

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

- Revenue Increased 10.9% Y-O-Y to \$13.0 million –
- Great Potential for New Products and Continued Strong Demand for Existing Products –
- Increased Marketing Efforts and Distribution Expansion to Drive Future Revenue –

HAIKOU CITY, China, May 15, 2009 - China Pharma Holdings, Inc. ("China Pharma") (OTC Bulletin Board: CPHI.OB), which develops, manufactures, and markets specialty pharmaceutical products in China, today announced financial results for the first quarter ended March 31, 2009.

First Quarter 2009 Financial Highlights

- Revenue increased 10.9% to \$13.0 million from \$11.7 million in the first quarter of 2008
- Gross profit increased to \$5.9 million from \$5.8 million in the first quarter of 2008
- Gross margin was 45.6% from 49.6% in the first quarter of 2008
- EPS was \$0.09, compared to \$0.11 in the first quarter of 2008

First Quarter 2009 Business Updates

- Appointed Mr. Frank Waung to Chief Financial Officer, and nominated Ms. Heung Mei Tsui to the Board of Directors.
- Initiated clinical trials for the generic version of the leading hypertension drug Candesartan.
- Received the SFDA's approval to produce Tiopronin Enteric-Coated Capsules, which is listed in the National Medical Insurance Program, thus allowing patients to obtain reimbursement.
- Dried powder production line expansion completed and production commenced.

Revenues for the first quarter of 2009 increased approximately 10.9% to \$13.0 million, from \$11.7 million in the first quarter of 2008. The increase in revenues was due to an increase in sales of existing products as well as sales from recently-launched products. Revenue performance was offset by uncertainty related to China's healthcare reform plan, as bulk buyers delayed purchase orders in anticipation of lower pricing and subsidies from the new insurance catalogue and essential drug list, which are not yet published.

Gross profit for the first quarter of 2009 grew to \$5.9 million from \$5.8 million in the first quarter of 2008. Gross margin was 45.6%, compared to 49.6% during the first quarter of 2008. Gross margin performance reflects increased sales of lower margin products.

Operating expenses for the first quarter of 2009 increased 61.7% to \$1.9 million compared to \$1.2 million in the same period of 2008. Selling expenses contributed to the greatest increase for the



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period, increasing 78.4% to \$602,760 from \$337,792 in the first quarter of 2008, which is due to the Company's substantial expanding investment in distribution channels and overall marketing efforts. Allowance for bad debt was \$774,932 compared to \$472,975 the same period in 2008. The 63.8% increase was due to the majority of products were sold to state-owned hospitals, whose payments are slow, but reliable. General and administrative expenses were \$488,047 in the first quarter of 2009, up from \$342,818 in the first quarter of 2008. This increase reflects higher operating expenses that occurred as a result of expanded business operations.

Operating income for the first quarter of 2009 totaled \$4.1 million, compared to \$4.7 million for the same period in 2008.

Net income for the first quarter of 2009 was \$3.7 million, compared to \$4.2 million reported in the same period of 2008. Diluted earnings per share were \$0.09 in the first quarter of 2009, compared to \$0.11 in the first quarter of 2008. The EPS calculation is based on 42.3 million fully-diluted shares, increased from 37.3 million shares in the prior year period.

China Pharma's President and CEO, Ms. Zhilin Li, stated, "We are pleased to report a quarter with continued growth during the global economic crisis. Our increased sales of new and existing products contributed to stable growth in the first quarter. We are confident that the recent decline in purchase orders from bulk buyers will reverse, and our revenue growth will return to the higher levels enjoyed previously. Combined with our increased marketing efforts and distribution capabilities, we anticipate improved margins and profitability in 2009."

Balance Sheet

As of March 31, 2009, the Company had cash and cash equivalents of \$5.2 million, which represented 6.4% of total assets; compared to \$0.7 million in the same period for 2008, which represented 1.4% of the total assets. Compared to the position of December 31, 2008, this was a decrease of \$1.8 million. This was primarily due to the investing activities in new drug development in the first quarter of 2009.

Business Update

- On April 30, 2009, the Board of Directors appointed Mr. Frank Waung to Chief Financial Officer, and nominated Ms. Heung Mei Tsui to join the Board.
- On February 11, 2009, the Company announced the initiation of clinical trials for the generic version of the leading hypertension drug Candesartan.
- On January 12, 2009, the Company announced that China's State Food and Drug Administration ("SFDA") approved the production of Tiopronin Enteric-Coated Capsules. Tiopronin is listed in the National Medical Insurance Program, thus allowing patients to obtain reimbursement.



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- The expansion of our dried powder production line is complete and production has commenced. The new capacity will allow us to meet growth in demand for dried powder formulation products over the next few years.

Financial Guidance

While healthcare reform will likely cause changes to the competitive landscape of pharmaceutical market in China, we expect 20% top line growth in 2009 based on our existing product portfolio and new products, as well as our efforts to drive market share and expand our distribution network.

Ms. Li concluded, "In the first quarter of 2009, we saw great potential from our newly-launched products and strong demand for our existing products. Our increased marketing efforts and distribution expansion will boost future growth in the rest of 2009. We continue to expect China's healthcare reform to bring real and significant change to the Chinese pharmaceutical industry. China Pharma is well-positioned to quickly adjust its marketing and product strategy according to the new regulatory environment when it becomes certain, and to drive shareholder value."

Conference Call

The Company will hold a conference call at 8:00 am EST on May 15, 2009 to discuss fiscal first quarter 2009 results. Listeners may access the call by dialing 1-800-901-5241 or 1-617-786-2963 for international callers, access code: 38020856. A webcast will also be available through CPHI's website at <http://www.chinapharmaholdings.com>. A replay of the call will be available through May 22, 2009. Listeners may access the replay by dialing 1-888-286-8010 or 1-617-801-6888 for international callers, access code: 72616938.

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 a scalable GMP-certified manufacturing infrastructure. 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. 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



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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 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 BALANCE SHEETS
(Unaudited)

	March 31, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,151,882	\$ 6,927,149
Trade accounts receivable, less allowance for doubtful accounts of \$5,248,353 and \$4,474,175, respectively	41,046,443	36,008,095
Other receivables, less allowance for doubtful accounts of \$71,272 and \$54,242, respectively	210,717	163,957
Advances to suppliers	2,752,786	3,031,694
Inventory	13,206,064	13,139,750
Deferred tax assets	585,159	461,596
Total Current Assets	62,953,051	59,732,241
Non-current Assets:		
Property and equipment, net of accumulated depreciation of \$1,596,729 and \$1,483,267, respectively	7,158,787	6,738,368
Intangible assets, net of accumulated amortization of \$716,537 and \$547,567, respectively	6,002,008	6,162,549
Advances for purchases of intangible assets and property and equipment	4,312,403	2,838,679
Total Non-current Assets	17,473,198	15,739,596
TOTAL ASSETS	\$ 80,426,249	\$ 75,471,837
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 2,225,006	\$ 1,049,268
Accrued expenses	48,421	56,075
Accrued taxes payable	1,155,812	1,170,003
Other payables	44,865	42,813
Advances from customers	723,345	693,178
Other payables - related parties	75,741	75,741
Short-term notes payable	2,483,347	2,480,231
Total Current Liabilities	6,756,537	5,567,309
Research and development commitments	36,520	36,474
Total Liabilities	6,793,057	5,603,783
Stockholders' Equity:		
Common stock, \$0.001 par value, 60,000,000 shares authorized, 42,278,938 and 42,278,938 shares issued and outstanding, respectively	42,279	42,279
Additional paid-in capital	21,066,338	21,066,338
Retained earnings	46,717,466	43,039,819
Foreign currency translation adjustment	5,807,109	5,719,618
Total Stockholders' Equity	73,633,192	69,868,054
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 80,426,249	\$ 75,471,837



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

	For the Three Months ended March 31,	
	2009	2008
Revenue	\$ 12,991,982	\$ 11,717,045
Cost of revenue	7,063,227	5,909,768
Gross profit	5,928,755	5,807,277
Operating expenses:		
Selling expenses	602,760	337,792
General and administrative expenses	488,047	342,818
Bad debt expense	774,932	472,975
Total operating expenses	1,865,739	1,153,585
Income from operations	4,063,016	4,653,692
Non-operating income (expenses):		
Interest income	10,589	
Interest expense	(38,236)	(45,273)
Total non-operating income (expense)	(27,647)	(45,273)
Income before income taxes	4,035,369	4,608,419
Income tax (expense) benefit	(357,722)	(417,878)
Net income	3,677,647	4,190,541
Other Comprehensive income - foreign currency translation adjustments	87,491	1,745,242
Comprehensive income	\$ 3,765,138	\$ 5,935,783
Basic and Diluted		
Earnings per Share	\$ 0.09	\$ 0.11
Basic and Diluted		
Weighted-Average Shares Outstanding	42,278,938	37,278,938

