China Pharma Holdings,Inc.

China Pharma Holdings, Inc. Reports Second Quarter 2010 Financial Results

HAIKOU CITY, China, August 10, 2010 - China Pharma Holdings, Inc. (NYSE AMEX: CPHI) ("China Pharma" or the "Company"), a leading fully-integrated specialty pharmaceuticals company in China, today announced financial results for the second quarter ended June 30, 2010.

Second Quarter Highlights

- Revenue increased 22% to $16.6 million from $13.6 million in the second quarter of fiscal year 2009
- Gross profit grew 19% to $7.0 million from $5.9 million in the second quarter of fiscal year 2009
- Net income climbed 23% to $5.3 million, or $0.12 per basic and diluted share in the second quarter, from $4.3 million, or $0.10 per basic and diluted share a year ago

"We are pleased to report another solid quarter with strong organic growth in both revenue and net income," said China Pharma's President and CEO, Ms. Zhilin Li. "We performed well across our key product categories, led by Digestive Diseases, which benefitted from very encouraging sales of our new generic GERD drug, Omeprazole. Furthermore, we have started to see tangible evidence of rising demand in EDL related products, such as higher Vitamin B6 sales this quarter, which played a key factor in our Other Products category growth. Going forward, we expect to opportunistically pursue attractive new markets, such as EDL drugs, while carefully managing our product mix. Finally, in addition to managing our current portfolio of products for growth and profitability, this quarter we continued to advance our pipeline, which includes several late-stage drug candidates which we believe could have significant market potential."

Second Quarter Results

Second quarter 2010 total revenues grew 22% to $16.6 million from $13.6 million in second quarter 2009. Digestive Diseases product sales for the second quarter 2010 grew by 129% year-over-year to $2.3 million, primarily due to increased sales of Omeprazole, our generic gastroesophageal reflux disease (GERD) drug launched in fourth quarter 2009. In second quarter 2010, our Other Products category rose 40% year-over-year to $3.2 million, reflecting higher sales of Vitamin B6, one of two China Pharma products included on the National EDL (Essential Drug List). The Company's Anti-viro/Infection and Respiratory product sales increased 21% to $6.3 million from $5.2 million in the same quarter last year, driven by growth of antibiotics products. Sales of the Company's Central Nervous System (CNS) and Cardio Vascular products decreased 5% to $4.9 million from $5.1 million in the comparable 2009 period.

Gross profit for the three months ended June 30, 2010 increased to $7.0 million from $5.9 million in the comparable period last year. Gross margin for the second quarter was 42.4% as compared to 43.5% in the previous year quarter. The decrease in gross margin was largely due to higher volume of lower margin products sold compared to the same period a year ago.

China Pharma Holdings,Inc.

Total operating expenses rose to $1.6 million (9.3% of revenue) for the three months ended June 30, 2010 from $1.1 million (8.2% of revenue) in the same period last year, primarily due to a share-based compensation cost and higher intangible amortization expenses for the Company's drug formulas during the quarter ending June 30, 2010 compared to the same quarter a year ago.

Net income for the three months ended June 30, 2010 increased 23% to $5.3 million, or $0.12 per basic and diluted share, compared to $4.3 million, or $0.10 per basic and diluted share, for the same period a year ago. Net Income margin in second quarter 2010 improved to 31.7% from 31.5% in the prior year period.

Six-Month Results

Revenues for the six months ended June 30, 2010 were $31.7 million, up 19% from revenues of $26.6 million for the six months ended June 30, 2009. Gross profit for the six months ended June 30, 2010 was $13.2 million, up 11% from gross profit of $11.8 million for the corresponding period of 2009. Gross margin was 41.5%, compared to 44.6% for the first six months of 2009. Operating income was $10.3 million, up 16.4% from $8.9 million for the first six months of 2009. Net income was $9.6 million, or $0.22 per basic and diluted share, compared to $8.0 million, or $0.19 per basic and diluted share, for the same period a year ago.

Financial Condition

As of June 30, 2010, the Company had cash and cash equivalents of $4.5 million compared to $3.6 million as of December 31, 2009. Year-over-year, working capital increased to $69 million from $61 million while the current ratio fell slightly to 6.5 times.

Accounts receivable balance rose to $57.7 million from $54.0 million at the end of 2009. The Company's management team continues to be sharply focused on improving accounts receivable collection and expects to make further progress in the quarters to come.

For the six months ended June 30, 2010, cash flow from operating activities rose to $3.3 million, from $3.1 million during the same period in 2009. The Company's cash flow from operating activities benefited from a reduction in cash used by trade receivables to $3.4 million during the first six months of 2010 from $6.8 million during the first six months of 2009 even as revenue grew by 19%.

Financial Guidance

China Pharma reiterates 2010 revenue growth guidance of 20% to 25% from the prior year, with the upside coming from new drug launches during this year. While the Company is very encouraged to see strong demand from EDL related products, managing the product mix to achieve profitability goals is still a focus for the management. With the first half of 2010 behind us, the Company anticipates stronger consumer demand for products included on the National EDL, which will benefit the Company with pricing flexibility and top-line growth due to seasonality of the product portfolio.

China Pharma Holdings,Inc.

"We are beginning to see early benefits of China's unprecedented $124 billion healthcare reform program and believe this initiative will be a significant volume driver in the country's pharmaceutical industry," said Ms. Li. "In the second half of 2010 and beyond, our goal is to enhance shareholder value by not only continuing to successfully grow our current portfolio of products but also by brining to market important new drugs to help meet large unmet patient demand."

Pipeline Update

As of June 30, 2010, China Pharma had 9 pipeline drugs in different stages of active SFDA registration progress.

- The Company completed the clinical trials earlier this year for candesartan (generic form of Atacand), a front-line antihypertensive therapy. The Company has completed all review testing procedures and currently waiting for the final SFDA production approval.
- We continue to receive positive feedback from patients during our clinical trial of Rosuvastatin, a generic form of Crestor. The majority of the patients in the clinical trial have completed the treatment cycle.
- The Phase I clinical trial for the novel anti-resistant antibiotic combination drug is also progressing on schedule and nearing its completion.

Conference Call

The Company will hold a conference call at 8:00 am ET on August 10, 2010 to discuss second quarter 2010 results. Listeners may access the call by dialing 1-800-599-9816 or 1-617-847-8705 for international callers, access code: 52278171. A webcast will also be available through CPHI's website at http://www.chinapharmaholdings.com. A replay of the call will be accessible through August 17, 2010 by dialing 1-888-286-8010 or 1-617-801-6888 for international callers, access code: 49499602.

About China Pharma Holdings, Inc.

China Pharma Holdings, Inc. is a rapidly growing specialty pharmaceutical company that develops, manufactures and markets a diversified portfolio of products focused on conditions with a high incidence and high mortality rates 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 nationwide distribution network across all major cities and provinces in China. The Company's wholly owned subsidiary, Hainan Helpson Medical & Biotechnology Co., Ltd., is located in Haikou City, Hainan Province. For more information about China Pharma Holdings, Inc., please visit http://www.chinapharmaholdings.com.

Safe Harbor Statement

Certain statements in this press 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

China Pharma Holdings,Inc.

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 the achievability of financial guidance, success of new product development, unanticipated changes in product demand, increased competition, downturns in the Chinese economy, uncompetitive levels of research and development, 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 except as required by applicable law or regulation.

China Pharma Holdings,Inc.

CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,528,115	$ 3,634,753
Trade accounts receivable, less allowance for doubtful accounts of $2,833,981 and $2,718,358, respectively	54,868,863	51,238,339
Other receivables, less allowance for doubtful accounts of $8,304 and $3,556, respectively	104,763	78,525
Advances to suppliers	2,717,044	1,798,446
Inventory	19,306,706	14,233,073
Deferred tax assets	467,274	319,820
Total Current Assets	81,992,765	71,302,956
Advances for purchases of property and equipment and intangible assets	4,072,982	3,599,949
Property and equipment, net of accumulated depreciation of $2,418,184 and $2,020,462, respectively	6,409,424	6,705,873
Intangible assets, net of accumulated amortization of $1,820,516 and $1,359,048, respectively	23,389,595	19,332,284
TOTAL ASSETS	$ 115,864,766	$ 100,941,062
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	$ 6,343,401	$ 3,957,923
Accrued expenses	52,783	47,435
Accrued taxes payable	1,301,152	1,528,691
Other payables	59,434	58,191
Advances from customers	1,024,755	1,037,693
Other payables - related parties	75,741	75,741
Short-term notes payable	3,818,700	3,802,726
Total Current Liabilities	12,675,966	10,508,400
Long-term research and development commitments	-	36,565
Total Liabilities	12,675,966	10,544,965
Stockholders' Equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $0.001 par value; 95,000,000 shares of authorized; 43,393,644 shares and 42,308,350 shares of common stock outstanding, respectively	43,393	42,308
Additional paid-in capital	23,981,130	21,178,114
Retained earnings	72,843,772	63,272,868
Accumulated foreign currency translation adjustment	6,320,505	5,902,807
Total Stockholders' Equity	103,188,800	90,396,097
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 115,864,766	$ 100,941,062

China Pharma Holdings,Inc.

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,	
	2010	**2009**	**2010**	**2009**
Revenue	$ 16,631,354	$ 13,601,355	$ 31,733,864	$ 26,593,337
Cost of revenue	9,587,417	7,681,845	18,555,719	14,745,072
Gross profit	7,043,937	5,919,510	13,178,145	11,848,265
Operating expenses:				
Selling expenses	621,580	603,924	1,204,468	1,206,684
General and administrative expenses	894,507	553,607	1,547,255	1,041,654
Bad debt expense, net of recoveries	37,615	(40,147)	108,521	734,785
Total operating expenses	1,553,702	1,117,384	2,860,244	2,983,123
Income from operations	5,490,235	4,802,126	10,317,901	8,865,142
Other income (expense):				
Interest income	5,401	10,720	12,158	21,309
Interest expense	(51,631)	(40,471)	(102,121)	(78,707)
Other income	465,663	-	465,663	-
Net other income (expense)	419,433	(29,751)	375,700	(57,398)
Income before income taxes	5,909,668	4,772,375	10,693,601	8,807,744
Income tax expense	(633,419)	(486,231)	(1,122,698)	(843,953)
Net income	5,276,249	4,286,144	9,570,903	7,963,791
Other comprehensive income - foreign currency translation adjustment	403,253	5,698	417,698	93,189
Comprehensive income	$ 5,679,502	$ 4,291,842	$ 9,988,601	$ 8,056,980
Earnings per Share:				
Basic	$ 0.12	$ 0.10	$ 0.22	$ 0.19
d	$ 0.12	$ 0.10	$ 0.22	$ 0.19

China Pharma Holdings,Inc.

CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2010	**2009**
Cash Flows from Operating Activities:		
Net income	$ 9,570,903	$ 7,963,791
Depreciation and amortization	841,762	558,866
Stock based compensation	221,101	-
Deferred income taxes	(145,552)	(115,762)
Changes in assets and liabilities:		
Trade accounts receivable	(3,402,232)	(6,798,955)
Other receivables	(25,809)	74,139
Advances to suppliers	(907,559)	703,994
Inventory	(4,994,669)	(1,716,958)
Trade accounts payable	2,404,264	2,426,525
Accrued expenses	(31,448)	3,133
Accrued taxes payable	(233,065)	(81,466)
Other payables	1,014	7,819
Advances from customers	(17,231)	36,727
Net Cash Provided by Operating Activities	3,281,479	3,061,853
Cash Flows from Investing Activities:		
Advances for purchases of property and equipment and intangible assets	(2,018,906)	(3,813,857)
Purchase of property and equipment	(108,842)	(232,624)
Purchase of intangible assets	(2,852,168)	(2,308,941)
Net Cash Used in Investing Activities	(4,979,916)	(6,355,422)
Cash Flows from Financing Activity:		
Proceeds from exercise of warrants	2,583,000	-
Net Cash Provided by Financing Activity	2,583,000	-
Effect of Exchange Rate Changes on Cash	8,799	9,221
Net Increase (Decrease) in Cash	893,362	(3,284,348)
Cash and Cash Equivalents at Beginning of Pe	3,634,753	6,927,149
Cash and Cash Equivalents at End of Perio	$ 4,528,115	$ 3,642,801
Supplemental Cash Flow Information:		
Cash paid for interest	$ 102,121	$ 85,429
Cash paid for income taxes	2,906,168	1,115,831