

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED**

**BUSINESS PLAN FOR MANUFACTURING OF CORRUGATED BOXES  
PACKAGING MATERIALS AND RELATED PRODUCTS**

## 1.0. INTRODUCTION

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED** was incorporated on **5th day of October 2023**, with Certificate of Incorporation **No. 169085048** intending to establish a project for manufacturing full range of packaging materials and related products

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED** Board of directors is committed to provide a wide range of clientele not just in Tanzania, but also the East African region and SADC. The Board is aware that there are several corrugated boxes manufacturing companies in Tanzania, East Africa and SADC Countries, which is why we spent time and resources to conduct a thorough feasibility studies and market survey so as to be well positioned to favorably compete with all our competitors.

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED** will ensure that all the boxes that leaves of factory are of the highest quality and highly durable and affordable. We want to build a business with a wide range of clientele base that cuts across all businesses in the fast-moving consumer goods (FMCG) sector including logistics companies. The board is planning to establish strong network that will enable the company to manage a one-on-one relationship with our customers no matter how large the numbers of our customers' base may grow to. **XINMIAO PACKAGING MATERIALS COMPANY LIMITED** will at all times demonstrate her commitment to sustainability, both individually and as a firm, by actively participating in our communities and integrating sustainable business practices wherever possible. The company will ensure that we hold ourselves accountable to the highest standards by meeting our customers' needs precisely and completely whenever they patronize our products.

The company is will be headed by a Managing Director appointed by the Board of Directors and who has established himself as expert in manufacturing of packaging materials.

## 1.2 Location

The project will be located at Geza Ulole Plot No. 34 Block B Kigamboni

## 1.3 The Sponsors

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED** will be sponsoring this project. The Company is currently jointly owned by two shareholders

Name	% of shares	Nationality
Zheng Dingwei	75	China
Liu Deyin	25	China
<b>Total</b>	<b>100</b>	

## 2.1 The Products and Services

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED** is in the packaging materials industry to manufacture a wide range of corrugated boxes and casing for clients. We are set to service a wide range of clientele not just in Tanzania, but also EAC and SADC region, which is why we will ensure we give our clients and potential clients options. The company product offerings are listed below;

- Manufacturing corrugated and solid fiber boxes
- Manufacturing folding corrugated boxes
- Manufacturing rigid-sided setup corrugated boxes

## **2.2 The Company Vision**

The company vision is to become the leading brand in the corrugated box and other packaging products manufacturing company in East Africa.

## **2.3 The Company mission**

The Company mission is to establish a world – class corrugated box manufacturing company whose products will not only be used by both small and big corporations in the FMCG sector in Tanzania, but also be exported to other countries of the world.

## **2.4 The Company Business Structure**

Our intention of starting a corrugated box manufacturing company is to build a standard corrugated box manufacturing company in Tanzania. Although our corrugated box manufacturing company might not be as big as other international companies, but we will ensure that we put the right structures in place that will support the kind of growth that we have in mind while setting up the business. We will make sure that we employ people that are qualified, honest, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders. As a matter of fact, bonuses arrangement will be made available to all our senior management staff and it will be based on their annual performance.

## Employees Distribution Summary

<b>Employment</b>	<b>Foreign Skilled</b>	<b>Local Skilled</b>	<b>Local Unskilled</b>	<b>Total</b>
<b>women</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>12</b>
<b>Men</b>	<b>4</b>	<b>6</b>	<b>14</b>	<b>24</b>
	<b>6</b>	<b>10</b>	<b>20</b>	<b>36</b>

### 2.6 Special Strengths of Trinity Products Limited

- The customer care provided by the company · New technology used by the company
- Directors experience in corrugated boxes manufacturing
- Outstanding reputation.
- Guarantee all of our work, using the highest quality materials
- Available and the most experienced fabricator available.

#### **Weaknesses**

- Lack of funding to grow the business. Available finances money will be used to purchase equipment, company expansion, create website, advertise, and hire an employee.

#### **Opportunities**

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Increasing sales opportunities beyond domestic market

## Threats

- Downswings in the economy of Tanzania and neighboring countries
- Cheap and low-quality imported products

## Our Target Market

- Manufacturing companies
- Logistics companies
- Individual
  
- Hospital and schools
- Farmers etc.

The company understand that the customers within the corrugates boxes industry want exceptional quality, durability and affordable rates. We believe that our prospective customers will appreciate the quality service that we are hoping to offer, as well as the knowledgeable and experience of our owner. **XINMIAO PACKAGING MATERIALS COMPANY LIMITED** believe that customers have the option to go elsewhere, but they understand that giving their business to **XINMIAO PACKAGING MATERIALS COMPANY LIMITED** will be of more advantage to them because the company will deliver the dedication that they desire. We know plastic packages have been banned by Tanzania Government since they are not environment friendly but with aggressive marketing efforts could expand company operations and reach many more markets **XINMIAO PACKAGING MATERIALS COMPANY LIMITED** also plan to become a leading provider of corrugated boxes in the

domestic market and neighboring countries. The board of directors believe that to achieve this, we have to invest in many ways that will pay off in competitive advantages for our customers, by pre-job conferencing upon request and assisting in the technical or conceptual design.

### **3.0 MARKETING STRATEGY**

- The company totally understand that satisfied customers will aid our business by referring our company to other clients who need our services. The company plan to serve the corrugated boxes market segment.
- Our specific choice of target markets is based on an in-depth understanding of our prospective customer's needs.
- We believe that our skills and capabilities will allow us to very well compete and develop our reputation within our business area. This is the reason why we believe that obtaining grant funding and developing a marketing strategy will improve our profitability levels and help us in building a strong customer base.
- Plan to use a direct sales force and relationship selling to reach its target markets. These channels are most appropriate because of time to market, reduced capital requirements, and fast access to established distribution channels.
- Plan to advertise in Yellow Pages and local newspapers, and create a website with information, construction background, and contact information will be available online. References to the website will be mentioned in all other forms of advertising once the website is in effect.
- Plan to use email marketing campaigns as an outreach to our prospective customers.
- We all know that technology that incorporates video with email and offers very powerful, robust and dynamic features. Another advantage is in communicating through the use of streaming video embedded within the email.

- Planning to incorporate an email drip campaign with video into our marketing efforts. We believe that this technology will more effectively market to our customer and potential customer base.

### **3.1 Product Pricing**

The pricing policy for the project will be based on the service cost and competition levels from substitute services available in Tanzania market considering various variables namely:

- Service positioning
- Gain market share from competitors
- Stimulating and increasing demand and
- Achieving profitability and liquidity financial performance goals
- Selling price per kg. US\$0.87

### **3.2 Production capacity**

The company plan to start with machines with production capacity of 3000 tons per year

### **3.3 Monitoring and Evaluation**

The Management has full commitment to ensuring goods produced maintain the safety and standards required in the market. The quality control unit will establish a system of routine checking and getting feedback from customers, management philosophy is through business process, 12 managers will strive to ensure compliance to standards and safety of products and customers they serve.

### 3.4 Aspect of Project Sustainability

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The peace and tranquility that exist in Tanzania and neighboring countries is another aspect of assured business sustainability.

## 4.0 Financial Analysis

### 4.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied. Revenues have been conservatively estimated based on experience of the promoters and trends in the packaging materials products industry.

### 4.2 Project Investment

The estimated capital investment cost of the project is US\$ **505,000** out of which US\$**325,000** will be fixed investment costs.

#### **XINMIAO PACKAGING MATERIALS COMPANY LIMITED COST STRUCTURE**

PARTICULAR	US\$
Land and Buildings	25,000
Machinery & Equipment	220,000
Motor Vehicles	75,000
Furniture & Fixtures	5,000
Pre exp	
Others	5,000
Working Capita	175,000
<b>TOTAL</b>	<b>505,000</b>

For the project to be a reality a total investment amounting to US \$505,000 is needed

#### 4.3 Financing pattern

The project will be financed by equity **US\$375,000** and loan **US\$ 125,00**

#### 4.4 Project operating costs

In order to realize its intended objective, the project will have to meet operating cost not exceeding 15% of annual total revenue and 75% of total revenue is cost of sales

#### 4.5 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from the project commence from the first year of operation.

### XINMIAO PACKAGING MATERIALS COMPANY LIMITED

#### SUMMARY OF REVENUE "US\$"

	1	2	3	4	5
Revenue	2,610,000	2,818,800	3,044,304	3,287,848.32	3,550,876.19

#### 4.6 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years' period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. US\$ in first year **154,875 to US\$ in the year 5<sup>th</sup> 858,503**

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED STATEMENT (US\$)**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Revenue</b>	<b>2,610,000.00</b>	<b>2,818,800.00</b>	<b>3,044,304.00</b>	<b>3,287,848.32</b>	<b>3,550,876.19</b>
<b>Cost of Sales</b>	<b>1,957,500.00</b>	<b>2,114,100.00</b>	<b>2,283,228.00</b>	<b>2,465,886.24</b>	<b>2,663,157.14</b>
<b>Operating Expenses</b>	<b>391,500.00</b>	<b>422,820.00</b>	<b>456,645.60</b>	<b>493,177.25</b>	<b>532,631.43</b>
<b>Profit before Depreciation &amp; Interest</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.40</b>	<b>328,784.83</b>	<b>355,087.62</b>
<b>Interest</b>	<b>24,000.00</b>	<b>180,000.00</b>	<b>16,000.00</b>	<b>6,000.00</b>	
<b>Depreciation</b>	<b>15,750.00</b>	<b>15,750.00</b>	<b>15,750.00</b>	<b>15,750.00</b>	<b>15,750.00</b>
<b>Gross Profit</b>	<b>221,250.00</b>	<b>86,130.00</b>	<b>272,680.40</b>	<b>307,034.83</b>	<b>339,337.62</b>
<b>Tax (30%)</b>	<b>66,375.00</b>	<b>25,839.00</b>	<b>81,804.12</b>	<b>92,110.45</b>	<b>101,801.29</b>
<b>Profit After Tax</b>	<b>154,875.00</b>	<b>60,291.00</b>	<b>190,876.28</b>	<b>214,924.38</b>	<b>237,536.33</b>
<b>Accumulated Profit</b>	<b>154,875.00</b>	<b>215,166.00</b>	<b>406,042.28</b>	<b>620,966.66</b>	<b>858,503.00</b>

### **5.7 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$ **194,625.** of operation to the 5th year US\$ **1,183,252**

**XINMIAO PACKAGING MATERIALS COMPANY LIMITED STATEMENT (US\$)**

(US\$)

<b>SOURCES:</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Profit before interest and depreciation</b>		<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.40</b>	<b>328,784.83</b>	<b>355,087.62</b>
<b>Equity</b>	<b>205,000.00</b>					
<b>Loan</b>	<b>300,000.00</b>					
<b>Total Source</b>	<b>505,000.00</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.40</b>	<b>328,784.83</b>	<b>355,087.62</b>
<b>Capital Expenditure</b>	<b>325,000.00</b>	-	-	-	-	-
<b>Working Capital</b>	<b>325,000.00</b>	-	-	-	-	-
<b>Others</b>	<b>180,000</b>	-	-	-	-	-
<b>Cash</b>	-	<b>194,625.00</b>	<b>256,041.00</b>	<b>222,626.00</b>	<b>256,674.00</b>	<b>253,286.00</b>
<b>Tax</b>	-	<b>66,375.00</b>	<b>25,839.00</b>	<b>81,804.12</b>	<b>92,110.45</b>	<b>101,801.29</b>
<b>Sub Total</b>	<b>505,000.00</b>	<b>261,000.00</b>	<b>281,880.00</b>	<b>304,430.12</b>	<b>348,784.45</b>	<b>355,087.29</b>
<b>Total Expenditure</b>	<b>505,000.00</b>		<b>281,880.00</b>	<b>304,430.12</b>	<b>348,784.45</b>	<b>355,087.29</b>
<b>Accumulated Cash</b>		<b>194,625.00</b>	<b>450,666.00</b>	<b>673,292.00</b>	<b>929,966.00</b>	<b>1,183,252.00</b>

## 4.8 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from US\$**205,000** in the first year of operation to US\$ **547,536** in the 5<sup>th</sup> year.

<b>Fixed Assets</b>	-	1	2	3	4	5
Opening balance		<b>325,000.00</b>	<b>290,250.00</b>	255,500.	<b>220,750</b>	<b>186,000</b>
<b>Total Long-term Assets</b>		<b>325,000</b>	<b>290,250</b>	<b>255,750</b>	<b>220,750</b>	<b>186,000</b>
<b>Less depreciation</b>	<b>15,750.00</b>	<b>15,750.00</b>	15,750.00	15,750.00	15,750.00	15,750.00
<b>Closing balance</b>		<b>309,250.00</b>	<b>274,500.00</b>	<b>239,750.00</b>	205,000	170,250
<b>Working capital</b>	<b>180,000.00</b>	<b>180,000.00</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>
<b>Accumulated cash</b>		<b>194,625.00</b>	<b>450,666.00</b>	<b>673,292.00</b>	929,966	1,183,259
<b>Total assets</b>	<b>180,000</b>	<b>683,875.00</b>	<b>905,166</b>	1,093,042	1,314,966	1,533,502
<b>Financed by Equity</b>						
<b>Net profit</b>	<b>205,000</b>	<b>464,875</b>	<b>370291</b>	190876.28	214924	237536
<b>Total Equity</b>	<b>205,000</b>	<b>464,875</b>	<b>370291</b>	500876	524,924	547,536
<b>Long term loan</b>	<b>300,000</b>	<b>225,000.00</b>	<b>150000</b>	75000		
<b>Total Equity and debts</b>	<b>505,000</b>	<b>689,875.00</b>	<b>520,291.00</b>	<b>524,924</b>	<b>547,536</b>	<b>575,876.28</b>

## PROJECTED PAYBACK PERIOD

### STATEMENT (US\$)

year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	154,875.00	15,750.00	170,625.00	170,625
2	60,291.00	15,750	76,041.00	246,666.00
3	190876.28	15750	206,626.28	453,292.28
4	214,924.38	15750.00	230,674.38	683,966.66
5	237,536.33	15,750	253,286.33	937,252.99

#### 4.10 Projected loan repayment

Total loan is **US\$505,000** to be repaid within 4years with interest of 8%

Year	Principle	Loan Interest (8%)	Total Amount paid	Loan Balance
0				
1	75000	24,000	99,000	300,000
2	75,000	18,000	93,000	225,000
3	75,000	12,000	87,000	150,000
4	75,000	6,000	81,000	75,000
5	0	0	0	0

## **5.0 Economic Aspects**

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

- The project will create employment for **36** people on permanent contract basis as well as on temporary basis.
- It will generate substantial revenue to the government in the form of corporate tax, value added tax and pay as you earn.
- The project will have transfer of knowledge to locals

## **6.0 Implementation**

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction and operations will be commenced within one year.

## **7.0 Conclusion and recommendations**

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently. It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.



