



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

- Revenue Increased 23.1% Y-O-Y to \$15.5 Million –
- 9-Month Net Cash Flow from Operations Reached \$6.4 Million –
- China Pharma Holdings Stock Began Trading on NYSE/AMEX –

HAIKOU CITY, China, November 11, 2009 - China Pharma Holdings, Inc. ("China Pharma") (NYSE/AMEX: CPHI), which manufactures and markets specialty pharmaceutical products in China, today announced financial results for the third quarter ended September 30, 2009.

**Third Quarter 2009 Financial Highlights**

- Revenue increased 23.1% to \$15.5 million from \$12.6 million in the third quarter of 2008;
- Net Income, including adjustment in Bad Debt Estimates, was \$7.2 million, compared to \$4.3 million in the third quarter of 2008;
- Year-to-Date Net Cash from Operations increased by 59% to \$6.4 million compared to \$4.0 million for the same period of 2008; and
- EPS was \$0.17, compared to \$0.10 in the third quarter of 2008.

For the three months ended September 30, 2009, we saw an increase of 23% in revenue to \$15.5 million compared to the same period of last year. This is an increase of \$2.9 million from the \$12.6 million we generated in the corresponding period of 2008. Notably, third quarter sales in the Anti-Viro/Infection & Respiratory product category rose by 36% over the same period a year ago to approximately \$6.1 million. Our CNS and Cerebral & Cardio Vascular drugs performed steadily by generating \$5.6 million revenue during the third quarter, compared to \$5.9 million in the same period of 2008. Our Other Products category (including our tumor drug Granisetron and various other products) saw an increase of 36% over last year to \$2.3 million. Our Digestive product sales rose by 184% to \$1.5 million, mainly due to the sales contribution from our new product Tiopronin. During this quarter we saw Tiopronin generating close to \$800,000 in sales. This is progressing better than expected.

Gross Profit for the three months ended September 30, 2009 was \$6.5 million, which is about 7% higher compared to the \$6.1 million for the third quarter of 2008. Gross profit margin for the current quarter is 42%, compared to 49% in the third quarter of 2008. The lower gross profit margin in the third quarter of 2009 was due to faster revenue growth of lower margin products.

Selling and G&A expenses in the third quarter of 2009 rose to \$1.3 million from \$0.9 million as the company expanded its distribution network.

Given our good record on not losing any receivables, we now feel more comfortable in our ability to collect our account receivables. After analyzing our receivable collection history and also a number of other factors including macro economy and industry bad debt experience rates, management revised bad debt allowance estimates. The change in the estimate for bad debt reserve resulted in a benefit of \$2.8 million for the third quarter of 2009.

Operating income for the third quarter of 2009, including the effect of the change in bad debt estimate, was \$8.1 million, an increase of 72% from \$4.7 million for the same period in 2008.



Net income for the third quarter of 2009 (which also includes the effect of the change in bad debt estimate) increased 69% to \$7.2 million, up from \$4.3 million reported in the same period of 2008. Diluted earnings per share was \$0.17 in the third quarter of 2009, compared to \$0.10 in the third quarter of 2008.

#### **Balance Sheet**

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

#### **Business Update**

- On August 18, 2009, the Company announced that it has received official approval from China's State Food and Drug Administration ("SFDA") for the production of generic Omeprazole Sodium for Injection. Omeprazole is a well-know Proton Pump Inhibitor (PPI) which is widely utilized to treat gastroesophageal reflux disease (GERD). Omeprazole is on China's National Medical Reimbursement Insurance List, allowing insured patients to receive reimbursement for the cost of injections, and has been included in the WHO (World Health Organization) Model List of Essential Medicines in March 2009. Sales of Omeprazole has been kicked off on the fourth quarter of this year.
- On September 30, 2009, China Pharma Holdings stock began trading on NYSE/AMEX under the symbol: CPHI.
- The Company participated in the following conferences and meet institutional investors throughout the events.
  - Roth China Conference, held October 12-14, 2009, in Miami Beach, FL.
  - Rodman & Renshaw Annual Global Investment Conference, held September 9-11, 2009, in New York City.
  - Maxim 3rd Annual Growth Conference, held September 29, 2009, in New York City.

#### **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 third quarter of 2009, several newly-launched products started to show great potential in sales. Our third quarter performance also reflects the significant progress to manage our receivables collection efforts. With regards to our recent listing onto the NYSE Amex, we feel proud to have reached this important milestone. Our success of this listing underscores our commitment to generating long-term value for our shareholders."

#### **Conference Call**

The Company will hold a conference call at 8:00 am ET on November 12, 2009 to discuss fiscal third quarter 2009 results. Listeners may access the call by dialing 1-866-271-6130 or 1-617-213-8894 for international callers, access code: 14971758. A webcast will also be available through CPHI's website at <http://www.chinapharmaholdings.com>. A replay of the call will be accessible through November 19, 2009 by dialing 1-888-286-8010 or 1-617-801-6888 for international callers, access code: 89842045.

#### **About China Pharma Holdings, Inc.**



**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.*



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

	September 30, 2009	December 31, 2008
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,844,777	\$ 6,927,149
Trade accounts receivable, less allowance for doubtful accounts of \$2,415,886 and \$4,474,175, respectively	49,018,104	36,008,095
Other receivables, less allowance for doubtful accounts of \$20,306 and \$54,242, respectively	115,414	163,957
Advances to suppliers	1,868,111	3,031,694
Inventory	14,915,582	13,139,750
Deferred tax assets	252,394	461,596
<b>Total Current Assets</b>	<b>70,014,382</b>	<b>59,732,241</b>
Non-current Assets:		
Property and equipment, net of accumulated depreciation of \$1,863,014 and \$1,483,267, respectively	6,872,135	6,738,368
Intangible assets, net of accumulated amortization of \$1,132,055 and \$547,567, respectively	15,321,200	6,162,549
Advances for purchases of intangible assets and property and equipment	3,101,289	2,838,679
<b>Total Non-current Assets</b>	<b>25,294,624</b>	<b>15,739,596</b>
<b>TOTAL ASSETS</b>	<b>\$ 95,309,006</b>	<b>\$ 75,471,837</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Trade accounts payable	\$ 3,638,398	\$ 1,049,268
Accrued expenses	44,864	56,075
Accrued taxes payable	1,456,375	1,170,003
Other payables	276,227	42,813
Advances from customers	804,176	693,178
Other payables - related parties	75,741	75,741
Short-term notes payable	3,802,504	2,480,231
<b>Total Current Liabilities</b>	<b>10,098,285</b>	<b>5,567,309</b>
Long term research and development commitments	36,563	36,474
<b>Total Liabilities</b>	<b>10,134,848</b>	<b>5,603,783</b>
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	58,166,838	43,039,819
Accumulated comprehensive income - foreign currency translation adjustment	5,898,703	5,719,618
<b>Total Stockholders' Equity</b>	<b>85,174,158</b>	<b>69,868,054</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 95,309,006</b>	<b>\$ 75,471,837</b>



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

	For the three months ended September 30,		For the nine months ended September 30,	
	2009	2008	2009	2008
Revenue	\$ 15,522,953	\$ 12,610,642	\$ 42,116,290	\$ 35,606,490
Cost of revenue	8,979,083	6,494,266	23,724,155	17,730,026
Gross profit	6,543,870	6,116,376	18,392,135	17,876,464
Operating expenses (benefit):				
Selling expenses	807,231	529,432	2,013,915	1,323,854
General and administrative	521,676	410,287	1,563,330	1,324,452
Bad debt expense (benefit)	(2,836,495)	491,781	(2,101,710)	1,571,594
Total operating expenses (benefit)	(1,507,588)	1,431,500	1,475,535	4,219,900
Income from operations	8,051,458	4,684,876	16,916,600	13,656,564
Non-operating income (expenses):				
Interest income	3,956	26,224	25,265	31,259
Interest expense	(24,436)	(34,629)	(103,143)	(130,342)
Total non-operating income (expense)	(20,480)	(8,405)	(77,878)	(99,083)
Income before taxes	8,030,978	4,676,471	16,838,722	13,557,481
Income tax expense	867,750	424,993	1,711,703	1,078,163
Net income	\$ 7,163,228	\$ 4,251,478	\$ 15,127,019	\$ 12,479,318
Basic earnings per share	\$ 0.17	\$ 0.10	\$ 0.36	\$ 0.32
Basic weighted average shares outstanding	42,278,938	42,278,938	42,278,938	39,523,464
Net income	\$ 7,163,228	\$ 4,251,478	\$ 15,127,019	\$ 12,479,318
Foreign currency translation adjustments	85,896	133,713	179,085	2,853,755
Comprehensive income	\$ 7,249,124	\$ 4,385,191	\$ 15,306,104	\$ 15,333,073



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

	<b>For the nine months ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 15,127,019	\$ 12,479,318
Bad debt expense (benefit)	(2,101,710)	1,571,594
Depreciation and amortization	986,310	505,595
Compensation paid with warrants	-	120,042
Gain or loss on disposal of property and equipment	4,027	-
Deferred tax assets	210,171	(209,434)
Changes in assets and liabilities:		
Trade accounts receivable	(10,845,652)	(13,130,468)
Other receivables	82,949	195,026
Advances to suppliers	1,170,103	651,833
Inventory	(1,742,681)	855,485
Trade accounts payable	2,772,775	184,627
Accrued expenses	(11,339)	(138,021)
Accrued taxes payable	393,724	602,480
Other payables	233,155	(48,535)
Advances from customers	109,238	386,922
<b>Net Cash from Operating Activities</b>	<b>6,388,089</b>	<b>4,026,464</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(255,273)	(125,753)
Purchase of intangible assets	(7,622,877)	(428,641)
Advances for purchases of intangibles and property and equipment	(2,921,715)	(5,856,412)
Proceed from sale of property and equipment	1,096	-
<b>Net Cash from Investing Activities</b>	<b>(10,798,769)</b>	<b>(6,410,806)</b>
<b>Cash Flows from Financing Activity:</b>		
Proceeds from issuance of short term notes payable	3,799,775	-
Payments of short term notes payable	(2,484,468)	(2,814,744)
Proceeds from issuance of common stock and warrants	-	9,268,938
<b>Net Cash from Financing Activity</b>	<b>1,315,307</b>	<b>6,454,194</b>
Effect of Exchange Rate Changes on Cash	13,001	(61,509)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,082,372)</b>	<b>4,008,343</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>6,927,149</b>	<b>1,830,335</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 3,844,777</b>	<b>\$ 5,838,678</b>
<b>Supplemental Cash Flow Disclosure:</b>		
Cash paid for interest	\$ 103,143	\$ 130,342
Cash paid for income taxes	1,413,306	1,289,596