

**TANZANIA INVESTMENT CENTRE
DAR ES SALAAM**

PROGRESS REPORT

1. Planned Activities for the period
Hengya Cement (Tanzania) Co., Ltd (hereafter referred as Hengya), was established and registered in June 2014 with a plan of establishing a new dry process cement production line with the capacity of 7500 ton per day, captive coal-fired power station of 2*25 MW, waste heat recovery system of 12 MW, etc, for the first phase of the project, and the anticipated total investment was USD 530 million.
2. Achievements made on the project implementation to date:
Up to now, Hengya Cement project has carried out a lot of preparatory work, and received strong support from different departments of Tanzanian government, as well the Prime Minister. The current project progress is as follows:
 - 1) Completed the land requisition procedure of 1700 acres for industrial zone, and signed MOU with Tanga City Council regarding on the land.
 - 2) Completed the purchase of mineral rights for limestone-the main raw material of proposed industries, with an area of 5.7 square kilometers, as well the detailed investigation within 7 months which found out the total deposit of 280 million ton and capacity of supporting the cement production for 30 years.
 - 3) Completed the purchase of mineral rights for gypsum-the main raw material of proposed industries, with an area of 92.27 acres, as well the detailed investigation within 3 months which found out the total deposit of 10 million ton and capacity of supporting the cement production for 20 years.
 - 4) Completed preparing EIA and was granted certificate from NEMC for above mentioned plant site area.
 - 5) Received approval and renew of tax exemption incentives for equipment and materials from TIC and TRA, following with this, completed equipment importation and customs clearance amounted to USD 3 million which were later transported to the plant site.
 - 6) Completed survey and investigation of hydrology, as well EIA and primary design for dedicated jetty within 5 months, which shall be a consolidated base of its approval from TPA and the future construction.
 - 7) Started approaching clearing, and the access of track, electricity, water to the plant and leveling up for the first phase of project since December 2017, and a volume of 12000 m³ of earthwork has been completed till now. It's planned to complete the access of track, electricity, water to the industrial park within 4 months.

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- 8) Completed primary design and 55% detailed design for the first phase of the project.
- 9) Completed land clearing of 1250 acres which accounting for 75.5% of the total area.
- 10) Due to the rejection of the dedicated jetty application by TPA, Hengya have to shift the plant site to Amboni, Tanga City since November,2019, and the access road to the new site and temporary buildings have been built, now we are shifting the equipment and machinery to the new site.

3. Provide updated information on the following aspects;

S/No.	Information	Description	Current Project Status
1.	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	M/S Hengyuan International Engineering Group Co., Ltd Mr. Huilong Xu C/O Hengyuan International Engineering Group Co., Ltd
2.	Company Communication Information	Email address	ranaliuxueli@126.com
		Mobile Number	+255 757428558, +255 768 658 888
		Land Line Telephone Number	+255 757 428 558
		Physical Address (Plot No., Block No, Street, District and Region)	Hengya Road 1#, Amboni, Mabokweni, Tanga Region, Tanzania
3.	Contact Person	Name	Ariel Liu
		Position	PR Manager
		Communication Details (Email, Mobile and telephone)	ranaliuxueli@126.com + 255 757428558
4.	Incorporation	Certificate of Incorporation No.	108839
5.	TIN information	TIN Certificate No.	124-122-147
6.	Project Objective	Project Core Activity	Produce cement and clinker
7.	Capacity	Project Capacity per Year	3.5 million per year
8.	Direct Employment	Foreign-Men	400
		Foreign-Women	200
		Local-Men	600
		Local-Women	300
9.	Indirect employment	Estimated Total No.	500
		Type/areas of Indirect Employment	Transportation, retail, etc.

4. Project Financial Expenditure todate (USD):

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings	19,164,061,238		19,164,061,238
Plant and machinery			
Vehicles/Aircrafts	11,072,957,000		11,072,957,000

Furniture	1,243,743,950		1,243,743,950
Office equipment	954,968,640		954,968,640
Insurance Cover			
Pre-operational expenses	6,864,458,900.45		6,864,458,900.45
Working sub-total capital	16,969,347,231.55		16,969,347,231.55
GRAND TOTAL	56,269,536,960		56,269,536,960

5. Project Financing

Explain how the project is being financed e.g. equity, loans, sources of loans, conditions, etc. See table below.

	Amount (USD)	Source Country
Local Equity	30 million	Tanzania
Local Loans		Tanzania
Foreign Equity	500 million	
Foreign Loans		
Total Investment	530 million	

6. Problems and Solution

1) Due to the application of dedicated jetty has been rejected by TPA, Hengya have to adjust the investment scale to the above-mentioned scale, so Hengya submitted an application to TIC for adjusting the investment scale so that Hengya could sign the performance contract with TIC and start the construction as soon as possible.

2) In July 2017, Hengya was granted the super strategic investor status, but reply from TIC and NISC only approved two items of the applied eleven incentives of Hengya for this project. An appeal letter has been submitted to attract the attention on the specialty of the project to issue the incentives applied.

3) Anyway the main purpose to extend and replacement the certificate of incentive is with the exception list, to apply for full or partial exemption on the import tariffs of the direct investment the equipment and smoothly push the project progress.

7. Future Plans

Works will be performed next step as follows:

- 1) Complete the access of track, electricity, water to the industrial park and leveling up, as well temporary facilities construction at the new site.
- 2) Complete detailed design and performance of soil investigation, and pile foundation works.
- 3) Complete the building of perimeter wall, and part of the roads construction.

- 4) Complete the civil engineering underground works of several workshops.
- 5) Complete the preparation as much as the plant site can be used to manufacture non-standard equipment and steel structures, and start equipment manufacturing.
- 6) Complete the construction design of long belt conveyor of 15km.
- 7) Complete the equipment importing and moving needed for earthwork and erection works.
- 8) Complete digging and construction work in raw material quarry.

8. Recommendations and any other comments

The only thing what we want to do is to make an investment successfully in Tanzania, which would not only benefit ourselves but also benefit the local people and society, meaning reaching a win-win target.





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SINOCHEN GROUP TANZANIA BUILDING MATERIALS & ENERGY INTERNATIONAL INDUSTRIAL PARK

