



China Pharma Holdings, Inc. Reports Second Quarter 2009 Financial Results and Corporate Updates

– Revenue Increases 20.6% Year Over Year to \$13.6 Million –

HAIKOU CITY, China, August 11, 2009 - China Pharma Holdings, Inc. ("China Pharma") (OTC Bulletin Board: CPHI), which develops, manufactures, and markets specialty pharmaceutical products in China, today announced financial results for the second quarter ended June 30, 2009.

Second Quarter 2009 Financial Highlights

- Revenue increased 20.6% to \$13.6 million from \$11.3 million in the second quarter of 2008;
- Gross profit was \$5.92 million, compared to \$5.95 million in the second quarter of 2008;
- Gross margin was 43.5% compared to 52.8% in the second quarter of 2008; and
- EPS was \$0.10, compared to \$0.10 in the second quarter of 2008.

Revenue for the second quarter of 2009 increased approximately 20.6% to \$13.6 million, from \$11.3 million in the second quarter of 2008. The increase in revenue was driven by the Anti-Viral/Infection product category, which increased 19% to \$5.2 million over the prior year period. Sales from CNS and Cerebral & Cardio Vascular drugs increased 4% to \$5.1 million. Digestive product sales increased 101% to \$0.94 million, mainly due to the sales contribution from the new product Tiopronin. In the Other Products category (including tumor drug Granisetron, and various other products), sales increased 36% to \$2.3 million.

Gross profit for the second quarter of 2009 was \$5.92 million, compared to \$5.95 million in the second quarter of 2008. Gross margin was 43.5%, compared to 52.8% during the second quarter of 2008. Gross margin performance reflects increased sales of lower margin products during this quarter.

Operating expenses for the second quarter of 2009 decreased 31.7% to \$1.1 million, from \$1.6 million in the same period of 2008. Selling expenses increased 32.3% to \$603,924 from \$456,630 in the second quarter of 2008, due to the Company's substantial expanding investment in distribution channels and overall marketing efforts. For the period, the net recovery of bad debt was \$40,147, compared to an increase in bad debt expense (net of recoveries) of \$612,413 during the same period in 2008. General and administrative expenses were roughly flat at \$553,607 in the second quarter of 2009 compared to \$565,772 in the second quarter of 2008.

Operating income for the second quarter of 2009 increased 11.2% to \$4.8 million from \$4.3 million for the same period in 2008.

Net income for the second quarter of 2009 increased 6.2% to \$4.3 million, up from \$4.0 million reported in the same period of 2008. Diluted earnings per share was \$0.10 in the second quarter of 2009, compared to \$0.10 in the second quarter of 2008. The EPS calculation is based on 42.3 million fully-diluted shares, compared to 39.0 million shares in the prior year period.

Balance Sheet

As of June 30, 2009, the Company had cash and cash equivalents of \$3.6 million, which represented 4.2% of total assets, compared to \$5.2 million, or 8.2% of total assets, as of March 31, 2009 and \$6.9 million, or 9.2% of total assets, as of June 30, 2008. The quarter over quarter decline was primarily due to investing activities in new drug development in the second quarter of 2009.



Business Update

- On June 22, 2009, the Company received official approval from China's State Food and Drug Administration ("SFDA") to enter Phase I and Phase II clinical trials to test the efficacy of its cholesterol-lowering drug, Rosuvastatin. The Company plans to begin the trials in the first half of 2009, and estimates that it will receive a production license by the end of 2010.
- The Company made improvements in account receivable collections during the second quarter of 2009 compared to the previous quarter of the year. Account receivable collections continue to be a focus of management and management expects further improvement in the quarters ahead.

Financial Guidance

CPHI is reiterating its guidance of 20% top line growth for the full year 2009, on a year over year basis.

China Pharma's President and CEO, Ms. Zhilin Li, stated, "We are pleased to report a quarter with continued revenue growth supported by increased marketing efforts and distribution expansion. In the second quarter of 2009, several newly-launched products started to show great potential in sales, and our existing products continued to increase their contributions to revenue. Our second quarter performance also reflects much progress managing our receivables collection efforts. We believe our efforts will result in improved collections in the coming quarters."

Conference Call

The Company will hold a conference call at 8:00 am ET on August 12, 2009 to discuss fiscal second quarter 2009 results. Listeners may access the call by dialing 1-888-396-2298 or 1-617-847-8708 for international callers, access code: 39312529. A webcast will also be available through CPHI's website at <http://www.chinapharmaholdings.com>. A replay of the call will be available through August 19, 2009. Listeners may access the replay by dialing 1-888-286-8010 or 1-617-801-6888 for international callers, access code: 62723349.

About China Pharma Holdings, Inc.

China Pharma Holdings, Inc. is a specialty pharmaceutical company with rapidly growing profit that develops, manufactures, and markets treatments for a wide range of high incidence and high mortality conditions in China, including cardiovascular, CNS, infectious, and digestive diseases. The Company's cost-effective, high margin business model is driven by market demand and supported by eight scalable GMP-certified product lines covering the major dosage forms. In addition, the Company has a broad and expanding distribution network across 30 provinces, municipalities and autonomous regions. The Company is registered in Delaware, USA. Hainan Helpson Medical & Biotechnology Co., Ltd. (Helpson), located in Haikou City, Hainan Province, China, is a wholly owned subsidiary of China Pharma Holdings, Inc. For more information about China Pharma Holdings, Inc., please visit <http://www.chinapharmaholdings.com>.

Safe Harbor Statement

Certain statements in this press release and oral statements made by China Pharma on its conference call in relation to this release, constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, which may include, but are not limited to, such factors as unanticipated changes in product demand, increased competition, failure to obtain or maintain intellectual property protection, downturns in the Chinese economy, uncompetitive levels of research and development, failure to obtain regulatory approvals, and other information detailed from time to time in the Company's filings and future filings with the United States



China Pharma Holdings, Inc.

Securities and Exchange Commission. The forward-looking statements made herein speak only as of the date of this press release and the Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.



CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 13,601,355	\$ 11,278,803	\$ 26,593,337	\$22,995,848
Cost of revenue	7,681,845	5,325,992	14,745,072	11,235,760
Gross profit	5,919,510	5,952,811	11,848,265	11,760,088
Operating expenses:				
Selling expenses	603,924	456,630	1,206,684	794,422
General and administrative	553,607	565,772	1,041,654	914,165
Bad debt expense, net of recoveries	(40,147)	612,413	734,785	1,079,813
Total operating expenses	1,117,384	1,634,815	2,983,123	2,788,400
Income from operations	4,802,126	4,317,996	8,865,142	8,971,688
Non-operating income (expenses):				
Interest income	10,720	5,035	21,309	5,035
Interest expense	(40,471)	(50,440)	(78,707)	(95,713)
Total non-operating income (expense)	(29,751)	(45,405)	(57,398)	(90,678)
Income before taxes	4,772,375	4,272,591	8,807,744	8,881,010
Income tax expense	(486,231)	(235,292)	(843,953)	(653,170)
Net income	\$ 4,286,144	\$ 4,037,299	\$ 7,963,791	\$ 8,227,840
Basic and diluted earnings per share	\$ 0.10	\$ 0.10	\$ 0.19	\$ 0.22
Basic and diluted weighted average shares outstanding	42,278,938	38,982,235	42,278,938	38,130,586
Net income	\$ 4,286,144	\$ 4,037,299	\$ 7,963,791	\$ 8,227,840
Foreign currency translation adjustments	5,698	974,800	93,189	2,720,042
Comprehensive income	\$ 4,291,842	\$ 5,012,099	\$ 8,056,980	\$10,947,882



CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,642,801	\$ 6,927,149
Trade accounts receivable, less allowance for doubtful accounts of \$5,248,967 and \$4,474,175, respectively	42,854,941	36,008,095
Other receivables, less allowance for doubtful accounts of \$5,257 and \$54,242, respectively	90,060	163,957
Advances to suppliers	2,332,025	3,031,694
Inventory	14,874,358	13,139,750
Deferred tax assets	577,965	461,596
Total Current Assets	<u>64,372,150</u>	<u>59,732,241</u>
Non-current Assets:		
Property and equipment, net of accumulated depreciation of \$1,709,868 and \$1,483,267, respectively	6,755,629	6,738,368
Intangible assets, net of accumulated amortization of \$904,317 and \$547,567, respectively	8,145,249	6,162,549
Advances for purchases of intangible assets and property and equipment	6,655,560	2,838,679
Total Non-current Assets	<u>21,556,438</u>	<u>15,739,596</u>
TOTAL ASSETS	<u>\$ 85,928,588</u>	<u>\$ 75,471,837</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 3,476,675	\$ 1,049,268
Accrued expenses	59,284	56,075
Accrued taxes payable	1,090,162	1,170,003
Other payables	50,683	42,813
Advances from customers	730,848	693,178
Other payables - related parties	75,741	75,741
Short-term notes payable	2,483,637	2,480,231
Total Current Liabilities	<u>7,967,030</u>	<u>5,567,309</u>
Long term research and development commitments	36,524	36,474
Total Liabilities	<u>8,003,554</u>	<u>5,603,783</u>
Stockholders' Equity:		
Common stock, \$0.001 par value; 60,000,000 shares authorized; 42,278,938 shares issued and outstanding	42,279	42,279
Additional paid-in capital	21,066,338	21,066,338
Retained earnings	51,003,610	43,039,819
Accumulated comprehensive income - foreign currency translation adjustment	5,812,807	5,719,618
Total Stockholders' Equity	<u>77,925,034</u>	<u>69,868,054</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 85,928,588</u>	<u>\$ 75,471,837</u>