

AMERICAN ORIENTAL BIOENGINEERING, INC.

CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines reflect current policies of the Board of Directors for the governance of American Oriental Bioengineering, Inc. and its subsidiaries (the “Company”). These guidelines will be subject to periodic review by the Board of Directors.

Director Responsibilities

The business and affairs of the Company are managed by or under the direction of the Company’s Board of Directors (the “Board”) in accordance with Nevada law. The Board’s responsibility is to provide direction and oversight. The Board establishes the strategic direction of the Company and oversees the performance of the Company’s business and management. The management of the Company is responsible for presenting strategic plans to the Board for review and approval and for implementing the Company’s strategic direction. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company.

All directors should make every effort to attend meetings of the Board and the Board committees of which they are members and all annual and special meetings of stockholders. Attendance by telephone or video conference may be used to facilitate a director’s attendance. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

Independent Directors

It is the policy of the Company that the Board shall consist of the number of independent directors required by the New York Stock Exchange (“NYSE”) listing standards and any other law or regulation applicable to the Company.

A majority of the directors must be independent directors under Section 303A.01 of the listing standard of NYSE. Section 303A.02 of the NYSE listing standards provide that no director can qualify as independent unless the Board affirmatively determines that the director has no material relationship with the listed company. The Board has adopted the following standards in determining whether or not a director has a material relationship with the Company and these standards are:

- No director who is an employee or a former employee of the Company can be independent until three years after termination of such employment.
- No director who is, or in the past three years has been, affiliated with or employed by the Company’s present or former independent auditor can be

independent until three years after the end of the affiliation, employment or auditing relationship.

- No director can be independent if he or she is, or in the past three years has been, part of an interlocking directorship in which an executive officer of the Company serves on the compensation committee of another company that employs the director.
- No director can be independent if he or she is receiving, or in the last three years has received, more than \$120,000 during any 12-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- Directors with immediate family members in the foregoing categories are subject to the same three-year restriction.
- No director can be independent if he or she is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Based on these independence standards and all of the relevant facts and circumstances, the Board shall affirmatively determine whether each director has any material relationship with the Company that would cause the director not to be independent under Section 303A.02 of the listing standards of NYSE and any other law or regulation applicable to the Company.

The Nominating and Corporate Governance Committee shall assess, develop and communicate with the full Board concerning the appropriate criteria for nominating and appointing directors as provided for in its charter.

Board Access to Management and Independent Advisors

Directors shall have complete access to the Company's management and may meet individually with members of management at any reasonable time. Management will provide information requested by directors. Directors will use discretion to avoid any undue burden on management or distraction from their duties with the Company. As necessary and appropriate, the Board and its committees may retain, at the Company's expense, such independent counsel or other advisors as they deem necessary and pursuant to the guidelines set forth in their applicable charter.

Director Compensation

The Compensation Committee has the responsibility to determine and recommend to the Board the compensation and benefits for non-employee directors in accordance with the guidelines provided for in its charter.

Succession Planning for the Chief Executive Officer

The Compensation Committee will review and assist the Board in developing succession plans for the executive officers and other appropriate management personnel. The Chief Executive Officer will ensure that the Board has opportunities to become acquainted with the senior officers of the Company and others who may have the potential to handle significant management positions.

Evaluation of the Board and its Committees

The Nominating and Corporate Governance Committee shall oversee an annual review of the performance of the full board. Each Committee shall conduct an annual self-evaluation as provided for in its respective charter.

Orientation and Continuing Education

Management, working with the Nominating and Corporate Governance Committee, shall provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management and the Nominating and Corporate Governance Committee shall prepare additional educational sessions for directors on matters relevant to the Company and its business.

Adopted: March 12, 2009