

Asia Bio-Chem Group



Stock Symbol: ABC TSX Venture, (ABCXF US)
Current Price: \$1.15 (52 week range \$0.38-1.30)
Shares Outstanding: 76.7mm basic (89.3mm fully diluted)
Market Capitalization: \$84 million
Enterprise value: \$113 million
Consensus 2010 EPS: \$.31
Consensus target \$1.87



Investment Highlights

- **Profitable single-plant operations, generating over \$8 million in operating cash flow over the past 12 months;**
- **Successful completion of the Company's second plant which will triple overall capacity starting in late Q4 2009;**
- **With a total capacity of 900,000 tonnes of corn per year, ABC will become one of the largest starch producers in China;**
- **Attractive Valuation at 3.6 times consensus 2010 EPS; and**
- **Management team with intimate knowledge of the industry and excellent government relationships.**

Overview

Asia Bio-Chem Group Co. Ltd. (TSXV: ABC), is a China-based processor of corn. The Company operates manufacturing plants located in the northeast region of China; one in Liaoning province and its newly completed facility in Helongjiang province. With the completion of its second facility in October 2009, total corn processing capacity will increase from 300,000 tonnes to 900,000 tonnes per year making the company among the largest processors in China.

Approximately 65% of the Company revenues represent production and sale of cornstarch which is sold primarily to Chinese sweetener and pharmaceutical manufacturing customers. The Company's bi-products include corn germ, gluten and fiber. Germ is used in the production of products such as cooking oil and margarine while gluten and fiber are feed products sold to pork, cattle and poultry farms. Demand for the company's products are driven by the growth in food consumption in China and by the changing diet of the emerging middle class.

The Company's plant locations provide it with competitive advantages in terms of lower corn cost and efficient transportation. In addition, its focus on starch has allowed the Company to penetrate some of the largest downstream producers in China while maintaining diversity in its customer base.