

BODISEN BIOTECH, INC  
Form 424B3  
August 11, 2006

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under the Securities Act of 1933, as amended (File No. 333-**133177**)

**Prospectus**

**BODISEN BIOTECH, INC.  
513,512 SHARES OF  
COMMON STOCK**

This prospectus relates to the resale by the selling stockholders of up to 513,512 shares of our common stock including up to 133,333 shares of common stock issuable upon the exercise of common stock purchase warrants. The selling stockholders may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions. The selling stockholders may be deemed underwriters of the shares of common stock, which they are offering. We will pay the expenses of registering these shares.

We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from the sale of common stock hereunder. We may receive proceeds from any exercise of outstanding warrants. The warrants may also be exercised by surrender of the warrants in exchange for an equal value of shares in accordance with the terms of the warrants.

Our common stock is listed on the American Stock Exchange under the symbol "BBC." The last reported sales price per share of our common stock as reported by the American Stock Exchange on July 31, 2006, was \$13.40.

**Investing in these securities involves significant risks. See "Risk Factors" beginning on page 4.**

No other underwriter or person has been engaged to facilitate the sale of shares of common stock in this offering. None of the proceeds from the sale of stock by the selling stockholders will be placed in escrow, trust or any similar account.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 10, 2006.

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## PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the "risk factors" section, the financial statements and the notes to the financial statements. As used throughout this prospectus, the terms "Bodisen Biotech," "BBC," the "Company," "we," "us," and "our" refer to Bodisen Biotech, Inc.

### BODISEN BIOTECH, INC.

We are primarily engaged in developing, manufacturing and selling organic fertilizers and pesticides in the People's Republic of China.

For the fiscal year ended December 31, 2005, we had revenue of \$30,975,350, with gross profits of \$11,504,229 and for the quarter ended March 31, 2006 we had revenue of \$10,535,360, with gross profits of \$4,236,239.

We were incorporated on January 14, 2000 in Delaware and our principal place of business is based in the People's Republic of China. We are located at: Bodisen Biotech, Inc., North Part of Xinquia Road, Yang Ling AG, High-Tech Industries Demonstration Zone, Yang Ling, China 712100, Telephone: +862987074957.

#### The Offering

Common stock offered by selling stockholders 513,512 shares, including up to 133,333 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of \$7.50 per share

Common stock to be outstanding after the offering 18,310,250 shares

#### Use of proceeds

We will not receive any proceeds from the sale of the common stock hereunder. See "Use of Proceeds" for a complete description.

#### AMEX Symbol

BBC

### Summary of Recent Transaction

On March 15, 2006, we completed a private placement offering of 380,179 shares our common stock, par value \$0.0001 per share, to accredited investors for an aggregate purchase price of approximately \$5,322,506. The aforementioned securities were sold in reliance upon the exemption afforded by the provisions of Regulation S, as promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

## **RISK FACTORS**

This investment has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment.

### **Risks Related To Our Business**

**Our management owns a significant amount of the Common Stock, giving them influence or control in corporate transactions and other matters, and their interests could differ from those of other stockholders.**

Our principal executive officers, Wang Qiong and Chen Bo, own approximately 40.3% of the Existing Common Stock. As a result, they are in a position to significantly influence or control the outcome of matters requiring a stockholder vote, including the election of directors, the adoption of any amendment to the Certificate of Incorporation and By-Laws, and the approval of significant corporate transactions. Their control may delay or prevent a change of control on terms favorable to our other stockholders and may adversely affect your voting and other stockholders rights.

**We may require additional financing in the future and a failure to obtain such required financing will inhibit our ability to grow.**

The continued growth of our business may require additional funding from time to time. Funding would be used for general corporate purposes, which may include acquisitions, investments, repayment of debt, capital expenditures, repurchase of our capital stock and any other purposes that we may specify in any supplement to this admission document. Obtaining additional funding would be subject to a number of factors, including market conditions, operational performance and investor sentiment. These factors may make the timing, amount, terms and conditions of additional funding unattractive, or unavailable, to us.

**The terms of any future financing may adversely affect your interest as stockholders.**

If we require additional financing in the future, we may be required to incur indebtedness or issue equity securities, the terms of which may adversely affect your interests in us. For example, the issuance of additional indebtedness may be senior in right of payment to your shares upon our liquidation. In addition, indebtedness may be under terms that make the operation of its business more difficult because the lender's consent will be required before we can take certain actions. Similarly, the terms of any equity securities we issue may be senior in right of payment of dividends to your Common Stock and may contain superior rights and other rights as compared to your Common Stock. Further, any such issuance of equity securities may dilute your interest in us.

**Our corporate structure may subject our stockholders to two levels of taxation on the payment of dividends or the disposition of its operating subsidiary, thereby substantially reducing the return on its stockholders' investment.**

If Yang Ling Bodisen Biology Science and Technology Development Company Limited, our wholly-owned subsidiary, pays a dividend to us, its parent company, for distribution to the stockholders as a dividend, or if Yang Ling (rather than us, its parent company) is ultimately sold, the dividend or the proceeds of that transaction would be subject to two levels of tax - one at the parent corporate level and one at the parent stockholder level. Because our operations are conducted through Yang Ling in China, any dividends payable by us must come from Yang Ling and it is more likely that Yang Ling, rather than the parent company, will ultimately be sold. Thus, if Yang Ling pays a dividend to us in the future or if Yang Ling is sold in the future, those proceeds may be subject to two levels of

taxation: (i) we will pay tax on the dividend or sale proceeds received from Yang Ling, and (ii) our stockholders will pay tax on the distribution of the dividend or the proceeds of the sale. These two levels of taxation will effectively reduce the financial return on your investment in us.

**We do not anticipate paying dividends on the Common Stock.**

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We have never paid dividends on our Common Stock and do not anticipate paying dividends in the foreseeable future. Our Directors intend to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business.

**We may not be able to adequately protect and maintain our intellectual property.**

Our success will depend on our ability to continue to develop and market fertilizer and pesticide products. We protect our proprietary technology and formulae by keeping such technology or formulae confidential. If such technology or formulae are disclosed to a third party that is not under an obligation to keep the technology confidential or are accidentally disclosed, we may not be able to protect our technology or formulae against being exploited by third parties. We currently have not applied for patents for our technology products or formulae as our Directors believe an application for such patents would result in public knowledge of our proprietary technology and formulae.

**Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.**

Our future success will depend in substantial part on the continued service of our senior management, including Mrs. Wang Qiong, our Chairman and Chief Executive Officer, Chen Bo, our President, and Wang Chunsheng, our Chief Operational Officer. The loss of the services of one or more of our key personnel could impede implementation of our business plan and result in reduced profitability. We do not carry key person life or other insurance in respect of any of our officers or employees. Our future success will also depend on the continued ability to attract, retain and motivate highly qualified technical sales and marketing customer support. Because of the rapid growth of the economy in the People's Republic of China, competition for qualified personnel is intense. We cannot guarantee that we will be able to retain our key personnel or that we will be able to attract, assimilate or retain qualified personnel in the future.

**Restrictions on making distributions**

The Company is a legal entity separate and distinct from its operating subsidiary, Yang Ling, which is an indirect subsidiary of the Company. The Company's revenues (on a parent company only basis) would be derived entirely from dividends paid to the Company by Yang Ling. The Chinese government exerts significant influence over the economy of the People's Republic of China, and there may be regulatory restrictions on Yang Ling's ability to make distributions of cash to the Company.

**Risks Related To Agricultural Industry in the People's Republic of China**

**Our success depends upon the development of the People's Republic of China's agricultural industry.**

The People's Republic of China is currently the world's most populous country and one of the largest producers and consumers of agricultural products. Roughly half of the People's Republic of China's labour force is engaged in agriculture, even though only about 10% of the land is suitable for cultivation. Although the People's Republic of China hopes to further increase agricultural production, incomes for Chinese farmers are stagnating. Despite the Chinese government's continued emphasis on agricultural self-sufficiency, inadequate port facilities and a lack of warehousing and cold storage facilities impedes the domestic agricultural trade. Where we rely on the local farmer to purchase our products, which are generally purchased under a "Cash on Delivery" or on 9-12 months credit, a farmer's inability to sell his agricultural goods could therefore hinder his ability to timely pay his credit obligations to us.

**We do not have supplier contracts with all of our trade vendors.**

Typically for the agricultural industry in the People's Republic of China, we do not have supplier contracts with all of our trade vendors. Where we do not have contracts in place, business is conducted on an order-by-order basis. Despite our not having supplier contracts in place in every case, the Directors believe that we have very good relations with the agricultural vendor community.

## **Risks Related To the People's Republic of China**

### **The People's Republic of China's Economic Policies could affect our Business.**

Substantially all of our assets are located in the People's Republic of China and substantially all of our revenue is derived from our operations in the People's Republic of China. Accordingly, our results of operations and prospects are subject, to a significant extent, to the economic, political and legal developments in the People's Republic of China.

While the People's Republic of China's economy has experienced significant growth in the past twenty years, such growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy of the People's Republic of China, but they may also have a negative effect on us. For example, operating results and financial condition may be adversely affected by the government control over capital investments or changes in tax regulations.

The economy of the People's Republic of China has been changing from a planned economy to a more market-oriented economy. In recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform and the reduction of state ownership of productive assets, and the establishment of corporate governance in business enterprises; however, a substantial portion of productive assets in the People's Republic of China are still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over the People's Republic of China's economic growth through the allocation of resources, the control of payment of foreign currency- denominated obligations, the setting of monetary policy and the provision of preferential treatment to particular industries or companies.

### **Capital outflow policies in the People's Republic of China may hamper our ability to remit income to the United States.**

The People's Republic of China has adopted currency and capital transfer regulations. These regulations may require us to comply with complex regulations for the movement of capital. Although our Directors believe that we are currently in compliance with these regulations, should these regulations or the interpretation of them by courts or regulatory agencies change; we may not be able to remit all income earned and proceeds received in connection with its operations or from the sale of its operating subsidiary to our stockholders.

### **Although the Company does not import goods into or export goods out of the People's Republic of China, fluctuation of the Renminbi may indirectly affect our financial condition by affecting the volume of cross-border money flow.**

The value of the Renminbi fluctuates and is subject to changes in the People's Republic of China's political and economic conditions. Since 1994, the conversion of Renminbi into foreign currencies, including United States dollars, has been based on rates set by the People's Bank of China which are set based upon the interbank foreign exchange market rates and current exchange rates of a basket of currencies on the world financial markets. As of July 31, 2006, the exchange rate between the Renminbi and the United States dollar was 7.969 Renminbi to every one United States dollar.

### **We may face obstacles from the communist system in the People's Republic of China.**

Foreign companies conducting operations in the People's Republic of China face significant political, economic and legal risks. The Communist regime in the People's Republic of China, including a cumbersome bureaucracy, may hinder Western investment.



**We may have difficulty establishing adequate management, legal and financial controls in the People's Republic of China.**

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The People's Republic of China historically has not adopted a Western style of management and financial reporting concepts and practices, modern banking, computer or other control systems. We may have difficulty in hiring and retaining a sufficient number of qualified employees to work in the People's Republic of China. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards.

**It will be extremely difficult to acquire jurisdiction and enforce liabilities against our officers, directors and assets based in the People's Republic of China.**

Because our Executive Officers and several of our Directors, including, the chairman of our Board of Directors, are Chinese citizens it may be difficult, if not impossible, to acquire jurisdiction over these persons in the event a lawsuit is initiated against us and/or our officers and directors by a stockholder or group of stockholders in the United States. Also, because the majority of our assets are located in the People's Republic of China it would also be extremely difficult to access those assets to satisfy an award entered against us in a United States court.

**We may face judicial corruption in the People's Republic of China.**

Another obstacle to foreign investment in the People's Republic of China is corruption. There is no assurance that we will be able to obtain recourse, if desired, through the People's Republic of China's poorly developed and sometimes corrupt judicial systems.

**The admission of the People's Republic of China into the World Trade Organization could lead to increased foreign competition for us.**

Domestic competition in the compound fertilizer industry is largely fragmented and foreign competition is minimal. However, as a result of the People's Republic of China becoming a member of the World Trade Organization ("WTO"), import restrictions on agricultural products are expected to be reduced. With the lowering of import restrictions and the WTO's requirement for a reduction of import tariffs as condition of membership, such reduced import restrictions and tariffs for us may result in an increase of foreign products and could in turn lead to increased competition in the domestic agricultural market.

**The Company may not be able to obtain regulatory approvals for its products.**

The manufacture and sale of agricultural products in the People's Republic of China is regulated by the People's Republic of China and the Shaanxi Provincial Government. Although our licenses and regulatory filings are current, the uncertain legal environment of the People's Republic of China and its industry may be vulnerable to local government agencies or other parties who wish to renegotiate the terms and conditions of, or terminate their agreements or other understandings with us.

## USE OF PROCEEDS

We will not receive any proceeds from the sale of shares to be offered by the selling stockholders. The proceeds from the sale of each selling stockholders' common stock will belong to that selling stockholder. However, we may receive the sale price of any common stock we sell to the selling stockholders upon exercise of outstanding warrants.

Unless otherwise indicated in the applicable prospectus supplement, we anticipate that any net proceeds from the sale of the securities that we may offer under this prospectus and any accompanying prospectus supplement will be used for general corporate purposes. General corporate purposes may include acquisitions, investments, repayment of debt, capital expenditures, repurchase of our capital stock and any other purposes that we may specify in any prospectus supplement. We may invest the net proceeds temporarily until we use them for their stated purpose.

## MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the American Stock Exchange under the symbol "BBC." Prior to August 29, 2005, our common stock traded on the Over-the-Counter Bulletin Board under the symbol "BBOI." The following table sets forth the high and low bid prices of our Common Stock for the periods indicated. The quotations set forth below reflect inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

	2006	
	High*	Low*
1 <sup>st</sup> Quarter	\$ 21.97	\$ 13.14
2 <sup>nd</sup> Quarter	18.05	8.11
	2005	
	High*	Low*
1 <sup>st</sup> Quarter	\$ 6.30	\$ 5.05
2 <sup>nd</sup> Quarter	6.25	5.04
3 <sup>rd</sup> Quarter	7.87	5.10
4 <sup>th</sup> Quarter	15.94	6.12
	2004	
	High*	Low*
1 <sup>st</sup> Quarter	\$ 13.90	\$ 0.25
2 <sup>nd</sup> Quarter	7.62	4.40
3 <sup>rd</sup> Quarter	8.60	6.10
4 <sup>th</sup> Quarter	7.31	5.60

As of July 31, 2006, there were approximately 908 holders of record of our common stock.

### Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

In addition, as stipulated by the Company Law of the People's Republic of China ("PRC"), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

- making up cumulative prior years' losses, if any;
- allocations to the "statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of a company's registered capital;

- Allocations of 5-10% of income after tax, as determined under PRC accounting rules and regulations, to a company's "statutory common welfare fund", which is established for the purpose of providing employee facilities and other collective benefits to a company's employees; and
- Allocations to the discretionary surplus reserve, if approved in the stockholders' general meeting.

Accordingly, we established a reserve for the annual contribution of 5% of net income to the welfare fund in 2005 and 2004. The amount included in the statutory reserve for the years ended December 31, 2005 and 2004 amounted to \$449,675 and \$251,370, respectively.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table shows information with respect to each equity compensation plan under which our common stock is authorized for issuance as of the fiscal year ended December 31, 2005.

#### EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	136,000	\$5.39	864,000
Equity compensation plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>	<b>136,000</b>	<b>\$5.39</b>	<b>864,000</b>

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

##### Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as "believes," "estimates," "could," "possibly," "probably," "anticipates," "projects," "expects," "may," "will," or "should" or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

## **Overview**

The Company is incorporated under the laws of the state of Delaware and its operating subsidiary, Yang Ling, is headquartered in the Shaanxi Province, the People's Republic of China. The Company engages in the business of manufacturing and marketing organic fertilizers and pesticides in the People's Republic of China. It produces numerous product lines, from pesticides to crop specific fertilizers. These products are then marketed and sold to over 150 wholesalers throughout the 20 provinces of the People's Republic of China. The Company conducts research and development to further improve existing products and develop new formulas and products.

**Critical Accounting Policies**

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and