



Management Presentation

January 2007

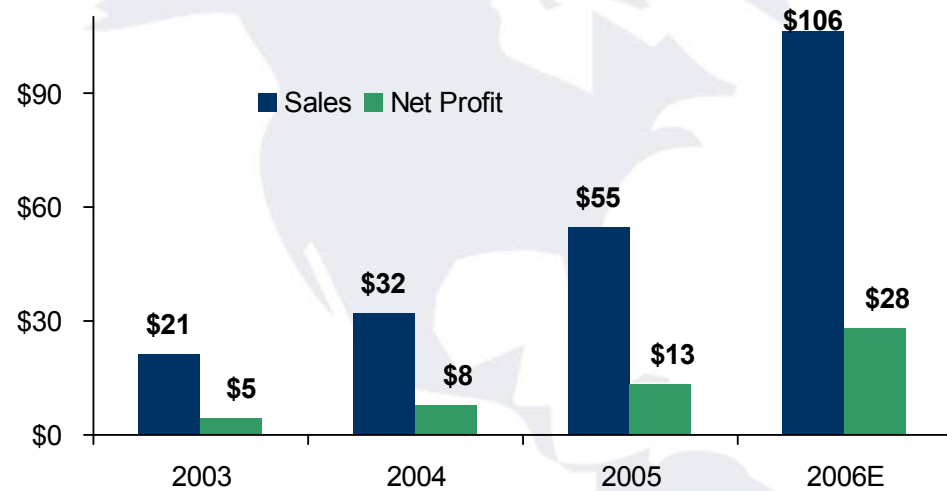
Safe Harbor Statement

This presentation contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events, performance and results of operations, and underlying assumptions and other statements that are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, product and service demand and acceptance, changes in technology, economic conditions, the impact of competition and pricing, government regulation, and other risks contained in statements filed from time to time with the Securities and Exchange Commission. All such forward-looking statements, whether written or oral, and whether made by or on behalf of the company, are expressly qualified by the cautionary statements and any other cautionary statements which may accompany the forward-looking statements. In addition, the company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.



- AOB manufactures and distributes plant based pharmaceutical (PBP) and plant based nutraceutical (PBN) products and our mission is to improve people's health
- Estimated revenue growth of 95% in 2006 to \$106-108M
- YTD revenue up 98% to \$69.2M
- Organic growth was 75% YTD 3Q06
- Gross profit margin approx 66%; Operating and net profit margins of approx 33% and 27%, respectively
- YTD net income up 99% in 2006
- YTD FCF \$16.9M
- \$60.9M net cash, or \$0.95 net cash per share

Financial Overview (\$ in millions)



Financial Highlights

Market Capitalization: \$772.3M
 Current Price: \$12.03*
 52-week high/low: \$13.24 - \$4.26
 Enterprise Value: \$711.4M
 Net Cash: \$60.9M
 Current Shares Outstanding: 64.2M

*As of January 05, 2006

- **Significant market opportunity in China supports growth**
 - Chinese economy expanding at a rate of over 8% annually
 - Chinese pharmaceutical & nutraceutical market expanding at a rate of over 25% annually⁽¹⁾
 - Acquisitions begin contributing more significantly in 2007
 - Expansion of soy-bean peptide facility will alleviate capacity constraints and support revenue growth
- **Identify complementary and accretive acquisitions to augment organic growth**
- **Diverse product portfolio:**
 - Treating viral infections, respiratory infections, bed wetting and incontinence, gynecological illness, circulatory problems, muscle pain, fever, insomnia and headaches
 - Variety of nutraceutical products with soybean peptides and energy boosters
- **Extensive distribution network**
 - 100,000 distribution points throughout China
 - Actively enhancing presence in rural China
- **Experienced and proven management team**
 - Management has been together for over 12 years with in-depth knowledge and operational experience in the Chinese economy, markets and government
 - Successful track record in regards to identifying and integrating acquisitions
- **Consistent financial performance expected through 2006⁽²⁾**
 - 74% Revenue CAGR over the past 3 years
 - 83% Net Income CAGR over the past 3 years
 - 44% EPS CAGR over the past 3 years

(1) Yanzijiang Pharmaceutical Company presentation, (2) Growth rates calculated for fiscal years 2003A to 2006E using financial guidance from 11/14/2006.



- **Total China pharmaceutical industry revenues reached approximately \$54.3 billion in 2005; up an estimated 26% from 2004⁽¹⁾**
 - ❑ China is currently the fifth largest pharmaceutical market in the world and is expected to be the biggest pharmaceutical market by 2020⁽¹⁾
 - ❑ Approximately \$15.0 billion was attributed to Traditional Chinese Medicine (TCM)⁽²⁾
 - ❑ Domestic producers accounted for 70% of drug sales in China⁽³⁾

- **Macro demographics of increased age, wealth, population growth and consumer health awareness are driving sales**

- **Highly fragmented industry with over 2,000 TCM companies; numerous consolidation opportunities**

(1) Yanzijiang Pharmaceutical Company presentation, (2) Raise strategy and operation consulting company, (3) Saidi (CCIDI) Media Consulting Company

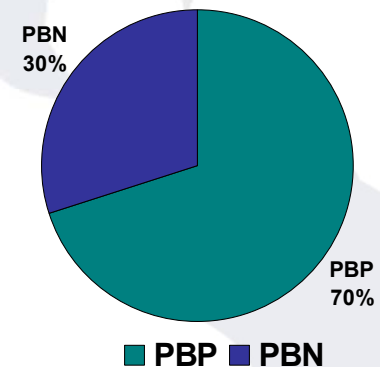
■ Plant-based pharmaceutical products

- ❑ Requires China State FDA approval
- ❑ Sold over-the-counter and by prescription
- ❑ The only China State FDA-approved first grade prescription medicine specially formulated to help alleviate bed-wetting and incontinence
- ❑ Leading anti-viral injection effective against respiratory diseases
- ❑ Treat gynecological inflammations

■ Plant-based nutraceutical products

- ❑ No China State FDA approval required
- ❑ Local governmental agency approval is required
- ❑ Used to promote overall health and well-being
- ❑ Nutritional products (nutritional drinks rich in vitamins and amino acids)
- ❑ Soybean peptide products (no-cholesterol, energy-boosting protein sources)

9 Months 2006 Revenue Distribution





Shuanghuanglian Injection
Powder



Cease-enuresis Soft Gel and
Patch

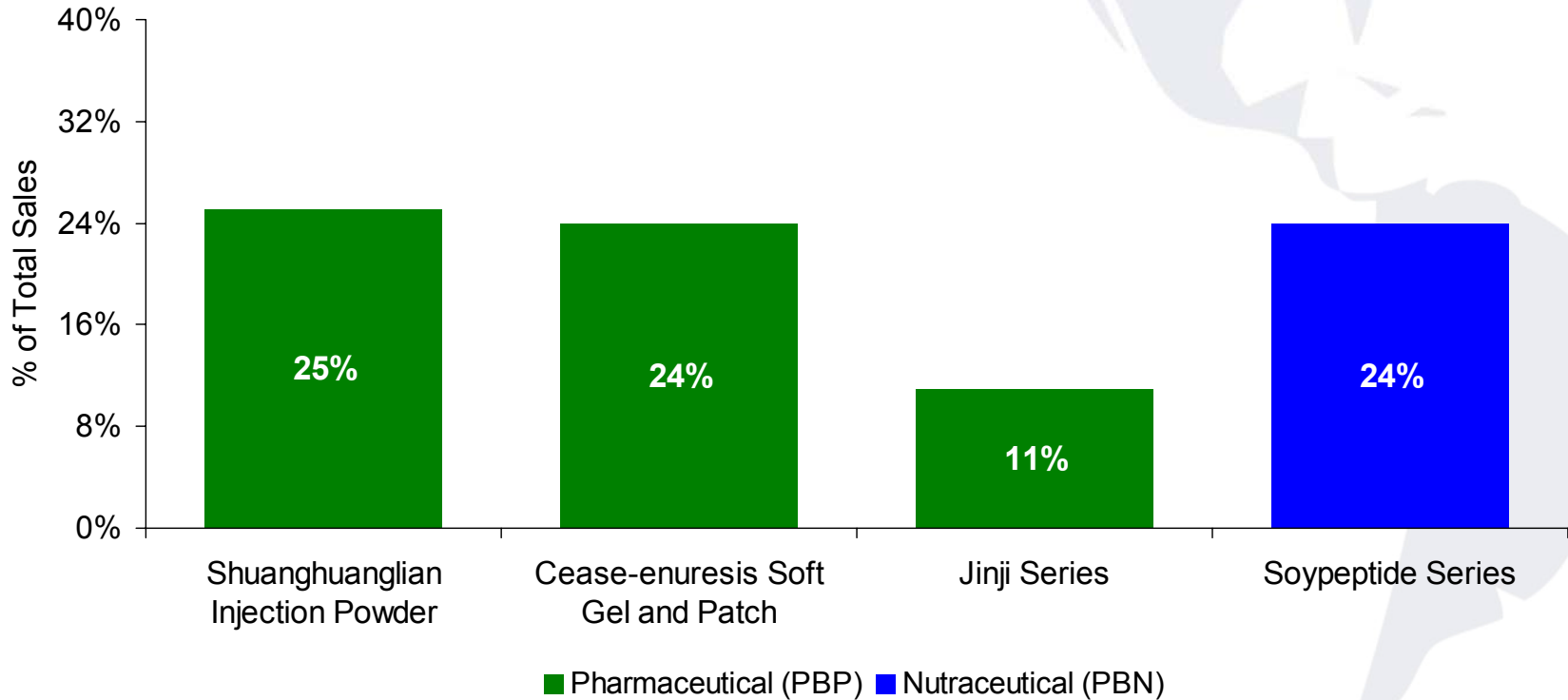


Jinji Series



Soypeptide Series

- Consumer demand for our leading products drives revenue growth
 - ▣ PBP Products: 119% growth through the first nine months of 2006
 - ▣ PBN Products: 63% growth through the first nine months of 2006
 - ▣ Overall: 98% revenue growth; 75% organic



- **100,000 distribution points throughout China**
 - Clinics
 - Hospitals
 - Pharmacies
 - Retail outlets
- **Current distribution represents 90% of all pharmacies in China**
- **Developing additional distribution points in rural areas**
- **Over 600 members of sales force, covering all regions in china in order to maintain and expand distribution points**



AOBO has a successful track record of executing and integrating acquisitions

- Accretive**
- Compelling core product(s)**
- Revenue growth potential**
- Margin expansion potential**



- Accretive:**
Profitable at purchase
- Compelling Core Product(s)**
- Revenue growth potential**
- Margin expansion potential**



- Accretive:**
Profitable at purchase

- Compelling Core Product(s):**
Shuanghuanglian Injection Powder

- Revenue growth potential**

- Margin expansion potential**



- Accretive:**
Profitable at purchase
- Compelling Core Product(s):**
Shuanghuanglian Injection Powder
- Revenue growth potential:**
Increased revenue 4x in first year from \$4 million to \$16 million
- Margin expansion potential**



- ☑ **Accretive:**
Profitable at purchase

- ☑ **Compelling Core Product(s):**
Shuanghuanglian Injection Powder

- ☑ **Revenue growth potential:**
Increased revenue 4x in first year from \$4 million to \$16 million

- ☑ **Margin expansion potential:**
Increased gross margin from 40% to mid-60s in 2006



- Accretive:**
 - Profitable at purchase**
- Compelling Core Product(s):**
- Revenue growth potential:**
- Margin expansion potential:**



- Accretive:**
Profitable at purchase
- Compelling Core Product(s):**
Jinji line of women's health products
- Revenue growth potential:**
- Margin expansion potential:**



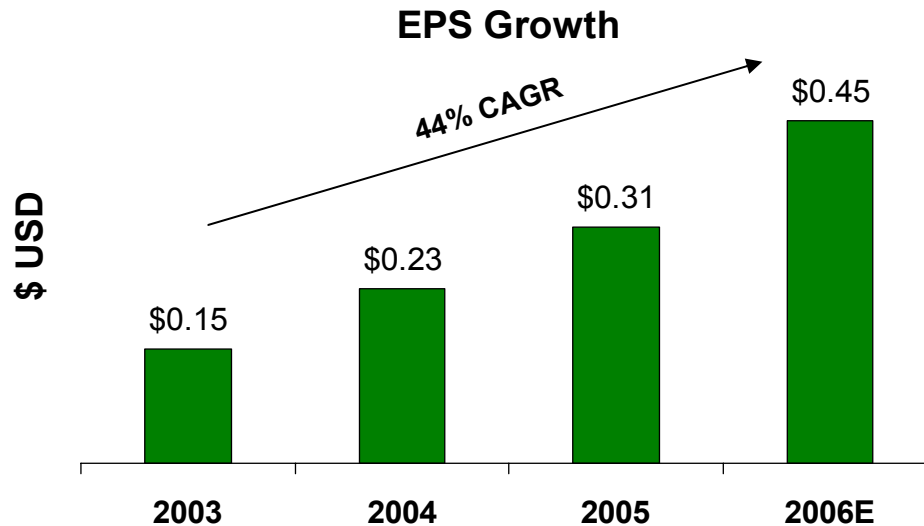
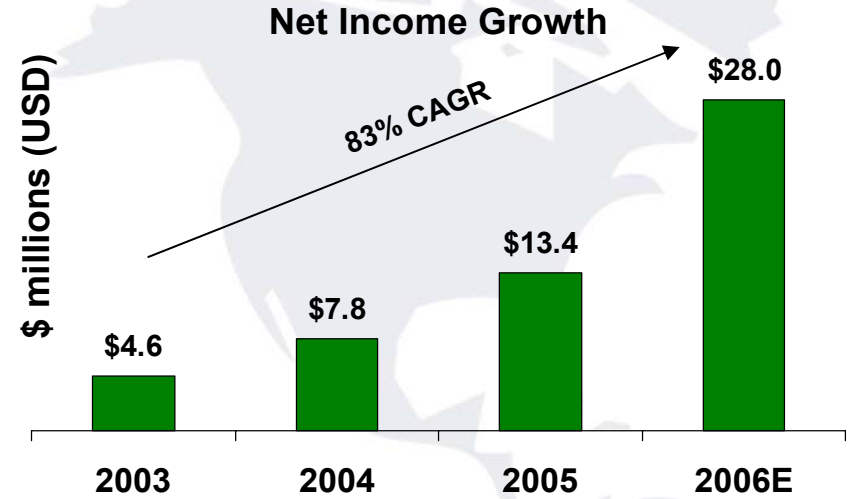
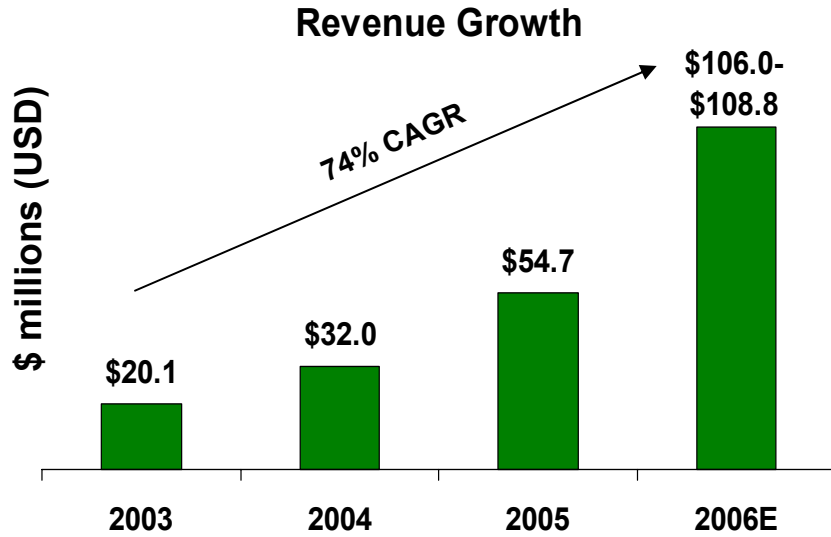
- ☑ **Accretive:**
Profitable at purchase
- ☑ **Compelling Core Product(s):**
Jinji line of women's health products
- ☑ **Revenue growth potential:**
YTD \$8.1 million, or 82% of 2005 revenue generated in first 5 months of acquisition
- ☐ **Margin expansion potential:**



- ✓ **Accretive:**
Profitable at purchase
- ✓ **Compelling Core Product(s):**
Jinji line of women's health products
- ✓ **Revenue growth potential:**
YTD \$8.1 million, or 82% of 2005 revenue generated in first 5 months of acquisition
- ✓ **Margin expansion potential: Met management's expectations 3Q06**



Consistent Financial Performance



■ 4Q06 Financial Guidance

- ❑ Revenue of \$37 million - \$39 million, up at least 87% from 4Q05
- ❑ Diluted EPS of at least \$0.15, up from \$0.08 in 4Q05

■ Consistently Strong Revenue Performance

- ❑ \$69.2 million in first nine months of 2006, up 98%
- ❑ \$54.7 million in 2005, up 71%

■ Net Cash: \$60.9 M

- ❑ Approximately \$0.95 net cash per share
- ❑ YTD \$16.8 million FCF at September 30, 2005

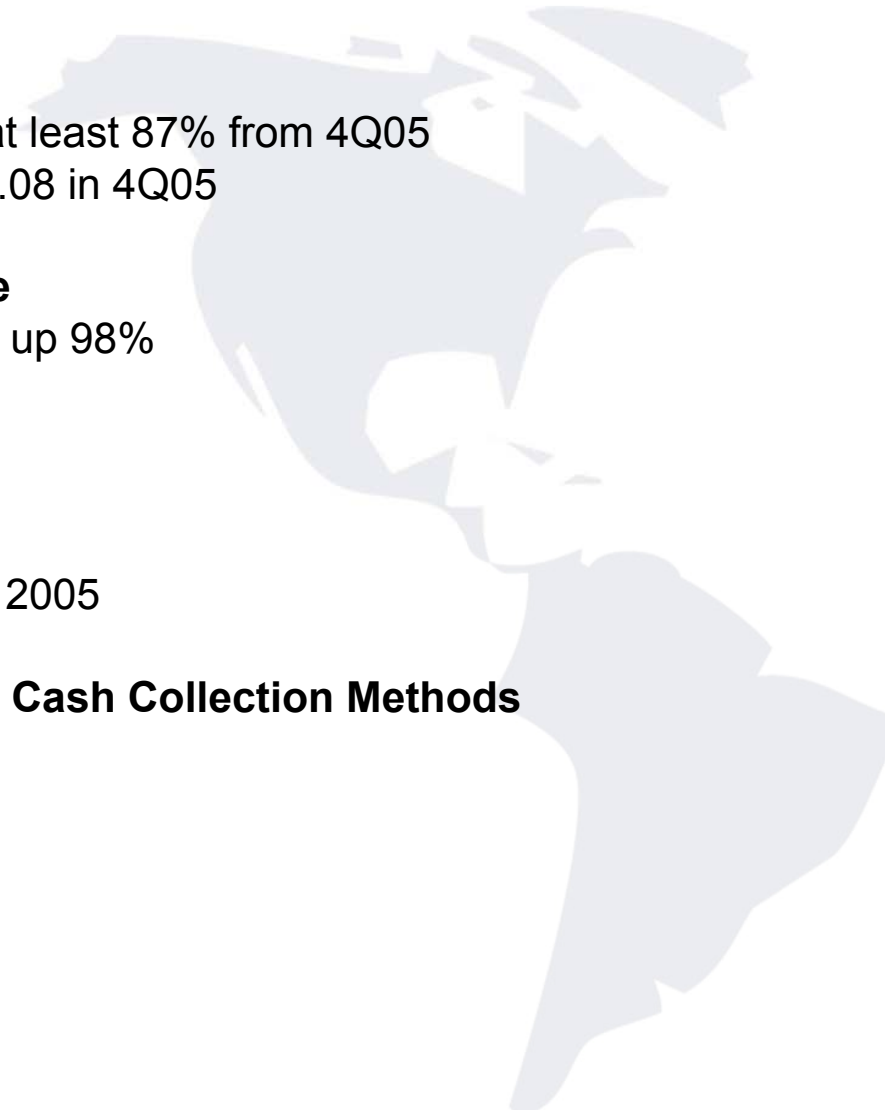
■ Days Sales Outstanding Reflects Effective Cash Collection Methods

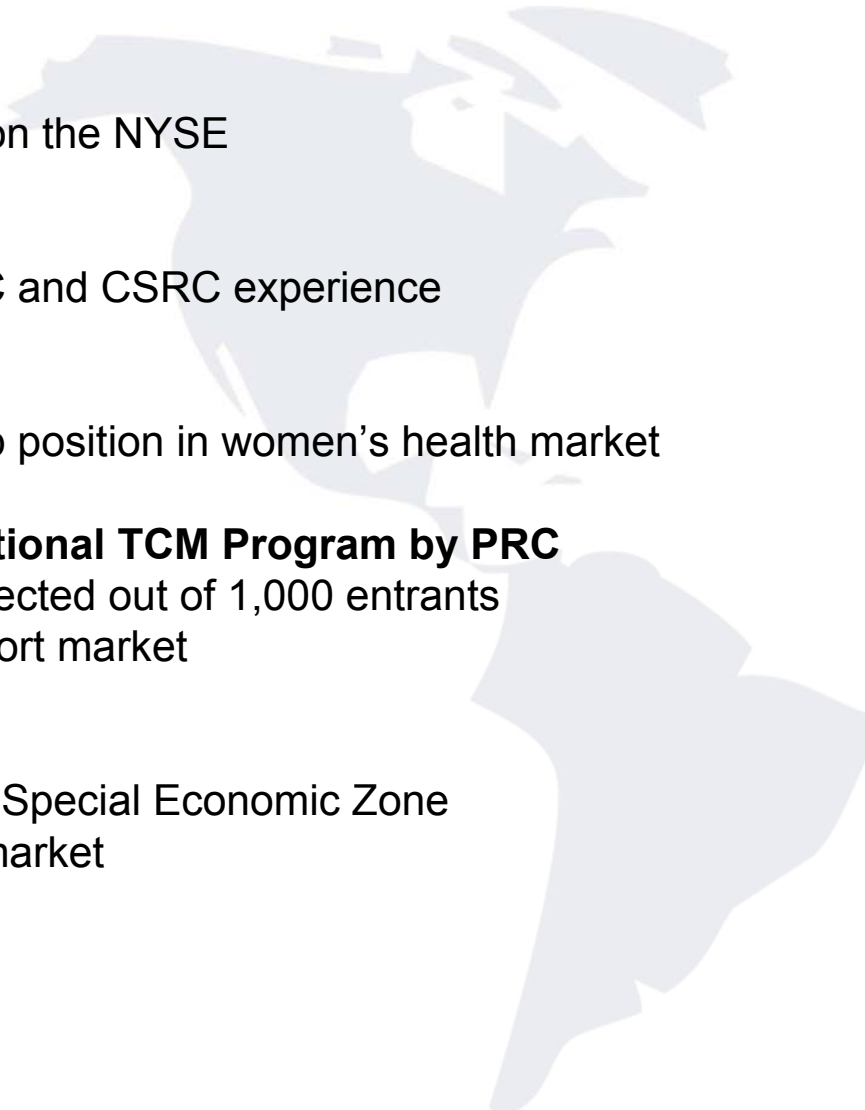
- ❑ DSO for first nine months 2006: 37 Days
- ❑ DSO for 2005: 43 Days

■ Total Debt: \$11.0M

■ Working Capital: \$78.4M

■ Shareholders Equity: \$141.2M



- **AOB shares list on the NYSE**
 - First Chinese healthcare company to list on the NYSE
 - **Recently enhanced Board of Directors**
 - Boqing Zhang brings two decades of PRC and CSRC experience
 - **New product launch**
 - Jinji brand extension enhances leadership position in women's health market
 - **Leading PBP products selected for International TCM Program by PRC**
 - Cease Enuresis Soft Gel and Jinji Gel selected out of 1,000 entrants
 - PRC provides R&D support for future export market
 - **Moved headquarters to Shenzhen**
 - Adjacent to Hong Kong, Shenzhen is in a Special Economic Zone
 - Proximity to GLP and southern Chinese market
 - Access to human capital
 - **SOX 404 compliant**
- 
- A faint, light blue map of China is visible in the background of the slide, positioned on the right side. It shows the outline of the country, including the mainland and Hainan Island.

■ Cohesive, Experienced Management Team

- Management has worked together for over 12 years

■ Global Board of Directors

- Board includes five independent directors, three from the U.S.
- Includes senior partner from Deloitte & Touche , president of a global consumer brand, as well as NASD expert
- Chinese members of Board include former director of CSRC and deputy governor of Heilongjiang

■ Tony Liu – Chairman and Chief Executive Officer

- Founder of American Oriental Bioengineering
- Representative to National People’s Congress

■ Lily Li – Chief Operating Officer and acting Chief Financial Officer

- Co-founder of American Oriental Bioengineering
- Named “Most Effective Chinese Entrepreneur in Sales and Marketing” in 2004

■ Two-part growth strategy

- ❑ Organic growth
- ❑ Acquisition opportunities

■ Significant market opportunity in China

- ❑ Chinese economy expanding at a rate of over 8% annually
- ❑ Chinese pharmaceutical & nutraceutical market expanding at a rate of over 25% annually
- ❑ Exciting acquisition landscape

■ Diverse product portfolio

- ❑ Treating viral infections, respiratory infections, bed wetting and incontinence, gynecological illness, circulatory problems, muscle pain, fever, insomnia and headaches
- ❑ Variety of nutraceutical products with soybean peptides and energy boosters

■ Leveraging an extensive distribution network

- ❑ Over 100,000 distribution points throughout China
- ❑ Proven ability to leverage existing and new products over the network

■ Experienced and proven management team

- ❑ Management has been together for over 12 years with in-depth knowledge and operational experience in the Chinese economy and markets
- ❑ Successful track record in regards to identifying and integrating acquisitions