



China Pharma Holdings, Inc.

China Pharma Holdings, Inc. Reports Full Year 2009 Financial Results

- 2009 Revenue Increased 21% to \$61.7 Million –**
- Cashflow From Operations Increased 63% to \$10.67 Million –**
- 2010 Guidance Issued –**

HAIKOU CITY, China, March 5, 2010 - China Pharma Holdings, Inc. ("China Pharma") (NYSE/AMEX: CPHI), which develops, manufactures, and markets specialty pharmaceutical products in China, today announced financial results for the fiscal year ended December 31, 2009.

Full Year 2009 Financial Highlights

- Revenue increased 21% to \$61.7 million from \$51.0 million for 2008;
- Net income increased 13% to \$20.2 million from \$17.8 million in 2008;
- 2009 cash flow from operations increased by 63% to \$10.7 million compared to \$6.5 million for 2008; and
- EPS was \$0.48 per share, compared to \$0.44 in 2008.

In 2009, revenue increased 21% to \$61.7 million from \$51.0 million in 2008, due to contribution from new products as well as increased contribution from existing products. Sales of Antiviral & Respiratory drugs increased 31% to \$24.7 million from the prior year. Digestive product sales increased 114% to \$4.8 million, driven by Tiopronin and Omeprazole Sodium, two new drugs released in Q2 and Q4 of 2009, respectively. Sales of CNS, Cardio & Cerebro-vascular products decreased 3% to \$21.5 million. Sales of other products (including tumor drug Granisetron, and various other products) increased 41% to \$10.7 million from the prior year.

Gross profit in 2009 increased to \$25.7 million from \$25.3 million in 2008. Gross profit margin in 2009 was 42%, compared to 50% in 2008. The decrease in gross margin was largely a result of a higher proportion of lower-margin products, including EDL-listed drugs, in the sales mix.

Operating expenses decreased 45% to \$3.0 million from \$5.6 million, due to the change in the Company's estimate for bad debt reserve in the third quarter of 2009. Selling expenses for the year increased 33% to \$2.7 million from \$2.0 million in 2008 as the company expanded its distribution network. General and administrative expenses increased 28% to \$2.1 million in 2009 from \$1.7 million in 2008. In 2009, the Company realized a bad debt benefit of \$1.8 million, compared to a bad debt expense of \$1.8 million in 2008.

Operating income for the year increased 15% to \$22.6 million, compared to \$19.7 million in 2008.



China Pharma Holdings, Inc.

Net income for 2009 increased 13% to \$20.2 million from \$17.8 million in the previous year. Earnings Per Share was \$0.48 in 2009, compared to \$0.44 in 2008. The share count used to calculate EPS was 42.3 million fully-diluted shares, compared to 40.2 million shares in the prior year.

In the year ended December 31, 2009, cashflow from operating activity rose to \$10.67 million, an increase of 63% over the \$6.54 million for the same period in 2008. The main reasons for the improvement in operating cashflow were faster collection of accounts receivables and an increase of Net Income in 2009.

Balance Sheet

As of December 31, 2009, the Company had cash and cash equivalents of \$3.6 million, which represented 3.6% of total assets, compared to \$3.8 million, or 4.0% of total assets, as of September 30, 2009 and \$6.9 million, or 9.2% of total assets, as of December 31, 2008.

Business Update

- On January 21, 2010, the Company announced that the clinical trials for Candesartan, an anti-hypertension drug, has been completed and the generic drug production application has been submitted to the SFDA. In China, nearly 60% of all urban adults aged 65 years and over suffer from hypertension, and prevalence in urban areas is expected to reach 100 million by 2011. Candesartan is listed in the China's National (Medical) Insurance Catalog ("NIC"), allowing patients to be reimbursed by the government.

Financial Guidance

The Company expects revenue growth of 20% to 25% for 2010, on a year over year basis.

China Pharma's President and CEO, Ms. Zhilin Li, stated, "We are very pleased with our 2009 results, which have continued to yield a net income margin above 30%. After adding two new drugs in 2009, our core portfolio now has 20 products, and we have a number of new products in various stages of registration, including Rosuvastatin (generic for Crestor) and an antibiotic, that are in clinical trials. Going forward, we will continue to invest to strengthen our product portfolio. The Healthcare Reform in China is now moving ahead steadily but forcefully, with important implications for the pharmaceutical industry. We believe the changes will be favorable for highly profitable companies like ours with innovative drugs. We also believe the changes may cause attractive acquisition opportunities to appear. To that end, we are monitoring the market for strategic opportunities to take advantage of the current fragmented nature of the pharmaceutical industry landscape in China."

Conference Call



China Pharma Holdings, Inc.

The Company will hold a conference call at 8:00 am ET on March 5, 2010 to discuss full year 2009 results. Listeners may access the call by dialing 1-800-237-9752 or 1-617-847-8706 for international callers, access code: 29285530. A webcast will also be available through CPHI's website at <http://www.chinapharmaholdings.com>. A replay of the call will be accessible through March 12, 2010 by dialing 1-888-286-8010 or 1-617-801-6888 for international callers, access code: 49104434.

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 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.

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CHINA PHARMA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,634,753	\$ 6,927,149
Trade accounts receivable, less allowance for doubtful accounts of \$2,718,358 and \$4,474,175, respectively	51,238,339	36,008,095
Other receivables, less allowance for doubtful accounts of \$3,556 and \$54,242, respectively	78,525	163,957
Advances to suppliers	1,798,446	3,031,694
Inventory	14,233,073	13,139,750
Deferred tax assets	319,820	461,596
Total Current Assets	71,302,956	59,732,241
Property and Equipment, net of accumulated depreciation of \$2,020,462 and \$1,483,267, respectively	6,705,873	6,738,368
Intangible assets, net of accumulated amortization of \$1,359,048 and \$547,567, respectively	19,332,284	6,162,549
Advances for intangible assets and property and equipment	3,599,949	2,838,679
TOTAL ASSETS	\$ 100,941,062	\$ 75,471,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable	\$ 3,957,923	\$ 1,049,268
Accrued expenses	47,435	56,075
Accrued taxes payable	1,528,691	1,170,003
Other payables	58,191	42,813
Advances from customers	1,037,693	693,178
Other payables-related parties	75,741	75,741
Notes payable	3,802,726	2,480,231
Total Current Liabilities	10,508,400	5,567,309
Long-term research and development commitments	36,565	36,474
Total Liabilities	10,544,965	5,603,783
Stockholders' Equity		
Common stock - \$0.001 par value; 60,000,000 shares authorized; 42,308,350 shares and 42,278,938 shares outstanding, respectively	42,308	42,279
Additional paid-in capital	21,178,114	21,066,338
Retained earnings	63,272,868	43,039,819
Accumulated other comprehensive income	5,902,807	5,719,618
Total Stockholders' Equity	90,396,097	69,868,054
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 100,941,062	\$ 75,471,837



**CHINA PHARMA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME**

	For the Years Ended December 31,	
	2009	2008
Revenue	\$ 61,696,620	\$ 50,968,660
Cost of revenue	36,046,259	25,678,239
Gross profit	25,650,361	25,290,421
Operating expenses		
Selling expenses	2,705,550	2,040,596
General and administrative expenses	2,147,081	1,671,715
Bad debt expense (benefit)	(1,816,785)	1,847,806
Total operating expenses	3,035,846	5,560,117
Income from operations	22,614,515	19,730,304
Interest income	30,695	45,168
Interest expense	(154,182)	(131,027)
Other income (expense)	3,540	(103,177)
Income before income taxes	22,494,568	19,541,268
Provision for income taxes	(2,261,519)	(1,707,618)
Net income	20,233,049	17,833,650
Other comprehensive income - foreign currency translation adjustment	183,189	2,880,314
Comprehensive income	\$ 20,416,238	\$ 20,713,964
earnings per share	\$ 0.48	\$ 0.44

**CHINA PHARMA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Years Ended	
	December 31,	
	2009	2008
Cash Flows from Operating Activities		
Net income	\$ 20,233,049	\$ 17,833,650
Depreciation and amortization	1,368,888	719,475
Bad debt expense (benefit)	(1,816,785)	1,847,806
Stock-based compensation	41,804	123,794
Changes in assets and liabilities:		
Trade accounts receivable	(13,366,578)	(17,778,209)
Other receivables	136,587	265,813
Advances to suppliers	1,240,118	(87,978)
Inventory	(1,060,083)	2,243,138
Deferred tax assets	142,846	(257,447)
Trade accounts payable	3,044,387	720,659
Accrued expenses	(8,775)	(219,301)
Accrued taxes payable	355,587	825,119
Other payables	15,274	(48,072)
Other payables-related parties	-	(52,804)
Advances from customers	342,607	407,617
Net Cash Provided by Operating Activities	10,668,926	6,543,260
Cash Flows from Investing Activities		
Purchase of property and equipment	(143,082)	(4,310,690)
Construction in progress	-	-
Purchase of intangible assets	(12,154,561)	(4,184,080)
Advances for intangible assets and property and equipment	(3,063,066)	(1,946,479)
Net Cash Used in Investing Activities	(15,360,709)	(10,441,249)
Cash Flows from Financing Activities		
Proceeds from exercise of warrants	70,001	-
Proceeds from sale of common stock	-	9,268,938
Proceeds from short-term notes payable	3,800,681	2,441,739
Payments of short-term notes payable	(2,485,060)	(2,829,545)
Net Cash Provided by Financing Activities	1,385,622	8,881,132
Effect of Exchange Rate Changes on Cash	13,765	113,671
Net Increase (Decrease) in Cash	(3,292,396)	5,096,814
Cash and Cash Equivalents at Beginning of Year	6,927,149	1,830,335
Cash and Cash Equivalents at End of Year	\$ 3,634,753	\$ 6,927,149