



China Pharma Holdings, Inc. Reports Third Quarter 2017 Financial Results

HAIKOU CITY, China, November 15, 2017 - China Pharma Holdings, Inc. (NYSE MKT: CPHI) (“China Pharma,” the “Company” or “We”), an NYSE American listed corporation with a fully-integrated specialty pharmaceuticals subsidiary based in China, today announced financial results for the quarter ended September 30, 2017.

Third Quarter Highlights

- Revenues were \$3.2 million and \$3.1 million for the three months ended September 30, 2017 and 2016 respectively;
- Gross profit margin was 13.3% in third quarter 2017, compared to 11.2% in the same period of 2016.
- Loss from operations was \$2.1 million in third quarter 2017 compared to \$1.5 million in the same period of 2016;
- Net loss was \$2.2 million in third quarter 2017 compared to \$1.7 million in the same period of 2016. Loss per common share was \$(0.05) per basic and diluted share in third quarter 2017 compared with \$(0.04) per basic and diluted share in the same period of 2016.

“Our performance in generating revenue in the third quarter of 2017 was similar to the same period last year and we increased gross margin slightly due to better cost control.” said Ms. Zhilin Li, China Pharma’s Chairman and CEO. Ms. Li continued, “Nevertheless, increasing sales remains our top priority. Management will continue to vigorously promote sales through active participation in recent provincial market openings to receive new drug tender offers and through



further research of the basic medical market.” Finally, she stated, “The ongoing generic drug consistency evaluations and reform of China’s drug production registration and review policies will have a major impact on the future development of our industry and may change its business patterns. We will continue to actively adapt to state policy guidance and further evaluate market conditions for our current existing products, pipeline products, and competition in the market in order to optimize our development strategy.”

Third Quarter Results

Revenues were \$3.2 million and \$3.1 million for the three months ended September 30, 2017 and 2016 respectively.

Gross profit was \$0.4 million and \$0.3 million for the three months ended September 30, 2017 and 2016, respectively. Our gross profit margin in the third quarter of 2017 was 13.3% compared to 11.2% in the same period 2016.

Our selling expenses for the three months ended September 30, 2017 were \$0.7 million, which accounted for 21.7% of the total revenue in the third quarter of 2017, compared to \$1.0 million for the same period 2016, which accounted for 29.7% of the total revenue in the third quarter of 2016. Due to many adjustments in our selling processes under healthcare reform policies, despite the decrease in sales, we still need to maintain personnel and continue our sales activities to support the sales and collection of accounts receivable, therefore our selling expenses did not decrease proportionally to our sales.

Our general and administrative expenses for the three months ended September 30, 2017 and September 30, 2016, were both \$0.3 million. General and administrative expenses accounted for 11.0% and 9.4% of our total revenues in the third quarters of 2017 and 2016, respectively.

Our bad debt expense for the three months ended September 30, 2017 was \$0.2 million, compared to a bad debt benefit of \$0.1 million in the three months ended September 30, 2016. The change was due to the increase of aged accounts receivables.



During the third quarter of 2017 the Company reviewed the contracts relating to advances made for purchases of intangible assets with independent laboratories and determined that advances made by the Company for two formulas to two independent laboratories were impaired. As a result, the Company recognized an impairment loss for the advances made to these laboratories in the amount of \$1.2 million. In the same period in 2016, the company also recognized \$0.6 million impairment loss for the advances made to one laboratory for one formula per the evaluation.

Net loss for three months ended September 30, 2017 was \$2.2 million, compared to net loss of \$1.7 million for the three months ended September 30, 2016. The change in the net result was mainly due to the increase in impairment of long term asset in the third quarter of 2017 as compared to the same period of 2016.

Nine Months Results

For the nine months ended September 30, 2017, our sales revenue was \$9.4 million, which represented a decrease of \$0.9 million, or 9.2%, from the \$10.3 million in the corresponding period of 2016.

Gross profit for the nine months ended September 30, 2017 was \$1.8 million, compared to \$1.5 million in the same period of 2016. Gross profit margin for the nine months ended September 30, 2017 and 2016 were 19% and 14%, respectively.

Our selling expenses for the nine months ended September 30, 2017 were \$2.2 million, a decrease of \$0.5 million, or 20%, compared to \$2.8 million for the same period of 2016. Selling expenses accounted for 23.6% and 26.7% of the total revenue in the first nine months of 2017 and 2016 respectively.

Our general and administrative expenses for the nine months ended September 30, 2017 and 2016 were both \$1.4 million.

Our bad debt expenses for the nine months ended September 30, 2017 and 2016 were both \$1.0 million.



During the nine months ended September 30, 2017, the Company reviewed the contracts relating to advances made for purchases of intangible assets with independent laboratories and determined that the advances made by the Company for three formulas to two of the independent laboratories were impaired. As a result, the Company recognized an impairment loss for the advances made to these laboratories in the amount of \$2.2 million. In the same period in 2016, the company also recognized \$1.5 million impairment loss for the advances made to three laboratory for one formula per the evaluation.

Our operating loss for the nine months ended September 30, 2017 was approximately \$5.0 million, compared to \$5.1 million for the same period of 2016.

Net loss was \$5.5 million, or \$0.13 per basic and diluted share for the nine months ended September 30, 2017, compared to \$5.8 million, or \$0.13 per basic and diluted share, for the same period a year ago.

Financial Condition

As of September 30, 2017, the Company had cash and cash equivalents of \$1.1 million compared to \$2.7 million as of December 31, 2016. Working capital decreased to \$4.6 million as of September 30, 2017 from \$7.1 million as of December 31, 2016; and the current ratio was 1.4 and 1.7 times at September 30, 2017 and December 31, 2016, respectively.

As of September 30, 2017, our net accounts receivable was \$2.9 million, compared to \$4.0 million as of December 31, 2016.

Conference Call

The Company will hold a conference call at 8:30 am E.T. on November 15, 2017 to discuss the results of third quarter 2017. Listeners may access the call by dialing 1-866-519-4004 or 65-671-350-90 for international callers, Conference ID # 9879855. A replay of the call will be



accessible through November 23, 2017 by dialing 1-855-452-5696 or 61-281-990-299 for international callers, Conference ID # 9879855.

About China Pharma Holdings, Inc.

China Pharma Holdings, Inc. is a 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 new 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 www.chinapharmaholdings.com. The Company routinely posts important information on its website.

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 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.

- FINANCIAL TABLES FOLLOW -