

# **Executive Summary:**

## **Organic Bio Solution's China**

### **Agriculture & Pollution Control Project**

Points:

1. WHAT WE HAVE IS UNIQUE;
2. THE PROBLEMS WE SOLVE;
3. OUR MARKET POSITION;
4. ESTIMATED RETURNS and;
5. WHAT WE ARE OFFERING.

1. WHAT WE HAVE IS UNIQUE:

*What we have is revolutionary new bio tech that will transform pollution remediation and crop yields.*

It is a proprietary and extraordinarily profitable biotech that **allows us to do two things remarkably well: 1) fully remediate even heavily polluted wastes, soils and water and 2) convert animal and polluted wastes, sewage sludge, and green wastes into a new and biologically changed fertilizer that can DOUBLE crop yields on a sustainable basis.** No other product or process can do these things. Our ‘superbugs’ are so different that they are not classifiable and so large, aggressive and prolific that they have been called “monsters” by one government testing lab! However, they are completely safe, as verified by US EPA approval. This business will be very profitable with pre-tax profit margins over 1,000% and ROI of 8,600% and over 1,100,000,000 RMB *monthly* (\$183M US) profits within 24 months, prior to doing an IPO. And, that is from only one of our target markets (see Point 4, following).

2. THE PROBLEMS WE SOLVE:

*In pollution remediation:*

**The central government is long past ignoring pollution and has begun a serious crack down on polluters, downsizing or closing tens of thousands of businesses.**

Businesses have a choice to 1) comply with strict pollution limits, 2) reduce operations or 3) close. 30,000 factories around Lake Tai alone have been closed for this reason. **There is simply no competing technology that can completely remediate all those organic pollutants that are contaminating their soil, water and ground water. We are unique for two very important and sustainable reasons;**

- 1) We have the only technology that will completely remediate pollutants and
- 2) Ours is the only process that will do it on-site and in-place.

There is more: animal farms are being forced to remediate their farm waste pollution problems to avoid being downsized or closed. We can provide a monthly service that would be a large continuous business.

***For agriculture:***

**The common problem for all growers - how to increase yields (profits) cost effectively.** All growers waste money from lost nutrients they buy in other fertilizers and try to walk a fine line between using enough fertilizer to do some good and losing their entire crop by using a bit too much.

With ours, they will more than DOUBLE their crop yields, risk free, while producing healthier, higher quality crops (saving them money on pest control and crop losses). With our competitively priced fertilizer, and they will more than DOUBLE their net profits. Our fertilizer can also be certified as 100% organic, allowing growers to sell crops at a 30-40% premium, again making more money. ***Significantly more money for our customers translates into the strongest possible incentive for them to continue buying our products, as the only supplier. And, because our technology is extremely efficient, we can produce extraordinarily high operating profits and return on investment (ROI). A classic win-win!***

3. OUR MARKET POSITION:

**For any product, in order to be highly profitable, it must have highly marketable benefits.** We do.

***For pollution remediation:***

Our biotech is simply the ***only*** product that has a full, all inclusive range of remediation for all organic pollutants. We have the ***only*** process to remediate a very wide range of contaminants, and the ***only*** process that remediates on-site and in-place. Our process is cost competitive for the 'easy' clean up problems where we may have a few competitors. However, most pollution problems are more difficult cases where there are no courses of action, leaving our biotech as the only remedy. This huge opportunity involves almost every business and farm in China. Our market position will be unique.

***For agriculture:***

We will be the ONLY supplier that will offer these unique benefits as provided by our biotech fertilizer:

- ✓ **We can increase crop yields up to 200%; the best petrochemicals can offer is up to 20%.**
- ✓ **There is never any risk of burning or losing any crop (as with all other fertilizers).**
- ✓ **With an average 100% yield increase, growers can easily double their incomes.**
- ✓ **It is 100% organic, allowing crops to be sold at a premium.**
- ✓ **Our revolutionary fertilizer can be amazingly profitable and competitively priced.**
- ✓ **Our yield increases are sustainable, something no other fertilizers can offer.**
- ✓ **Crop quality is greatly increased, higher quality = higher price.**
- ✓ **Longer term crops (avocados, coffee, etc.) can be harvested in 1/2 the time (2 vs. 4 yrs.).**

- ✓ **Requires significantly less water & time to grow a crop - a real cost savings.**
- ✓ **Our process technology eliminates all pollution & odor - a huge benefit!**
- ✓ **With low production costs and these benefits, we can sell for a premium price, and make high profits and ROI – *while building customer loyalty rarely seen by any business!***

**The success of this project, and our sustainable market position, is based upon the *major competitive advantages* of our biotech. These advantages are exclusive and cannot be reverse engineered. No competitor comes close, and no competitor could be expected to obtain a competitive technology because of the excessive cost in money and time to develop anything similar.**

Our unique biotech creates our unique market position in both marketplaces.

#### 4. ESTIMATED RETURNS:

##### ***For pollution remediation:***

**The size of this market in China is large, but there are no reliable estimates for just how large.**

Each sub-market is huge: industrial waste waters, lakes and rivers, contaminated soil, pesticide residues, factory wastes, food processing wastes and lagoons, animal farms, etc. Even the list of possible applications is difficult to compile. The market is easily worth 100's of billions/year, and will continue to grow as the central government persists in making pollution cleanup a high priority. Even with no estimate on the size of this market, it can be determined that there are few successful or cost effective remediation remedies for a majority of the pollution problems. We can charge what the market will bear.

##### ***For agriculture:***

**Close to 135M Hectares or 2B Chinese Acres (CA) or 1.2B US Ac. are under cultivation in China.**

Numbers are easier to find for agriculture related applications. The size of China's fertilizer demand is staggering. ***The annual demand is about 7,000,000,000 MT/year. China is the world's biggest fertilizer user*** and demand is unquenchable. ***There is not enough good fertilizer to meet demand.*** To meet demand for only 1% of the premium fertilizer market (30% or 2.1B MT/yr.), we would need to produce 21,000,000 MT/year. *If we were also to target sales to reclaim exhausted lands and remediate pollution*, we will easily need to produce well in excess of 40,000,000 MT/year. That amount would satisfy an initial goal of only 1% of the premium and only 0.6% of the total China fertilizer market.

**We would need 12 small scale or 6 large scale plants to meet just 1% of ONLY the current premium (top 30%) market! As we grow to meet 10% of the TOTAL market, we would need 350 small plants (producing 5-6,000 MT/day) or 175 large ones (10-12,000 MT/day). The issue then is not how much we can sell, but really how much we can produce.**

There is more: the pollution on farms is considerable and being strongly addressed by the government. We have visited dairy farms that could not find a technology to reduce their pollution, and as a result, were significantly reduced in size. They are highly motivated to use a service like we are proposing. We would charge a monthly fee based upon the number of animals or hectares. We can perform this service at rather low cost, meaning at a high net margin. With an estimated 9 billion chickens, 550 million sheep and goats, 500 million pigs and 140 million cattle, the remediation market on just farms is certainly large!

**Our pricing will be the most interesting part of this business because our pricing model does not set upper limits.** An upper limit always depends upon the products' features and benefits compared to competitors. If there is no competition, and the product is limited in supply, the upper limit of pricing will be determined by the economic benefit enjoyed by the individual customers. As long as our customers can make more money from using our products and services, they will continue to buy from us. For the sake of our financial estimates and analysis, we will use a price that is competitive to the best premium petrochemical fertilizers of 3,300 RMB (550 USD) / MT. ***Note that we will also be profitable (66% pre-tax profits) at a price equal to the lowest cost dried manures available!***

The following table for Projected Revenue and Profit & Loss does *not include* any income from pollution services, land reclamation, etc., but only fertilizer sales. The reason is that estimates for our other business lines are more difficult to predict with accuracy, and the high profits from fertilizer are striking.

TOTAL CASH FLOW AND PROFIT/LOSS ANALYSIS									
FOR THE 24 MONTH PRODUCTION RAMP UP OF 30 PLANTS									
Note: Assumes Good Case Startup Analysis							10,000,000	invested	per plant.
Month	Plants	MT/Day	Ave.Price	Sales	Cost	Total Cost	Total Profit	Total	Annualized
Up	Up	Produced	per MT	Revenue	per MT	of Sales	(Loss)	Profit %	ROI %
1	1	500	500	250,000	300	150,000	100,000	66.7	1.0
2	2	1,500	500	750,000	300	450,000	300,000	66.7	3.0
3	3	3,000	520	1,560,000	300	900,000	660,000	73.3	6.6
4	5	5,500	600	3,300,000	300	1,650,000	1,650,000	100.0	16.5
5	7	8,000	650	5,200,000	300	2,400,000	2,800,000	116.7	28.0
6	9	19,000	750	14,250,000	300	5,700,000	8,550,000	150.0	85.5
7	10	20,500	800	16,400,000	300	6,150,000	10,250,000	166.7	102.5
8	12	28,500	850	24,225,000	300	8,550,000	15,675,000	183.3	156.8
9	13	38,000	950	36,100,000	300	11,400,000	24,700,000	216.7	247.0
10	15	46,500	1,100	51,150,000	300	13,950,000	37,200,000	266.7	372.0
11	17	66,000	1,250	82,500,000	300	19,800,000	62,700,000	316.7	627.0
12	18	74,500	1,400	104,300,000	300	22,350,000	81,950,000	366.7	819.5
13	19	90,000	1,550	139,500,000	300	27,000,000	112,500,000	416.7	1,125.0
14	20	94,500	1,700	160,650,000	300	28,350,000	132,300,000	466.7	1,323.0
15	21	119,500	1,850	221,075,000	300	35,850,000	185,225,000	516.7	1,852.3
16	22	139,000	1,950	271,050,000	300	41,700,000	229,350,000	550.0	2,293.5
17	23	149,500	2,050	306,475,000	300	44,850,000	261,625,000	583.3	2,616.3
18	24	165,500	2,100	347,550,000	300	49,650,000	297,900,000	600.0	2,979.0
19	25	181,000	2,300	416,300,000	300	54,300,000	362,000,000	666.7	3,620.0
20	26	205,000	2,500	512,500,000	300	61,500,000	451,000,000	733.3	4,510.0
21	27	220,000	2,700	594,000,000	300	66,000,000	528,000,000	800.0	5,280.0
22	28	237,000	2,950	699,150,000	300	71,100,000	628,050,000	883.3	6,280.5
23	29	252,000	3,200	806,400,000	300	75,600,000	730,800,000	966.7	7,308.0
24	30	278,000	3,400	945,200,000	300	83,400,000	861,800,000	1,033.3	8,618.0
25	30	375,000	3,500	1,312,500,000	300	112,500,000	1,209,000,000	1,074.6	12,090.0

With such a profitable and fast growing business, it would not be difficult to imagine **what the valuation of an IPO would be**. Note that *these figures represent a market penetration of only 0.3% of just the fertilizer market*. This gives a clearer picture of the reasons we are looking for a venture partner.

#### 5. WHAT WE ARE OFFERING:

These markets are huge, and our biotech can capture them only as fast as we can expand. Speed is important for a lot of reasons; why we want a venture partner and the right partner.

**Speed:** 1) As with any revolutionary product, whatever market share is captured in the first years before competitors can respond, will be owned by that product almost forever. Thus, a fast start is critical in securing long term market position advantage. 2) With a business having this large a potential with such impacts on national markets and economies, the China company must go public (IPO) before the central government takes action to take over or restrict our company. This possibility will be understood by Chinese investors, and should not be underestimated by others. 3) Only with a fast start can our China Company present the strongest possible valuation for an IPO on an Asian exchange. As profitable as our business model will be, it is still the IPO that offers us and our investors the biggest returns.

**The right investment partner(s):** We seek a good, long term relationship with our investors. If the investors later seek to cash out, that will be their decision. However, our best plan must be for a continuing relationship *that works well*. Ventures have proved to be very successful and rewarding in cases where the partners had the same or very similar goals and management styles. We seek this level of success with our partners and will pay close attention to these criteria.

**The offer:** We are open to either angel investors or venture capital companies. Angels bring funding, and confident in our management team, we can use recruiters for help staffing key positions. Venture capital firms offer additional management expertise which we would especially value in China. The deal will be a fair equity share in the new China Company based upon the usual criteria; what the partner 'brings to the table'. The investment goal will also be fairly simple; for the company to become self-funding and to reach IPO ready stage as quickly as possible.

**The next step:** Evaluate our Business Plan and all our related data, including lab tests, field tests and projects. We can arrange for a simple demonstration of our technology that should prove very interesting. An Addendum explains how we did testing in China, gathered data, and computed our projections.

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