

FEASIBILITY STUDY

Prepared by

VIETTEL E-COMMERCE LIMITED

On the expansion of its investment, business scale and business operation for further developing mobile money service(s) provided in the United Republic of Tanzania under the brand-name/trademark of Halopesa

Dar es Salaam, September 2020

EXECUTIVE SUMMARY

This Feasibility Study is prepared by Viettel E-commerce Limited, a company duly incorporated and operating under the laws of United Republic of Tanzania, following the major investment of Viettel Tanzania PLC. and is functioned to focus on and provide mobile money services in the country.

The purposes. Viettel E-commerce Limited has, in fact, been operating for more than four (04) years since its initial establishment. After initial period of researching and understanding the market, it is the right time now for the Company to recognize and get confident on a significant penetration into the mobile money market in Tanzania. Viettel E-Commerce Limited now decides to expand its investment and business scale and operation, which are set for further developing the mobile money services that the Company has been offering to the public in Tanzania. For achieving the said target, which is believed to be very helpful and positively contributing to the social and economic development and transformation of the country, the Company wishes to receive certain facilitation and incentives from the Government, through the Government authorized authority for this matter – the Tanzania Investment Centre. This Feasibility Study presents and will make the licensing authority understands about Viettel E-commerce Limited's project expansion, how the Company will carry it out by doing more investment and resource what are the facilitation/support/incentives that we actually need from the Tanzania Investment Centre, in order to get the target of this Project's scaling-up.

The contents. This Feasibility Study is made as a comprehensive view about:

- The investor who is applying for incentives - Viettel E-commerce Limited;
- The market overview and the research on future outburst of mobile money services as well as the development prospect of the Company as one of the service players in this market;
- The objectives, the comprehensive plan of the Company to scale up its activities including financing plan, business extension, human resource plan and others;
- The impact and benefit of the project expansion plan; and
- The incentives that the investor is expecting.

The recommendations. The Company, as an independent entity carrying out the investment extension by its own resource, now wishes to apply for and receive approval from the Tanzania Investment Centre for specific incentives, which include

- a quota of non-citizen employee working at the company of five (05) people;
- other applicable incentives to support the company during the start-up of its expanded investment.

The conclusions. Viettel E-commerce Limited expects that its presentation in this Feasibility Study is clear and informative for the licensing authority when the authority conducts its own review. We also remain available for further discussion or clarification of any content of this Feasibility Study, at the inquiry of the licensing authority.

I. INCORPORATION INFORMATION OF COMPANY

1. The Company

- Name of the Company: **VIETTEL E-COMMERCE LIMITED**
- Address: 9th Floor, Tanzanite Park, Plot No. 38, South Ursino, New Bagamoyo Road, P.O. Box 34716 Dar es Salaam.
- Certificate of Incorporation No.124938, issued by BRELA on March 22, 2016
- Electronic Money Issuance License No: EMLNo.0000-01 issued by Bank of Tanzania (the “BoT”) on August 16, 2016.
(hereinafter referred to as “VTE” or “the Company”)

2. The Managing Director

- Mr. **NGUYEN VAN TRUNG**, a Vietnamese citizen and holder of passport No. **C5228913** issued by the Vietnam Immigration Department on May 15, 2018.
- The Managing Director has in-depth knowledge and experience in telecommunication industry after more than a decade working at the Viettel Group – the largest and leading State-owned telecommunication corporation of Vietnam with renowned international reputation. Before taking the position of Managing Director of the Company, Mr. Nguyen Van Trung was serving as the Deputy Managing Director in-charge for business strategy affairs of Viettel Tanzania PLC.

II. INFORMATION OF INVESTOR

1. Viettel Global Investment Joint Stock Company and Viettel Tanzania PLC.

Viettel Global Investment Joint Stock Company is a company duly incorporated and operating under the laws of Vietnam. It has registered office in Hanoi, Vietnam and is an important subsidiary of Viettel Group – the largest State-owned telecommunication corporation in Vietnam, who has recognized reputation in international market of the industry.

In 2013, Viettel Global successfully acquired 99,99% of share of Epocha and Golden Ocean (Tanzania) Limited company, who at that time owned telecom licenses and spectrum licenses granted by Tanzania Communications Regulatory Authority at that time and became the majority shareholder of Epocha. In 2014, Epocha was changed its name to Viettel Tanzania Limited and again successfully changed to Viettel Tanzania PLC in 2017 and remaining this name until now.

Viettel Tanzania PLC has been trading and is known as Halotel after the success of launching mobile service in 2015 (“Viettel Tanzania” or “Halotel”).

Viettel Tanzania in 2016 established its subsidiary VTE, a company functioned to implement mobile money services.

2. Viettel E-commerce Limited

VTE operates in Tanzania and offers Mobile Money Services across the country and is trading as HaloPesa brand in the Tanzania market. VTE was granted the Electronic Money Issuance Licence by the Bank of Tanzania in August 2016, along with the Payment System Provider Licence granted to Halotel Tanzania, VTE was eligible to provide the mobile money services since October 2016 to-date.

With the continued provision of Mobile Money services following the Halotel network infrastructure, VTE has spread the HaloPesa services both in urban and rural areas and it's within the plan to ensure that the majority of Tanzanians get access to financial services through HaloPesa.

To ensure consistency service support and operations and the continued strong HaloPesa Agent distribution network development, VTE has regional offices in 21 Regions in Tanzania so far including Dar es salaam, Zanzibar, Pwani, Kigoma, Tabora, Dodoma, Iringa, Mtwara, Ruvuma, Morogoro, Tanga, Arusha, Ilala, Temeke, Shinyanga, Mwanza, Mara, Kagera, Geita, Ruvuma and Rukwa.

Along with achieving business targets, VTE also realizes its social-economic obligations including corporate social responsibilities to Tanzanian communities, job creation both direct and indirect, the overall contribution to the

development of the economy of Tanzania and Technology transfer which includes provision of the financial services accessibility to Tanzanians.

III. TANZANIA MARKET RESEARCH

1. General Information

Tanzania is the largest country in East Africa with an area: 947.300 km². Most of Tanzania is covered plateau with elevations between 900 - 1.500m above sea level. In the northeast region, have some high mountains about 2,100 to 3,000, including nearly 6,000 high Kilimanjaro, the highest mountain in Africa. Surrounded by three largest lakes of the continent: Lake Victoria (2nd largest in the world) to the north, Lake Tanganyika (the second deepest lake in the world) in the west and Lake Nyasa in the southwest.

Tanzania is divided into 26 regions, including the semi-autonomous region of Zanzibar. Currently Tanzania is divided into 124 districts (Wilaya), are divided into about 2,000 communes / wards (ward).

The United Nations estimated Tanzania's 2018 population at 56.31 million, which is slightly smaller than South Africa, making it the second most populous country located entirely south of the Equator. The population is composed of about 120 ethnic, linguistic, and religious groups. The sovereign state of Tanzania is a presidential constitutional republic and since 1996 its official capital city has been Dodoma where the president's office and Dar es Salaam is a business/ economic center of the country.

On infrastructure: Tanzania has 3,689 km of railway, 78,891 km of national highways, airport. The largest port in Tanzania: Dar es Salaam, Tanga, Mtwara. Overall, the facilities in Tanzania have been identified as undeveloped.

2. Economy

GDP in Tanzania is expected to reach 50.00 USD Billion by the end of 2020, according to Trading Economics global macro models and analysts expectations. In the long-term, the Tanzania GDP is projected to trend around 55.00 USD Billion in 2021 and 62.00 USD Billion in 2022, according to our econometric models

Over the past decade, the total foreign investment in Tanzania exceeded US\$ 6 billion, making it the country's top destinations in East Africa. Tanzania has a strategic location, investors considered the center of the East African region to exploit not only resources but also as a stepping stone to developing a growing market with 527 million consumers in the East and South Africa.

Tanzania's economy is currently in development with a GDP per capita US Dollar 62.224 billion (nominal, 2019 est.) \$193.504 billion (PPP, 2019 est.) with GDP growth of 5.4% (2018) 5.8% (2019e) 2.5% (2020f) 5.5% (2021f).

With economic growth, per capita income continued to increase, Tanzania is a potential market for the services sector, especially telecommunications services.

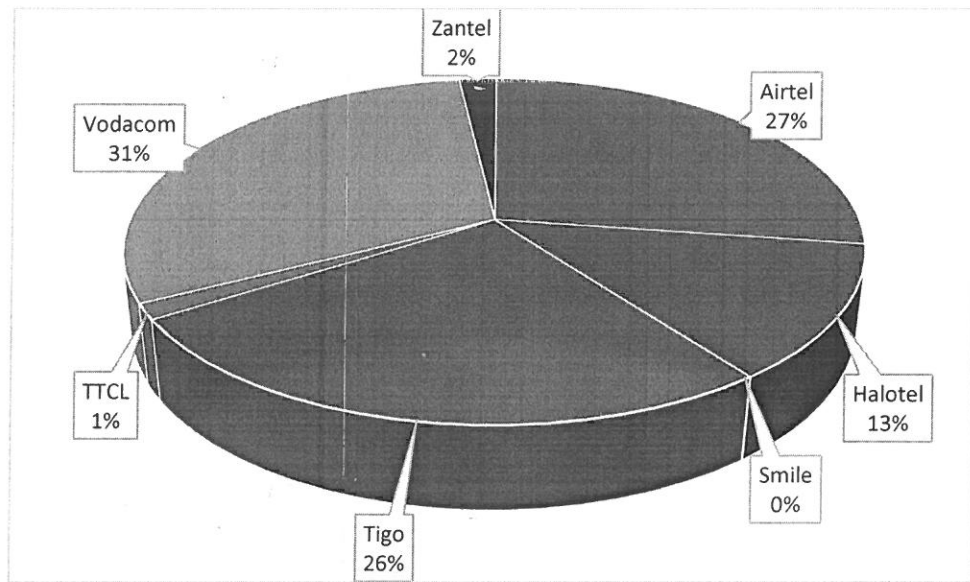
3. Overview of Tanzania's Mobile Money market

All telecommunication activities are regulated by The Tanzania Communications Regulatory Authority (TCRA). It is a quasi-independent Government body responsible for regulating the Communications and Broadcasting sectors in Tanzania. It was established under the Tanzania Communications Regulatory Act No.12 of 2003 to regulate the electronic communications, and Postal services, and management of the national frequency spectrum in the United Republic of Tanzania.

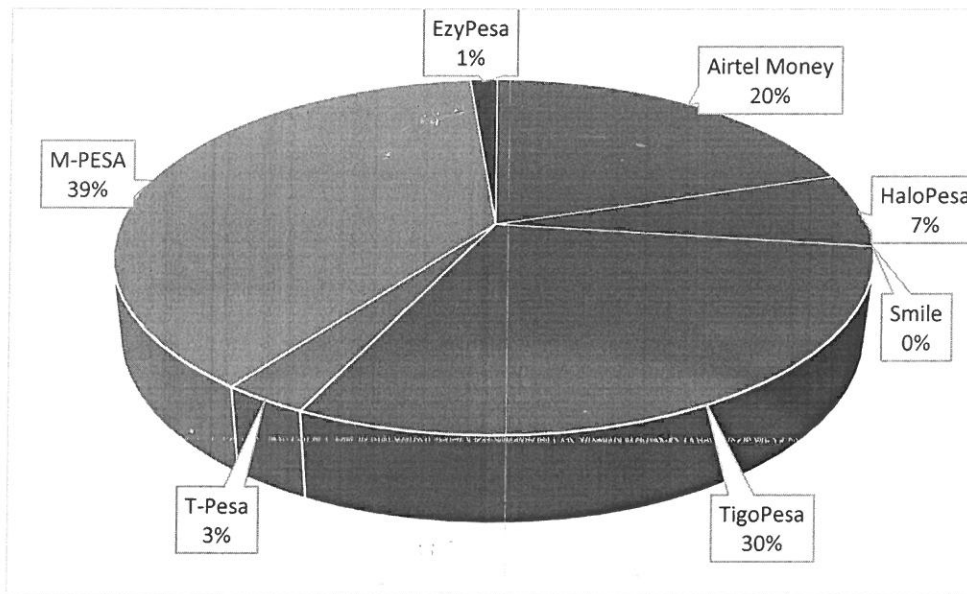
Electronic Money issuance services (Mobile Money) are regulated by the Bank of Tanzania (BoT) through the National Payment Systems (Electronic Money) Regulations, 2015.

The Below tables shows the number of Telecom subscribers and Mobile Money subscribers latest by June 2020 according to TCRA records:

Telecom Subscribers			
Operator	April	May	June
Airtel	13,261,031	13,319,097	13,128,382
Halotel	5,480,834	5,672,971	6,018,897
Smile	16,287	14,829	954
Tigo	11,952,574	12,256,366	12,588,372
TTCL	653,618	701,084	701,262
Vodacom	14,608,984	14,570,556	14,752,608
Zantel	924,915	927,012	941,833
	46,898,243	47,461,915	48,132,308



Mobile Money Subscribers			
Operator	April	May	June
Airtel Money	5,637,437	5,737,181	5,883,497
HaloPesa	1,892,452	1,980,053	2,089,749
Smile	-	-	-
TigoPesa	8,367,368	8,708,162	8,821,524
T-Pesa	852,984	852,984	916,351
M-PESA	10,752,555	10,971,123	11,555,505
EzyPesa	374,644	370,324	393,335
	27,877,440	28,619,827	29,659,961



Source of information: <https://www.tcra.go.tz/publication-and-statistics/statistics>

From the above statistics, Mobile money customers (Subscribers) are almost 62% of active Telecom subscribers which potentially shows the Mobile money service uptake in Tanzania. However there is still more efforts required to get more penetration of the mobile money service to all mobile phone users and eventually the larger Tanzanian population.

The 2017 research done by Fin scope Tanzania in partnership with Bank of Tanzania, Ministry of Finance and planning, National Bureau of Statistics and other regulators reported that form Tanzanians inclusion to use financial services did reach 65%, growing by 14% between 2013 and 2017. Which was a remarkable progress in expanding the opportunities for people to use financial Services in Tanzania. The introduction and availability of mobile money services in Tanzania is the greatest catalyst and a carrot to such a remarkable growth. (Fin scope Tanzania, Insights that Drive Innovation 2017, Pg 61)

Mobile money services continue to make a higher contribution more than 60% to usage compared to other channels. It is worth noting the modest growth in both banking services (14 to 17%) and insurance uptake (13% to 15%) in accordance with the Fin scope report.

The number of mobile money users in Tanzania will potential and tangibly grow year by year with reference to the trend of its growth since the inception of Mobile money services in Tanzania in 2008.

HaloPesa service has played a greatest role in providing access to financial services in Tanzania since its launch in 2016 especially in the rural areas where the rural to urban strategy by the mother company (Halotel) provided the edge. With over 2 million active customers currently, it is our projections to have over five (5) million Active customers in five years to come from now.

Tanzania being the cash based economy, despite the remarkable uptake of mobile financial services, the common usage of this service has mostly been on P2P which has set a good understanding to individuals so far of the importance of the financial services .However the Mobile financial service industry in Tanzania still has a great role in partnership with other stakeholders address to customers on other uses cases available that would rather boost or attempt to change from Cash based to Cash-lite economy where Tanzanians will as well use Mobile financial services to pay for goods and services etc.

IV. OBJECTIVES OF VIETTEL E-COMMERCE LTD (VTE)

In the process of analyzing investment performance, business strategy, VTE found that mobile money services are still essential for the Tanzania market especially those in rural areas where financial access is inadequate distributed. The decision to further invest in mobile money not only for purpose of our business but also to contribute into the development of society and social responsibilities.

Being a commercial company, driven by both business and Social-Economic objectives and aligning to the National Financial Inclusion Frame work of 2018-2022 which aims at all to be included in the financial services and have access to financial services, VTE (HaloPesa) aims at continuing to expand its services to the last village in Tanzania , the drive being to ensure that apart from providing access to financial services but most importantly in partnership with other stakeholders to motivate for more usage of financial services including payments, savings, credit ,Insurance and investments.

HaloPesa under VTE, being a digital platform for financial services provision, provides as well a positive impact in terms of technology transfer directly to Tanzanians working and employed by VTE but as well as to the end user of HaloPesa services at large as they use their Mobile phone to access the services digitally for real time service access and provision .

These objectives will not only increase the company's revenue but even very importantly will create more income generation opportunities to Tanzanians through direct and indirect employment such as creation of more HaloPesa Agents and field work force (freelancers etc.) and tangible contribution to the national income at large.

V. RESEARCH AND MARKET ANALYSIS OF VTE

1. The general assumption

No	Assume	Content
1	Population growth speed	In accordance with the analysis of the United States Population Investigation Agency (http://www.census.gov), the annual population growth speed in Tanzania is around 3% / year. Thus, predicted to 2022, the population is estimated 61 million people.
2	Age of using mobile phone people	During 13-70 years old
3	VIETTEL ECCOMERCE LTD's coverage areas	VIETTEL ECCOMERCE LTD will cover 95% of population from 2017.
4	Density of using mobile phone	Estimated 55% to 2022.

No	Assume	Content
5	Percentage of using 2 SIM	As the survey result, such percentage is around 40%.

2. Forecast total subscribers total market

Year	Unit	2020	2021	2022	2023	2024
Total population	Million People	59,32	59,56	60,76	61,93	63,06
Mobile Register Sub (accumulate)	Million Sub	51,90	54,90	56,90	59,40	61,90
Mobile Money Subscribers	Million	29,65	33,45	36,02	38,52	40,01
Entry density (MM user/population)	%	50%	56%	59%	62%	63%

3. Forecast of the number of subscribers in the market of VIETTEL

To accelerate subscriber growth and customer loyalty, VTE's business strategy attract potential customers through improved service quality, diversify products and most importantly the price is always cheaper than other networks around 20% based on experience in the business market activity, VTE's subscribers (90 days active) forecast gain in market Tanzania as follows:

Year	2020	2021	2022	2023	2024
Mobile Money Subscribers	2,040,000	2,640,000	3,000,000	3,300,000	3,600,000

4. Marketing strategies at market

We found that corporate culture and business philosophy is the foundation for the development of strong business and sustainability. That is why we maintain the core values and philosophy of our business in all the markets we deploy business:

- ✓ Each client is treated as a separate individual and important;
- ✓ Business Development go to social responsibility;

- ✓ Human resources are the core for the development;
- ✓ The strategy of our business, which is also the main motto of VTE in the market we are investing, are summarized in ABC + 2S:
 - A is advanced (Advanced): Always go first, update the latest technology, the most modern.
 - B is large (Big): Big investment for large-scale advantages in preparing business and reduce costs.
 - C is cheap (Cheap): Provides cheap products to cater for the majority, the popular services are fast, and ensure competitiveness in the market.
 - S is the rate (Speed) : Rapid in : Identifying new opportunities , decision making and implementation to seize opportunities , make difficult opponents to adapt , to leapfrog time meet the needs of the market .
 - S is customer satisfaction (Customer Satisfaction): Customer care is a range of activities to enhance the level of customer satisfaction, are monitored and managed in accordance with the most stringent KPIs - feeling that a product or service meets customer expectations. Customer satisfaction can be reached services, vendors, employees agents, applications... automatically provided by VTE.

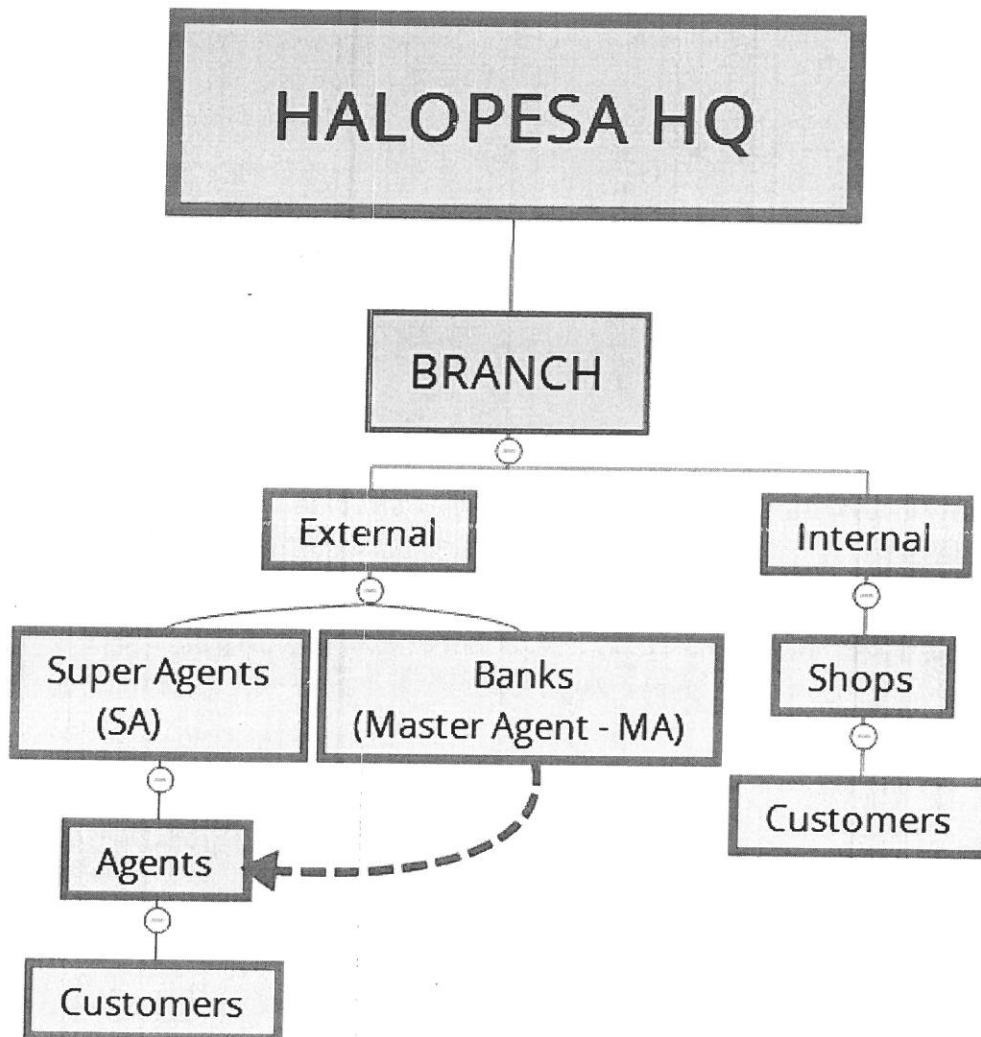
4.1. Channel Distribution

VTE is determined to make strategic distribution channels in the market Tanzania as follows:

- ✓ To develop a flexible distribution of agents channel at a nationwide scale;
- ✓ To get closer to the target customers to increase access availability and advantages of the mobile money services;
- ✓ To provide the best quality services to clients; and
- ✓ To expand trade networks.

4.2. VTE's Distribution Map

Our distribution system in Tanzania is assigned according to the following chart:



4.3. Functions of the Type of Distribution Channel

a. Agent

The individuals /organizations contracted agent with VTE , has stores/ kiosk to offer mobile money service to HaloPesa customers.

HaloPesa Agents are the backbone of the HaloPesa services distribution, they are our first customers touch points for serving HaloPesa customers with deposits and withdraws and other HaloPesa services available to Agents.

engineers, qualified staff our VTE committed to providing a range of Mobile money services through advanced technology platforms for consumers.

4.5. *Promotion*

VTE understand that pricing policy is a long - term policy and direct impact to customers, VTE pledged to keep pricing policy as stated above. However, in addition to better pricing policy, we still hold any form of promotion to bring more benefits to customers; the forms of promotion are deployed with 3 following purposes:

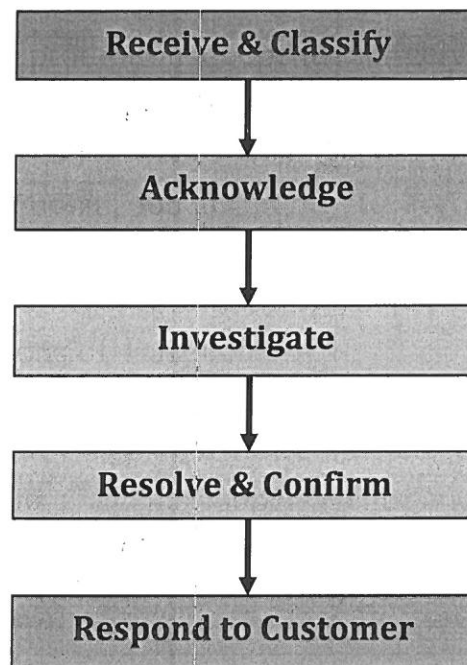
- ✓ Attract new customers;
- ✓ Increase consumption of old customers;
- ✓ Develop a positive image for the network.

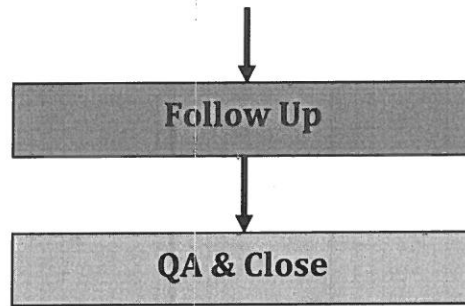
Frequency of promotions depends largely on the situation of the market. However with much experience in foreign markets, we will continue to carry out the following promotions:

- ✓ Promotional donate money to account for new subscribers , donated funds to top up , gift or lottery tickets or gift-giving occasion of the feast
- ✓ The form of promotion will be based on respect for the cultural traditions of Tanzania.

4.6. *Customer Care*

The following key steps must be followed for all types of customers' including normal customers, agents, super-agents and partners complaints received by VTE staff:





The requirements for each of these steps are detailed below:

a. Receive & Classify

Ensure that all potential issues are captured by the VTE Company under responsible unit (Internal Control unit), and classified for escalation, review and action as required.

- Any complaint, issue or negative customer/Agent interaction (whether this is formally logged by the customer/Agent or not), must be logged as per procedure and classified for an action due to SLA set.
- All of these complaints must be formally logged using our System, emails or paper-based forms.
- All complaints must be prioritised as follows:
 - ✓ **Priority 1 – urgent**, potential high business impact. **The SLA requires a response to the customer/Agent within 6 hours as per regulation (Financial Consumers Protection)**
 - This should be used for major issues where any customer/Agent who is considering moving their business from VTE.
 - Also this could be used in a situation where the customer/Agent may be in a position to influence or make public statements that would impact upon the reputation of the company.
 - ✓ **Priority 2 - non-urgent**, has lower business impact. The SLA requires a response to the customer/Agent within 48 working hours which is equal to 2 working days. This depends on the situation.
 - This should be used for most complaints with individual customer/Agents, as this allows a reasonable time to collect information and produce a balanced response.

- Discretion and flexibility should be exercised in prioritising all complaints
- The staff member logging the complaint should review the complaint and its priority accordingly.

NB:

All Priority 1 complaints must be escalated immediately to the Office and/or Head of department and liaise with the department responsible with fraud and risk issues.

b. Acknowledge

Ensure that every complaint receives a formal written acknowledgement, containing an expectation of when they will receive a response, and the person dealing with it.

- All complaints, regardless of priority, should receive a notification on the conclusion of the issue.

c. Investigate

There must be a follow up on all aspects of the complaint, both internal and external, to ensure that the key facts are identified and clarified.

- The priority of the complaint will determine the timescale for completion (i.e. 6 hours for urgent or 2-3 days for non-urgent).
- All areas of interaction and communication should be established (who, what, where, when, why, etc.) and documented where possible.

d. Resolve & Confirm

Ensure that the final resolution is clear and fair. Also confirm the proposed action and resolution with another senior person.

- Ensure that the proposed resolution meets BOT regulations, corporate guidelines to avoid any unnecessary legal or financial liability.
- Document the proposed action and discuss with the responsible unit or Operations Manager.
- Discuss and review the solution from both the corporate and customer/Agent viewpoint to ensure fairness and clarity.
- The review should include recognition and documentation of any underlying issues that have contributed to the complaint and recommendations for actions to prevent further occurrence.
- This should then be reviewed as part of the bi-monthly SLA and CSAT reviews.

e. Respond to Customer

Provide the customer and all channels with the resolution within the stipulated time.

- The details of the findings and proposed resolution should be clearly explained (in written or verbal form as appropriate) to the customer/Agent - within the agreed time.
- If this cannot be done on time the customer/Agent should be contacted by telephone to request further time.

f. Follow Up

Ensure that there is a proper follow up process on all complaints to confirm that customer/Agents are satisfied with the response given.

- All Priority 1 complaints and 95% of priority 2 complaints must be followed up within the stipulated timescale.
- This will be carried out by the Channel or business unit under supervision of internal unit.
- The follow up should identify the following
 - ✓ Is the customer/Agent satisfied with the response?
 - ✓ Did they feel that their complaint was properly and fairly handled?
- Any negative responses to these questions should be referred to Operations Managers for action and direct follow up with customer/Agents.

g. QA & Close

Ensure that the Company as a whole is aware of complaints and any underlying issues. Plan actions to remove these and prevent future reoccurrence.

- All complaints should be reviewed monthly as part of the SLA/CSAT review meetings.
- Any complaints where action can be taken to avoid recurrent must be acted upon and raised with the appropriate units in the Company.

VI. HALOPESA E-WALLET SYSTEM OVERVIEW

HaloPesa System supports the following mobile money types of customers:

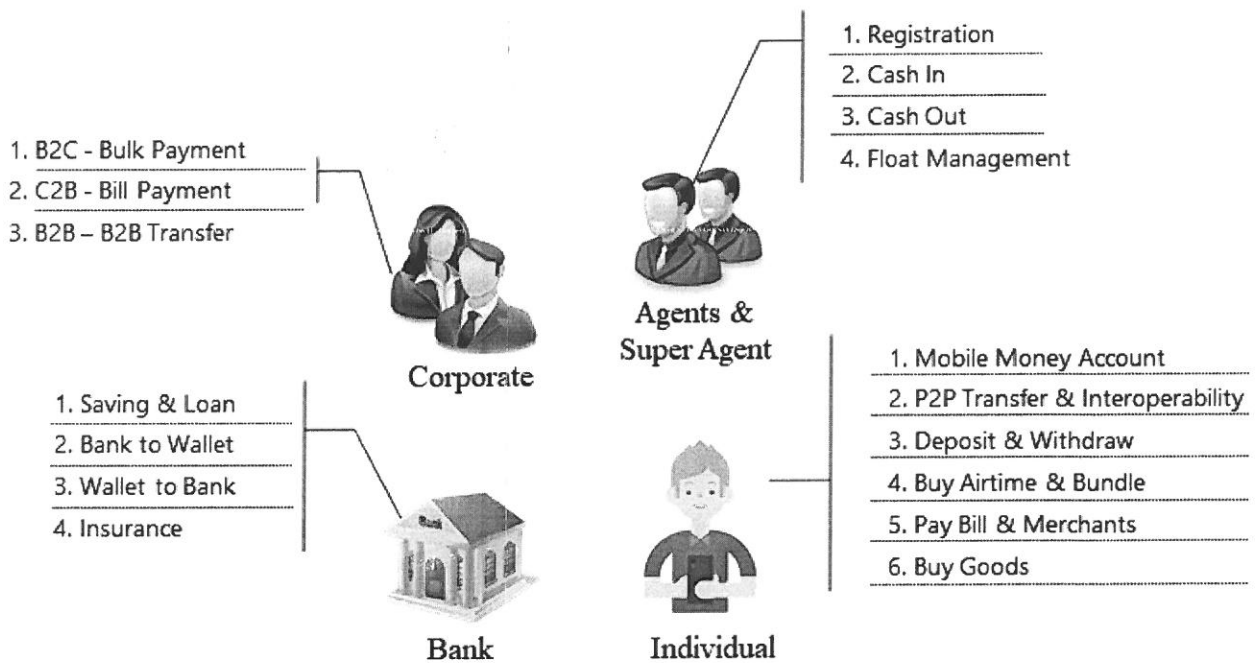
• **Individual Customers**

- ✓ *Account on boarding*
- ✓ *Deposit & Withdraw*
- ✓ *Money Transfer (On-net, Off-net & International)*
- ✓ *Pay Bills & Merchants*
- ✓ *Buy Airtimes & Bundle*

- **Agent & Super-Agent**
 - ✓ *Agent on-boarding*
 - ✓ *Cash In & Cash Out*
 - ✓ *Float Management*

- **Corporate Customers**
 - ✓ *B2C – Bulk Payment*
 - ✓ *C2B – Bill Payment*
 - ✓ *B2B – B2B Transfer*

- **Banks**
 - ✓ *Bank to Wallet*
 - ✓ *Wallet to Bank*



1. Physical Architecture

1.1. HaloPesa System; - consists of the following major components

a. Halopesa Internet Access

- HaloPesa Portal (Client/Website)

b. HaloPesa System (Core Infrastructure)

- Servers (Web Server x 2, Application Server x 6, Oracle Database x2, FTP Server x 1)
- Core Gateway (Telco) x 2
- Network Area Storage x 4
- Firewall x 2 (In/Out facing and Merchants FW)
- Load Balancer

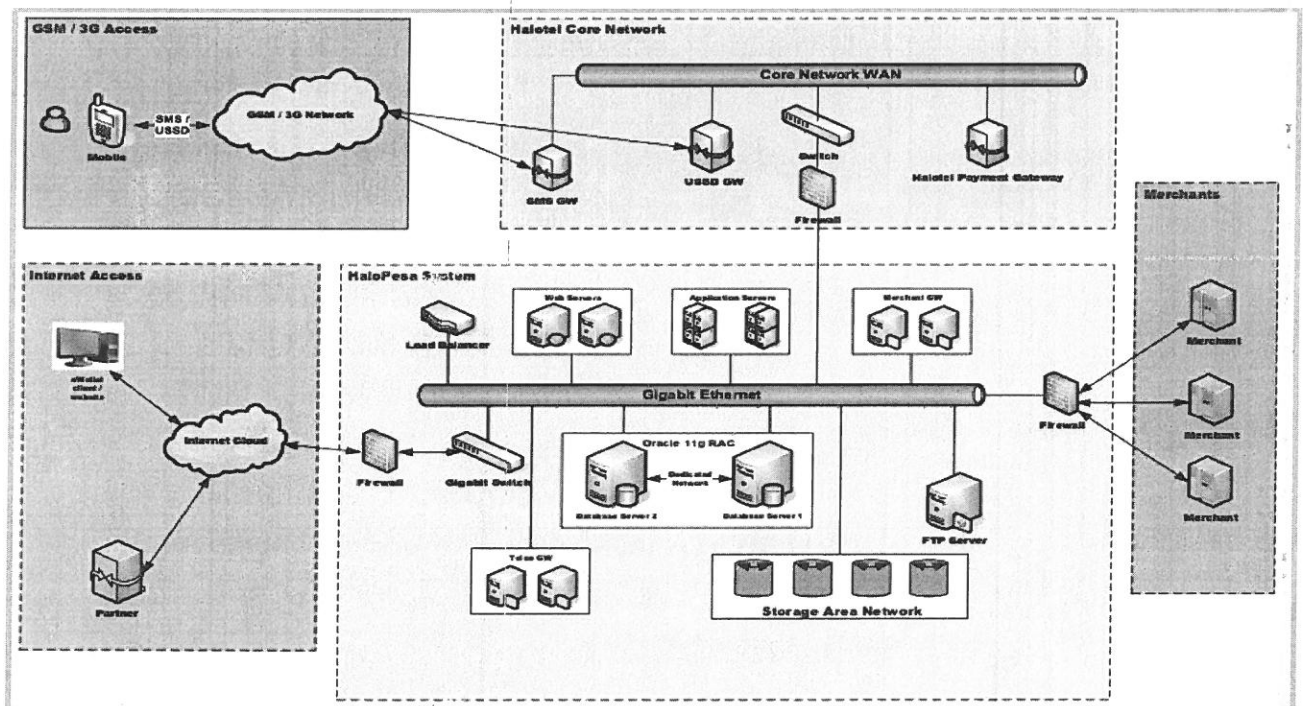
c. Merchants Infrastructure

- Gateway Servers x 2

d. Halotel Core Network

- SMS Gateway x 2
- USSD Gateway x 2
- Halotel Payment Gateway x 2
- Firewall
- Customers Portal - GSM/3G Mobile Networks

e. An Overview of HaloPesa Physical Architecture



VII. SCALE, TOTAL INVESTMENT

1. Investment costs for the period from 2020 to 2024:

The Company plans to increase its subscribers, improve the wallet system's stability and limit risks & frauds which can occur and harm its business, by investing in these capital expenditures:

- a. Anti-money Laundering (AML) system (approximately 250,000 USD). The purpose of the platform is to enhance the risk & fraud limit function contributed to the safety of HaloPesa customers' financial transactions. The system will be upgraded at the ending of 2022 and 2023 with total cost around 30,000 USD per year.
- b. Server (50,000 USD). The hardware will play an important role for not only effective storing HaloPesa database but also ensure the back-up plan in case of disaster risks in Tanzania. Based on the strong increase of customer transaction value from 2020 to 2024, the Company plans to set up the new server at the beginning of 2022.
- c. New HaloPesa wallet system (1,000,000 USD). The system would improve the quality of wallet database's administration, add more functions for business customers and ensure the success percentage of mobile wallet transactions. The upgrading cost for this new system expected to be around 150,000 USD annually.
- d. Vehicle: 01 car (10,000 USD). The vehicle will facilitate the Company's business activities from 2022.
- e. Furniture and Fittings (12,000 USD).

2. Funding plan

The Company is expected to earn profit from 2020 with improved positive cash-flow which will facilitate a better financial position to its funding plan. The accumulated profit target for the period of 2020-2024 will be set at around TZS 8.7 billion which will meet the Company's need to invest in capital expenditure for this period.

VIII. ORGANIZATION, MANAGEMENT AND HUMAN RESOURCE

1. Model of corporate organization

The company organization structure is attached hereto.

2. Staffs

VIETTEL E-COMMERCE LIMITED right now has (36) thirty-six total number of employees which includes four (4) Vietnamese and thirty-two (3) Tanzanian staffs from main office to the regions:

VTE'S Employees			
Location	No. Employees	Nationality	
		Tanzanians	Vietnamese
At Head Quarters in Dsm	15	11	4
At Regional Branches	21	21	0

3. Human Recourse Plan

a. Job Description

Current Job description is on file for all staff including specific duties and lines of supervision, procedure to maintain them in place. Also no additional resources are needed at the moment.

b. Income and other benefits

c. Performance Evaluation

Revised performance evaluation system is in place staff. Each year all staff are been evaluated one month before due duration of their contract.

d. Staff Training

Training is valued part of organization and opportunity are developed for staff based on their needs and also on those of the organization. The organization and pre-servicing training are also offered regular in-job training for staff already on work place to upgrade their skills and knowledge (e.g., Management training, Channel training and AML Training)

e. **Management And Leadership Development**

A program for the management and leadership development already in place where equal opportunity is given to everyone based on performance and other established criteria. The organization makes an effort to develop managers and future leaders through monitoring and challenging job assessing however participation is selective.

4. Succession Plan

Besides the amount of Tanzanian employees to 32 people, we already have 3 Tanzania at as Heads of Department and it's in our plan to appraise some at directorship positions in the near future.

Thus, we do expect to be granted special incentives to quota for Vietnamese staffs to work in Tanzania during the implementation of VIETTEL's project as expressed in the following spreadsheet:

Description		2020	2021	2022	2023	2024
1	Vietnamese	4	5	5	5	5
1.1	Management	4	3	3	3	3
1.2	Technical Staffs	0	2	2	2	2
1.3	Business + Channel Staffs	0	0	0	0	0
1.4	Finance Staffs	0	0	0	0	0
2	Tanzanian	32	61	67	69	71
2.1	Management	3	4	4	4	4
2.2	Technical Staffs	1	2	4	5	4
2.3	Business + Channel Staffs	3	5	7	8	10
2.4	Finance Staffs	2	3	4	4	5
2.5	Others (HR+Admin+Risk)	2	5	6	6	6
2.6	Branch Staffs	21	42	42	42	42
3	Total	36	67	73	75	77
4	Ratio of Vietnames	1%	7%	6%	6%	6%

If the above human resource plan is accepted, the Company and its workforce will create a stronger team and the Company can even offer more job

opportunities for Tanzanian, in term of both direct and indirect. It is within our plan as well to create, up to 2024, potential jobs to nearly 100,000 Tanzanian people through the collaborator (wakala) program and our partners, the units/organization involved to producing marketing and advertising.

IX. INVESTMENT PERFORMANCE ANALYSIS

1. Income Statement Forecasted For the Period of 2020-2024

	FY2020	FY2021	FY2022	FY2023	FY2024
	000' TZS	000' TZS	000' TZS	000' TZS	000' TZS
Revenue	12,024,276	16,833,987	23,567,581	30,637,856	36,765,427
Cost of sales	(7,363,549)	(9,972,289)	(13,489,853)	(17,230,430)	(20,676,516)
Gross (loss)/profit	4,660,727	6,861,698	10,077,729	13,407,426	16,088,911
Operating expenses	(4,467,392)	(5,221,602)	(7,682,649)	(9,724,915)	(11,522,009)
Loss from operations	193,336	1,640,095	2,395,080	3,682,511	4,566,902
Finance income	2,004,048	2,605,263	3,126,316	3,438,947	3,782,842
Finance costs and related expenses	(1,781,736)	(2,316,257)	(2,779,508)	(3,057,459)	(3,363,205)
Profit before tax	415,648	1,929,102	2,741,887	4,063,999	4,986,539
Income tax	(280,313)	(781,035)	(1,065,331)	(1,486,241)	(1,789,708)
Profit for the year/period	135,335	1,148,067	1,676,556	2,577,757	3,196,832
Other comprehensive income	-	-	-	-	-
Total comprehensive profit for the year/period, net of tax	135,335	1,148,067	1,676,556	2,577,757	3,196,832

2. Balance Sheet forecasted for The Period Of 2020-2024

	FY2020	FY2021	FY2022	FY2023	FY2024
	000' TZS	000' TZS	000' TZS	000' TZS	000' TZS
ASSETS					
Current assets					
Income tax recoverable	-	-	-	-	-
Accounts receivable	709,850	993,791	1,391,307	1,808,699	2,170,439
Cash and bank balances	1,257,824	1,760,953	2,465,335	3,204,935	3,845,922
Restricted Cash	50,101,210	65,131,573	78,157,888	85,973,676	94,571,044
	52,068,884	67,886,317	82,014,529	90,987,311	100,587,405
Non-current Assets					
Property and equipment	-	-	78,333	39,167	-
Intangible assets	-	391,667	2,188,111	2,038,407	1,837,004
	-	391,667	2,266,444	2,077,574	1,837,004
TOTAL ASSETS	52,068,884	68,277,984	84,280,974	93,064,885	102,424,409
EQUITY AND LIABILITIES					
Equity					
Issued capital	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
Accumulated losses	(1,753,453)	(605,386)	1,071,170	3,648,927	6,845,759
	996,547	2,144,614	3,821,170	6,398,927	9,595,759
Current liabilities					
Amounts due to customers	45,525,189	59,182,745	71,019,294	78,121,224	85,933,346
Trade and other payables	5,489,148	6,458,596	8,721,986	7,439,981	5,525,233
Current income tax	58,001	492,029	718,524	1,104,753	1,370,071
	51,072,337	66,133,370	80,459,804	86,665,957	92,828,650
TOTAL EQUITY AND LIABILITIES	52,068,884	68,277,984	84,280,974	93,064,885	102,424,409

promoted. According to calculations, the project directly creates jobs for about **100** people (staffs) and indirectly to nearly **100,000** people including: Wakala (Agent), partners, the units/organization involved to producing marketing and advertising.

Through the activities involved in designing, operating, the local staff will have the opportunity to exchange experiences and skills with staffs in other markets which VIETTEL GLOBAL invested: Haiti, Myanmar, Cambodia, Laos, Mozambique, Peru, Timor and Cameroon.

c. Travel

The development of telecommunications in general and especially mobile services will promote the development of tourism. The tourism business has added a channel to promote tourism information capable of personalization for their customers; thereby creating conditions for Tanzania's tourism industry grow further

XI. IMPLEMENTATION PLAN

HaloPesa under VTE is an ongoing project as it's known for provision of mobile money services in Tanzania, the current plan is to continue with the expansion of this service to the last village in Tanzania along with other projects of VIETTEL TANZANIA PLC:

- HaloPesa Customers and Agents development Plan;

S/n	Year	2020	2021	2022	2023	2024
1	HaloPesa Subscribers	2,040,000	2,640,000	3,000,000	3,300,000	3,600,000
2	HaloPesa Agent Development	50,000	70,000	100,000	130,000	150,000

- New services deployments;
 - ✓ Agent interoperability for Cash-in/Cash-outs with Banks and other MNCs
 - ✓ Micro saving & credits for special groups like Vicoba
 - ✓ HaloPesa ATM Cash out with National wide Banks
 - ✓ Health Insurance products

- ✓ International Money Transfers

XII. CONCLUSIONS – RECOMMENDATIONS

Although there are other factors that are difficult challenges in the implementation process, the project operator, such as shortages of key personnel, cultural barriers, legal and wide area, however, VTE has a clear strategy to gradually remove the above shortcomings through technical solutions (investment costs, increase coverage area), hired legal counsel at the law firm Tanzania's famous in the process of negotiating contracts connected, license and signed trade agreements with other partners.

From the analysis of the performance of the project as presented above, VTE do believe that the expansion of its investment, business scale and business operation for further developing mobile money service(s) provided in the United Republic of Tanzania under the brand-name/trademark of Halopesa as presented herein are very promising and the Company is confident to get success in the near future as it was witnessed in the very first stage of the company, from 2015 till date. Accordingly, VIETTEL ECOMMERCE LTD. hereby respectfully proposes for the exceptional incentives to facilitate us necessary conditions to implement our Project smoothly, especially during the start-up stage of scaling up and investment expansion.

In light of the above, the expected incentives, which are being applied hereto include the following:

1. A quota of five (05) foreign employees working at Viettel E-commerce Limited for a period of at least five (05) years from the date of granting incentives. Details of post to be held by foreign employees are already presented in the foregoing section VIII. (4). The Company also wishes that upon acceptance of this incentives, Tanzania Investment Centre will also notice other relevant authorities including the Labour Commissioner and the Ministries involved.
2. Any other applicable incentives for Viettel E-Commerce Limited to facilitate its new stage of investment expansion including available

exemption of taxes and duties and other financial responsibility, in accordance with Tanzanian laws.