



Asia Bio-Chem Group

Investor Presentation

July 2011

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Company Overview

- Manufacturer and distributor of corn starch and related products in China, established in 2003
- First plant processing 300,000 tonnes/year (full capacity)
- Completed a \$30-million private placement in June 2008
- Completed construction of second plant in late 2009 (600,000 tonnes/year)
 - Contributed to over 100% growth in 2010
- Completed a \$10-million bought deal in January 2011
 - Announced expansion into sweetener business
- Listed on the TSX (Symbol: ABC)



Investment Highlights

- Surging demand for agriculture products
- Competitive advantages
 - Raw material supply
 - Proximity to transportation and infrastructure
 - Capital costs
- Track record of growth and profitability
- Management has proven experience in plant construction and operations, and extensive government relationships



Industry Overview

Industry Overview



Oil-based Products



Fructose



Maltose

Germ

7%



Glucose



Dextrin, Citric Acid, MSG

Fiber 13%



70% Starch



Animal feed

6%

Gluten

Non-soluble protein



Modified Starch

Dextrose, Sorbitol, Manitol



Protein-Based Animal Feed



Industry – Food Consumption

- Growth in corn processing is driven by food industry

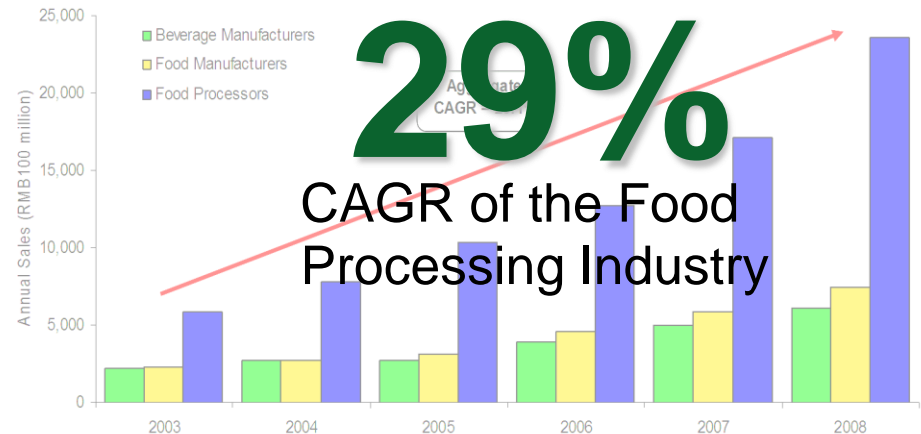
19%

Growth in output of
Coca Cola



86%

2-year increase in
Sweetener Prices



8%

CAGR of Beer
Production

16%

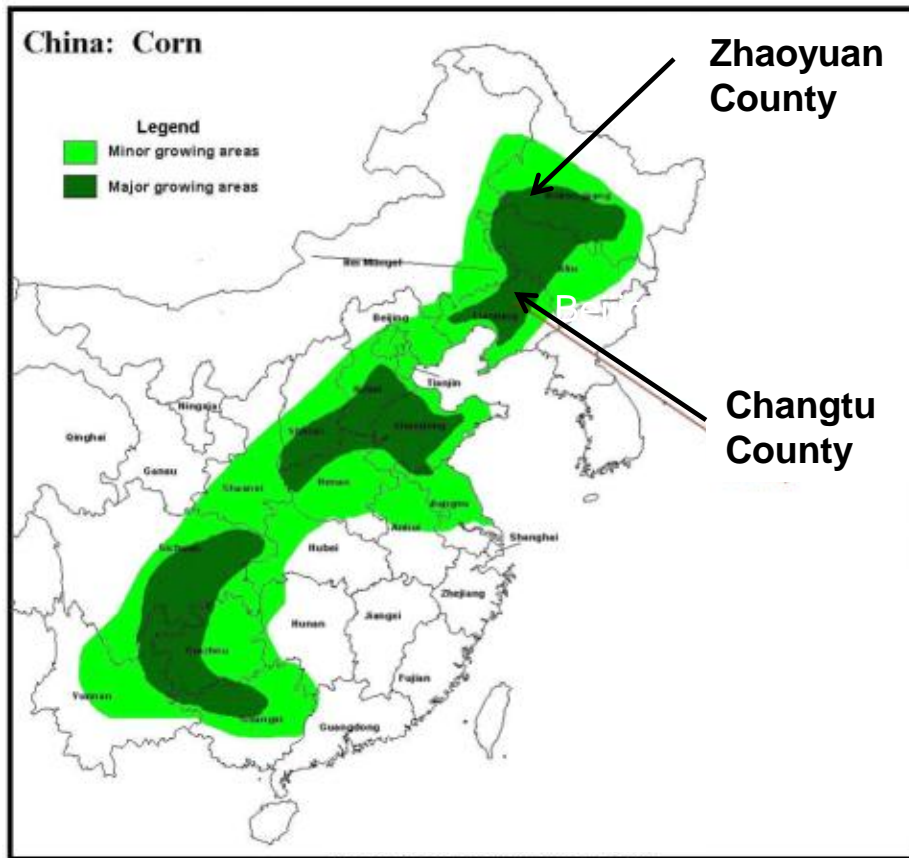
CAGR of Livestock
Feed Production



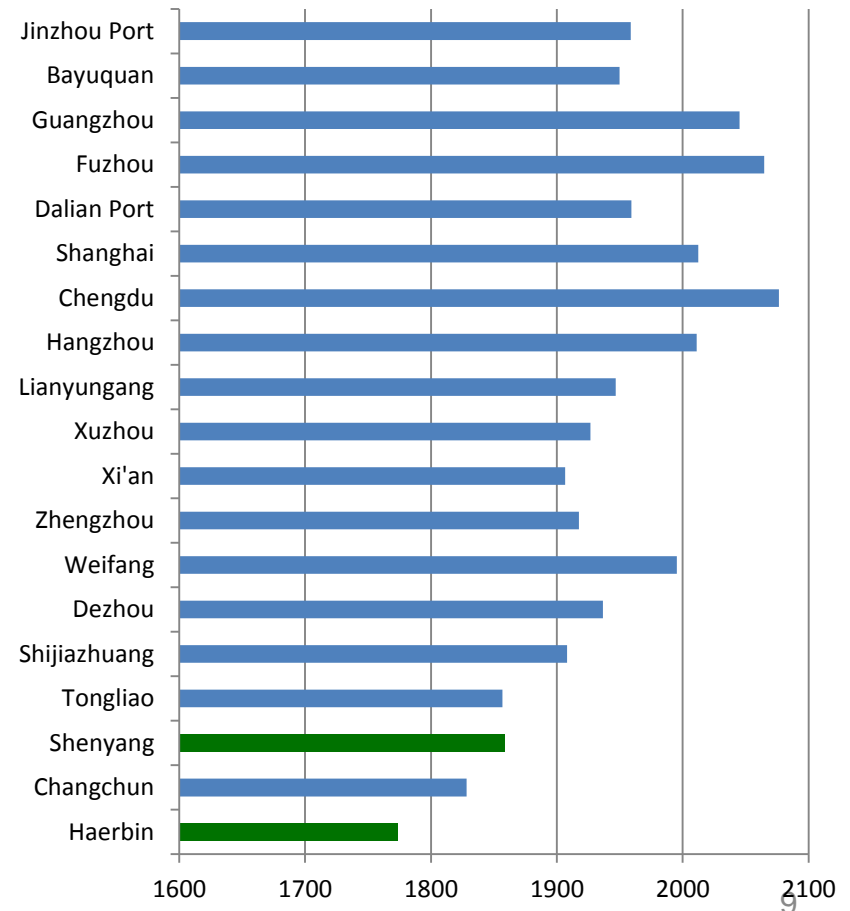
Company Operations

Advantage: Location

- The cost of corn in the Northeast continues to be the lowest in China



Corn Prices (average 2010)



Advantage: Transportation

- Efficiencies in transportation have reduced costs
- Sea transportation allows our starch to bypass the more competitive regions and serve customers in Southern China



Trucks, rail and container ships are used to transport product to Southern China

Cost to Shipment (per tonne of starch) :	
Changtu to Port	40-50 (2%)
Daqing to Port	95-105 (4%)
Port to Guangdong *	180-200 (8%)

Changtu Facility

- Original plant constructed in 2003
- \$12 million in upgrades completed in Q4 2010
- 300,000 tonnes/year processing capacity



New centrifuge



New filtration system



New Changtu Plant

- Asia Bio Chem is now fully compliant with major international beverage supplier standards
- These improvements allowed the Company to win a 204,000-tonne starch contract in March 2011

Daqing Facility

- Completed construction in late 2009 at a cost of \$90 million
- 600,000 tonnes/year processing capacity (one of largest in China)
- Heilongjiang Provincial Government extended the railroad into our plant and connected the facility to the power grid at no cost to ABC



Government-Funded Power Grid



51,000 m² Manufacturing Plant



New Intermodal Loading Dock



Government-Funded Rail Spur



Growth Strategy

Downstream Expansion

Daqing Downstream Project:

- Add 250,000 tonnes of downstream capability to Daqing plant (*Crystallized Glucose and Maltodextrin and/or Sorbitol*)

Rationale:

- Improve gross margin on \$140 million in new product revenues
 - *Industry margins on crystallized glucose are 22%*
- Capitalize on the high-quality starch produced from Daqing
- Leverage experience in logistics to higher-value products
- Reduce our dependence on corn in cost of sales

Cost:

- \$30 million capital cost funded by Q1 2011 equity offering, debt and cash flow

Downstream Expansion

- Shortage of cane sugar in China has driven up prices and improved the price advantage of corn-based sweeteners
- Cane sugar (sucrose) price 7,200 RMB vs Glucose 3,500 RMB and Fructose 5,000 RMB

Crystallized Glucose Market

- Since 2007, 25% CAGR in demand has now absorbed the excess capacity
- Restrictions on licenses ensure limited additional capacity going forward



Long Term Growth Strategy

Add 600,000 tonnes of capacity to become a top producer in the industry:

Option 1: Changtu Bio Chemical Project

- Phase 2 will add 600,000 tonnes at the new Changtu location
- Land has been secured and licence is available

Option 2: Acquisition/Buildout Opportunity

- Partially completed sweetener plant with licences

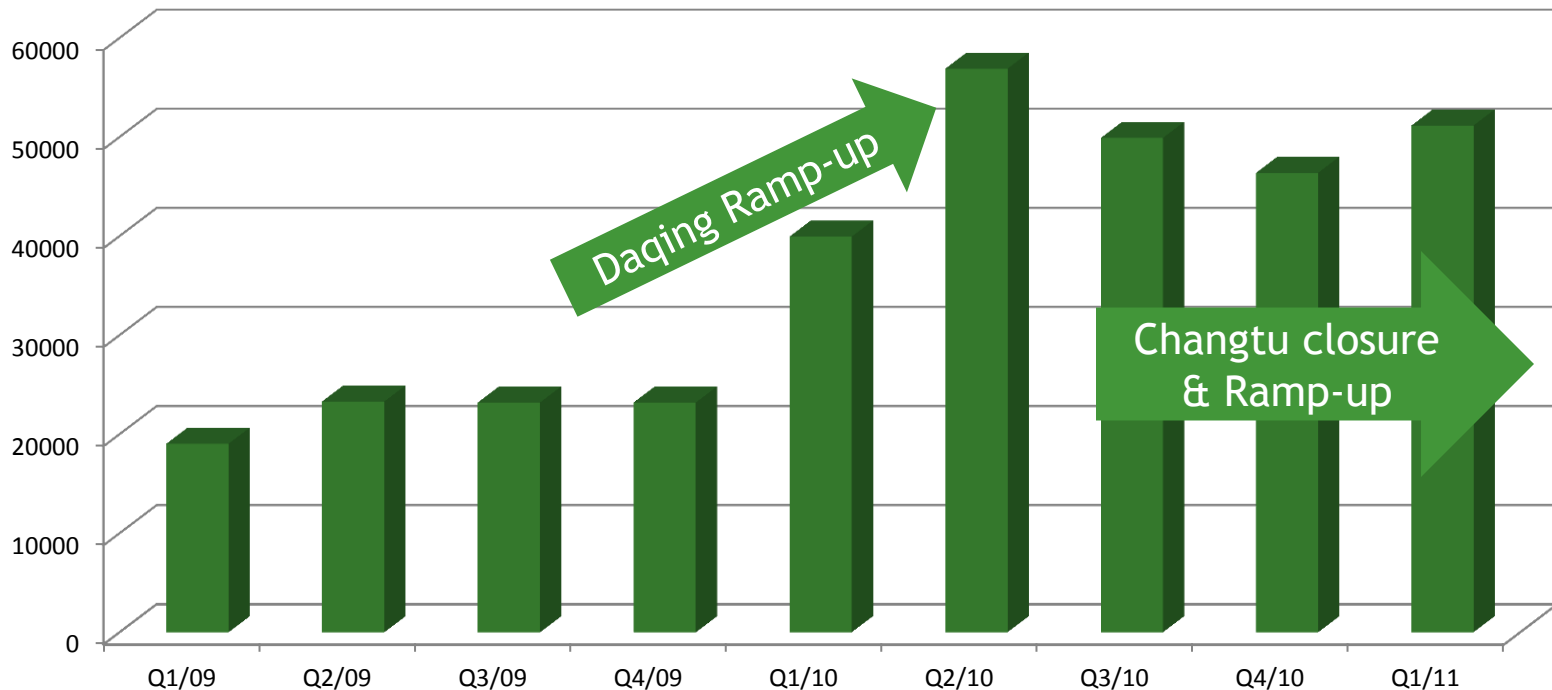


Financial Overview

Financial Performance

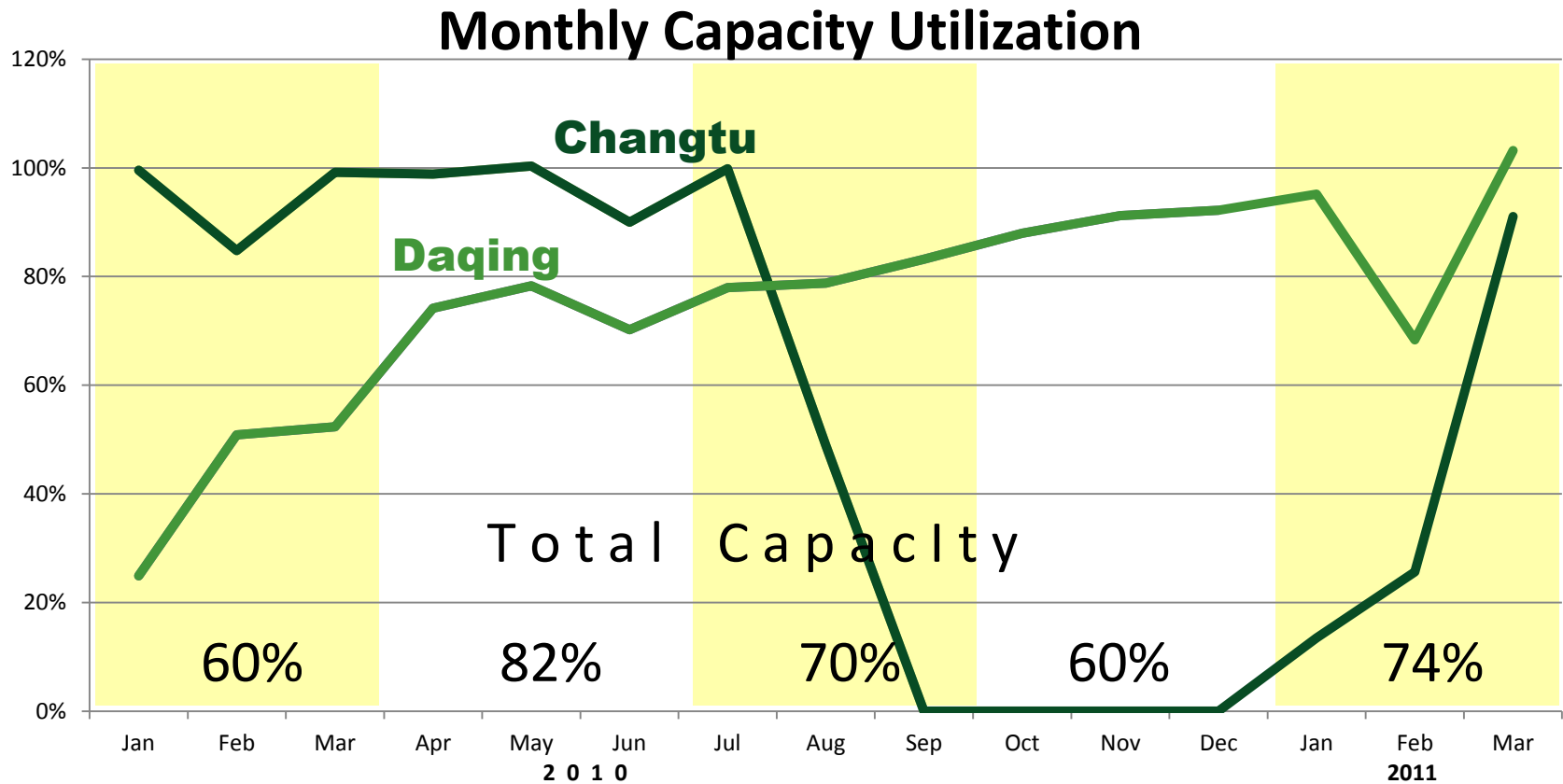
- With the addition of the Daqing plant, 2010 revenues increased 118% over 2009

Revenues (Quarterly Q1 09 - Q1 11)



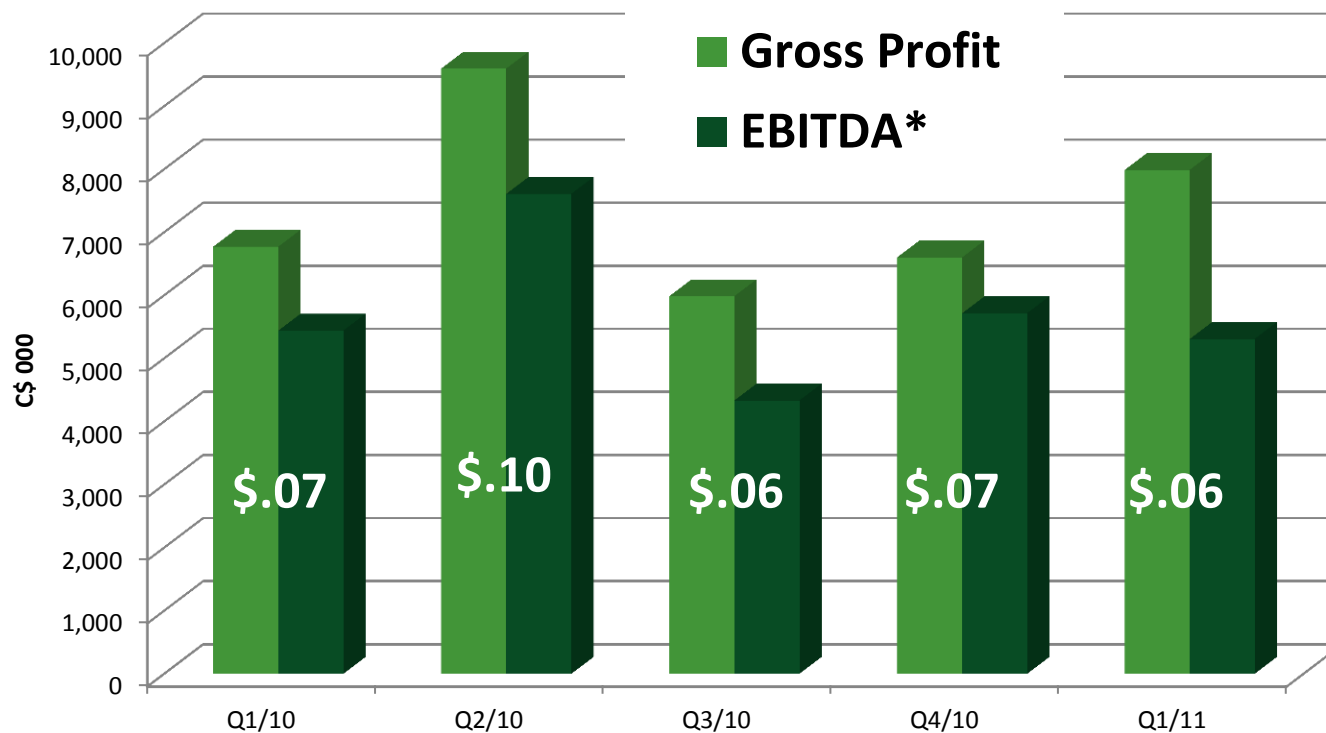
Capacity Utilization

- Changtu plant closure for upgrades affected Q4 and Q1 revenues and profits



Profit and Cash Flow

- 2010 EBITDA of \$0.30 per share with over a potential for 32% improvement as we reach full capacity

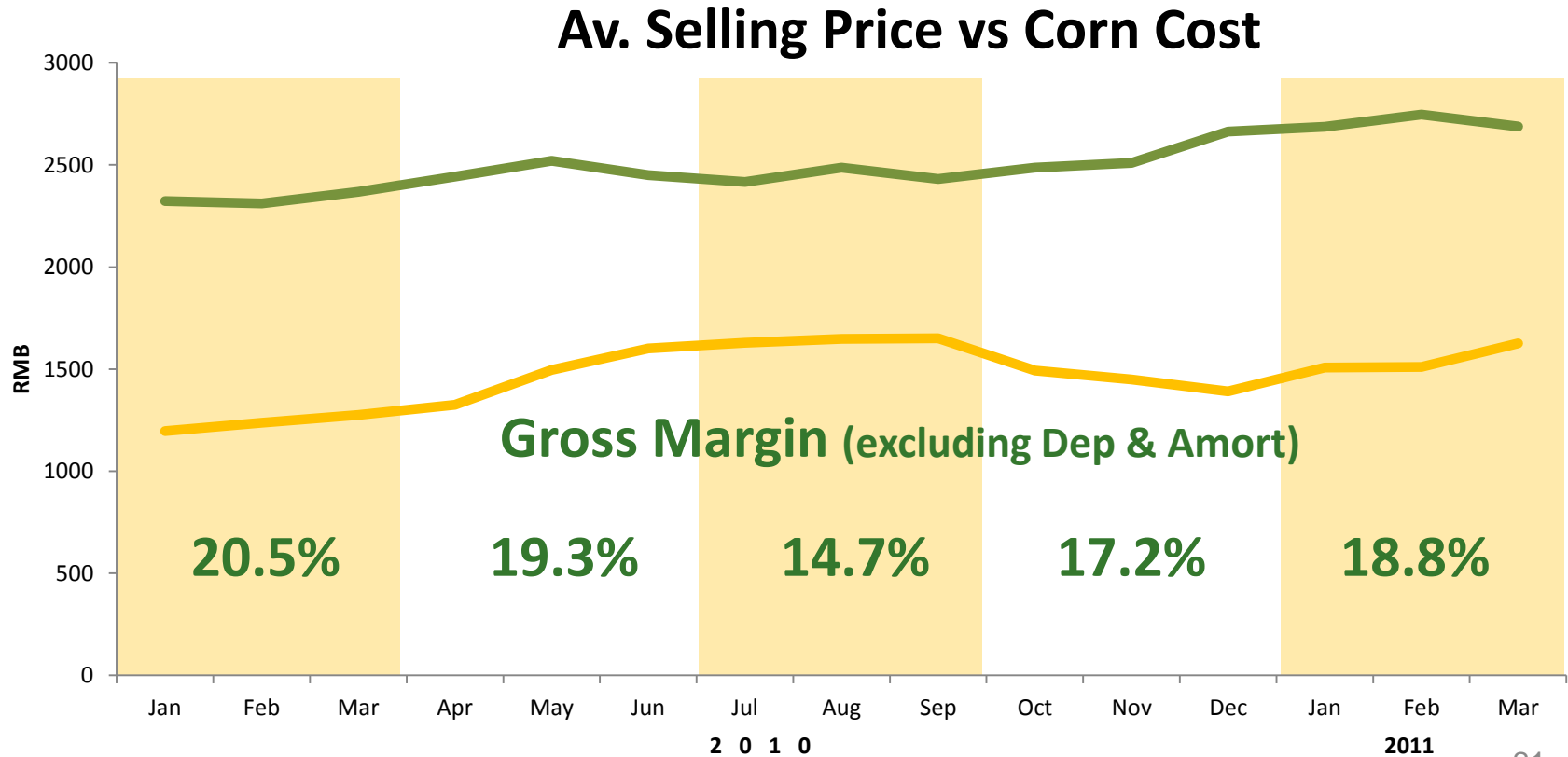


* EBITDA adjusted to add back stock-based compensation expense

Gross Margin Analysis

- During 2010 our average product prices have kept up with corn price increases

Q3 was the exception due to local supply issues



EPS Analysis

EPS has been suppressed due to:

- Ramp up of Daqing and closure of Changtu
 - total utilization over the past 3 quarters has been under 75%
 - transportation and corn supply fine tuning
- With the addition of Daqing the company is incurring higher depreciation

	Q2, 10	Q2, 10	Q3, 10	Q4, 10	Q1, 11
EPS	\$.03	\$.06	\$.02	\$.03	\$.03

- As full capacity utilization is achieved the higher depreciation and other fixed costs will be spread over a larger revenue base
- **Consensus 2011 EPS is \$0.22**

Balance Sheet & Capital Structure

The Company has successfully secured long and short-term debt facilities

	Rate	Expiry
Term Loans		
\$13 mm Term (China Construction Bank)	5.94%	2015
\$7.0 mm Government Loan	0% (1% admin fee)	2015
Operating Loans		
\$30 mm Operating (China Construction Bank)	6.32%	Dec 2011
\$7.4 mm Operating (Yingkou Bank)	7.55%	Jan 2012
\$7.1 mm Overdraft Line* (Yingkou Bank)	0% (1% admin fee)	Aug 2011
<i>Loan drawn down after 3/31/11</i>		
\$7.4 mm Operating (SPB/Citic)	6.94%	Jan 2012

* Overdraft line is secured by \$3.6 million cash deposit

Balance Sheet & Capital Structure

Shares Outstanding at 3/31/11	82.3 million
Fully Diluted	84.3 million
Market Capitalization* (at \$0.92 price)	\$75.7 million
Cash	\$23.2 million
Enterprise Value**	\$124.5 million
Shareholder Equity	\$100.4 million

* Share Price as of market close on July 8, 2011

** Enterprise Value calculated as Market Capitalization – Cash + Total Debt

Management & Directors

	Background
Zhiping Wang , Chairman & CEO	25 years in industry including President of Krauss Maffei/Dorr Oliver China
Jeremy Kendall , Independent Director	Chairman and founder of Sun Opta Inc, extensive agricultural experience
William Thomson , Independent Director	Canadian CA, 45 years of executive and financial experience
Brent Majkrzak , Independent Director	Entrepreneur and owner of a significant North Dakota-based corn farm
Robert Wilson , Executive VP & Director	20 years of investment banking and capital markets experience
Elaine Zhou , CFO	Chinese accounting and US CPA, 12 years of accounting experience
Zhengbo Wang , COO	20 years of experience in downstream MSG manufacturing, MBA
Liancai Hao , VP Business Development	20 years of experience in starch manufacturing and plant construction

Comparables

Asia Bio-Chem trades at a significant discount to its peer groups

CORN PROCESSING COMPARABLES									
	Exchange	Price 7/8/11	Market Cap (mm)	EV/EBITDA			P/E		
				2010(A)	2011(E)	2012(E)	2010(A)	2011(E)	2012(E)
International Comparables									
Archer Daniels Midland	NYSE	\$31.04	\$19,800	6.0	7.7	7.3	8.6	9.4	9.1
Bunge Ltd Co.	NYSE	\$71.24	\$10,487	3.0	6.9	6.4	4.4	11.6	10.9
Corn Products Int'l	NYSE	\$56.93	\$4,350	9.9	6.9	6.6	20.9	12.4	11.3
Mean				6.3	7.2	6.8	11.3	11.1	10.4
China Comparables									
China Agri-Industries	HK	HKD 8.61	HKD 34,770	24.9	11.8	9.7	20.4	12.2	10.2
Global Bio-Chem	HK	HKD 2.85	HKD 9,281	8.1	nm	nm	9.8	14.1	13.0
Xiwang Sugar	HK	HKD 2.09	CNY 1,726	7.9	5.8	4.7	9.9	7.4	6.4
Mean				13.6	8.8	7.2	13.4	11.2	9.9
Asia Bio-Chem Group	TSX	C\$0.92	C\$78	6.1	4.1	2.9	6.7	4.2	2.8

Sources: Thomson One, Asia Bio-Chem

Note: 2010 values based on actual market data at year end



Investment Highlights

- Surging demand for food products in China
- Track record of growth and profitability
- Management has extensive operating expertise in China with strong customer and government relationships
- Growth opportunities available to improve margins and achieve a market-leading position



Asia Bio-Chem Group