

# Executive Summary

This business plan provides a good opportunity to invest in an innovative high tech company in wind turbine industry. The new products are superior to traditional horizontal axis wind turbines in many aspects, therefore offer great benefits to customers and shareholders. The entrepreneur and the research team are very confident that investing in the venture has long-term potential and will be financially sound with high return. It has built up barriers to new entrants by having applied patents for its core technologies so to sustain advantages over competitors for a long period.

## 1. Introduction on the company

Shanghai Aeolus Wind Tech Co. Ltd (SAWT) is an innovative company engaged in R&D, manufacturing and sales of vertical axis wind turbines. It entered Shanghai in 2005 and began systematic research in aerodynamics, generators, materials and structures of vertical axis wind turbine. Until now, it has made breakthroughs that applying pneumatic speed regulation in the vertical axis system in condition of strong wind, which has made vertical axis wind turbines commercially valuable and applicable.

The goal of the venture is to manufacture highly effective and highly value-added vertical axis wind turbines with entire intellectual rights in China, and to sell to the global market.

## 2. Market gap

Solar power batteries could be found in cities, parks and along highways. As we all know that the cost of solar power is five times of wind power, but it enjoys a much bigger market than wind turbines. The reason is because solar power facilities are able to be installed in more locations than wind turbines. To expand the market size of wind turbines, the prerequisite is to enlarge the application areas of wind turbines.

Aeolus' products are just perfect to fill in the gap. Due to its strong noise and sensitivity to wind directions, the existing horizontal axis wind turbine can be used only in remote and unpopulated areas. However, Aeolus' vertical axis wind turbines have expanded the usage of small wind turbines to more areas than ever because of the new features, no noise, not picking in wind directions, its aesthetic look and higher efficiency. Anywhere where it has affluent wind resource, vertical wind turbines can be installed, even in CBD of large cities, highways and residential areas and parks. Considering the cost of solar power, vertical axis wind turbines will definitely have a bigger market than existing wind turbines.

## 3. Advantages of Aeolus' vertical axis wind turbines

- No noise, more segmented market
- Wind utilization rate of large models with regulating of attack angle is higher than that of in-grid horizontal products
- Lower cost in maintenance and longer product lifespan
- Less requirements for installation foundations

- Less influence on city power grid
- Lower supporting tower required

#### **4. Market of the vertical axis wind turbines**

##### 4.1. Market of medium and small wind turbines with fixed attack angles

Because the medium and small models are quiet and not sensitive to wind directions when running and its aesthetic look and higher efficiency, its utilization has been expanded to more areas that horizontal system can never be installed:

- Lighting in public area in cities
- Household usage in cities
- Wind power buildings
- Oil fields
- Highways
- Enterprises in need of large volume of power
- Passenger liners, fishing boats and small power station in rural areas

##### 4.2. Market of large in-grid wind turbines with regulated attack angles

With the patented technologies of adjustable and controllable attack angles and small vanes, the activating wind speed has been lowered to below 2m/second, the efficiency of wind usage at rated wind speed is over 55% and average system efficiency is over 38% compared with 40% and 23-28% of existing products. The new products can decrease the costs of power generation and prices of grid power. At the same time, it increases the stability of city power grids. Therefore, Aeolus' products are much more competitive than existing products.

#### **5. Business model**

- To customize products for customers. The customer who ordered the customization owns the exclusive sales of the product. By doing so, the customer will gain competitive advantages in one area so that he could share the technological success with Aeolus.
- R&D, manufacturing of core parts, assembly (auxiliary parts, e.g. control system, exterior shell, blades, supporting tower will be outsourced).
- Overseas market enjoys higher priority over domestic market. global market is reached by Internet and domestic trading companies. Eventually, overseas agents will be identified based on the development of the market.
- To promote the establishment of the new market for small wind turbines, channel sales agents will be chosen based on different industries. Channel agents will be retained for three years. When the market is getting matured in two or three years, channel agents will be changed to regional channel agents to minimize channel costs and increase market responsiveness.
- Authorization of production on license

#### **6. Financing**

Current total share is 110 million, 4.36RMB/share. Taking 1million as a unit, will issue no more than 27.5 units of shares.

## **7. Exit methods**

- Internally purchased by other shareholders (10% every year)
- Share transfer to other incumbents
- IPO

## **8. Favorable conditions gained**

8.1 We have officially set up the first standard of Vertical Axis Wind Turbine in the world

8.2 CE certification

8.3 We are authorized as Innovative High-tech Company by Shanghai government, favorable tax exempts are: income tax exempt for the first 3 years. From the 4<sup>th</sup> year, pay only 50% of income tax for another 2 years. 25% of business tax will be returned. Once the patents have been granted, income tax exempt will be extended to 5 years, pay 50% of income tax will be extended to 5 years (one of them have been authorized patents).

We are authorized as Innovative High-tech Company by Shanghai government, favorable tax.

8.4 Local government will supply 30% of interest if we get loans from banks.