

**SINO STAR INVESTMENT LIMITED**

**BUSINESS PLAN**

**FOR**

**MANUFACTURING MATTRESSES AND RELATED PRODUCTS**

## 1.0 Introduction

**SINO STAR INVESTMENT LIMITED** is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 182667277 dated 26th February 2025

The project promoters are Chinese investors and well-established businessmen in China. Having been in the business for over 10 years the directors are now well prepared for the establishment mattresses manufacturing business and they see a very bright future in the mattresses industry.

The business plan has been prepared for **SINO STAR INVESTMENT LIMITED LTD** for mattresses manufacturing project. The implementation of this project will include following activities:

- Registration of project to TIC
- Obtaining various permit and license
- Repairing industrial building
- Ordering machines
- Recruiting
- The purchase of 1 Single Cabins Pick Up
- Purchasing 1 light trucks
- Purchasing of machines and equipments
- Equipping the company with relevant facilities

The proposed project is estimated to cost about US\$ 1.5m. The project sponsors will prove 30% of this investment and the remaining will be sourced from financial institutions locally and internationally.

### 1.1 Objective of Study

The purpose of this study is to work out the technical and commercial details and financial viability of a mattresses manufacturing project.

## **1.2 Mission statement**

The purpose of our business is to raising profit and creates our own business and also satisfying our customers by producing new and durable product with an affordable price. Our business is targeted to customers domestic and neighboring Countries this makes us advantageous to extract the market.

## **1.3 The Company Objectives.**

The main objectives of our venture manufacturing are creating the organization, to be sustainable in the business, and increasing profitability. We have a short term and long-term goals

### **1.3.1 Short term goal**

The Board of Directors is planning to produce the product and reaching to customer with new products and also advertise our product using different social media, banners, and exhibition (bazaars) and also sell our product using online platform. This raises our sales and this result in increasing the profitability.

### **1.3.2 Long term goal**

The Board of Directors is planning to venture into mattresses manufacturing project and participate in producing mattresses and related products and this makes SINO STAR INVESTMENT LIMITED LTD company competitive, profitability, and then turns to export our product to a foreign country.

### **1.3.3 The Venture Products.**

SINO STAR INVESTMENT LIMITED LTD is planning to come up with new products or addition to the existing one to avoid or reduce competition from existing companies or imported products. The company plan to sales our product with fair price to satisfied our customer and being competitive with our competitors. To recap, our aim is giving our customers new, durable, and fashioned products and then increasing the loyalty of our product.

## 1.4 Raw Material Base

### 1.4.1 Steel Coils

When people picture mattress materials, they often first think of steel coils: It seems like they've been around forever (almost 100 years)—and for good reason! Innerspring mattresses have provided generations with great sleep. Either open, or individually wrapped (also called pocketed coils), they're a key component when it comes to providing solid support at the base of the mattress. Plus, the way coils are designed allows air to circulate around and through them. And more air circulation means cooler zzz's.

### 1.4.2 Foam

A cushy, movement-absorbing material that helps keep your body in perfect alignment. Foam in a mattress can give your joints welcome relief from painful pressure. The most common types of foam include memory foam, gel memory foam and polyurethane foam. Once thought to feel “sluggish” in the way they responded to body movements, today's foams are highly responsive. They are also excellent for regulating temperature; although older foams were known to trap heat, modern foam mattresses can provide cooling sleep surfaces.

### 1.4.3 Cotton

A highly breathable material used both inside and on the outside of the mattress. Cotton helps with air circulation to help you sleep cooler. Plus, it can be very durable.

### 1.4.4 Wool

When we think of wool, we often think of it as a material that keeps us warm. When used in a mattress, though, wool allows air to circulate around and

through the fibers to help regulate temperature. It's also used as padding for comfort.

#### **1.4.5 Polyester**

Often found in fabric blends—along with cotton and spandex—polyester helps create a soft feel and increases durability.

#### **1.4.6 Rayon**

A common synthetic fiber made from wood pulp—frequently bamboo—rayon is used for softness and to strengthen fabric.

#### **1.4.7 Latex**

Natural latex (foam rubber) has been used in beds for almost 100 years. (Something for your Gee Whiz File: Firestone used to make foam rubber beds in the 1930s.) It's most frequently used to make the mattress base strong and supportive. Latex also creates comforting, supportive and pressure-relieving layers.

#### **1.4.8 Adhesives**

Used in mattresses to bond layers, materials and seams together for a perfect fit. Quilting is often used with adhesives to add stability between layers.

#### **1.4.9 Flame Retardants**

Retardants are found in all mattresses sold in the United States due to strict flammability laws. Though this was once achieved using fire-retardant chemicals, practices have changed, and those chemicals are no longer used in mattresses due to their toxicity. Today, fireproof barriers are placed

between layers, and non-toxic chemicals, including boric acid, are often applied to materials to keep them flameproof. Silica, the material that helps make glass, can be infused into bed materials to help them act as a fire barrier.

### 1.5 The Project Promoters

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: –

<b>NAME</b>	<b>% of share</b>	<b>Nationality</b>
CHEN QUN	40	China
PAN GUOXING	30	China
PAN DAZHI	30	China

### 1.6 Location

The project will be located at **Plot No. 22 Lingato Street, Kigamboni District, Dar es Salaam Region.**

### 2.0 Over view of Mattresses in Tanzania

- In Tanzania, the revenue in the Mattresses market is projected to reach US\$28.43m in 2025.
- It is expected that this market will experience an annual growth rate of 0.18% (CAGR 2025–2029).
- When compared globally, United States generates the highest revenue in this segment, with US\$12bn in 2025.
- In terms of per person revenues, US\$0.40 is generated in 2025.

- Tanzania's growing middle class is driving demand for high-quality mattresses, leading to increased competition among local and international mattress manufacturers.

### **3.0 Development and Production**

#### **3.1 Production process**

Mattress-making begins with carefully selecting raw materials. Manufacturers use foam, springs, cotton, and polyester in their production.

Foam and springs are the most used materials for making mattresses; they have different features and qualities. Cotton is a filling material in some mattresses, while polyester is a stuffing.

It's crucial to ensure that the quality of the raw materials used is top-notch since it directly impacts the comfort and durability of the finished product.

##### **3.1.1 Cutting and Shaping Foam for Mattresses**

Foam is the preferred material for producing mattresses. The foam must first be cut and shaped to manufacture foam mattresses.

Cutting machines are used to slice the foam sheets into the desired size and shape. A CNC machine then shapes the foam into its intended form and dimensions.

##### **3.1.2 Spring Coiling and Assembling**

The manufacturing process of spring mattresses involves using coiled springs that are carefully crafted and assembled in a factory. These springs are created from top-quality steel wire, expertly coiled by specialized machines to achieve the desired shape and size.

Afterwards, skilled laborers assemble the coils by hand, using wire and clips to tie them together securely. This intricate process ensures that each spring mattress is crafted precisely and carefully.

### **3.1.3 Quilting and Stitching Techniques**

After forming the foam or spring layer, the next step in mattress manufacturing involves quilting and stitching.

The process of quilting adds another layer of padding to the mattress, significantly enhancing its comfort and durability. This is done using a specialized machine that sews the additional padding onto the foam or spring layer.

After the quilting process, the next step is to stitch the mattress. Stitching helps keep all the material and padding and the mattress's shape in the proper place.

Stitching requires specialized sewing machines that handle thick layers of fabric and foam while ensuring a secure attachment between the cover and mattress.

### **3.1.4 Covering and Packing of Mattresses**

Regarding mattress making, the last stage involves covering and packing. High-quality fabrics like polyester, cotton and silk are used to make the mattress cover.

A specialized sewing machine sews foam and fabric to convert them into mattresses.

Finally, it is packed in big plastics and put into cardboard boxes for safety during transport. These boxes are appropriately labelled with information about the brand name, model number, and mattress size to make identification easier.

## **4.0 Quality Control Measures in Mattress Production**

Mattress production places significant importance on maintaining quality control.

The company plan to follow stringent measures to ensure the end product meets the necessary standards.

To achieve this, the raw materials used in mattress production will undergo thorough testing for quality and durability.

Mattresses are meticulously inspected at every stage of manufacture to ensure they meet requirements.

Finished items are tested for comfort, sturdiness, and safety before sale.

#### **4.1 Sustainable and Eco-Friendly Mattress Manufacturing Practices**

The company is constantly evolving and adapting, with new advancements to improve the quality and comfort of these essential sleeping surfaces.

The company plan using 3D printing technology to create custom-made mattresses that perfectly fit each customer's unique shape and size.

Moreover, smart mattresses integrating sensors capable of monitoring a user's sleep patterns are becoming increasingly popular among consumers.

This includes using recycled materials such as plastic bottles and cardboard boxes for mattress packaging.

By adopting these sustainable practices, the company is paving the way toward a more environmentally conscious future.

#### **4.2 Technological Advancements**

The realm of mattress production is constantly evolving, with breakthroughs emerging to improve the comfort and cosines of these slumbering foundations.

One such advancement entails using 3D printing mechanisms to construct personalized mattresses that conform to each patron's individual contours and dimensions.

Moreover, intelligent mattresses that integrate detectors capable of tracking sleep cycles are gaining popularity among buyers. These high-tech mattresses can alter bed firmness and temperature based on personal preferences, resulting in a more tailored sleeping experience.

#### **4.3 The Markets and Total Capacity Production**

The products are for both the local and export market in neighboring countries. As mentioned above, the promoters are well versed in the business with well-established market contacts, total capacity production estimated to be **40,000** units per year.

#### **4.4 Supply Position**

Apparently, there is more than 24 companies' mattresses manufacturers. the quality and price targeted by the company will differentiate the company products with other competitors. State of the art technology to be employed will enable the company produce very high-quality products.

#### **4.5 Competition**

Due to the limited and insufficient supply as aforementioned, no stiff competition is foreseen. However, it must be cautioned that the targeted market is very conscious regarding quality. Hence, production of sub-standard products or selling at prohibitive prices will immediately shift customers to substitute products.

#### **4.6 Distribution**

The company expects to establish its own show rooms to facilitate distribution of its products. This will include setting up of a special unit which will be provided with resources to enable it efficiently undertakes the distribution function of the company. The company will also consider appointing wholesalers in regions and districts level and dealers in neighboring countries when it reaches the stage of exporting products to such countries.

#### **4.7 Promotion**

Appropriate promotion means will be employed after consultations with promotion experts to enable the company properly promote its products to the target mark.

#### **4.8 Pricing Strategy**

The company intend to offer best quality services that comply to the price charged as indicated earlier, there is a market segment that has spending power and can afford this pricing. Therefore, this pricing will reflect the targeted market segment in focus, the average whole sale price is estimated to be US\$130.

#### **4.9 Aspects of Project Sustainability**

The project sponsors having studied market conditions and the infrastructure in Tanzania are convinced that the project will be able to operate undisturbed. The growing demand for quality and safety mattresses s products locally and in neighboring countries gives them assurance of a steady market. The peace and tranquility that exist in Tanzania is another aspect of assured business sustainability.

## 5.0 Project Management

**SINO STAR INVESTMENT LIMITED LTD** will be under the skilled and professional Management who have experience in managing mattresses manufacturing businesses.

Under this management **SINO STAR INVESTMENT LIMITED LTD** is expected to grow steadily from small to medium company producing high quality products serving domestic to neighboring states.

The company will have a team of qualified and experienced functional managers in the areas of operations/Marketing, workshop Finance and Administration. Other senior and middle level staff will be available for the start up and subsequent operations of the company, the total number of employees are expected to be **34**

## 5.1 Project Management Policy

The day-to-day operations will be managed by the Managing Director, to be assisted by Directors of Production and Technical Director who will be the overall in charge of production, a sales & marketing Director whose major responsibility will be marketing and sales, financing and administration Director who will take care all matters related to finance resources and human resources of the company.

## 6.0 Project's Investment Capital

The estimated capital investment cost of the project is US \$ 1,500,000

SINO STAR INVESTMENT LIMITED LTD COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	400,000.00
Machinery & Equipment	700,000.00
Motor Vehicles	100,000.00
Furniture & Fixtures	5,000.00

Pre exp	10,000.00
Others	5,000.00
Working Capital	280,000.00
<b>TOTAL</b>	<b>1,500,000.00</b>

For the project to be a reality a total investment amounting to US \$1,500,000 is needed

**(i) Land and Building: Us \$400,000**

The project area is estimated to be 750 square meter and budgeted as above, the board of directors has planned to purchase a land and construct a building and warehouse

**(ii) Machinery and Equipment: US\$ 700,000**

US \$700,000 is anticipated to be spent on the purchase of various factory tools and equipment which will accommodate new technology in mattresses production.

**(iii) Motor Vehicles:US\$100,000**

The project will need 2 heavy trucks, 2 light tucks and 1double cabin pick. These vehicles will be used in transportation of final products and double cabin pick up for administrative purposes.

**(iv) Office Furniture and Equipment: US \$5000**

This investment cost item has been estimated to cost US \$2,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

**(v) Pre-Operational Expenses: US\$ 10,000**

They cover things like company registration, expenses spent by **SINO STAR INVESTMENT LIMITED LTD** in exploring the viability of the project, especially the market/client identification exercise. This pre-operational coast item also covers the architectural designs of project buildings and other engineering

services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

**(vi) Initial Working Capital: US\$280,000**

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 280,000.

**6.1 Financing Pattern**

The project will be financed by equity constituting US\$ 500,000 and loan US \$1,000,000

**6.2 Project Operating Costs**

In order to realize its intended objective, the project will have to meet the following operating costs which have been estimated to be 80% of total revenue.

**7.0 Financial Analysis**

**7.1 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.

It is assumed that the major raw material will be imported. Revenues have been conservatively estimated based on experience of the promoters and trends in the industry.

**7.2 Projected Profit and Loss Statement**

The Income and Expenditure Statement shows the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from **US \$ 666,400** in first year to **US \$ 3,860,547** in the 5<sup>th</sup> year

**7.3 Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from 1<sup>st</sup> year **US\$ 770,400** of operation to the 5th year **U S \$ 4,180,547**

#### 7.4 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from **US\$ 500,000** in the first year of operation to **US \$ 4,360,547** in the 5<sup>th</sup> year.

#### 7.5 Projected Long Term Loan Repayment

The projected loan is projected to be **US\$1,000,000** to be repaid within 4 years with bank interest of 8% annual.

#### 7.6 Project Projected Payback Period

The projected Investment Cost is **US\$1,500,000**, Accumulated cash flow in year 3 is **US\$ 2,225,928**, which is greater than initial investment cost, therefore project payback period is within three years

#### 8.0 Economic Aspects

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

- The project will involve transfer of technology.
- The project will create employment for **34** people on permanent contract basis as well as on temporary basis.
- It will create more business opportunities to local suppliers.
- 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 earn substantial amounts of foreign exchange.

## 9.0 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, 2022.

## SINO STAR INVESTMENT LIMITED LTD PROJECTED INCOME &amp; EXPENDITURE STATEMENT

	1	2	3	4	5
Revenue	5,280,000	5,544,000	5,821,200	6,112,260	6,417,873
<b>Operating Expenses:</b>	4,224,000	4,435,200	4,656,960	4,889,808	5,134,298
<b>Profit before Depreciation &amp;Interest</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
Interest	80,000	60,000	40,000	20,000	–
Depreciation	24,000	24,000	24,000	24,000	24,000
<b>Gross Profit</b>	<b>952,000</b>	<b>1,024,800</b>	<b>1,100,240</b>	<b>1,178,452</b>	<b>1,259,575</b>
Tax (30%)	285,600	307,440	330,072	353,536	377,872
<b>Profit After Tax</b>	<b>666,400</b>	<b>717,360</b>	<b>770,168</b>	<b>824,916</b>	<b>881,702</b>
Accumulated Profit	666,400	1,383,760	2,153,928	2,978,844	3,860,547

## SINO STAR INVESTMENT LIMITED LTD PROJECTED CASH FLOW US\$

<b>SOURCES:</b>		1	2	3	4	5
Profit before interest and depreciation	–	1,056,000	1,108,800	1,164,240	1,222,452	1,283,575
Equity	500,000					
Loan	1,000,000					
<b>Total Sources</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
<b>Applications:</b>						
Capital expenditure	1,210,000	–	–	–	–	–
working Capital &Others	290,000					
Cash	–	770,400	801,360	834,168	868,916	905,702
Tax	–	285,600	307,440	330,072	353,536	377,872
<b>Sub total</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
<b>Total applications</b>	<b>1,500,000</b>	<b>1,056,000</b>	<b>1,108,800</b>	<b>1,164,240</b>	<b>1,222,452</b>	<b>1,283,575</b>
Accumulated cash						

		770,400	1,571,760	2,405,928	3,274,844	4,180,547
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**SINO STAR INVESTMENT LIMITED LTD PROJECTED BALANCE SHEET USD**

<b>Fixed Assets</b>	–	1	2	3	4	5
Opening balance	–	1,210,000	1,186,000	1,162,000	1,138,000	1,114,000
<b>Total Long-term Assets</b>	–	1,210,000	1,186,000	1,162,000	1,138,000	1,114,000
<b>Less depreciation</b>	–	24,000	24,000	24,000	24,000	24,000
<b>Closing balance</b>	–	1,186,000	1,162,000	1,138,000	1,114,000	1,090,000
Working capital	290,000	290,000	290,000	290,000	290,000	290,000
Accumulated cash	–	770,400	1,571,760	2,405,928	3,274,844	4,180,547
<b>Total assets</b>	<b>290,000</b>	<b>2,246,400</b>	<b>3,023,760</b>	<b>3,833,928</b>	<b>4,678,844</b>	<b>5,560,547</b>
Financed by						
Equity	500,000	500,000	500,000	500,000	500,000	500,000
Accumulated profit	–	666,400	1,383,760	2,153,928	2,978,844	3,860,547
<b>Total equity</b>	<b>500,000</b>	<b>1,166,400</b>	<b>1,883,760</b>	<b>2,653,928</b>	<b>3,478,844</b>	<b>4,360,547</b>
Long term loan						

	1,000,000	750,000	500,000	250,000	–	–
<b>Total debts</b>	<b>1,000,000</b>	<b>750,000</b>	<b>500,000</b>	<b>250,000</b>	<b>–</b>	<b>–</b>
<b>Total equity and debts</b>	<b>1,500,000</b>	<b>1,916,400</b>	<b>2,383,760</b>	<b>2,903,928</b>	<b>3,478,844</b>	<b>4,360,547</b>

## SINO STAR INVESTMENT LIMITED LTD PROJECTED LONG TERM LOAN REPAYMENT US\$

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	250,000.00	80,000.00	330,000.00	1,000,000.00
2	250,000.00	60,000.00	310,000.00	750,000.00
3	250,000.00	40,000.00	290,000.00	500,000.00
4	250,000.00	20,000.00	270,000.00	250,000.00

## SINO STAR INVESTMENT LIMITED LTD PROJECT PROJECTED PAYBACK PERIOD US\$

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	666,400	24,000	690,400	690,400
2	717,360	24,000	741,360	1,431,760
3	770,168	24,000	794,168	2,225,928
4	824,916	24,000	848,916	3,074,844
5	881,702	24,000	905,702	3,980,547