

FENGALI PLASTIC & LTD

MINUTE SHEET

Dokezo
No. 1-0

AG. ~~4~~EXD done di. 13/11/2013

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

(a) Minimum finance investment threshold has been exceeded, the project expects to invest US\$ 2.0 m

(b) Legal entity has been incorporated under certificate

No. 102268 of 09/10/2013

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

13th November, 2013

2.0

EXD

In response to the TIC letter of registration dated 13th September 2013

the project has submitted the required documents namely: -

(a) Company Board Resolution.

(b) Reference letter/Financing from Tanzania Postal Bank

(c) Lease Agreement in evidence of land

With the above submission EXD is requested to sign Certificate of Incentives No. 042553 herein attached.

21/11/2013

APPROVED BY EXD	
Sign:	
Date:	<u>26/11/13</u>



DIF

MINUTE SHEET

Dokezo
No.

1

M/S FENGLI PLASTIC CO. LIMITED
P.O. BOX 14836 DAR ES SALAAM
TEL: +255 758 808030/ 758 808035

Ref: FPCL/TIC/ SEPT/ 2013/1

17/9/2013

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



Dear Sir,

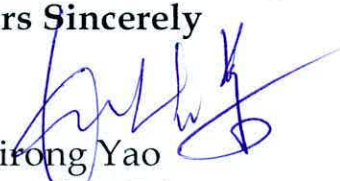
RE: CERTIFICATE OF INCENTIVES- FOR ESTABLISHING
AND OPERATING A PROJECT FOR MANUFACTURING
HIGH QUALITY PVC/EVA SHOES & SANDALS.

We are applying for the Certificate of incentives for the establishing and operating a project for manufacturing high quality PVC/ EVA Shoes & Sandals.

Attached herewith please find the Incorporation Certificate, Memorandum and Articles of Association, Lease Agreement, Bank letter, feasibility study, Board Resolution etc.

We hope that our request will be approved

Yours Sincerely


Zhirong Yao
Managing Director



M/S FENGLI PLASTIC CO. LIMITED
P.O. BOX 14836 DAR ES SALAAM
TEL: +255 758 808030/ 758 808035

**BOARD OF DIRECTORS MEETING HELD AT MANAGING
DIRECTOR'S OFFICE ON 12TH SEPTEMBER, 2013 AT 12.00HRS**

BOARD RESOLUTION

1. PRESENT

- | | |
|----------------|-----------------------|
| - Zhirong Yao | M/Director - Chairman |
| - Mengting Yao | Director - Secretary |


2. RESOLUTION

The Board of Directors meeting resolved that a project should register with Tanzania Investment Centre (TIC) in:-

(a) Establishing and Operating a Project for manufacturing high quality PVC/ EVA Shoes & Sandals.

(b) To allocate funds for the proposed Footwear project.

3. The meeting was closed at 13.00 hrs


.....
Zhirong Yao
Chairman


.....
Mengting Yao
Secretary

BENKI YA POSTA TANZANIA

S.L.P 9300 Dar es Salaam, Tanzania
Simu: 2112358-60/210621-2/21115258-9/2112385-89

Fax: 2114815

E-mail: md@postalbank.co.tz

Website: www.postalbank.co.tz



TANZANIA POSTAL BANK

P.o.Box 9300 Dar es Salaam, Tanzania
Tel: 2112358-60/210621-2/21115258-9/2112385-89

Fax: 2114815

E-mail: md@postalbank.co.tz

Website: www.postalbank.co.tz

04.11.2013

THE DIRECTOR OF INVESTMENT,
TANZANIA INVESTMENT CENTRE,
P.O.BOX 938,
DAR-ES-SALAAM.

RE: AN INTRODUCTION TO FENGLI PLASTIC CO.LTD & DIRECTORS:

We are introducing the FENGLI PLASTIC CO.LTD and the directors of the company ZHIRONG YAO & MENGTING YAO that their maintaining an account number 016-00002972 with us please accord them the necessary requirement they need.

Your usual positive and quick response will be highly appreciated.

Thanking you in advance.

A handwritten signature in blue ink, appearing to read 'Maduhu Bulebi Makoye'.

Maduhu Bulebi Makoye,

TANZANIA POSTAL BANK
KARIAKOO BRANCH

Branch Manager

BRANCH MANAGER-KARIAKOO.

TICC/PP.10/042552/3

13th September, 2013

Managing Director,
Fengli Plastics Co. Ltd
P.O. Box 14836
COAST REGION

RE: CERTIFICATE OF INCENTIVES FOR MANUFACTURING OF HIGH QUALITY PVC/EVA SHOES & SANDALS

We wish to acknowledge receipt of your project to establish and operate manufacturing project for high quality PVC/EVA shoes and sandals as presented in the TIC P.A. 1 Form No. 11390 and Feasibility Study with a projected investment amounting to USD 2 m.

We are pleased to inform you that your investment proposal is now officially registered by TIC and therefore the project will be granted a Certificate of Incentives 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:-

- Bank Reference for equity funding or a letter from Bank/Financial Institution that a loan is granted or is under consideration as required by Section 17(3) (f) of Tanzania Investment Act

Also be informed that you will have to submit a project implementation Progress Report on the implementation of the project in every six months for centre's information and review. Guidelines for the preparation of the report are contained in annexure attached to this letter. Please do not hesitate to contact the Centre for any clarification if the need arises. Also note that a facilitation fee equivalent to US\$ 1000.00 is payable at the ruling exchange rate prior issuance of the Certificate of Incentives. Please make deposit direct to the bank as per bank details below:-

.../2

TICC/PP.10/042552/3

13th September, 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



Abdi S. Kagomba

AG. EXECUTIVE DIRECTOR

Copy to: Permanent Secretary,
Ministry of Finance,
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



TIC Evaluation Report

Name of the Company
Fengli Plastic Co. Ltd.

Post Box	Mwanambaya, Plot No. 1 & 2 Block E, Mkuranga	COI Number	102268	Contact	Mr. Zhirong Yao
Post Office	14836	COI Date	09/10/2013	Designation	Managing Director
Region	Coast Region	Application F. No	11390	Phone	0
Country	Tanzania	Status	New	Direct Phone	0
		Sector	Manufacturing	Cell Phone	0758 808030
		Sub Sector	Plastics shoes and sandals	Fax	0
		File No	042552	E-Mail Address	0

Project Location		Investment Finance Plan in Millions USD			
Plot/Block	Plot No. 1 & 2 Block E				
Street	Mwanambaya				
District	Mkuranga				
Region	Coast (Pwani)				
		Foreign Equity	Local Equity	Foreign Loan	Local Loan
		1.5	0	0.5	0

Shareholders Detail			Investment Breakdown (USD Million)	
Name	Nationality	(%)	Land/Building	0.1
Mengting yao	Chinese	50	Plant	1.6
Zhirong Yao	Chinese	50	Vehicles	0.1
			Furniture & Fittings	0
			Pre-expenses	0.1
			Others	0
			Working Capital	0.1
			Total	2

Employment	55	Evaluated By	wf officer3
Capacity	400 PRS per day	Drawn By	wf registry2
Project Turn Over		Project Type	Foreign

Description

To establish and operate a project for manufacturing of high quality PVC/EVA shoes and sandals

Recommendations

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

Decision

APPROVED BY EXD

Sign: *[Signature]*

Date: 6/11/2013

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 REC013527

No.007475

Received from : FENG LI PLASTIC CO. LTD

Address P. O. Box 14836, Dar Es Salaam.

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

Being payment in respect of : CERTIFICATE OF INCENTIVE

Amount : USD 1,000.00

Cash / Cheque No: d/deposit 19/11

Date : 19-Nov-2013

BUisso

Receiving Officer



M/S FENGLI PLASTIC CO. LTD.
P.O.BOX 14836 DAR ES SALAAM/TANZANIA

CAPITAL GOODS BY GENERIC DESCRIPTION

NO	DESCRIPTION/ITEM	ITEM GROUP	QUANTITY	UNIT
1	PVC Injection machine & Accessories	Machinery	20	Sets
2	PVC Slipper Moulds and attachment & assembly accessories	Moulds	200	units
3	Mould Lifter	Machinery	5	Units
4	Shaping line	machinery	3	Sets
5	Disintegrator	Machinery	6	Sets
6	Buckie machine	machinery	20	Units
7	Welder	Machinery	10	Sets
8	Cool Towers and Accessories	Plant	5	Units
9	PVC Lace machine	Machinery	5	Sets
10	Blender	Machinery	10	Sets
11	Transformer	Electricals	4	Sets
12	Generators	Electrical	5	Sets
13	EVA slipper moulds and attachment & assembly accessories	Moulds	2000	Units
14	Glove	N/N	15000	Pcs
15	Scissors	N/N	10000	Pcs
16	Air compressor	Machinery	15	Sets
17	Air reservoir	Machinery	8	Sets
18	Pick up	Vehicles	2	Units
19	Light truck	Vehicle	2	Units
20	Minibus	Vehicles	2	Units



00220439

THE UNITED REPUBLIC OF TANZANIA

Certificate of Incentives

(Section 17 of the Tanzania Investment Act, 1997)

No: 042552

This is to certify that

FENGLI PLASTIC CO. LIMITED

of address P.O. BOX 14836

DAR ES SALAAM

has been granted a Certificate of Incentives to invest in a new, ~~xxxxxx~~ enterprise known as

FENGLI PLASTIC CO. LIMITED

Which is located at PLOT NO. 1 & 2 BLOCK E, MWANAMBAYA

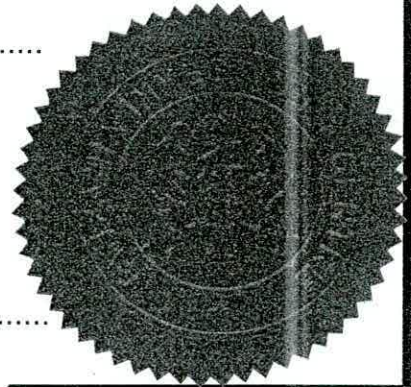
MKURANGA - COAST (PWANI)

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 21ST NOVEMBER 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 (%)
Ingting Yao	Chinese	50
Zirong Yao	Chinese	50

2. Proposed Activities: **To establish and operate a project for manufacturing of high quality PVC/EVA shoes and sandals**

3. Sector: **Manufacturing** Subsector: **Plastic shoes and sandals**

4. Investment cost: Foreign **USD 2m.** Local **-** Total **USD 2m.**

5. Project Financing: Equity **USD 1.5m.** Loans **USD 0.5m.** Total **USD 2m.**

6. Source, terms and conditions of loan:

7. Assets to be invested:

	Foreign	Local	Total
Capital items:	USD 2m.	-	USD 2m.

8. Technology Agreement: **None**

9. Date of TIC Registration: **13th September 2013**

10. Implementation period: **September 2013 - August 2016**

11. Commencement date: **September 2016**

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

(Applicable Import Duty	And VAT as per Customs Tariff act, 1976 & VAT Act, 1997
(Applicable withholding Tax	As per Income Tax Act, 2004 (as amended)
(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
 - Date of Commencement of investment has to be notified to the Centre.
 - Certificate not to be transferred, assigned or amended
 - Failure to commence implementation within two years invalidates Certificate
 - Failure to operate investment must be notified to the Centre
 - 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

TICC/PP.10/042552/6

22/01/2014

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

Dear Sir,

**RE: DUTY/VAT REMISSIONS ON THE CAPITAL/DEEMED
CAPITAL GOODS OF CERTIFICATE OF INCENTIVES NO.
042552**


M/S Fengli Plastic Co. Limited is a TIC registered company with certificate of incentives **No. 042552** which is valid up to **August 2016**

The company has been registered with objectives of establishing and operating a Project for manufacturing of high quality PVC/ EVA shoes and sandals.

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

Yours sincerely

TANZANIA INVESTMENT CENTRE



N.A. Senzia
FOR: EXECUTIVE DIRECTOR



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

Website: www.tic.co.tz

(Please fill the form in duplicate)

APPLICATION SUMMARY

Company Name: FENGLI PLASTIC CO. LTD

Certificate of Incorporation Number: 102268 Status: PRIVATE LIMITED COMPANY

Certificate of Incorporation Date: 10/9/2013

Post Box: 14836

Town: DSM

Sector: MANUFACTURING Sub-Sector: PLASTIC SHOES & SANDALS PVC/EVA

Investment Financing Plan in Million US\$/Tshs.

Foreign Equity	Local Equity	Foreign Loan	Local Loan
<u>-</u>	<u>1,500,000</u>	<u>500,000</u>	<u>500,000</u>

Project Objectives: ESTABLISHING AND OPERATING A PROJECT FOR MANUFACTURING OF HIGH QUALITY PVC/EVA SHOES AND SANDALS

Capacity: 400 PRS PER DAY

Employment: Foreign: 5 Local: 50 Total: 55

Implementation Period: 3 YEARS

Project Location

Site/Plot/Block No.: PLOT NO: 1 & 2 Block E

Street: MWANAMBAYA District: MKURANGA Region: COAST REGION

(Attach sketch map showing project location)

Shareholders	Nationality	%
<u>1. ZHIRONG YAO</u>	<u>CHINESE</u>	<u>50%</u>
<u>2. MENGTING YAO</u>	<u>CHINESE</u>	<u>50%</u>
.....
.....
.....	<u>100%</u>

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

Land/Building 100,000
Plant 1,600,000
Vehicles 100,000
Furniture & Fittings -
Pre-expenses 100,000
Others -
Working Capital 100,000
TOTAL **USD \$ 2,000,000**

Contact Details:

Name: ZHARONG YAO Title: M/D
Telephone: +255 758 808030/35 Fax:
Email:

Payments to be made payable to:

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

LEASE AGREEMENT

THIS AGREEMENT is made this 10th September 2013

BETWEEN

SURPASS INTERNATIONAL INVESTMENT CO LTD of PO. Box 14836, Dar Es Salaam (hereinafter referred to as "the LESSOR" which expression shall where the context so admits include the successors in title) of one part

AND

FENGLI PLASTIC COMPANY LIMITED, of PO. Box, Dar Es Salaam (hereinafter referred to as "the LESSEE" which expression shall where the context so admits include the successors in title) of the other part

WHEREAS:

- A. The Lessor is the registered holder of all that properties and premises on Plot No. 1& 2 Block E Located at Mwanambaya Mkuranga District, and
- B. The Lessee wishes to lease the premises from the Lessor, and
- C. The Lessor agrees to lease such premises to the Lessee, on the terms and conditions as hereunder stipulated;

NOW THIS AGREEMENT WITNESSETH as follows;

1. Lease Period

The Lessor hereby leases to the Lessee the premises with total **Square Metres** 1350 for a period of five years commencing from 10th September 2013 .

2. Rental

- 2.1 In consideration of the rent of **Tanzanian Shillings Six Hundred Sixty Seven Thousand only (TZS 667,000/=)** payable twelve months in advance amounting to **Shillings Eight Million Only (TZS 8,000,000/=)** the lease period to commence from 10th September 2013 and if the Tenant will wish to renew the tenancy after the elapse of five years, the rent chargeable will be reviewed and agreed by both parties subject to statutory deductions.

3. Use of Premises & Access Rights

- 3.1 The premises are let to be used as workshop for production of plastic materials and other business incidental thereto.
- 3.2 The Lessee shall not do or allow to be done anything in respect of the premises or make, use or allow any use to be made thereof in any way contrary to statute, local government or other statutory regulations and by-laws in force from time to time or which may expose the premises to the possibility of damage from any cause or which may cause an increase in insurance premiums.

CERTIFIED TRUE COPY
OF THE ORIGINAL



MARGARET M. M. M.
ADVOCATE NOTARY PUBLIC
COMMISSIONER FOR OATHS.
P. O. Box 3127- DAR-ES-SALAAM

- 3.3 The Lessee shall not do anything which would or might lead to any contamination of the premises or pollution of the environment, nor discharge or allow to enter into any drainage systems or any underground or other waters poisonous, noxious or harmful effluent, liquid or substance. The Lessee shall carry out all works necessary to remedy any contamination or pollution or to remove the source of the contamination or pollution.
- 3.4 The lessee shall be authorised to place office signage or logo in the demised premises which may be displayed in such a manner and in such a form and character as shall be conducive to the business or profession of the Lessee, the Lessee shall be responsible for the associated fee/levy as appropriate and shall have the right to bring into the demised premises office equipment and or machinery
- 3.5 However, such rights of access do not include, and the Lessee shall not enter or encroach upon that part of the premises excluded from the Premises, except with the written permission of the Lessor.
- 3.6 The Lessee shall bear the costs of security taking into consideration of occupied areas
- 3.7 Except as otherwise provided in this Lease, the Lessor shall not interfere with the Lessee's a right of enjoyment over the Premises, and shall be conscious of the security requirements of the Lessee with respect to that part of the premises included in the Premises.

4. Lessor's Responsibility for Maintenance:

- 4.1 The Lessor shall be responsible for the basic structural maintenance of the buildings constituting the Premises and for the maintenance of the exterior of such buildings, including the roofs therefore, save such maintenance as is necessitated by any act or default of the Lessee, its employees, representatives, agents, contractors or of any person using the Premises with the consent of the Lessee, whether expressed or implied, but the Lessor shall not be liable for any consequential damages to the Lessee by reason of its failure to carry out any maintenance or repairs for which it is responsible in terms of this clause unless the necessity for such maintenance or repairs has been drawn to the notice of the Lessor in writing and the Lessor shall have failed to put in hand the necessary works within a period of fourteen (14) days or failed regularly to proceed with the works.
- 4.2 The Lessor shall install water reservoir tanks and shall make sure that there is enough water to be used at the premises including maintenance of the common areas

5. Lessee's Responsibility for Maintenance

- 5.1 The Lessee shall be responsible during the lease for all further maintenance whatsoever of the premises that may be needed to keep them in good order and condition.
- 5.2 The Lessee shall in particular, but without prejudice to the generality of the foregoing be responsible for the maintenance and upkeep of all interior surfaces, fittings, fixtures, locks, keys, plate glass windows, window fastenings, electrical and water apparatus and appliances, floors and other woodwork and shall replace or repair at its expense any which may have been lost, damaged or destroyed.

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OF THE ORIGINAL



MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAB-EG-SALAM

5.3 The Lessee shall be responsible for keeping the Premises in a clean, tidy and sanitary condition and for maintaining all gates, fences and the like. The Lessee shall not permit anything in or upon the demised premises that may be or become a nuisance or annoyance to the Lessor or any of the occupiers of the adjoining properties.

6. **Improvements:**

6.1 The Lessee shall not have the right to erect buildings or other structures on the premises for its use in its business unless as is specifically agreed by the Lessor in writing.

6.2 The Lessee shall not (i) make any alteration or addition to the electrical wiring and installations of the Premises except in accordance with the terms, conditions and recommendations of the local institute of electrical engineers and the regulations of the relevant electrical supply authority and with the prior written approval of the landlord not to be unreasonably withheld, and (ii) make any excavation or sink any well upon the Premises or interfere with any drainage, sewers, pipes or communications and mains cabling which now are or at any time hereafter may be in, through, under or over the Premises.

7. **Yielding Up:**

At the expiry or sooner determination of the term of the Lease the Lessee shall yield up the Premises in good and substantial repair and consistent with the full and due compliance by the Lessee with its obligations under this Lease, and subject to the requirements of the Lessor.

7.2 remove such Lessee's equipment, fixtures and fittings and any signs erected by or at the instance of the Lessee making good any damage caused by such removal.

8. **Insurance:**

8.1 The Lessor shall at all time keep the Premises insured for the Lessor's benefit in the Full Reinstatement Value against the Insured Risks and Loss of Rent. The Lessee shall not do or allow or cause to be done any act, matter or thing whereby the insurance rates in respect of the Premises shall be increased or the rights of the Lessor in terms of the relevant policy shall in any way be prejudiced. If the Premises are damaged or destroyed by any of the Insured Risks the Lessor will with all convenient and practicable speed repair or reinstate the Premises

Provided that;

8.1.1 all necessary licences, certificates, approvals, permissions and consents shall have been obtained so as to permit the works to be carried out,

8.1.2 the Lessor's obligations herein shall cease if the insurance shall be rendered void or voidable or the policy monies withheld in whole or in part by reason of any act or default of the Lessee or any of its employees, contractors, licensees or invitees,

8.1.3 in effecting any insurance under this section 8 or carrying out any repair or reinstatement the Lessor shall not be obliged to (but nevertheless may) take into

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MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P.O. Box 5117, Dar es Salaam

account any alterations or improvements to the Premises carried out otherwise than by the Lessor (whether or not the consent of the Lessor is obtained to any such alterations or improvements and without prejudice to section 6) but any alteration or improvement which is taken into account by the Lessor in effecting such insurance shall likewise be taken into account in carrying out any such repair or reinstatement.

- 8.2 The Lessee shall take such fire precautions and safeguard the Premises to comply with the requirements and recommendations of the insurers, the fire brigade and local authorities. The Lessee shall not store or bring on to the Premises any article, substance or liquid of a specially combustible, inflammable or explosive nature.
- 8.3 The Lessee shall immediately advise the Lessor of any fact or event which might affect any insurance policy relating to the Premises.
- 8.4 The Lessee shall be solely responsible for any insurance it may require in respect of its property kept on the Premises including inventory, machinery, fixtures and fittings.
- 8.5 The Lessee shall be solely responsible for the activities and welfare of its employees, representatives, contractors, licensees or invitees while they are on the Premises or any land adjoined thereto and held by the Lessor. Accordingly the Lessee waives all claims, suits, damages, costs and expenses whatsoever in respect of any harm incurred by any of its employees, representatives, contractors, licensees or invitees while they are on or as a result of being on the Premises or any land adjoined thereto and held by the Lessor. The Lessee hereby indemnifies the Lessor in respect of any such claim, suit, damage, cost or expense brought by or incurred by any other party.

9. **Service Charges**

- 9.1 All rates and other statutory charges and taxes levied from time to time by statutory authority upon or in respect of the Premises shall be paid by the Lessor;
- 9.2 All charges for water supplied to the Plot upon which the Premises are situated shall be paid by the Lessee. Water supply shall remain registered in the Lessor's name. Should the Lessee fail promptly to pay any charges due by it for such electricity and water supplies then the Lessor shall be entitled to effect payment thereof on the Lessee's behalf and recover the amount so paid from the Lessee on demand, failing which the Lessor may claim such amount as rent in arrears.

10. **Access:**

The Lessor shall have the right after providing written notice to Lessee, at reasonable times during business hours of entry and access by itself or its servants or agents to the Premises for the purpose of such inspection as may be reasonably necessary or to ascertain from time to time whether any breach is being or has been committed by the Lessee or to discharge its own obligations hereunder.

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OF THE ORIGINAL



MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAR-ES-SALAAM

This is without prejudice to the obligation of the Lessee to advise the Lessor of any breach or potential breach by the Lessee of the Lease, or of any damage to the Premises.

11. **No Assignment or Sub-Letting:**

The Lessee shall not during this lease cede or assign its rights or obligations under this agreement or sub-let or grant any right of occupation in respect of the Premises or any part thereof without the prior written approval of the Lessor whose consent shall not be unduly withheld. However the Lessor shall allow a third party to occupy the premises if proven that business and or the property belonging to the Lessee has been sold to the third party, and the lease remained shall be utilised by the same until further arrangement and or agreement

12. **Relaxation:**

Any relaxation or indulgence which the Lessor may show towards the Lessee shall not in any way prejudice the Lessor's rights under this agreement and more particularly the acceptance of rent after due date, or the acceptance of a lesser sum on account of rent due, shall not be construed as a waiver by the Lessor of its rights under this lease.

13. **Termination:**

13.1 In the event of the rent being in arrears for 30 (thirty) days, whether the same shall have been legally demanded or not; or

In the event of the Lessee committing any other breach of this agreement and failing to remedy such other breach within 30 (thirty) days after receipt from the Lessor of a written notice requiring the Lessee so to remedy such breach; or

In the event of any attachment being effected over any other of the Lessee's property on the Premises, any execution being levied against such property, the Lessee taking any steps to place itself or have itself placed in liquidation or under judicial management, or any bone fide application being made to the Court for the placing of the Lessee in liquidation or under judicial management, or any application being made to court for an order convening a meeting of creditors of the Lessee;

Then in any such event the Lessor shall be entitled forthwith to cancel this lease without prejudice to any action for the recovery of the rent or for any loss or damage arising out of any antecedent breach of this agreement by the Lessee or otherwise howsoever.

13.2 Either Party shall have the right to terminate this Lease after serving three (3) months written notice on the other Party. Any sums advanced to the Lessor but not used due to such termination shall be refunded without deductions whatsoever

13.3 This lease may be renewed upon consultation and acceptance by the Lessor after the term hereby demised. In case of lease renewal the parties herein shall agree on terms and conditions of the extended lease

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MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127 - DAB-ES-SALAAM

14. **Resolution of Disputes**

14.1 In the event of any dispute or difference arising out of or relating to the agreement or the breach thereof, the Parties hereto shall use their best endeavours to settle such disputes or differences amicably; to this end they shall consult and negotiate with each other, in good faith and understanding of their mutual interests to reach a just and equitable solution.

14.2 If they do not reach such solution within a period of thirty (30) days after any party requested consultations then parties may resort to court or tribunal of competent jurisdiction to try and determine the dispute.

15. **Notices**

15.1 Any notice to be given under this agreement shall be either delivered personally or sent by pre-paid registered post. The address for service of each party is its registered local office or any other address for service previously notified to the other party. A notice is deemed to have been served as follows:

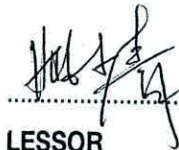
15.1.1 If personally delivered, at the time of the delivery;

15.1.2 If posted, at the expiration of 7 (Seven) days after the envelope containing it is delivered into the custody of the postal authorities. In proving service it is sufficient to prove that personal delivery was made, or that the envelope containing the notice was properly addressed and delivered into the custody office of the postal authority as a prepaid first class recorded delivery or airmail letter (as appropriate).

15.2 Notwithstanding the above, any notice actually received by the party to whom the notice is addressed will be deemed to have been properly given and received, notwithstanding that the notice has not been given in accordance with the provisions of this clause.

IN WITNESS WHEREOF the parties hereto have duly executed these presents and signified their acceptance of these terms by signing their respective names on the day, month and year hereinafter appearing.

SIGNED and DELIVERED by **SHAO QING YAO** }
on behalf of **SURPASS INTERNATIONAL** }
INVESTMENT CO LTD who is personally known }
to me in my presence on this 10th day of September }
2013 at Dar Es Salaam }


.....
LESSOR

WITNESS:

Full name : Margaret Ringo
Signature : 
Address : PO Box 5127, Dar Es Salaam
Qualification : Dar Es Salaam
MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAR-ES-SALAAM

CERTIFIED TRUE COPY
OF THE ORIGINAL



MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAR-ES-SALAAM 6

SIGNED and DELIVERED by ZHIRANG YAO
on behalf of FENGLI PLASTIC COMPANY LIMITED }
who is introduced to me by SHAO QING YAO the }
later known to me personally in my presence on this }
10th day of September 2013 at Dar Es Salaam }



LESSEE

WITNESS:

Full name : Margaret Ringo
Signature : 
Address : PO Box 5127, Dar Es Salaam
Qualification : Dar Es Salaam

MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAR-ES-SALAAM

Drawn By:

Ardor attorneys,
Plot Number 1 Block 76,
Corner of Uhuru/Livingstone Street
PO Box 5127,
Dar Es Salaam

**CERTIFIED TRUE COPY
OF THE ORIGINAL**



MARGARET RINGO
ADVOCATE NOTARY PUBLIC &
COMMISSIONER FOR OATHS.
P. O. Box 5127- DAR-ES-SALAAM

TANZANIA



Certificate of Incorporation

Section 15

No 102268

I HEREBY CERTIFY THAT

FENGLI PLASTIC CO.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 10TH day of SEPTEMBER

TWO THOUSAND AND THIRTEEN

Asst.Registrar of Companies

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
MEMORANDUM AND ARTICLES
OF
ASSOCIATION
OF
FENGLI PLASTIC CO. LIMITED

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

DRAWN BY:
ZHIRONG YAO
(SUBSCRIBER)
P.O BOX 14836
DAR ES SALAAM

TANZANIA
Stamp Duty Sls.
PAID ON ORIGINAL
Receipt No. 37594
Stamp Duty Office
09/09/20

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
FENGLI PLASTIC CO. LIMITED

TANZANIA
Stamp Duty Sls.
PAID
Receipt No. 37594
Asst. Registrar of Companies
09/09/20

1. The name of the Company is **FENGLI PLASTIC CO. LIMITED**
2. The registered office of the Company will be situated in the United Republic of Tanzania.
3. The objects for which the Company is established are:-
 - 3.1 To carry on business as manufacturers of, importers , exporters ,suppliers and dealer of shoes,slippers,clogs,all kinds of footwear ,rubber and plastic goods,bags,belt laces and accessories and fitting
 - 3.2 To own ,run,managed and establish factories for the manufacturer of all types of footwear,shoes,slippers,sandals,chappals and other items manufactured by plastic,leather,rubber, canvas,patterns or design and carry on the business of shoes merchants whether in wholesale or retail, both for men,women and children and to carry on the general busines of footwear or other leather goods
 - 3.3 To carry on the business of footwear including manufacturing, sale, market, import and export, shoes for Gents, ladies and children made from leather, plastic, rubber and canvas Rexene etc. To buy, sell, manufacturer, repair, alter, improve, exchange let our on hire and deal

with all factories, works, plant, machinery, tools, utensils, appliances, apparatus, , products, materials, substances, articles and things capable of being used in the footwear business which the company is competent to carry on or required by any customers of or persons having dealing with the company or commonly dealt in by person engaged in footwear business and to manufacture, Under marketable and dealing all products or by products, incidental to obtain in footwear business carried by the company.

- 3.4 To carry on the business as forest licensees and exploiters, lumberjacks, timber growers and merchants in all their branches and to grow, fall collect, deal in logs, wood and all other similar produce of all kinds and description , and to apply for, take on lease or license, buy or otherwise acquire, hold and work, forest right and timber estates, and to clear, plant, work such rights and estates, and to do all such acts and things as are necessary or in connection therewith
- 3.5 To do all or any of the matters and things hereby authorized and all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them (in any part of the world) either alone or in conjunction with, or as factors, trustees or agents for, any other companies or persons, or by or through any factors trustees or agents
- 3.6 To carry on the business as manufacturer, importers, exporters, stockist distributors, general order suppliers in public and private sector, wholesaler retailers of furniture of all or any kinds including wooden, steel, iron, plastic, fibre etc.

- 3.7 To carry on in the United Republic of Tanzania or elsewhere all or any one or more of the following businesses namely the buying, selling, letting, on hire, hire purchase or easy payment system of manufacturers and contractors of articles and goods of all kinds.
- 3.8 To undertake and transact all kind of agency or business which ordinary individuals may legally undertake.
- 3.9 To buy, sell manufacture, repair, after and otherwise deal in apparatus, plant, machinery fittings, furnishings, tools, materials, products and things of all kinds capable of being used for the purpose of business or any of them or likely to be required by the customers of the Company.
- 3.10 To purchase, acquire, takeover, promote, establish and carry on the business of manufacturers, dealers, distributors, representatives and agents of goods, chattels, and products made out of natural or artificial raw materials and to treat, prepare, render marketable, buy sell and dispose of any such products either in their raw or manufactured state.
- 3.11 To carry on the trade or business of engineers, founders, smiths, metal works, civil works, machinists, manufacturers and patentees.
- 3.12 To let out on hire all or any of the property of the Company (whether real or personal), including every description of apparatus or appliances of the Company.
- 3.13 To make experiments in, and public exhibitions of electrical machinery and appliances.
- 3.14 To manufacture of washing power and liquid for normal use and special purpose, buy, sell, and generally deal in any plant, machinery, tools,

goods and things of any description which in the opinion of the Company may be conveniently dealt with the Company in connection with any of its objects.

- 3.15 To enter into any contracts in relation to and to erect, construct, maintain, alter, repair, pull down and restore either alone or jointly with any other companies or persons, works, of all descriptions, including wharves, docks, piers, railways, train ways, waterways, roads, bridges, warehouses, factories, mills, engines, machinery, railway carriages, and wagons, ships and vessels of every description, gas works, power generators, solar systems, electric works, installation and servicing water filter machines water works, , drainage and sewage works and buildings of every description.
- 3.16 To carry on any other business, whether manufacturing or otherwise, which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render more profitable any of the Company's property.
- 3.17 To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit, and in particular by issue of debenture or debenture stock perpetual or otherwise, and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company both present and future including its uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any other person or company as the case may be.

- 3.18 To carry out the business of electrical, mechanical engineers, civil engineers, manufacturers, workers and dealers in electrical apparatus and goods and the manufacture or hire of apparatus or goods to which the application of electricity or any kind of power, or any power that can be used as a substitute therefore, is or may be useful, convenient, or ornamental, or any other business of a like nature.
- 3.19 To manufacture and produce and, either as principals or agents, trade and deal in any articles belonging to any such business and all apparatus, appliances and things used in connection therewith, or with any inventions, patents or privileges for the time being belonging to the Company.
- 3.20 To apply for, purchase, or otherwise acquire and protect and renew in any part of the world, any patents, brevets invention, trade marks, designs, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to their use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or indirectly to benefit the Company and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights, or information so acquired.
- 3.21 To purchase or otherwise acquire houses, offices, workshops, buildings, and premises, and any fixed and movable machinery, tools, engines, boilers, plant implements, patterns, stock in trade, patents and patent rights, convenient to be used in or about the trade or business of engineers, founders, smiths or machinists.
To undertake and transact all kind of agency or business which ordinary individuals may legally undertake.



- 3.22 To carry on in the United Republic of Tanzania or elsewhere all or any one or more of the following businesses namely the buying, selling, letting, on hire, the purchase or easy payment system of manufacturers and contractors of articles and goods of all kinds.
- 3.23 To carry on business as traders, general merchants, whether wholesale or retail or both, commission agents, importers and exporters and to buy, sell, hire, manufacture, barter, trade and deal in property, goods, produce, articles and merchandise of all kinds and to transact any and every description of agency commission, commercial, industrial, manufacture, mercantile, insurance and financial business.
- 3.24 To carry on business as bankers, industrial bankers, financiers, monetary agents, concessionaires and merchants, and to undertake and carry on and execute all kinds of financial trading and other operations.
- 3.25 To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the Company.
- 3.26 To acquire, and undertake the whole or any part of the business property and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorized to carry on or possessed of property suitable for the purpose of the Company or which is capable of being conducted so as to directly or indirectly benefit the Company.
- 3.27 To amalgamate, enter into partnership or into any arrangement for sharing profits, union of interest cooperation, joint adventure or reciprocal concession or for limiting competition with any person or company

carrying on or engaged in, or about to carry on or engage in any business or transaction which can be conjunction therewith or which I capable of being conducted so as directly or indirectly to benefit the Company.

- 3.29 To carry on the business of manufacturing, assembling and distribution of all types of electronic products, apparatus, electrical appliances, equipment and computers, word processors, any hardware and software connected with the computer industry and also sale and maintenance thereof.
- 3.30 To manufacture, make, design, assemble, repair or maintain calculating machines, household electrical appliances, audio and video electronic equipment and computers, work processors, any hardware and software connected with the computer industry and also sale and maintenance thereof.
- 3.31 To manufacture, make, design, assemble, repair or maintain calculating machines, household electrical appliances, audio and video electronic equipment, alarm systems, solar systems, power conditioners, air conditioners, power generators, or any accessories or other machines, instrument parts or devices.
- 3.32 To carry on all or any of the business or manufacturers, installers, maintainers, repairers, of and apparatus of every description and If and in radio, television, munication requisites and suppliers, and electrical and electronic apparatus appliances, equipment and stores of all kinds.

- 3.33 To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital shall be made except with the sanction, if any the time being required by law.
- 3.34 To act as agents, or brokers, and as trustees for any person or company and to undertake and perform sub-contracts and 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 jointly with others, and either by or through agents, sub-contractors, trustees or otherwise.
4. The liability of the members is limited.
5. The share capital of the Company is Tanzania Shillings 400,000,000/=divided into 10,000 shares Shillings 40,000/=, the Company shall have power from time to time to increase or subject to confirmation by the court reduce its capital into several classes and to attach thereto respectively any preferential or deferred, qualified or special rights, privileges and conditions.

We, the several persons whose names, addresses and descriptions 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, ADDRESS AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURES OF SUBSCRIBERS
ZHIRONG YAO P.O BOX.14836 DAR ES SALAAM	5000	
MENGTING YAO P.O. BOX 14836 DAR ES SALAAM	5000	

Dated this 10 Day of Sept 2013

WITNESS to the above Signatures:

Name:

Signature:

Address:

Qualifications:



TANZANIA
Stamp Duty Shts. 5000k
PAID ON ORIGINAL
Receipt No. 37594
09/09/2013

THE COMPANIES ACT 2002
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
FENGLI PLASTIC CO. LIMITED

TANZANIA
Stamp Duty Shts. 2500k
PAID ON ORIGINAL
Receipt No. 37594
09/09/2013
Asst. Registrar of Companies

PRELIMINARY

1. In these regulations:-

“The Act” means the Companies Act 2002 of the Laws of Tanzania.

When any provision of the Act is referred to, the reference is that provision is as modified by any law for the time being in force.

Unless the context otherwise requires, the expressions defined in the Act or any statutory modification thereof in the force at the date at which these regulations become binding on the company, shall have the meaning so defined.

Any words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include females, and the words importing persons shall include bodies corporate, partnership, firms, cooperatives, societies, etc.

The regulations of Companies Act shall not apply to the company; save in so far as they are varied or excluded hereby, but in case of any conflict between the provisions herein, and the provisions under this regulation the former shall prevail, and in addition to substitution shall be the regulations of 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 of persons who have been formerly in the employment of the company were while in such employment to be the member of the company) is limited 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.

TRANSFER OF SHARES

3. The Directors may in their discretion and without assigning any reason thereof refuse to register the transfer of any share to any person who it shall in their opinion be undesirable for any reason whatsoever to admit to membership.
4. Subject to clauses 2 and 3 hereof the right to members to transfer their shares shall be restricted as follows;
 - (a) No share shall be transferred to a person who is not a member so long as any member of any person selected by the Directors as one who it is desirable in the interest of the Company to admit to membership.
 - (b) Every shareholder or trustee in bankruptcy, or any person who may desire to sell or transfer any such shares and every who may desire to sell or transfer any

such shares and every personal representatives of a deceased shareholder shall give notice in writing to the Directors that he desires to make such sale or transfer. Such notice shall constitute the Board of Directors of the Company as his agent for the sale of the said shares to any member or members of the company at the price to be agreed upon between the party giving such notice the party and the board, or in case of difference to be determined by the Auditor of the Company.

- (c) Upon price of such shares being agreed on a determined as per clause (b) above, the board shall forthwith give notice to such of the shareholders other than the shareholders desiring to sell or transfer the said shares, stating the number and price of such share inviting the person to whom notice is sent to state within 21 days from the date of such notice whether he is willing to purchase any, if so what maximum number of such shares. At the expiration of such days 21 notice the board shall apportion such shares amongst the shareholders (if more than one) who shall have expressed their desire to purchase number of shares already held by them respectively, or if there be only one such shareholder, that the whole of such shares shall be sold to him, provided no shareholder shall be obliged to take more than the maximum number of such shares stated in his answer to the said notice.

Upon such apportionment being made or such one shareholder notifying his intention to purchase, as the case may be, the party desiring to sell or transfer such shares shall be bound upon payment of the said price to transfer the shares to the respective shareholders or to single shareholder who shall have agreed to purchase the same.

5. GENERAL MEETINGS: NOTICE OF GENERAL MEETING AND PROCEEDINGS OF THE GENERAL MEETINGS.

The regulation of Companies Act shall apply to the following variations:-

- (a) A General Meeting, Ordinary or Extraordinary may with the consent in writing of all members, be convened on a shorter notice than seven days or without notice.
- (b) Two members, present either personally or by proxy shall form a quorum.
- (c) Any ordinary resolution of the company determined without any general meeting and evidenced by writing under the hands of majority of the Directors and of the members of the company holding three - fourths of the issued shares of the company shall be valid and effectual as an ordinary resolution duly passed at a general meeting of the company.

6. DIRECTORS

- (a) Until otherwise determined by the company in General Meeting the Directors shall not be less than two and not more than seven in number.
- (b) The following persons shall be the first Directors of the company:-

- 1. **ZHIRONG YAO**
- 2. **MENGTING YAO**

- 7. The shareholding qualification for Directors may be fixed by the company in General Meeting, and unless and until so fixed no qualification shall be required.

8. The quorum of Directors for transacting business shall, unless otherwise fixed by the Directors, be four.
9. A resolution in writing signed by all the Directors then in Tanzania shall be as valid and effectual as if it had been passed at a meeting of Directors duly called and constituted.
10. The Directors may from time to time borrow or raise any money for the purposes of the Company which may exceed the issued share capital of the company.

BORROWING POWERS

The Directors may from time to time in their discretion raise or borrow for the purpose of any Company's business such sum or sums of money as they think fit.

11. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company present or future including its uncalled capital for the time being, or by the issue at such price as they may think fit, of bonds or debentures either charged upon the whole or any part of the property and assets of the company or not so charged or in such other way as the Directors may think expedient.

VOTE OF MEMBERS

12. On a show of hands every member present in person shall have one vote. On a roll every member shall have one vote only for the shares of which he is holder.
13. No member shall be entitled to vote at any general meeting unless all calls or other sums presently by him in respect of shares in the Company have been paid.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated if the Director;
- (a) becomes bankrupt; or
 - (b) is found to be a lunatic or becomes of unsound mind; or
 - (c) resigns his office by notice in writing to the Company;
 - (d) abstains himself from meetings of the directors for a period of six months without special leave of absence from the other Directors.

S E A L

15. The Directors shall provide for the safe custody of the Seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two Directors or a Director and Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

ALTERNATE DIRECTORS

16. Any director shall have power to nominate any person to act or attend as alternate Director during his absence or during his inability so to act. Such Director shall be subject in all respects to the terms and conditions existing with reference to the other Directors and such Alternate Director shall exercise and discharge all the duties of Director whom he represents.
17. Unless otherwise decided by the Directors the quorum necessary to transact business of the Directors shall be two Directors personally present.

SECRETARY

18. The Secretary shall be appointed by the Board for such terms at such remuneration and upon such condition as it may think fit, and any Secretary so appointed may be removed by the Board.

WINDING UP

19. With the sanction of a special resolution of the shareholders any part of the assets of the Company including any shares in other Companies may be divided between the members of the Company in special or may be vested in Trustees for the benefit of such members and the liquidation of the company may be closed and the company dissolved but so that no member shall be compelled to accept any shares whereupon there is any liability.

ALTERATION OR ADDITION

20. Subject to the provisions of the Act and to those contained in the Memorandum of Association the Company may by Special Resolution make alteration or addition so made shall be as valid and effectual as if originally contained in those articles and be subject in like manner to alteration by Special Resolution.

INDEMNITY



21. Every Director, Managing Director, Agent, Auditor, Secretary and other Officer for the time being of the Company shall be indemnified out of the Assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or is in connection with any application in which relief is granted to him by the Court.

ARBITRATION

22. If and whenever any dispute or difference shall arise between the Company and any of the members or their respective representatives touching upon the construction or meaning of any of the Articles herein contained or any act matter or thing made or done or omitted to be done or with regard to the rights or

23. liabilities arising here under or arising out of the relation existing between the parties by reasons of these Articles or the Act, such differences shall (unless a sole arbitrator be agreed upon) forthwith be referred to the arbitration of three (3) arbitrators, one to be appointed by each party and the third to be appointed by the first two or, in the event of failure to agree within (Cap. 15) or any then existing statutory modifications or re-enactment thereof shall apply.

24.

NAMES, ADDRESS AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURES OF SUBSCRIBERS
ZHIRONG YAO P.O BOX.14836 DAR ES SALAAM	5000	
MENGTING YAO P.O. BOX 14836 DAR ES SALAAM	5000	

Dated this 10 Day of Sept. 2013

WITNESS to the above Signatures:

Name:.....

Signature.....

Address:.....

Qualifications.....



**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

OF

M/S FENGLI PLASTIC CO. LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
MANUFACTURING OF HIGH QUALITY PVC/ EVA SHOES
AND SANDALS**

**PREPARED BY
M/S FENGLI PLASTIC CO. LIMITED
P. O. BOX 14836
DAR ES SALAAM
TEL NO +255 758 808030/ 758 808035**

**M/S FENGLI PLASTIC CO. LIMITED
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M/S FENGLI PLASTIC CO. LIMITED

ESTABLISHING AND OPERATING A PROJECT FOR MANUFACTURING OF HIGH QUALITY SHOES AND SANDALS

1. INVESTMENT PLAN

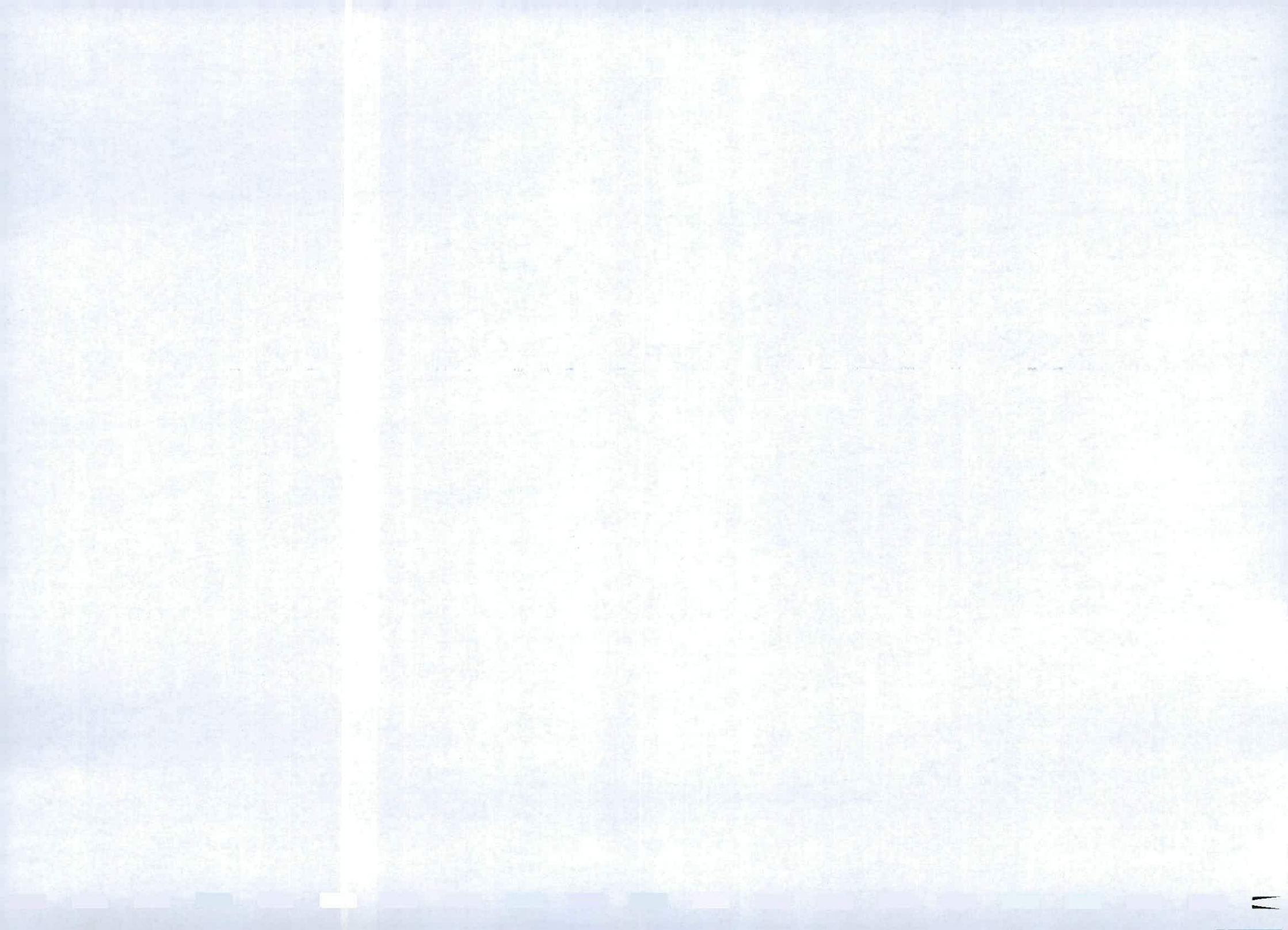
The feasibility study has been prepared by **M/S FENGLI PLASTIC CO. LIMITED** for the company's implementation programme in setting up facilities for manufacturing of high quality shoes and sandals by using PVC and EVA materials.

The study has also been prepared to give a clear picture of the financial, human, technical and other resources required for the implementation of the proposed Footwear project. The investment plan is also to assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring plant, machinery, utility vehicles, tools, equipment etc.

The TIC registration and issuance of certificate of incentives will enable the project to enjoy Duty and VAT exemption on **Capital/ Deemed Capital Goods**, TIC ONE STOP FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

2. COMPANY'S BACKGROUND

M/S FENGLI PLASTIC CO. LIMITED is a private owned foreign company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 10th day of September, 2013 with Certificate of Incorporation **No: 102268**



The company was incorporated with a prime objective of setting up facilities for manufacturing of high quality shoes and sandals by using PVC and EVA materials.

The company determines to increase production capacity of the Footwear - shoes and sandals and at the same time to improve the quality of the shoes & sandals for men, ladies and children.

The main purpose of the proposed footwear project is to increase the production capacity to correspond with the growing demand especially to the local as well as export market. The quality of company's footwear products will guarantee customers satisfaction in this implementation programme.

There is an extensive market to absorb all the shoes and sandals which will be produced in the implementation programme.

It is on the basis of the above reasons the management resolved to invest further in setting up modern plant and machinery in manufacturing high quality footwear (shoes & sandals) made of PVC and EVA materials. The shoes and sandals will be supplied to both retailers and wholesaler at affordable price.

In the implementation programme, the proposed footwear products project will import and install modern and sophisticated PVC & EVA Injection mould Plant and machinery and use of **new Chinese technology** in the course of production of the high quality shoes and sandals.

Hence the implementation programme of three years in establishing facilities for manufacturing of high quality sandals and shoes is estimated to cost **USD 2,000,000**. The estimated capital investment cost of **USD 2,000,000** will be on new and modern Injection mould plant, machinery, equipment and other expenses.

3. MARKET POTENTIAL

There is a very big market potential for the high quality shoes and sandals for men, ladies and children. The Shoes and sandals which are manufactured by PVC & EVA materials are very attractive and they are quite needed in both rural and urban areas. Therefore there is high demand of the footwear products as the people want to be smart and for hygienic purposes. The Company will also supply to the external market especially the neighboring countries. In actual facts the market is growing day by day especially in local and external market.

The current market research conducted by the promoters of **M/S FENGLI PLASTIC CO. LIMITED** has revealed that there is high demand for PVC & EVA shoes and sandals as they are simple wear, attractive and their prices are affordable.

High quality, technology and goodwill are the factors which will make the project to dominate the local and foreign market. There are few manufacturers and importers who can compete with the company's shoes and sandals made by PVC and EVA Materials.

The company also expects to increase export of the shoes and sandals to the neighboring countries like Congo, Rwanda, Burundi, Uganda, Kenya, Mozambique, Malawi, Zambia etc.

4. THE COMPANY'S OBJECTIVES

M/S FENGLI PLASTIC CO. LIMITED is establishing a project for manufacturing of high quality shoes and sandals by using PVC & EVA materials.

The mission of intended project in the implementation programme is basically aimed at production and marketing of high quality PVC & EVA Shoes and sandals for local and export market in order to achieve the following objectives.

- To foster the growth of high quality shoes and sandals industry in Tanzania.
- To reduce dependence on external sources for importation of shoes and sandals.
- To promote local markets for shoes and sandals.
- To promote quality of the footwear products. The proposed project will enable people to buy quality and fashionable shoes & shoes and not sub standard products.
- To promote growth and expansion of private sector.
- The Company will create more employment (more job opportunities from unskilled to professionals/ technicians etc.)
- Skill development (human resources development) through on job training and use of modern machinery and new Chinese technology application.
- Income generation, alleviation of poverty and improve their social welfare.
- The Company will contribute to the government revenue through taxes and other levies.

5. FUTURE PLAN

- To purchase/import new plant & machinery with introduction of new technology.
- High production performance
- To increase the volume of production capacity.
- To increasing export market in neighboring countries like Rwanda, Burundi, Uganda, Kenya, Mozambique, Malawi, Zambia etc. and hence resulting foreign earnings in addition to the prevailing local market.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S FENGLI PLASTIC CO. LIMITED** and their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
1.	Zhirong Yao	5000	Chinese	50%
2.	Mengting Yao	5000	Chinese	50%
	TOTAL	100		100%

Therefore, the authorized capital of the company is Tshs. 400,000,000/= divided into 10,000 ordinary shares of Tshs. 40,000/= each. The Company shall have power 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, or condition as may be determined.

7. LOCATION

The company's business premises are located at Plot No: 1 and 2, Block 'E; Mwanambaya in Mkuranga District / Coast Region. Postal Address P. O. Box 14836 Dar Es Salaam. Tel No: **+255 758 808030/758 808035**

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 SEPTEMBER - 2013

- Preparing feasibility study for a project to establish facilities for manufacturing high quality PVC and EVA shoes and sandals.
- Registration of the proposed project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.

- Getting Certificate of Incentives

8.2 OCTOBER- 2013

- Application for Duty & VAT exemption on CAPITAL/ DEEMED CAPITAL GOODS (i.e **Plant & Machinery**) after being awarded certificate of incentives in the Implementation Programme.

- Ordering/Importing PVC & EVA injection mould plant & machinery, equipment, tools, generators, utility vehicles etc.
- Clearing the **Project's Goods** from customs control (at the Port and Airport).

8.3 NOVEMBER 2013 - JANUARY 2014

- Installing the PVC & EVA injection mould plant & machinery.
- Recruiting new staffs and training them on new Chinese technology skills (new machinery).
- Fully commencement of production of PVC & EVA Shoes and Sandals for men, ladies and children.

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	100,000
Plant/Machinery	USD \$	1,600,000
Vehicles	USD \$	100,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Working Capital	USD \$	100,000
TOTAL CAPITAL	USD \$	<u>2,000,000</u>

The company's promoters (shareholders) have resolved to register the implementation project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

The extensive production of high quality PVC & EVA Footwear products for Men, ladies and children is expected to be implemented within 3 years.

The implementation programme will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives.

Thereafter the Company will order and import the PVC & Eva injection mould Plant & machinery. The footwear project will enjoy Duty & VAT exemption on CAPITAL/ DEEMED CAPITAL GOODS which are plant/ machinery, generators, folklifts, computers, transformer, utility vehicles, tools, compressors, building materials for construction of factory etc. These are CAPITAL/DEEMED CAPITAL GOODS for the proposed Footwear project.

The certificate of incentives will also enable the footwear project to enjoy TIC FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S FENGLI PLASTIC CO. LIMITED has allocated funds for the PVC & EVA Shoes and Sandals project's implementation programme by its own foreign fund and foreign loan:-

Own fund (equity)	USD \$	1,500,000
Foreign loan	<u>USD \$</u>	<u>500,000</u>

TOTAL **USD \$ 2,000,000**

11. THE COMPANY'S PRODUCTS:-

- i. PVC & EVA SHOES - For men, ladies and children,
- ii. PVC & EVA SANDALS- For men, ladies and children.

12. LIST OF MACHINERY & EQUIPMENT & VEHICLES & BUILDING MATEIALS

NO:	DESCRIPTION/ ITEM	ITEM GROUP	QUANTITY	UNIT
1.	PVC Injection Machine & Accessories	Machinery	20	Sets
2.	PVC Slipper Moulds and attachments & assembly accessories	moulds	3000	units
3.	EVA Injection Machine & Accessories	Machinery	5	sets
4.	Mould Lifter	Machinery	5	units
5.	Shaping Line	Machinery	3	sets
6.	Disintegrator	machinery	6	units
7.	Buckie Machine	machinery	20	units
8.	Welder	machinery	10	units
9.	Cool Towers and Accessories	plant	5	units
10.	PVC Lace Machine	Machinery	5	units
11.	Blender	Machinery	10	units
12.	Transformer	Electricals	4	units
13.	Generators	Electricals	5	units

14.	Punch machine	machine	5	units
15.	Grinder machine	machinery	5	units
16.	Air Compressor	equipment	5	units
17.	Weigh scale	equipment	10	units
18.	Electric welding machine	machinery	10	units
19.	Ventilators	equipment	10	units
20.	Folklifts	machinery	5	units
21.	Various tools	tools	20	sets
22.	<u>Utility Vehicles</u> a) Pick up (single cabin), b) Light truck, c) Hard top, d) Minibus		3 3 2 2	Units Units Units units
23.	Building materials for warehouse/ rehabilitation factory	BOQ to be submitted		

13. **PLANT LAYOUT/ THE PRODUCTION PROCESSES**

PVC & EVA INJECTION MOULD MACHINE

I

MOULDING

I

PRODUCTION

I

TESTING & QUALITY CONTROL- LABELLING

I

PACKING UNIT

14. **SUBMISSION**

M/S FENGLI PLASTIC CO. LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives in the implementation programme.

Thereafter the proposed footwear project will order and import the PVC & Eva Injection Mould Plant & machinery. The project will enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS which are plant & machinery, generators, forklifts, computers, transformer, tools, compressors, welding machines, utility vehicles, building materials for construction of the factory etc. These are CAPITAL/ DEEMED CAPITAL GOODS for the project.

The certificate of incentives will enable the proposed Footwear project to enjoy TIC FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

12. ECONOMIC GROWTH

It is government policy to promote the investments, call for the investors to Tanzania. And now there is a positive economic growth. Many investors in different sectors have been registered, like the proposed footwear products project in its extensive production of high quality PVC & EVA Shoes and sandals.

The increased economic activities caused a growth of economy as well as makes people to have big purchasing power and business knowledge. Eventually the economic growth influences commerce (Trade) sector People with purchasing power will be able to buy the high quality project's products - shoes and sandals for their smartness and hygienic purposes.

13. COMPETITION/MARKET

Though there are reasonable number of importers of shoes and sandals by using PVC & EVA materials in Tanzania and there are few local manufacturers still the supply is not enough compared to the size of the market. Most of these manufactured or imported items do not last longer which forces people to buy the shoes very often.

However, the proposed footwear products project expects to dominate the local and export market because the project ensures the new fashion and quality of the shoes and sandals.

14. PROMOTION/ ADVERTISEMENT

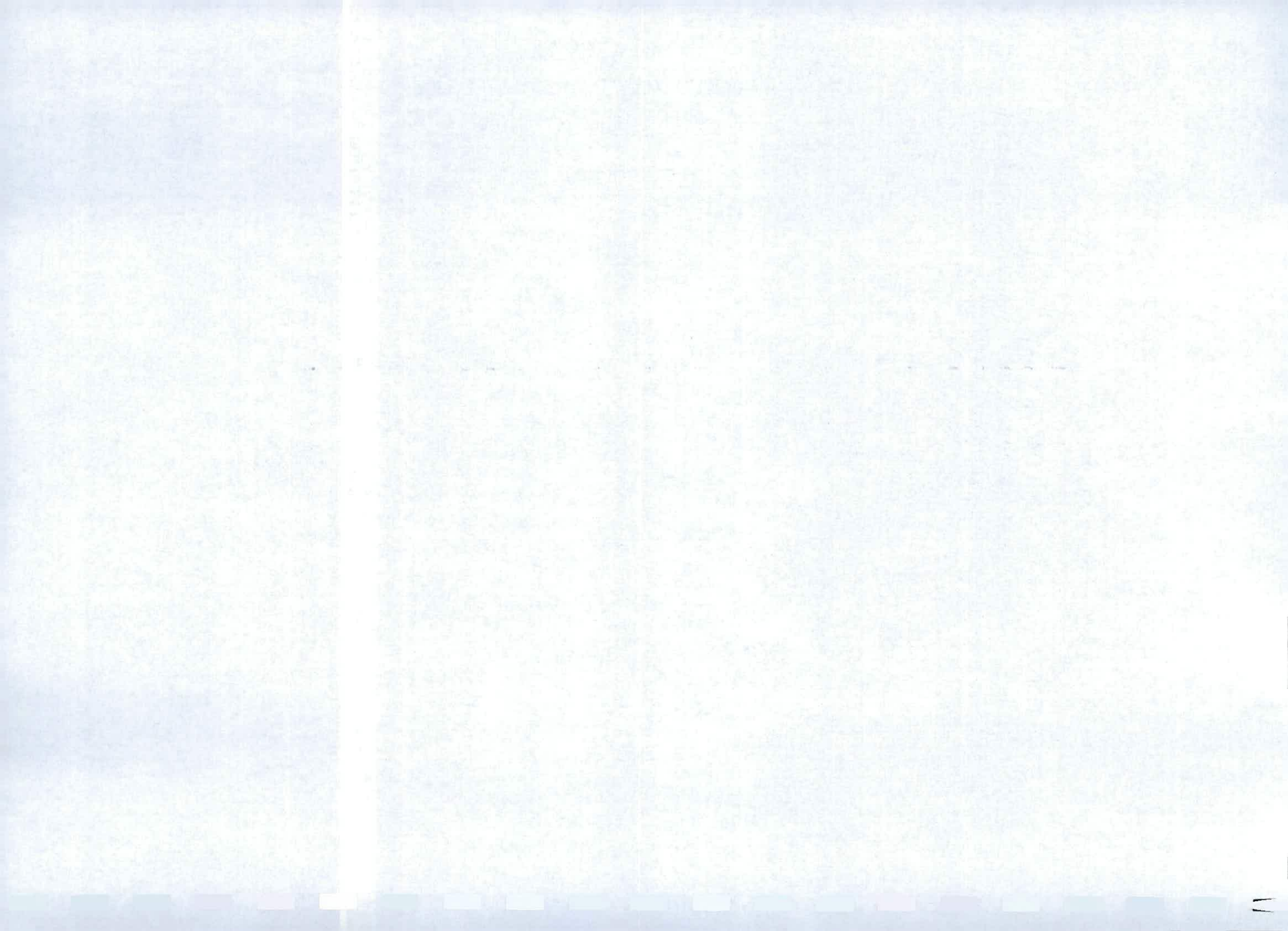
M/S FENGLI PLASTIC CO. LIMITED has set up some strategies in order to promote its product - PVC & EVA Shoes and sandals. The Major strategy is advertisement which forms part of the marketing strategy; this will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. BUSINESS STRATEGY

M/S FENGLI PLASTIC CO. LIMITED has also gone further in setting up some business strategies so as to meet the current demand, high productivity of PVC & EVA Shoes and sandals and capture the Markets. Therefore the management of the M/S FENGLI PLASTIC CO. LIMITED has developed and implemented the following business strategies which are Technology/product quality, Advertisement/promotion, employing qualified and experienced personnel, On job training and business Discipline.

16. ENVIRONMENTAL ISSUE

The project is environmental friendly which does not cause any harm to people. The drop out chemicals and related waste will be treated before being left to drain in a proper sewerage channels. The unused pieces of PVC will be recycled.



17. PROJECT MANAGEMENT

The management of **M/S FENGLI PLASTIC CO. LIMITED** is in the Board of Directors which is chaired by Mr. Zhirong Yao is the Managing Director of the Company; he has a great experience in shoe and sandals manufacturing. The Managing Director is supported by another Director who is Mrs. Mengting Yao.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

M/S FENGLI PLASTIC CO. LIMITED is a manufacturer of high quality PVC & EVA Shoes and sandals anticipate to in bring to Tanzania a Chinese technology (Transfer of knowledge/technology). There are a lot of advantages to the country which are very important in national economic growth.

There is also the advantage of value addition due to such incoming technology and the country can reduce its dependence on importation of Shoes and Sandals because they will be manufactured in the country, Hence Tanzanians will be able to purchase high quality Shoes and Sandals at a reasonable price and with high standard.

The implementation programme will cause more people to be employed about 5 chinese expatriates who will train 50 local people how to operate machines and pass to them the new Chinese technology. Their employment will raise their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of the production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed footwear manufacturing project done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management of **M/S FENGLI PLASTIC CO. LIMITED** are experienced businessmen possesses a great deal of managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the proposed implementation programme so as to commence implementation of the proposed footwear project, import the CAPITAL/ DEEMED CAPITAL GOODS and increase its production capacity.

The certificate of incentives will enable the project to enjoy TIC FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 270,000 in year two, USD \$ 300,000 in year three and USD \$ 330,000 in year four.

20.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

20.3 Projected Balance Sheet

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S FENGLI PLASTIC CO. LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II SHOES & SANDALS INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
705,000	435,000	%	270,000
705,000	456,750	5%	248,250
705,000	478,500	10%	226,500

21.2 Effect of SHOES & SANDALS INCOME decrease/drop on profitability (on the basis of year II costs in “000” USD \$)

Income	Income Decrease	Cost	Profit before depreciation
705,000	%	435,000	270,000
669,750	5%	435,000	234,750
634,500	10%	435,000	199,500

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

22. LIST OF CAPITAL/DEEMED CAPITAL GOODS

M/S FENGLI PLASTIC CO. LIMITED

NO:	DESCRIPTION/ ITEM	ITEM GROUP	QUANTITY	UNIT
1.	PVC Injection Machine & Accessories	Machinery	20	Sets
2.	PVC Slipper Moulds and attachments & assembly accessories	moulds	3000	units
3.	EVA Injection Machine & Accessories	Machinery	5	sets
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5.	Shaping Line	Machinery	3	sets
6.	Disintegrator	machinery	6	units
7.	Buckie Machine	machinery	20	units
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12.	Transformer	Electricals	4	units
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18.	Electric welding machine	machinery	10	units
19.	Ventilators	equipment	10	units
20.	Folklifts	machinery	5	units
21.	Various tools	tools	20	sets
22.	<u>Utility Vehicles</u>			
	e) Pick up (single cabin),		3	Units
	f) Light truck,		3	Units
	g) Hard top,		2	Units
	h) Minibus		2	units
23.	Building materials for warehouse/ rehabilitation factory	BOQ to be submitted		

Appendix I

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED/ ESTIMATED INCOME STATEMENT

	Years				
	I	II	III	IV	V
Projected Sales Income	665.0	705.0	755.0	800.0	845.0
Total Income	665.0	705.0	755.0	800.0	845.0
Projected Expenditure					
Utilities	250.0	250.0	250.0	250.0	250.0
Salaries and wages	50.0	50.0	55.0	55.0	60.0
Transportation/fuel	10.0	15.0	20.0	20.0	25.0
Administrative expenses	40.0	45.0	45.0	50.0	55.0
Promotion/ Advertisement	10.0	10.0	10.0	10.0	10.0
Clearing & forwarding	30.0	35.0	40.0	45.0	50.0
Water bills	10.0	10.0	10.0	10.0	10.0
Electricity	15.0	20.0	25.0	30.0	35.0
Total Expenditure	415.0	435.0	455.0	470.0	495.0
Net Profit (pre tax and depreciation)	250.0	270.0	300.0	330.0	350.0

Appendix II

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	250.0	270.0	300.0	330.0	350.0	1,500.0
	250.0	270.0	300.0	330.0	350.0	1,500.0
Cash outflow						
Interest payments	50.0	40.0	30.0	20.0	10.0	150.0
Loan re-payment	100.0	100.0	100.0	100.0	100.0	500.0
	150.0	140.0	130.0	120.0	110.0	650.0
Surplus cash generated(Pre tax and wear & tear)	100.0	130.0	170.0	210.0	240.0	850.0

Appendix III

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$

'000')

Year	Repayment			
	Principal	Interest	Total	Amount
O				500.0
I	100.0	50.0	150.0	400.0
II	100.0	40.0	140.0	300.0
III	100.0	30.0	130.0	200.0
IV	100.0	20.0	120.0	100.0
V	100.0	10.0	110.0	0

Appendix 1V

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	<u>Source of funds</u>					
1.	Shareholders funds	300.0	300.0	300.0	300.0	300.0
2.	Long term Loan	150.0	140.0	130.0	120.0	110.0
3.	Associated Cos/ Directors	150.0	150.0	150.0	150.0	150.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		800.0	840.0	880.0	920.0	960.0
	<u>Application of funds</u>					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	500.0	540.0	580.0	620.0	690.0
		800.0	840.0	880.0	920.0	960.0

BUSINESS PLAN FOR THE

IMPLEMENTATION PROGRAMME

OF

M/S FENGLI PLASTIC CO. LIMITED

IN

**ESTABLISHING AND OPERATING A PROJECT FOR
MANUFACTURING OF HIGH QUALITY PVC/ EVA SHOES
AND SANDALS**

PREPARED BY
M/S FENGLI PLASTIC CO. LIMITED
P. O. BOX 14836
DAR ES SALAAM
TEL NO +255 758 808030/ 758 808035

**M/S FENGLI PLASTIC CO. LIMITED
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M/S FENGLI PLASTIC CO. LIMITED

ESTABLISHING AND OPERATING A PROJECT FOR MANUFACTURING OF HIGH QUALITY SHOES AND SANDALS

1. INVESTMENT PLAN

The feasibility study has been prepared by **M/S FENGLI PLASTIC CO. LIMITED** for the company's implementation programme in setting up facilities for manufacturing of high quality shoes and sandals by using PVC and EVA materials.

The study has also been prepared to give a clear picture of the financial, human, technical and other resources required for the implementation of the proposed Footwear project. The investment plan is also to assess its economic viability and commercial viability in order to allocate funds for the implementation programme especially in acquiring plant, machinery, utility vehicles, tools, equipment etc.

The TIC registration and issuance of certificate of incentives will enable the project to enjoy Duty and VAT exemption on **Capital/ Deemed Capital Goods**, TIC ONE STOP FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

2. COMPANY'S BACKGROUND

M/S FENGLI PLASTIC CO. LIMITED is a private owned foreign company registered/ incorporated in Tanzania by Registrar of Companies under company's ordinance Cap 212, on 10th day of September, 2013 with Certificate of Incorporation **No: 102268**

The company was incorporated with a prime objective of setting up facilities for manufacturing of high quality shoes and sandals by using PVC and EVA materials.

The company determines to increase production capacity of the Footwear - shoes and sandals and at the same time to improve the quality of the shoes & sandals for men, ladies and children.

The main purpose of the proposed footwear project is to increase the production capacity to correspond with the growing demand especially to the local as well as export market. The quality of company's footwear products will guarantee customers satisfaction in this implementation programme.

There is an extensive market to absorb all the shoes and sandals which will be produced in the implementation programme.

It is on the basis of the above reasons the management resolved to invest further in setting up modern plant and machinery in manufacturing high quality footwear (shoes & sandals) made of PVC and EVA materials. The shoes and sandals will be supplied to both retailers and wholesaler at affordable price.

In the implementation programme, the proposed footwear products project will import and install modern and sophisticated PVC & EVA Injection mould Plant and machinery and use of **new Chinese technology** in the course of production of the high quality shoes and sandals.

Hence the implementation programme of three years in establishing facilities for manufacturing of high quality sandals and shoes is estimated to cost **USD 2,000,000**. The estimated capital investment cost of **USD 2,000,000** will be on new and modern Injection mould plant, machinery, equipment and other expenses.

3. MARKET POTENTIAL

There is a very big market potential for the high quality shoes and sandals for men, ladies and children. The Shoes and sandals which are manufactured by PVC & EVA materials are very attractive and they are quite needed in both rural and urban areas. Therefore there is high demand of the footwear products as the people want to be smart and for hygienic purposes. The Company will also supply to the external market especially the neighboring countries. In actual facts the market is growing day by day especially in local and external market.

The current market research conducted by the promoters of **M/S FENGLI PLASTIC CO. LIMITED** has revealed that there is high demand for PVC & EVA shoes and sandals as they are simple wear, attractive and their prices are affordable.

High quality, technology and goodwill are the factors which will make the project to dominate the local and foreign market. There are few manufacturers and importers who can compete with the company's shoes and sandals made by PVC and EVA Materials.

The company also expects to increase export of the shoes and sandals to the neighboring countries like Congo, Rwanda, Burundi, Uganda, Kenya, Mozambique, Malawi, Zambia etc.

4. THE COMPANY'S OBJECTIVES

M/S FENGLI PLASTIC CO. LIMITED is establishing a project for manufacturing of high quality shoes and sandals by using PVC & EVA materials.

The mission of intended project in the implementation programme is basically aimed at production and marketing of high quality PVC & EVA Shoes and sandals for local and export market in order to achieve the following objectives.

- To foster the growth of high quality shoes and sandals industry in Tanzania.
- To reduce dependence on external sources for importation of shoes and sandals.
- To promote local markets for shoes and sandals.
- To promote quality of the footwear products. The proposed project will enable people to buy quality and fashionable shoes & shoes and not sub standard products.
- To promote growth and expansion of private sector.
- The Company will create more employment (more job opportunities from unskilled to professionals/ technicians etc.)
- Skill development (human resources development) through on job training and use of modern machinery and new Chinese technology application.
- Income generation, alleviation of poverty and improve their social welfare.
- The Company will contribute to the government revenue through taxes and other levies.

5. FUTURE PLAN

- To purchase/import new plant & machinery with introduction of new technology.
- High production performance
- To increase the volume of production capacity.
- To increasing export market in neighboring countries like Rwanda, Burundi, Uganda, Kenya, Mozambique, Malawi, Zambia etc. and hence resulting foreign earnings in addition to the prevailing local market.

6. SHAREHOLDERS (PROMOTERS)

The following are the shareholders/ promoters of **M/S FENGLI PLASTIC CO. LIMITED** and their shareholder's position are:-

No	Name of Shareholders	No. of Shares	Nationality	% shareholding structure
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	TOTAL	100		100%

Therefore, the authorized capital of the company is Tshs. 400,000,000/= divided into 10,000 ordinary shares of Tshs. 40,000/= each. The Company shall have power 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, or condition as may be determined.

7. LOCATION

The company's business premises are located at Plot No: 1 and 2, Block 'E; Mwanambaya in Mkuranga District / Coast Region. Postal Address P. O. Box 14836 Dar Es Salaam. Tel No: **+255 758 808030/ 758 808035**

8. COMPANY'S IMPLEMENTATION SCHEDULE

8.1 SEPTEMBER - 2013

- Preparing feasibility study for a project to establish facilities for manufacturing high quality PVC and EVA shoes and sandals.
- Registration of the proposed project with Tanzania Investment Centre i.e. Application for the Certificate of incentives.

-
- Getting Certificate of Incentives

8.2 OCTOBER- 2013

- Application for Duty & VAT exemption on CAPITAL/ DEEMED CAPITAL GOODS (**i.e Plant & Machinery**) after being awarded certificate of incentives in the Implementation Programme.

- Ordering/Importing PVC & EVA injection mould plant & machinery, equipment, tools, generators, utility vehicles etc.
- Clearing the **Project's Goods** from customs control (at the Port and Airport).

8.3 NOVEMBER 2013 - JANUARY 2014

- Installing the PVC & EVA injection mould plant & machinery.
- Recruiting new staffs and training them on new Chinese technology skills (new machinery).
- Fully commencement of production of PVC & EVA Shoes and Sandals for men, ladies and children.

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	100,000
Plant/Machinery	USD \$	1,600,000
Vehicles	USD \$	100,000
Furniture and Fittings	USD \$	-
Pre-expenses	USD \$	100,000
Working Capital	USD \$	100,000
TOTAL CAPITAL	USD \$	<u>2,000,000</u>

The company's promoters (shareholders) have resolved to register the implementation project with Tanzania Investment Centre (TIC) and securing the certificate of incentives.

The extensive production of high quality PVC & EVA Footwear products for Men, ladies and children is expected to be implemented within 3 years.

The implementation programme will soon commence after the Company is registered by Tanzania Investment Centre and being issued the Certificate of incentives.

Thereafter the Company will order and import the PVC & Eva injection mould Plant & machinery. The footwear project will enjoy Duty & VAT exemption on CAPITAL/ DEEMED CAPITAL GOODS which are plant/ machinery, generators, folklifts, computers, transformer, utility vehicles, tools, compressors, building materials for construction of factory etc. These are CAPITAL/DEEMED CAPITAL GOODS for the proposed Footwear project.

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10. FINANCIAL PLAN (SOURCE OF FUNDS)

M/S FENGLI PLASTIC CO. LIMITED has allocated funds for the PVC & EVA Shoes and Sandals project's implementation programme by its own foreign fund and foreign loan:-

Own fund (equity)	USD \$	1,500,000
Foreign loan	USD \$	<u>500,000</u>

TOTAL **USD** **\$ 2,000,000**

11. THE COMPANY'S PRODUCTS:-

- i. PVC & EVA SHOES - For men, ladies and children,
- ii. PVC & EVA SANDALS- For men, ladies and children.

12. LIST OF MACHINERY & EQUIPMENT & VEHICLES & BUILDING MATEIALS

NO:	DESCRIPTION/ ITEM	ITEM GROUP	QUANTITY	UNIT
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7.	Buckie Machine	machinery	20	units
8.	Welder	machinery	10	units
9.	Cool Towers and Accessories	plant	5	units
10.	PVC Lace Machine	Machinery	5	units
11.	Blender	Machinery	10	units
12.	Transformer	Electricals	4	units
13.	Generators	Electricals	5	units

14.	Punch machine	machine	5	units
15.	Grinder machine	machinery	5	units
16.	Air Compressor	equipment	5	units
17.	Weigh scale	equipment	10	units
18.	Electric welding machine	machinery	10	units
19.	Ventilators	equipment	10	units
20.	Folklifts	machinery	5	units
21.	Various tools	tools	20	sets
22.	<u>Utility Vehicles</u>			
	a) Pick up (single cabin),		3	Units
	b) Light truck,		3	Units
	c) Hard top,		2	Units
	d) Minibus		2	units
23.	Building materials for warehouse/ factory rehabilitation	BOQ to be submitted		

13. **PLANT LAYOUT/ THE PRODUCTION PROCESSES**

PVC & EVA INJECTION MOULD MACHINE

I

MOULDING

I

PRODUCTION

I

TESTING & QUALITY CONTROL- LABELLING

I

PACKING UNIT

14. **SUBMISSION**

M/S FENGLI PLASTIC CO. LIMITED wishes to submit its investment plan and application to the Tanzania Investment Centre (TIC) its proposal for registration and award of certificate of incentives in the implementation programme.

Thereafter the proposed footwear project will order and import the PVC & Eva Injection Mould Plant & machinery. The project will enjoy tax exemption on CAPITAL/ DEEMED CAPITAL GOODS which are plant & machinery, generators, forklifts, computers, transformer, tools, compressors, welding machines, utility vehicles, building materials for construction of the factory etc. These are CAPITAL/ DEEMED CAPITAL GOODS for the project.

The certificate of incentives will enable the proposed Footwear project to enjoy TIC FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

12. ECONOMIC GROWTH

It is government policy to promote the investments, call for the investors to Tanzania. And now there is a positive economic growth. Many investors in different sectors have been registered, like the proposed footwear products project in its extensive production of high quality PVC & EVA Shoes and sandals.

The increased economic activities caused a growth of economy as well as makes people to have big purchasing power and business knowledge. Eventually the economic growth influences commerce (Trade) sector People with purchasing power will be able to buy the high quality project's products - shoes and sandals for their smartness and hygienic purposes.

13. COMPETITION/MARKET

Though there are reasonable number of importers of shoes and sandals by using PVC & EVA materials in Tanzania and there are few local manufacturers still the supply is not enough compared to the size of the market. Most of these manufactured or imported items do not last longer which forces people to buy the shoes very often.

However, the proposed footwear products project expects to dominate the local and export market because the project ensures the new fashion and quality of the shoes and sandals.

14. PROMOTION/ ADVERTISEMENT

M/S FENGLI PLASTIC CO. LIMITED has set up some strategies in order to promote its product - PVC & EVA Shoes and sandals. The Major strategy is advertisement which forms part of the marketing strategy; this will be embarked upon in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. BUSINESS STRATEGY

M/S FENGLI PLASTIC CO. LIMITED has also gone further in setting up some business strategies so as to meet the current demand, high productivity of PVC & EVA Shoes and sandals and capture the Markets. Therefore the management of the **M/S FENGLI PLASTIC CO. LIMITED** has developed and implemented the following business strategies which are Technology/product quality, Advertisement/promotion, employing qualified and experienced personnel, On job training and business Discipline.

16. ENVIRONMENTAL ISSUE

The project is environmental friendly which does not cause any harm to people. The drop out chemicals and related waste will be treated before being left to drain in a proper sewerage channels. The unused pieces of PVC will be recycled.

17. PROJECT MANAGEMENT

The management of **M/S FENGLI PLASTIC CO. LIMITED** is in the Board of Directors which is chaired by Mr. Zhirong Yao is the Managing Director of the Company; he has a great experience in shoe and sandals manufacturing. The Managing Director is supported by another Director who is Mrs. Mengting Yao.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

M/S FENGLI PLASTIC CO. LIMITED is a manufacturer of high quality PVC & EVA Shoes and sandals anticipate to in bring to Tanzania a Chinese technology (Transfer of knowledge/technology). There are a lot of advantages to the country which are very important in national economic growth.

There is also the advantage of value addition due to such incoming technology and the country can reduce its dependence on importation of Shoes and Sandals because they will be manufactured in the country, Hence Tanzanians will be able to purchase high quality Shoes and Sandals at a reasonable price and with high standard.

The implementation programme will cause more people to be employed about 5 chinese expatriates who will train 50 local people how to operate machines and pass to them the new Chinese technology. Their employment will raise their income and improve their social welfare and pay taxes; it is poverty alleviation programme to them.

Local employees will get on job training and in a long run will improve the technical competence of the production.

19. CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed footwear manufacturing project done so far indicates that this programme will be profitable both economically and financially viable venture. There are many other benefits direct and indirect of this project.

The management of **M/S FENGLI PLASTIC CO. LIMITED** are experienced businessmen possesses a great deal of managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of incentives for the proposed implementation programme so as to commence implementation of the proposed footwear project, import the CAPITAL/ DEEMED CAPITAL GOODS and increase its production capacity.

The certificate of incentives will enable the project to enjoy TIC FACILITATION like processing of resident / working permits, Business license, Taxpayer Identification Certificate, Business License Tax Clearance, VAT registration, protection of investment, arbitration and transfer of foreign currency etc

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Account

The company envisages generating a profit of USD \$ 250,000 this operating year. The profit amount is expected to steadily rise to USD \$ 270,000 in year two, USD \$ 300,000 in year three and USD \$ 330,000 in year four.

20.2 Projected cash flows

The projected cash flows for the next five years indicate that the company will have enough funds to service/repay the loan and interest payments. Hence the financial obligations will be met in a timely fashion.

20.3 Projected Balance Sheet

The projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **M/S FENGLI PLASTIC CO. LIMITED**

21.1 Effect of cost increase on profitability (on the basis of year II SHOES & SANDALS INCOME in "000" USD \$)

Income	Costs	Increase	Profit before depreciation
705,000	435,000	%	270,000
705,000	456,750	5%	248,250
705,000	478,500	10%	226,500

21.2 Effect of SHOES & SANDALS INCOME decrease/drop on profitability (on the basis of year II costs in “000” USD \$)

Income	Income Decrease	Cost	Profit before depreciation
705,000	%	435,000	270,000
669,750	5%	435,000	234,750
634,500	10%	435,000	199,500

The viability/profitability of the company operations appears more sensitive to sale income/revenue than increase in the operating costs. This implies that the company should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expand its market or clients base.

22. LIST OF CAPITAL/DEEMED CAPITAL GOODS

M/S FENGLI PLASTIC CO. LIMITED

NO:	DESCRIPTION/ ITEM	ITEM GROUP	QUANTITY	UNIT
1.	PVC Injection Machine & Accessories	Machinery	20	Sets
2.	PVC Slipper Moulds and attachments & assembly accessories	moulds	3000	units
3.	EVA Injection Machine & Accessories	Machinery	5	sets
4.	Mould Lifter	Machinery	5	units
5.	Shaping Line	Machinery	3	sets
6.	Disintegrator	machinery	6	units
7.	Buckie Machine	machinery	20	units
8.	Welder	machinery	10	units
9.	Cool Towers and Accessories	plant	5	units
10.	PVC Lace Machine	Machinery	5	units
11.	Blender	Machinery	10	units
12.	Transformer	Electricals	4	units
13.	Generators	Electricals	5	units

14.	Punch machine	machine	5	units
15.	Grinder machine	machinery	5	units
16.	Air Compressor	equipment	5	units
17.	Weigh scale	equipment	10	units
18.	Electric welding machine	machinery	10	units
19.	Ventilators	equipment	10	units
20.	Folklifts	machinery	5	units
21.	Various tools	tools	20	sets
22.	<u>Utility Vehicles</u>			
	e) Pick up (single cabin),		3	Units
	f) Light truck,		3	Units
	g) Hard top,		2	Units
	h) Minibus		2	units
23.	Building materials for warehouse/ rehabilitation	BOQ to be submitted		

Appendix I

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED/ ESTIMATED INCOME STATEMENT

	Years				
	I	II	III	IV	V
Projected Sales Income	665.0	705.0	755.0	800.0	845.0
Total Income	665.0	705.0	755.0	800.0	845.0
Projected Expenditure					
Utilities	250.0	250.0	250.0	250.0	250.0
Salaries and wages	50.0	50.0	55.0	55.0	60.0
Transportation/fuel	10.0	15.0	20.0	20.0	25.0
Administrative expenses	40.0	45.0	45.0	50.0	55.0
Promotion/ Advertisement	10.0	10.0	10.0	10.0	10.0
Clearing & forwarding	30.0	35.0	40.0	45.0	50.0
Water bills	10.0	10.0	10.0	10.0	10.0
Electricity	15.0	20.0	25.0	30.0	35.0
Total Expenditure	415.0	435.0	455.0	470.0	495.0
Net Profit (pre tax and depreciation)	250.0	270.0	300.0	330.0	350.0

Appendix II

M/S FENGLI PLASTIC CO. LIMITED
 PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	I	II	III	IV	V	Total
Cash inflow						
Income from operation	250.0	270.0	300.0	330.0	350.0	1,500.0
	250.0	270.0	300.0	330.0	350.0	1,500.0
Cash outflow						
Interest payments	50.0	40.0	30.0	20.0	10.0	150.0
Loan re-payment	100.0	100.0	100.0	100.0	100.0	500.0
	150.0	140.0	130.0	120.0	110.0	650.0
Surplus cash generated (Pre tax and wear & tear)	100.0	130.0	170.0	210.0	240.0	850.0

Appendix III

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED LONG TERM LOAN REPAYMENT

(Fig. in USD \$

'000')

Year	Repayment			
	Principal	Interest	Total	Amount
O				500.0
I	100.0	50.0	150.0	400.0
II	100.0	40.0	140.0	300.0
III	100.0	30.0	130.0	200.0
IV	100.0	20.0	120.0	100.0
V	100.0	10.0	110.0	0

Appendix 1V

M/S FENGLI PLASTIC CO. LIMITED

PROJECTED BALANCE SHEET

(Fig. in USD \$ '000')

No	ITEM	YEAR 1	YEAR II	YEAR III	YEAR IV	YEAR V
	<u>Source of funds</u>					
1.	Shareholders funds	300.0	300.0	300.0	300.0	300.0
2.	Long term Loan	150.0	140.0	130.0	120.0	110.0
3.	Associated Cos/ Directors	150.0	150.0	150.0	150.0	150.0
4.	Current Liabilities	200.0	250.0	300.0	350.0	400.0
		800.0	840.0	880.0	920.0	960.0
	<u>Application of funds</u>					
1.	Fixed Assets	300.0	300.0	300.0	300.0	300.0
2.	Current Assets	500.0	540.0	580.0	620.0	690.0
		800.0	840.0	880.0	920.0	960.0