

[For Immediate Release]



Sihuan Pharmaceutical Acquires Changchun Xiangtong Pharmaceutical

Further expands product base and distribution network, lowers product cost

HONG KONG, 20 January 2011 – **Sihuan Pharmaceutical Holdings Group Ltd.** (HKEx: 0460) (“Sihuan Pharmaceutical” or the “Company”), as one of the leading pharmaceutical companies in the cardio-cerebral vascular drug field in China, announced today its wholly-owned subsidiary Jilin Sihuan Pharmaceutical Co., Ltd. (“Jilin Sihuan”) has conditionally agreed to purchase an 80% equity stake of Changchun Xiangtong Pharmaceutical Co., Ltd. (“Changchun Xiangtong” or the Target Company), at an aggregate consideration of no more than RMB140,600,000 (equivalent to approximately HK\$165,997,638). The total consideration will be paid in instalments according to the terms and conditions of the sale and purchase agreement. The acquisition will be partly funded by the proceeds of the initial public offering and partly from the internal capitals.

The acquisition will further expand the product base and distribution list of Sihuan Pharmaceutical. It will also create synergies and lower the product cost of Sihuan, strengthening our competitiveness in the cardio-cerebral vascular drug field and further increasing our market share. Changchun Xiangtong owns several State Food and Drug Administration GMP (Good Manufacturing Practice) certified production lines, with 40 drug production batches covering 32 kinds of medicine for curing cerebrovascular diseases, digestive system problems and anti-inflammation. The core products of the Target Company include Monosialotetrahexosylganglioside Sodium raw medicine (“Raw Medicine”) and Monosialotetrahexosylganglioside Sodium for injection (“Injection”), mainly for the treatment of central nervous system injuries caused by cerebrovascular diseases, brain injuries and Parkinson psychosis, etc. The supply of the Raw Medicine will secure a stable supply of raw materials for the production of Company's main pharmaceutical products and help reduce product cost. The Injection has been among the top three best-selling drugs in terms of market share since 2008. In 2009, it had a market share of 6.47%, surpassing the Group's products with similar functions. From 2005 to 2009, the market of Monosialotetrahexosylganglioside Sodium for injection in China had an average growth rate of over 90%, making it the number one prescription drug for cardio-cerebral vascular diseases in China.

Dr. Che Fengsheng, Chairman and CEO of the Company, said, “The pharmaceutical market is driven by increasing demand for quality drugs as people tend to spend more in medicine, in addition to the aging

trend of population. The acquisition is in line with our business development strategy. Through fully-integrated operations of R&D, raw materials sourcing, pharmaceutical and distribution networks, we believe that the acquisition will greatly boost our product resources, provide greater synergy, strengthen our competitiveness and enhance our profile as one of the leading pharmaceutical companies in the PRC.”

Sihuan Pharmaceutical currently sells 83 products encompassing the top five medical therapeutic areas: cardiovascular system, anti-infective, metabolism, oncology and nervous system. The Company is the leading pharmaceutical company in the cardio-cerebral vascular drug field in China, with 33 cardio-cerebral vascular drugs. The Company’s best-selling cardio-cerebral vascular drugs, Kelinao, Anjieli and Chuanqing, collectively accounted for approximately 17.1% of the cerebral and peripheral vascular therapies market, the largest sub-segment of the cardio-cerebral vascular drug market in China in 2009.

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About Sihuan Pharmaceutical Holdings Group Ltd.

Founded in 2001, Sihuan Pharmaceutical Holdings Group Ltd. is a leading pharmaceutical company and the largest cardio-cerebral vascular drug franchise in China by market share. The success of the Group can be attributed to its differentiated and proven sales and marketing model, diversified portfolio of market leading drugs, extensive nationwide distribution network and strong research and development capabilities. The sales of products cover close to 10,000 hospitals through over 2,000 distributors in all 31 provinces, autonomous regions and cities throughout the China. The company currently sells 83 products encompassing the top five medical therapeutic areas in China: cardiovascular system, anti-infective, metabolism, oncology and nervous system. Their major products such as Kelinao, Anjieli, Chuanqing, Qu’Ao and Aogan are widely used in the treatment of various cardio-cerebral vascular diseases. Kelinao together with Anjieli, in particular, have been the bestseller among hospitals each year since 2007.

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