

ZHONGSEN MEITIAN ENVIRONMENTAL PROTECTION

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ABSTRACT

Air pollution is a global problem. Chinese government has always attached great importance to air pollution prevention and control, who has continuously provided legal basis and technical support through the legislation and technical reform. Chinese air pollution is still serious, especially under the goal of peaking emissions (2030) and carbon neutrality (2060), that air pollution control industry has entered a new stage of development with a new goal, new challenge and new opportunity acting together. In this context, this business plan makes a comprehensive and effective analysis and discussion of ZhongSen MeiTian (Beijing) Environmental Protection Technology Co., LTD, (Chinese trademark is 中森) aiming to analyze the development and problems of the company, so as to help the company clarify its thinking and guide the future direction. The company's main business is to use the special materials developed and produced by the company, and achieve the purpose of controlling the VOCs (Volatile Organic Compounds) in the atmosphere through the special construction process. The industry is on the rise and the market is growing. This business plan is based on the characteristics of the industry, through the research and analysis of the market and the company's situation. This business plan mainly from the company profile analysis, industry analysis, market analysis, marketing strategy analysis, management, production and operation and financial forecasting, to explore and study the governance of VOCs in the atmosphere. This business plan not only analyzes the current situation of the company, but also contributes to the future development of the company and provides an attractive introduction to potential investors.

Executive summary

Company description

The company is an environmental protection and air pollution controlling technology company, headquartered in Beijing. The company's business location in Tangshan, Hebei Province. The company's main business is to use the special materials developed and produced by the company, and achieve the purpose of controlling the VOCs (Volatile Organic Compounds) in the atmosphere through the special construction process. After three years of development and two rounds of financing, the enterprise has become a leader in the industry. The aim of the company is to solve the most practical problems in Chinese environment by relying on the best research.

Industry analysis

Chinese environmental problems have always been very serious. Chinese government has always attached great importance to the prevention and control of air pollution. According to incomplete statistics, in 2021, Chinese air pollution control scale is about 330-350 billion Yuan.

Market analysis

Chinese VOCs emissions are huge, according to statistics, the total amount of VOCs emissions is about 28-30 million tons in 2021 and the annual output value of VOCs management project reached the scale of 100 billion Yuan in 2027. The market segmentation is geographic segments. VOCs governance market has been the Beijing-Tianjin-Hebei and surrounding areas, the Yangtze River Delta region, Fen-Wei plain and other key areas, gradually expand to other polluted areas. The main challenges of the market include that market concentration is low and

scale is small, full service system has not yet formed and there is still vicious competition. VOCs governance companies are still in shortage of funds, lack of innovation ability.

Management team and company structure

The company's management team is very high quality. The company adopts the general manager responsibility system under the leadership of the board of directors that the company set up a general office and six departments, each performing its own duties.

Production operation and development plan

The company's intelligent factory is located in Tangshan. The production equipment selected is mainly from Germany. The factory adopts reasonable production technology and technological process. The company's production management ability is excellent and the company has reasonable production plan, short production cycle and excellent quality control.

Financial forecast and analysis

The company forecasts the basic financial situation for the next five years. By analyzing the financial ratio according to the measured financial situation, it can be clearly found that the company has strong solvency and excellent profitability.

1. Company description

The company is an environmental protection and air pollution controlling technology company, headquartered in Beijing. The company was established on December 22, 2018. The company's business location in Tangshan, Hebei Province. The company's main business is to use the special materials developed and produced by the company, and achieve the purpose of controlling the VOCs in the atmosphere through the special construction process. The company completed two funding rounds in 2019 and 2021. The aim of the company is to solve the most practical problems in Chinese environment by relying on the best research. The company is a limited liability company, who is jointly invested by renowned professors, professional investors, the State Intellectual Property Office and Xiamen Intellectual Property Office. The company's key partnership includes supplier, buyer and other partners.

2. Industry analysis

2.1 PEST analysis

2.1.1 Politics analysis: Chinese government will fight a tough battle against pollution and establish a sound environmental governance system.

2.1.2 Economy analysis: people's economic income increases that the demand for environmental protection is higher and higher.

2.1.3 Society analysis: traditional air pollution control industry threshold is low, lack of the same industry standards, service process without professional supervision and other problems, affect the development of the industry.

2.1.4 Technology analysis: technological innovation and production process innovation have brought efficiency improvements and cost reductions to the industry.

2.2 SWOT analysis

2.2.1 Strengths: the company has advanced technology and independent intellectual property rights of the products. Meanwhile, the company has advanced smart factory and excellent management team.

2.2.2 Weaknesses: the company lacks more funds to expand the market and his sales model is single. The company's customer acquisition cost is high and the receivable of the company is slow.

2.2.3 Opportunities: the national policy support and the local government needs.

2.2.4 Threats: the company faces challenges from technological innovation, rising supply costs, industry trends and changing customer needs.

2.3 Five forces model

2.3.1 Potential of new entrants into the industry: new entrants are bound to take market share.

2.3.2 Power of suppliers: its suppliers have strong bargaining power.

2.3.3 Power of customers: customers have stronger bargaining power.

2.3.4 Threat of substitute products: if substitutes are cheaper or more efficient, entire industries may be destroyed by the emergence of substitutes.

2.3.5 Competition in the industry: the competition between existing enterprises is often manifested in the price, advertising, product introduction, after-sales service and other aspects.

2.4 Industry size, growth rate, and sales projections

In 2021, the scale of the air pollution control industry was about 355.8 billion Yuan. It is expected that the scale is estimated to be 1.5 trillion Yuan in 2030. The compound annual growth rate of the industry is about 18.39%. The company's sales are expected to reach 29 million Yuan in 2022.

2.5 Industry structure

The industry structure is mainly composed of raw material and service producers, product and service integrators, design planners, industry product and service agents, industry product and service dealers and consumers.

2.6 Key success factors

The key factors in the industry refer to the technology, manufacturing, marketing, distribution and skills, etc.

2.7 Industry trends and long temp prospect

Looking at the next 10 years, Chinese government will continue to promote the improvement of air quality. Air pollution control industry still has a broad market prospect.

3. Market analysis and marketing plan

3.1 Market analysis

3.1.1 Market capacity

In 2020, the governance market size of VOCs is about 80 billion - 90 billion Yuan. It is expected that the annual output value of the industry scale will reach 130 billion - 150 billion Yuan in 2025.

3.1.2 Market segmentation and target market selection

The market segmentation is geographic segments. VOCs governance market has been the Beijing-Tianjin-Hebei and surrounding areas, the Yangtze River Delta region, Fen-Wei plain and other key areas, gradually expand to other polluted areas.

3.1.4 Buyer behavior

Complex buying behavior. The government is highly involved in the buying process and thorough research before the purchase due to the high degree of economic or psychological risk.

3.1.5 Competitor analysis

The company has more direct competitors in the industry, which leads to the fierce competition. Compared with other direct competitors, the company has the following advantages: qualification advantage, research and development advantage, production advantage, sale advantage and financial advantage.

3.1.6 Marketing mix analysis

Through 7P market analysis (product, pricing, place, promotion, participant, physical evidence and process management), it is easy to find that the company has a very strong advantage in the market competition, and the company should maintain its advantage through continuous technological innovation and adjustment of marketing strategies.

3.2 Marketing plan

3.2.1 Overall marketing strategy: the company's main marketing strategy is efficacy first strategy and moderate price strategy.

3.2.2 Price strategy: the company uses a sensitivity pricing strategy.

3.2.3 Sales process and promotions mix: the company completes the sales process by selling directly to the government. The company selects, applies and combines strategies in a variety of ways to achieve the promotion mix in the sales process.

3.2.4 Distribution and sales: the company's current distribution channel is relatively single, using direct sales model.

3.2.5 Sales tactics: the company's sales tactic is marketing conference and relationship marketing.

4. Management team and company structure

4.1 Management team

The company's management team is composed of experienced investors, technical personnel and university researchers, with considerable professional and management ability.

4.2 Board of directors

The Board of Directors is composed of 4 members. Each director has the corresponding decision-making ability.

4.3 Company structure

The corporate governance structure is the general manager responsibility system under the leadership of the board of directors. The organizational structure of the company is relatively simple, who consists of six departments and one office.

4.4 Shares of stock authorized and share options

The number of shares of stock authorized is 12.2809 million. In order to attract high-tech talents, the company reserved 20% of the shares as equity incentives.

5. Operation plan, production design and development plan

5.1 Operation plan

5.1.1 General approach to operations: the company uses its own production methods to ensure the quality of products.

5.1.2 Business location: the company's business location in Tangshan, where is proximity to raw materials, convenience of transportation, access to labor resources and the city has preferential policy treatment and law support.

5.1.3 Facilities and equipment: the company's main production line is imported from Germany.

5.1.4 Technological process: the company's technological process is more reasonable.

5.2 Production design and development plan

5.2.1 Development status and tasks: the company is committed to technology research and technical process analysis, so the company is in a very good position. The short-term task of the company is to complete the landing of no less than 30 construction projects in Chinese northern cities.

5.2.2 Opportunity and challenge

(1) Opportunity: central government requirements and local government needs.

(2) Problems and challenge: the industrial concentration of air pollution control is not high, and the scale is small, the comprehensive service system has not yet formed, the air environmental protection industry still exists vicious competition, the air environmental protection enterprises are still in short supply of funds, the lack of innovation ability.

5.2.3 Projected development costs: the development cost of individual projects of the company accounts for about 10%-30% of the total amount of the project.

5.2.4 Intellectual property: the company has a number of patent for invention and utility models including products, equipment and processes.

6. Financial projections

6.1 Assumption sheet

The estimated service life of the production equipment is 5 years.

The company shall not pay dividends for the first five years of operation.

The Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China in 2006 and the Accounting Standards for Business Enterprises -- Basic Standards revised by the Ministry of Finance in July 2014.

6.2 Financial position and forecast

In 2021, the company's operating revenue was 20.3 million yuan and its net profit was 7.8 million Yuan, up 50% from the previous year.

The company's projected sales revenue in 2022 is 29 million Yuan. The company's sales revenue will exceed 107 million Yuan in 2027.

6.3 Pro forma financial statements

The business plan makes the pro forma financial statements for the next five years.

According to the pro forma income statements, the company's operating profit maintained a stable growth, indicating that the company's core competitiveness is strong. The company's cost control has been very excellent, reflecting the company's good operating results and excellent management team.

According to the pro forma balance sheet, the company's business is high and the risk is low.

According to the proforma cash flow, The company's operating condition is good, the financial risk is low, and the cash inflow structure is reasonable.

6.4 Ratio analysis

Ratio analysis of the company based on the company's pro forma financial statements which could indicate the company's solvency, profitability and operating ability.

Item \ Y	2023	2024	2025	2026	2027
Current ratio	7.01	7.04	7.67	7.38	7.14
Quick ratio	6.03	6.08	5.95	1.86	1.39
Asset liability ratio	0.14	0.22	0.32	0.34	0.35
Equity ratio	0.86	0.78	0.67	0.66	0.65

According to current ratio, quick ratio, asset-liability ratio and equity ratio, the solvency of the company is very good.

Item \ Y	2023	2024	2025	2026	2027
Profit margin of operation	0.47	0.50	0.48	0.49	0.49
Cost expense margin	0.88	1.07	0.99	1.00	1.01
Return on total assets	0.54	0.59	0.51	0.53	0.55
Return on equity	0.59	0.71	0.74	0.78	0.82

Through the analysis of operating profit margin, cost expense margin, return on total assets and return on equity, the company's profitability is better.

Item \ Y	2023	2024	2025	2026	2027
Cash income ratio	0.39	0.45	0.45	0.52	0.60
Cash flow net interest ratio	0.42	0.49	0.51	0.65	0.81

Through the analysis of the company's cash income ratio and cash flow net interest ratio, the company's operating ability is strong.

7. References

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