000.00	100,600.00 CR
30-May-13	COMM CHQBK	BPWR	30-May-13	20.00		100,580.00 CR
01-Jun-13	EDA	BPWR	01-Jun-13	42,310.00		58,270.00 CR
01-Jun-13	Charge Arrears 0 towards Service Fees - Memo Account Style	BFTC	01-Jun-13	424.00		57,846.00 CR
	TOTAL VALUE			42,754.00	100,600.00	
CLEAR BALANCE AS ON 05-Jun-13						57,846.00 CR
BOOK BALANCE AS ON 05-Jun-13						57,846.00 CR
						End of Statement

OVERDRAFT FACILITY DETAILS :

Overdraft Limit USD 0.00  
 Overdraft Review Date 29-May-13



Kindly examine this statement immediately. Any discrepancies must be reported to the Bank as soon as possible. Please note that the balances reflected could change if there are transactions that still need to be processed.

Account Statement



Statement Date 05-Jun-13  
 Statement Period 25-May-13 to 05-Jun-13  
 Page Page 1 of 1  
 Branch MIKOCHENI  
 Branch Code 00003374  
 Contact Details  
 Tel

WATSON GROUP CO LTD  
 BOX 105353 DSM  
 MIKOCHENI  
 0767 789889

TZA

Account No	0150303206300
Account Description	WATSON GROUP CO LTD
Currency	TZS

TRANS DATE	DETAILS	CHANNEL ID	VALUE DATE	DEBIT	CREDIT	BOOK BALANCE
25-May-13	Brought forward Balance					0.00 CR
25-May-13	3374A/c Deposit. Client-3032063 WID:=2989127.	BPWR	25-May-13		200,000.00	200,000.00 CR
26-May-13	Monthly Maintenance Fees	BFTC	26-May-13	10,000.00		190,000.00 CR
30-May-13	COMM CHQBK	BPWR	30-May-13	35,000.00		155,000.00 CR
	TOTAL VALUE			45,000.00	200,000.00	
CLEAR BALANCE AS ON 05-Jun-13						155,000.00 CR
BOOK BALANCE AS ON 05-Jun-13						155,000.00 CR
						"End of Statement"

OVERDRAFT FACILITY DETAILS :

Overdraft Limit TZS 0.00  
 Overdraft Review Date 25-May-13



Kindly examine this statement immediately. Any discrepancies must be reported to the Bank as soon as possible. Please note that the balance reflected could change if there are transactions that still need to be processed.

## TANZANIA



## Certificate of Incorporation

Section 15


No 98520

I HEREBY CERTIFY THAT

**WATSON GROUP 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 12TH day of **APRIL****TWO THOUSAND AND THIRTEEN**  
.....  
Asst. Registrar of Companies

THE COMPANIES ACT, 2002  
COMPANY LIMITED BY SHARES

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

WATSON GROUP COMPANY  
LIMITED

Incorporated this .....day of.....2013

DRAWN BY:  
CHEN ZHONG  
(SUBSCRIBER)  
BUILDING 11, YI FANG JIA YUAN HOUSING  
GANG BING ROAD, TANG GU  
XING GANG REGION  
TIAN JIANG CITY  
CHINA.

**THE COMPANIES ACT, 2002**

**COMPANY LIMITED BY SHARES**

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**WATSON GROUP COMPANY  
LIMITED**

**Incorporated this .....day of.....2013**

**DRAWN BY:  
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BUILDING 11, YI FANG JIA YUAN HOUSING  
GANG BING ROAD, TANG GU  
XING GANG REGION  
TIAN JIANG CITY  
CHINA.**

THE COMPANIES ACT, 2002  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
OF  
WATSON GROUP COMPANY LIMITED

1. The name of the company "WATSON GROUP COMPANY LIMITED"
2. The Registered office of the Company will be situated in Tanzania.
3. The objects for which the Company is established are:-
  - (a) To engage in and or otherwise carry on the business of specialized importers and or exporters of commercial goods, domestic appliances, exporters of agricultural produce, dealers in agro inputs, agricultural machinery, equipment, electrical and electronic devices, all businesses and trades incidental, analogous, similar thereto required to be or capable of being carried on in conjunction therewith.
  - (b) To carry on all or any of the business of transport, carriage and haulage contractors, owners and charter of road vehicles, aircraft and ships and boats of every description and carriers of goods and passenger by road, rail, water or air and to establish, acquire, maintain and operate transport service of every description both public and private and all services ancillary thereto and for such purposes or as independent undertakings to purchase, take in exchange, charter, hire, buy, contract or otherwise acquire and to own, operate, work, manage, maintain, repair, service and deal with and in road vehicles, aircraft and vessels of every supplies therefore and to conduct any such business within the country or any other state in Africa or Europe or Asia and or any other foreign country.
  - (c) To carry on the business of builders and civil contractors, engineers, founders, construct, maintain, repairs, pull down and restore either alone or jointly and establish jointly ventures with other companies, persons works or all descriptions including ginneries oil mills, textiles, factories, engines, roads, bridges, machineries and houses, offices, workshops, buildings and premises and any fixed or movable machineries, tools, plant, implements, patterns, stock-in-trade, patents and patent rights, technical know-how, goodwill liabilities and engagements of or connected with workshops.
  - (d) To engage and or carry on the business of general civil works, engineering, buildings, road constructions renovations, office partitioners, decoratories, maintainers of dilapidated buildings, plumbing, furniture manufactures, suppliers and exporters, residential and office furnishers and general to be designers and fabricators of all kinds of gadgets whatsoever.
  - (e) To carry on the business of building contractors, masonry and general construction contractors and among other things to construct, execute, carry out, equip, improve, work and advertise railways, tramways, docks harbours, sharves, canals, water-courses, irrigations, reclamations, sewage, drainage and other sanitary works, water, gas, electric and other supply works, houses building and erections of every kind.

TANZANIA  
Stamp Duty Sbs. 2500/-  
PAID ON ORIGINAL  
Receipt No. 33458 of 12/4/13  
Stamp Duty Officer

TANZANIA  
Stamp Duty Sbs. 2500/-  
Receipt No. 33458 of 12/4/13  
Asst. Registrar of Companies

- (f) To carry on the business of miners and mining in all their branches and for the said purpose to peg, purchase, take on lease, or exchange or otherwise acquire concessions, grants, easements, options, claims, properties, cassettes- and effects supposed to contain minerals diamonds, or other precious stones, and any interest therein, and to explore, mine, work, excavate develop and turn to account mines and mining rights and any undertaking connected therewith.
- (g) To engage in and carry out the business of proprietors and managers of hotels, restaurants, cafes, road houses, motels, safari and holiday camps, caravan sites, guest houses, apartment housekeepers, refreshment and tea rooms, milk and snacks bars, tavern, beer house and lodging housekeepers and to provide food and catering services to individuals, private and public institutions and to industrial and business concerns.
- (h) To carry on the business as general food processors packers and suppliers, to be general suppliers of hard foods stuffs and agricultural crops, to be grain millers and food mixers to be general exporters of fresh fruits vegetables and flowers.
- (i) To carry on the business as general traders, general merchants, suppliers, importers, exporters, stockists, wholesalers, retailers and dealers in all types of electric and electrical goods, hardware, building materials, spare parts and maintenance, tyres, tubes, tools and accessories for all types of automotive, motor vehicles, agricultural machinery, implements, equipment of all kinds of industrial projects machinery and equipment, timber, fishing gears, paints, corrugated iron sheets, hinges, screws, iron mongery, all kinds of readymade garments and used clothes, all types of leather goods, tiles, shoes, bags and other similar goods.
- (j) To carry on the business of importers, exports, general merchants, general store-keepers, universal providers, wholesale and/or retail traders, dealers of weighing scales, inkjet technology, moisture analysis, lab equipment, solar technology, hardware, piece wood, paints, glassware, crockery, cutlery, ironmongery, turners and other household fittings and requirements, other articles and commodities of personal, household use and consumption provisions, textiles, groceries, medicines, drugs, wines spirits, liquors, chemical, surgical, optical, photographic and other instruments, apparatus and materials, motor vehicles, automobiles and generally in all manufactured goods of all types and merchandise of all kinds.
- (k) To carry on the business of deep-sea fishers, fishers, exporters and importers of, and dealers in and factors, brokers and agents for the sale of, fish and fish products of every description, as proprietors and managers of oyster beds, trawlers and fishing boats, as fish curers, fish prepares, fish canners, and preservers, oil extractors, manufacturing chemists, fishmongers, provision dealers and general storekeepers, shippers, carriers, shipping agents, carting contractors.
- (l) To carry on the business of fisheries/fishing in lakes, rivers and dams, and be responsible in the treating/processing/drying the catch, store the products in cold storage facilities, shelter, warehouses, until such time when it is appropriate to expose the products for sale in wholesale or retail markets, either in local markets or international, such products shall include sea fish, seashells, sea cucumbers, prawns, lobsters, oysters and all allied sea products.
- (m) To promote tourism in Tanzania and elsewhere in Africa, to carry on business of travel and tourist agents and tour operators, to promote facilitate traveling to organize hunting, tented-camps, fishing and diving expeditions, safari promoters and undertakers generally and in particular to arrange and manager hunting safaris, photo safaris adventure tours, fishing trips, handling of game trophies and animal skins, catching, harbouring, transporting, wildlife and marine products of all kind.

- (n) 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, freight forwarders.
- (o) To carry on all or any of the business of stationers, printers, lithographers, stereotypes, electrotypes, engravers, photographic, printer, photo lithographers, typesetting machines operators, die sinker, envelope makers, book binders, account book manufacturers, machine, rulers numerical printers, paper makers, paper baffles and account book makers, box makers, flax and box file makers, cardboard manufactures, type founders, of dealers in playing, visiting, railways, festival invitation, dealers in or manufacturers or any other articles or things or character similar or analogous to the foregoing or any of them or connected therewith and to deal in the manufacture of and sell by wholesale or retail of school chalks, and secretarial services.
- (p) To carry on the business as manufacturers, principals or agents representatives of importing, exporting, buying, selling, distributing, repairers, maintenance of new and used motor vehicles, motorcycle, cars, trucks, lorries or other vehicles, motor vehicles spares and parts of all descriptions, railway, fuel and other oils, petroleum of all kinds, tyres and tubes, batteries, battery solution and other spares, accessories, motor cycles, bicycles, tractors, mining equipments, fishing gears, agricultural and industrial machinery and equipments, new and second hand, parts, parts and accessories and generally to deal in all types of motor spare parts and industrial and agricultural machinery and parts, electronic goods and accessories thereof.
- (q) To carry on the business as manufacturers, general traders, importers and exporters of all kinds of building materials and be dealers of supplying, distribution, selling, drilling, loading and offloading to various sites for construction, blocks, ready made concrete mix, concrete premix, quarry, stones, sand, tar, aggregates, asphalt, cement, roofing materials, sanitary wares, clay, bricks, steel bars, hardware, tiles, corrugated iron, metal materials, plastic and PVC, machines and materials for road, rail making and other related equipments for building purposes of all kinds. To establish workshops for training of heavy duty construction equipment handling and safety measures, hire of construction equipment, vehicles, construction labour and general advisory services.
- (r) To carry on the business and act as managers of investments and investment company, real estate agents, property managers, developers, valuers, decorators, engineers and to generally be able to carry out activities of any description with regards to land, property and real estate, investment in any type of property, buildings, lands, securities, bonds, shares and any property act as a holding company with subsidiaries and invest in any projects as the company may think fit.
- (s) To carry on business of manufacturers, importers, exporters and suppliers of house, office, kitchen, garden furniture, and all other equipment for office, house, kitchen and garden use such as ceramic designing ceramic items, ceramics decorations, paintings decorative lamps, flowers and flower verses, enamel wares, sanitary wares, aluminium designing and decorators, hardware, building materials, roof and wall tiles, glass wares, household, domestic appliances and all types of electronics, electrical materials, electrical fittings.

- (t) To carry on the business of carpeting, interior designers contractors, and decorators, curtains and sofa set makers, woodwork and furniture dealers and makers, woodwork and furniture repairs and dealers in household, hotel, hospitals, public residentially and office, camping and gardening furniture, fixtures and fittings and furniture requisites, utensils and trimmings, vehicles, carriage, boat ship, aircraft and rocket furniture fixtures and to publish and sell all types of journals in relation to furniture and woodwork in the United Republic of Tanzania and elsewhere.
- (u) To engage in investment scheme for construction, rehabilitation, erection, ownership and management of commercial buildings, export processing zones and special economic zones, to buy, sell, hire, manufacture, trade, and deal in property, goods, produce, articles, and merchandise of all kinds and transact any and every description as development agency, distribution, marketing, commercial, industrial, manufacturing, mercantile, insurance and financial business and carry on the business of traders, general merchants, general storekeepers, metals, commission agents, business consultants, market research consultants, business transfer agents, company promoters, underwriters, financiers and bill brokers, del-credere agents, barter traders, court brokers, auctioneers and generally to execute and undertake agencies of all kind or carry on the business of warehouse construction, landscaping, engineering, general civil works and deal in all kinds of scrap metal and precious metals.
- (v) To carry on the business of importers, exporters, buying, selling dealers in building materials, hardware, sanitary-ware, wall papers, roofing, tiles flooring tiles, supplying industrial equipment's agricultural implements and equipment's spares of every description, plumbers, decorators, steel fabrication, machine shop, nickel plating, electric plating, making steel windows, doors, frames and roof tresses.
- (w) To carry on the business of services, consultancy, types of information technologies, computer systems, conference systems, telecommunication systems, security systems, public address systems, data communication and to train, research, install and after sale services of electronic systems, voice and data networks and any other systems or components which the company may think fit, necessary or incidental to this business.
- (x) To establish, run, operate and provide all needed services to all kinds of industries. To establish and run all types of manufacturers and trading industries in building materials.
- (y) To carry on business of manufacturers of and dealers in cosmetics, laundry soap, toilet soap and beauty preparation and all kinds of oils and oleaginous and saponaceous substances and kinds of unguents ingredients to carry on the business as manufacturers of candles, perfumes and collectors of flowers and perfume producing plants.
- (z) To purchase, take on lease and otherwise acquire for investment or resale any estate, land, buildings, easements and other rights and interests in immovable property or any tenure in Tanzania and elsewhere and to sell let or lease exchange or otherwise dispose of or grant rights over any immovable property, belong to the company.
- (aa) To purchase, take or lease or in exchange, hire or otherwise acquire and hold any state or interest in any lands buildings, casements, rights, licenses secret processes, machinery, plants, stock, in trade and real or personal property of any kind.
- (bb) To accept payment for any property or rights sold or otherwise disposed or dealt with by the company either in cash, by installment or otherwise or in fully or partly paid up shares of the company or corporation, with or without deferred or preferred or guaranteed rights

- (cc) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others and either or through agents, sub-contractors, trustees and otherwise.
- (dd) To advance money to shareholders in the company, and other to the purpose of enabling the person borrowing the same erect or purchase, or enlarge or repair any house or building or to purchase the fee simple or any less estate or interest in, or to take a demise for any term or terms of years of any freehold or leasehold property upon such terms and conditions as the company may think fit.
- (ee) To act as agents or brokers, and as trustees for any person firm or company, and to undertake and perform sub-contracts and also to act in any other business of the company through or by means of agents, brokers, sub-contractors or others.
- (ff) To take or otherwise and hold shares in any other company having objects altogether or in part similar to this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company.
- (gg) To transact or carry on all kinds of Agency business and in particular in relation to the investment of money, the sale of property, and the collection and receipt of money.
- (hh) To do all other things as may be deemed incidental or conducive to the attainment of the above objects or any other business.

And it is hereby declared that:-



The word "company" in this clause, except where used 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 to or inference 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 if each of the said paragraph define the objects of the separate and distinct compound.

That the meaning of any general word or words in any paragraph of this clause shall not be restricted by being construed ejusdem generis 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 250,000,000/= divided into 250,000 shares of Shillings 1,000/= each. The Company shall have powers to increase its capital and to divide the shares in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may 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.

NAMES, ADDRESSES, AND DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES TAKEN	SIGNATURE OF SUBSCRIBERS
CHEN ZHONG BUILDING 11, YI FANG JIA YUAN HOUSING, G AWG BING ROAD, TANGU GU XING GANG REGION TIAN JIANG CITY CHINA	126,000	
QIAN JIAN HUA BUILDING 11, YI FANG JIA YUAN HOUSING, G AWG BING ROAD, TANGU GU XING GANG REGION TIAN JIANG CITY CHINA	124,000	

Dated at Beijing this 10 day of April 2013

Witness to the above signatures:-

Name : .....

Signature : .....

Postal Address : .....

Qualification : .....



THE COMPANIES ACT, 2002  
COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
WATSON GROUP COMPANY LIMITED  
INTERPRETATION

TANZANIA  
Stamp Duty Officer  
Stamp Duty Sbs  
PAID ON ORIGINAL  
Receipt No 33458 of 12/4/13

TANZANIA  
Stamp Duty Sbs  
Stamp Duty Sbs 2500/- Paid  
Receipt No 33458 of 12/4/13  
Asst. Registrar of Companies

1. In these articles:

"the Act" means the Companies Act;

"the articles" means the articles of the company;

"clear days" in relation to the period of a notice means 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 the Common Seal of the Company;

"Secretary" shall mean any person appointed to perform the duties of Secretary of the Company;

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

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

**PRIVATE COMPANY**

2. The company is a Private Company and accordingly:-

- (a) The right to transfer shares is restricted in manner hereinafter prescribed.
- (b) The number of members of the company (exclusive of persons who are in the employment of the company and persons who have been formerly in the employment to be the member of the company, where while in such employment to be the member of the company) is limited to fifty, provided that where two or more persons hold one or more shares in the company jointly they shall for the purpose of this regulation be tested as a single member.
- (c) Any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.
- (d) The company shall not have power to issue share warrants to bearer.

## MEMBERS

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

## GENERAL MEETINGS

5. The Company shall in each year hold a general meeting as its annual general meeting in addition 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.

6. All general meetings other than annual general meetings shall be called extraordinary general meetings.
7. 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 requisitionists, 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 the directors.

## NOTICE OF GENERAL MEETINGS

8. 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.
9. 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 bankruptcy of a member and to the directors and auditors. The accidental omission 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.

## PROCEEDINGS AT GENERAL MEETINGS

10. 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.
11. 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.
12. If within half an hour from the time appointed 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 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.
13. 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 members to be chairman of the meeting and, if there is only one director and willing to act, he shall be chairman.
14. 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.
15. 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.
16. 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 demanded:-
  - (a) by the chairman; or
  - (b) by at least (three) members present in person or by proxy; or
  - (c) by any member 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

17. 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 poll was demand.
18. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.
19. 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.
20. A resolution in writing executed by 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 or more member.

#### **VOTE OF MEMBERS**

21. Every member shall have one vote.
22. A member in respect of whose estate a manager has been appointed under section 26 of the Mental Diseases Ordinance, may vote, whether on a show of hands or on a poll, by his said manager, and any such manager may, on a poll, vote by proxy.
23. No member shall be entitled to vote at any general meeting unless all moneys presently payable by him to the company have been paid.
24. On a poll votes may be given either personally or by proxy.
25. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under sea) or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the company.
26. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially 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 per son 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.

27. An instrument appointing a proxy shall be in the following form or a form as near hereto 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/our behalf at the {annual or extraordinary, as the case maybe} general meeting of the company to be held on the .....day of .....201....., and at any adjournment thereof.  
 Signed ..... day of, .....201....."

28. 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 or a form as near thereto as circumstances admit:-  
 "..... Limited  
 I/We .....of ..... Being a member/members of the above named company, hereby appoint of ..... of ..... or failing him ..... of ....., as my/our proxy to vote for me/us on my/our behalf at the {annual or extraordinary, as the case may be}general meeting of the company to be held on the .....day of.....201....., and at any adjournment thereof.  
 Signed ..... day of, .....201....."

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

\*Strike out which ever is not desire"

29. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

30. A vote given in accordance with the terms of an instrument of proxy, or poll demanded by proxy, or by the dully 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 MEETINGS**

31. 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 powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the company.

**DIRECTORS**

32. 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.

33. The following persons shall be first Directors to the Company:-

1. CHEN ZHONG
2. QIAN JIAN HUA

34. 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.

#### **BORROWING POWERS**

35. 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, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or any third party.

#### **POWERS AND DUTIES OF DIRECTORS**

36. Subject to the provisions of the Act, the memorandum and the articles and to any directions given by special resolution, the directors, who may exercise all 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 been 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.

37. The directors may by power of attorney appoint any person to be the attorney or agent of the company for such purposes and on such conditions as they determine, including authority for the attorney or agent to delegate all or any of his powers.

38. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors shall from time to time by resolution determine,

39. 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 present at each meeting of the directors and of any committees of the directors;
- (c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors.

## DISQUALIFICATION OF DIRECTORS

40. The office of director shall be vacated if the directors:-
- (a) Without the consent of the company in general meeting holds any other office of profit under the company; or
  - (b) Becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (c) Ceases 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.

41. The company may by ordinary resolution appoint a person who is willing to act as director to fill a vacancy or be an additional director.
42. The directors may appoint a person who is to act to be a director, either to fill 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 annual general meeting, and shall then be eligible for re-election.
43. 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 of service between him and the company.
44. 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 as an additional director.
45. Subject to the provisions of the articles, the directors may regulate their meetings as they think fit. Questions arising at a meeting shall be decided by a majority of votes. 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.
46. The quorum necessary for the transaction of the business of the directions may be fixed by the directors, and unless so fixed shall be two.

47. The continuing 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.
48. The directors may appoint one of their members to be the 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 members to be chairman of the meeting.
49. The directors may delegate any of their powers 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 members shall be governed by the articles regulating the proceedings of directors so far as they are capable of applying.
50. All act done by a meeting of the directors or of a committee of directors or by 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 any of them were disqualified from holding office, or had vacated office, or 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.
51. 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 if it had been passed at a meeting of the 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

52. 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.
53. A provisions 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 by or to the same person acting both as director and as, or in place of, the secretary.

#### THE SEAL

54. 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 a second director.

55. 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.

Proper 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 air view of the state of the company's affairs and to explain its transactions.

56. The books of account shall be kept at the registered officer 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.

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



58. 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.

59. 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 days 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 those documents to be sent to any person of whose address the company is not aware or to more than one of the joint holders of any debentures.

#### AUDIT

60. Auditors shall be appointed and their duties regulated in accordance with sections 170 to 179 of the Act.

61. Any notice to be given to or by any person pursuant to the articles 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 a 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 effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected 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 to the company an address within the Tanzania at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the company.

NAMES, ADDRESSES, AND DESCRIPTION OF SUBSCRIBERS	NUMBER OF SHARES TAKEN	SIGNATURE OF SUBSCRIBERS
CHEN ZHONG BUILDING 11, YI FANG JIA YUAN HOUSING, GANG BING ROAD, TANG GU XING GANG REGION TIAN JIANG CITY CHINA	126,000	
QIAN JIAN HUA BUILDING 11, YI FANG JIA YUAN HOUSING, GANG BING ROAD, TANG GU XING GANG REGION TIAN JIANG CITY CHINA	124,000	

Dated at Don this 10 day of April 2013

Witness to the above signatures:-

Name : \_\_\_\_\_  
 Signature : \_\_\_\_\_  
 Postal Address : \_\_\_\_\_  
 Qualification : \_\_\_\_\_



LEASE AGREEMENT

BETWEEN

SAFARI KUDUKA MWANYIGAYA

AND

WATSON GROUP COMPANY LTD

FARM NO 286 KIROMO -BAGAMOYO

**THIS MEMORANDUM OF UNDERSTANDING** is made on the May day of \_\_\_\_\_ 2013 BETWEEN... SAFARI KUDUKA... of P.O.BOX 7383 BAGAMOYO Tanzania (hereinafter referred to as "The **Landlord** of the one part.)

**AND**

**WATSON GROUP CO LTD** of P.O.BOX 105353 Dar es Salaam (hereinafter referred to as "**Company**" or "**the Lessee**") of the second part.

(Hereinafter collectively referred to as "**parties**")

**WHEREAS** the Landlord is legal owner of a Farm **286** section KIROMO BAGAMOYO – PAWANI (hereinafter "**the Property**")

**AND WHEREAS** the Lease is desirous of leasing a farm of 36 acres to constructing Industrial premises at the Landlord's property (hereinafter "the Building") wherein would operate **oil processing factory for 10 year from January 2013 to December 2023.**

**AND WHEREAS** the parties have agreed to erecting the Building to be used for industrial purpose and of regulating their relationship with each other and matters incidental hereof.

**NOW, THEREFORE,** the parties hereto mutually agree as follows:

## **1.0 THE AGREEMENT**

- (a) That in consideration of the terms and conditions contained herein, the Landlord hereby irrevocably authorizes the Lessee to erect Industrial building and were house Property as specifically described in architectural drawings hereto attached.
- (b) The costs of leasing should be Tsh 5,000,000 per month to be evaluated every 3 years

## **2.0 LESSEE SCOPE OF WORKS AND AUTHORITY**

- 2.1** That the Lessee authority to erect the Building shall without limitation include the following;

- a) At its own costs, prepare all designs and drawings in respect of the Building and in consultation the Landlord submit to the relevant authorities for approval.
- b) At its own costs prepare bill of quantities and all estimates in respect of the Building and submit to the Landlord for approval.
- c) Process and obtain building permit approval from the Municipal Council or other relevant authorities as may be appropriate.
- d) At its own choice, scout and employ the Consultant and Contractor for erecting the Building and employ the Consultant Contractor for erecting the Building and consequently carry out all pre-contract services in respect of the Building as well carry out all post contract services in respect of the Building until the erection of the Building are completed
- e) Supervise and/or carry out administration of the Consultant and the Contractor in carry out erection of the Building.
- f) Perform all such other works as may be expected of it as the owner of the Project in respect of erection of the Building.
- g) Meet and pay all costs in respect of works involved and/or incidental to the design, layout formulation and erection of the building.
- h) Be responsible for all safety measures during the construction of the building.

2.2 That save for the legal obligations of the Landlord as the owner of the Property, all obligation arising from the Building its construction shall be with the Lessee.

3.0

**LANDLORDS OBLIGATION**

- a) To assist and cooperate with the Lessee or its agents in securing possession of the Site and all matters pertaining to security during the preparations and construction of the Building.
- b) To assist and cooperate with the Lessee or its agents in working out all availability or relocation of utilities at the Site.
- c) To cooperate and provide assistance to the Lessee on any matter incidental and/or connected with construction of the Building that the Lessee may require.
- d) To allow the Lessee to utilize the Building and its vicinity for the tenure of this Agreement in order to recover its investment.

4.0

**COMPENSATION**

- 4.1 That consideration of the Lessee erecting the building and/or carrying out the terms of this MoU, the Landlord shall let and demise the property unto the Lessee to rent the same for the tenure of this AGREEMENT.
- 4.2 That the Lessee shall recover all costs and/or investment incurred in erecting constructing the Building within the tenure of the Agreement.
- 4.3 That in event the Lessee fails to fully recover the investment spent in the erection of the Building, it shall be entitled for a renewal of this Agreement for a period equal to half of the tenure of this Agreement.
- 4.4 That in renting the Building, the Lessee shall pay no rent to the Landlord but upon recovery of all the monies spent in the construction of the Building and provide that the Lessee shall have operated the property for a minimum of fifteen years (15), then the whole property and its developments made therein, shall vest and be transferred to the Landlord, without further assurance.

4.5 That the Lessee shall be entitled to reimburse itself of all the costs, expenses incurred in erecting the building from the proceeds of managing and operating the Building and its other facilities therein.

5.0 **POSSESSION OF SITE, COMMENCEMENT OF WORKS AND COMPLETION TIME:**

- 5.1 That within sixty days of signature of this MoU, the Lessee shall furnish the Landlord and the Lessee Programme of Work setting out in sufficient details the milestones and timeframe thereof in constructing the Building. The Landlord and the Lessee within Seven (7) days from the date of receipt, may comment and/or advise of any matter that may impact the programme (if any) and the Lessee shall accordingly make the necessary changes.
- 5.2 That in case of any changes to the Programme of Work; the Lessee shall effect the changes within Seven (7) days from receiving the said changes and forward the final programme to the Lessee and the Landlord.
- 5.3 That within Fourteen (14) days from the submission of the final programme of Work by the Lessee to the Landlord and the Lessee, the Landlord shall give the Lessee possession of the Site to enable the Lessee or its agent to commence and proceed with the works in accordance with the Programme of work.
- 5.4 That while constructing the Building, the Lessee shall afford all reasonable access to the Landlord or its agents to perform and inspect any work being carried out therein with a view to satisfy itself that the construction of the Building is in accordance with the terms of this MoU.
- 5.5 That while constructing the Building, the Lessee shall afford all reasonable access to any other person or contractor employed by the Landlord on or near the Site in connection to any work ancillary to the construction of the Building or otherwise.
- 5.6 The construction of the Building shall commence on the day of possession of the Site by the Lessee and shall be carried out and completed within a period not exceeding twenty four (24) months.

The Lessee shall confirm in writing the date of Commencement of construction of the Building.

6. **WARRANTY, DUE PERFORMANCE OF WORKS AND RELATED MATTERS**

- a) The Lessee shall, subject to provisions of the MoU, and with due care and diligence erect the Building and maintain the Site and provide all the labour including the supervision thereof, materials and all other things, whether of a temporary or permanent nature, required in and for such execution of the project
- b) The Lessee warrants that all materials and equipment to be furnished during the construction of the building shall be new, unless otherwise specified, and that all works will be of good quality, free from improper workmanship and defective material and in conformity with construction laws and regulations applicable in Tanzania
- c) The Lessee shall take full responsibility for the adequacy, stability and safety of all Site operations and methods of construction.
- d) The Lessee shall upon completion of the construction of the Building, furnish the landlord with the General Written Warranty covering quality of workmanship and the Warranty covering the Latent Defects for the certified substantial completion of the construction of the Building as certified by its construction agents and the Certificate of Occupation as may be issued by the relevant authorities

**7.0 MISCELLANEOUS PROVISIONS**

- a) That upon completion of the Building which shall be formally communicated to the Landlord, envisaged by this MoU
- b) That each part agrees to execute such documents and deeds and take such steps as may be reasonably necessary or convenient to give full force and effect to the understanding stated herein.

- c) That save for the consent of the Lessee which shall not be withheld unreasonably, the Landlord shall not encumber, pledge or mortgage the Property.
- d) The Lessee shall be considered as having the legal status of an independent contractor vis a vis the Landlord. The Lessee's contractors, agents or personnel shall not be considered in any aspect as being employees or agents of the Landlord.
- e) The Lessee shall indemnify, hold and save harmless, and defend, at its own expense, the Landlord and the Lessee, its officials, agents, servant and employees from against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Lessee or its agents or costs and expenses, arising out of acts or omissions of the Lessee or its agents or contractor. This provision shall extend to, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising or of the use of patented inventions or devices, copyrighted material or other intellectual property by the Lessee or its contractor, agents, servants or employee in connection with the construction of the Building. The obligations under this provision do not lapse upon termination of this MoU.
- f) The Lessee shall provide and maintain insurance of all kinds against all risks in respect of its property, equipment, employees or persons used or to be affected in the execution of this MoU.
- g) Subject to clause 4.3 hereinabove, the tenure of this Agreement shall be 15 years effective from completion of construction of the Building as stipulated in Clause 79 (a) hereinabove.
- h) That in event of any dispute, controversy or claim arising out of, or relating to this MoU, or the breach, termination or invalidity thereof, the parties shall use their best efforts to reach an amicable settlement through conciliation failing which any part may refer the matter to courts of law.
- i) Either party may terminate this MoU upon thirty (30) days notice, in writing, to the other party and in such eventuality and provided that the termination is on account of the Landlord, the Lessee and the Landlord shall appoint a Valuer to establish the monies pent in the

- i) Either party may terminate this MoU upon thirty (30) days notice, in writing, to the other party and in such eventuality and provided that the termination is on account of the Landlord, the Lessee and the Landlord shall appoint a Valuer to establish the monies spent in the construction of the Building to the level where the termination has been effected and the said valuation shall form the basis of compensation of the Lessee for all work done pursuant to this MoU which compensation shall be effected forthwith.
- j) Each party shall devote its best efforts, time and attention to the services contemplated herein in good faith.
- k) That in event of conflict between any clause in this Agreement and Lease Agreement to be entered by the parties, this Agreement shall take supremacy and override the said Lease Agreement.
- l) That this MoU shall be governed and construed in accordance with the laws of Tanzania.

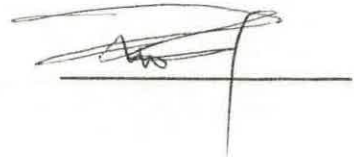
IN WITNESS WHEREOF the parties hereto have signed this Memorandum of Understanding the day and year first above written.

Signed and Delivered by the said BARAKA HUSSEIN)

MALLYA who is known to me personally/Identified )

to me by \_\_\_\_\_ the latter being )

known to me personally this 10<sup>th</sup> day of June 2013 )



Witness

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Qualification: \_\_\_\_\_



I Certify that this Document is a True Copy of the Original

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





# TIC Evaluation Report

Name of the Company  
**Watson Group Co. Ltd.**

Post Box	Bagamoyo	COI Number	98520	Contact	Mr. Liu Di
Post Office	105353, Dar Es Salaam	COI Date	04/12/2013	Designation	Agent
Region	Coast Region	Application F. No	11136	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0767 788 889
		Sub Sector	Oil Processing	Fax	0
		File No	042492	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD											
Plot/Block	0	<table border="1"> <tr> <th>Foreign Equity</th> <th>Local Equity</th> <th>Foreign Loan</th> <th>Local Loan</th> </tr> <tr> <td>4.545</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table>	Foreign Equity	Local Equity	Foreign Loan	Local Loan	4.545	0	0	0			
Foreign Equity	Local Equity		Foreign Loan	Local Loan									
4.545	0		0	0									
Street	Bagamoyo												
District	Bagamoyo												
Region	Coast (Pwani)												

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)		
Qian Jian Hua	Chinese	49.6	Land/Building	1.8
Chen zhong	Chinese	50.4	Plant	0.9
			Vehicles	0.4
			Furniture & Fittings	0.05
			Pre-expenses	0.395
			Others	0
			Working Capital	1
			Total	4.545

Employment	30	Evaluated By	,wf officer4
Capacity	20000 tons/year	Drawn By	wf registry1
Project Turn Over		Project Type	Foreign

### Description

To establish project for oil processing

### Recommendations

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

### Decision

**APPROVED BY EXD**  
 Sign: *[Signature]*  
 Date: 17/07/13

TICC/PP.10/042492/3

18<sup>th</sup> July 2013



Managing Director,  
Watson Group Co. Ltd.,  
P.O. Box 105353,  
**DAR ES SALAAM**

**RE: CERTIFICATE OF INCENTIVES FOR INVESTMENT IN THE ESTABLISHMENT OF PROJECT FOR OIL PROCESSING**

We wish to acknowledge receipt of your project proposal to establish project for oil processing as presented in the TIC P.A. 1 Form No. 11136 and Feasibility Study with a projected investment of USD 4.545m.

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. In order to enable TIC prepare your Certificate of Incentives, You will be required to submit the following:-

- Certified document showing evidence of Land ownership for the location of the project.

You will also 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\$ 1000.00 is payable at the ruling exchange rate before your Certificate of Incentives is prepared. Please arrange to make payments at your earliest convenience. Please make deposit direct to the bank as per bank details below:

TICC/PP.10/042492/3

18<sup>th</sup> July 2013

*Tanzania Investment Centre  
Standard Chartered Bank(T) Ltd  
US Dollar A/C 8702006002000  
T.Shs A/C 0102006002000*

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

Yours sincerely,  
**Tanzania Investment Centre**



Juliet R. Kairuki  
**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**



00220147

THE UNITED REPUBLIC OF TANZANIA

# Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042492

**This is to certify that**

.....  
**WATSON GROUP COMPANY LIMITED**  
.....

of address ..... **P.O. BOX 10353** .....

..... **DAR ES SALAAM** .....

has been granted a Certificate of Incentives to invest in a new, ~~newly established/expanded~~  
~~XXXXXX of the~~ enterprise known as

..... **WATSON GROUP COMPANY LIMITED** .....

Which is located at ..... **FARM NO. 286 KIROMO** .....

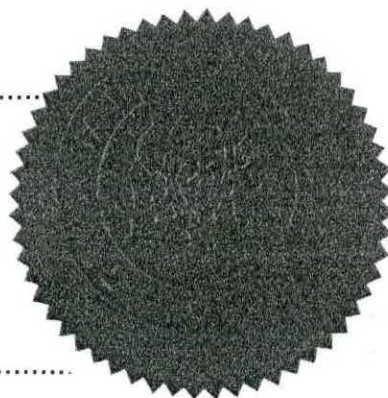
..... **BAGAMOYO - COAST (PWANI)** .....

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 ..... **17th JULY 2013** .....



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 (%)
<b>Qian Jian Hua</b>	<b>Chinese</b>	<b>49.6</b>
<b>Chen Zhong</b>	<b>Chinese</b>	<b>50.4</b>
  
2. Proposed Activities : **To establish project for oil processing**
  
3. Sector: **Manufacturing** Subsector **Oil Processing**
  
4. Investment cost: Foreign **USD 4.545m.** Local **-** Total **USD 4.545m**
  
5. Project Financing:
 

Equity	<b>USD 4.545m.</b>	Loans	<b>-</b>	Total	<b>USD 4.545m.</b>
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6. Source, terms and conditions of loan
  
7. Assets to be invested:
 

	Foreign	Local	Total
Capital items:	<b>USD 4.545m.</b>	<b>-</b>	<b>USD 4.545m</b>
  
8. Technology Agreement **None**
  
9. Date of TIC Registration: **17th July 2013**
  
10. Implementation period **July 2013 - June 2016**
  
11. Operative date **July 2016**
  
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