

American Oriental Bioengineering Comments on Recent Property Purchase

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NEW YORK, Jan. 9 /PRNewswire-Asia-FirstCall/ -- American Oriental Bioengineering, Inc. (NYSE: AOB) ("AOBO" or "the Company"), a leading marketer,

distributor and manufacturer of pharmaceutical and healthcare products in China, today commented on its recent purchase of buildings and land in the Beijing Economic-Technological Development Area (BDA) for approximately \$70.0 million.

Mr. Tony Liu, Chairman and Chief Executive Officer of AOBO, stated, "Our recent property purchase in the BDA is a long-term investment in AOBO which builds out our multi-functional headquarters and centralizes our management in Beijing, while deepening our presence in a very important development region focused on attracting leading pharmaceutical companies. Additionally, at a time when our significant cash position yields negative real returns, this fixed asset allocation does not constrain our financial flexibility, but rather, we believe, positions us to secure government support in various forms,

such as R&D grants related to the PRC's stimulus plan as well as potential low-interest bank loans."

Liu continued, "While we have not always elaborated on our motivations at the time, due to economic, competitive and other reasons, we consistently and effectively have navigated China's complex economic and competitive landscape, and have created significant shareholder value in the process. We believe this property purchase is no departure from AOBO's proven past."

"Our goal remains consistent. We continue to focus on becoming a top-five pharmaceutical company in China and we are aggressively yet prudently pursuing organic and acquisition-led growth. We emphasize that China's challenging economic environment and the uncertainty created by the upcoming healthcare reform necessitates that we remain flexible, influential and creative in our acquisition strategy. We intend to consider a variety of strategic opportunities in technology, new products, partnerships and minority or majority stakes, in order to ultimately create long-term shareholder value. Lastly, we note that AOBO's consistent internally generated cash flow ensures that we do not anticipate returning to the capital markets in the coming year, and also bolsters our competitive and negotiating position versus peers," concluded Liu.

Details of the Transaction

The Company completed a Purchase Agreement with Beijing Century East Fuel Power Science & Technology Research and Development Co. Ltd., through which AOBO acquired buildings occupying 14,615 square meters (157,314 square feet) as well as the land use right to 22,008 square meters (5.4 acres) of land on which the building is located in the Beijing Economic-Technological Development Area. The cash transaction of \$70.0 million was funded from the Company's internally-generated cash flow.

About American Oriental Bioengineering Inc.

American Oriental Bioengineering, Inc. is a pharmaceutical company dedicated to improving health through the development, manufacture and commercialization of a broad range of prescription and over the counter products in China.

Statements made in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. The economic, competitive, governmental, technological and other factors identified in the Company's filings with the Securities and Exchange Commission, including the Form 10-Q for the quarter ended September 30, 2008, may cause actual results or events to differ materially from those described in the forward looking statements in this press release. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or

otherwise. SOURCE American Oriental Bioengineering, Inc.

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