



## **China Pharma Holdings, Inc. Reports Third Quarter 2018 Financial Results**

HAIKOU CITY, China, November 15, 2018 - 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, announced today its financial results for the quarter ended September 30, 2018.

### **Third Quarter Highlights**

- Revenue was \$2.3 million for the three months ended September 30, 2018, which represented a decrease of 27.3% compared to \$3.2 million for the three months ended September 30, 2017;
- Gross profit was \$0.5 million and \$0.4 million for the three months ended September 30, 2018 and 2017, respectively. Our gross profit margin in the third quarter of 2018 was 22.3%, compared to 13.3% in the same period 2017;
- Loss from operations was \$1.9 million in the third quarter of 2018, compared to \$2.1 million in the same period of 2017;
- Net loss was \$1.9 million in the third quarter of 2018, compared to \$2.2 million in the same period of 2017. Loss per common share was \$(0.04) per basic and diluted share in the third quarter of 2018, compared to \$(0.05) per basic and diluted share in the same period of 2017.

In a statement from Ms. Zhilin Li, China Pharma’s Chairman and CEO, “It is the Company’s top priority to actively and steadily increase sales. We experienced certain market fluctuations in the third quarter of 2018, but through the continued implementation of sales promotions, our sales revenue in the first nine months of 2018 was comparable to the same period a year ago. Management will continue to vigorously promote sales through active participation in recent provincial market openings to receive new drug tender offers and through further penetration into the market.” Ms. Li continued, “The ongoing generic drug consistency evaluations and reform of China’s drug production registration and review policies will continue to have a significant impact on the current performance and future development of Chinese pharmaceutical manufacturers, including us, and may gradually change business patterns of the industry. 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**

Revenue was \$2.3 million for the three months ended September 30, 2018, compared to \$3.2 million for the three months ended September 30, 2017. This decrease was mainly due to market volatility.

Gross profit was \$0.5 million and \$0.4 million for the three months ended September 30, 2018 and 2017, respectively. Our gross profit margin in the third quarter of 2018 was 22.3%, compared to 13.3% in the same period 2017.

Our selling expenses for the three months ended September 30, 2018 were \$0.9 million, which accounted for 40.3% of the total revenue in the third quarter of 2018. For the same period in 2017, our selling expenses were \$0.7 million, which accounted for 21.7% of the total revenue in the third quarter of 2017. When comparing selling expenses in 2018 to those in 2017, the increase in the percentage of selling expenses to total revenue was mainly due to the decrease in revenue in this quarter, along with 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.

Our general and administrative expenses for the three months ended September 30, 2018 and September 30, 2017, were both \$0.3 million. General and administrative expenses accounted for 14.2% and 11.0% of our total revenues in the third quarters of 2018 and 2017, respectively.

Net loss for the three months ended September 30, 2018 was \$1.9 million, compared to \$2.2 million for the three months ended September 30, 2017. The change in the net result was mainly due to the decrease in revenue, and the increase in selling expenses being offset by a decrease in impairment of long term assets in the third quarter of 2018, as compared to the same period of 2017.

### **Nine Months Results**

Revenue decreased by 3.0% to \$9.1 million for the nine months ended September 30, 2018, as compared to \$9.4 million for the nine months ended September 30, 2017.

Gross profit for the nine months ended September 30, 2018 was \$2.1 million, compared to \$1.8 million in the same period of 2017. Gross profit margins for the nine months ended September 30, 2018 and 2017 were 24% and 19%, respectively. The increase was mainly due to the increase in sales of higher margin products in the nine months ended September 30, 2018.

Our net losses for the nine months ended September 30, 2018 and 2017 were \$3.2 million and \$5.5 million, respectively, which represented an improvement of \$2.3 million for the period in 2018.



## **Financial Condition**

As of September 30, 2018, the Company had cash and cash equivalents of \$0.7 million, compared to \$2.0 million as of December 31, 2017.

Our accounts receivable balance was \$0.8 million as of September 30, 2018, compared to \$2.3 million as of December 31, 2017.

## **Conference Call**

The Company will hold a conference call at 8:30am E.T. on November 15, 2018, to discuss the financial results of the third quarter 2018. Listeners may access the call by dialing 1-866-519-4004 for domestic callers or 65-671-350-90 for international callers, Conference ID # 4389333. A recording of the call will be accessible through November 23, 2018 by dialing 1-855-452-5696 or 61-281-990-299 for international callers, Conference ID #4389333.

## **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 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](http://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. Such risks and uncertainties may include, but are not limited to: the achievability of financial guidance; success of new product development; unanticipated changes in product demand; increased competition; downturns in the Chinese economy;



**China Pharma Holdings, Inc.**

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.

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**- FINANCIAL TABLES FOLLOW -**

**CHINA PHARMA HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 667,629	\$ 2,030,214
Restricted cash	1,476,344	709,796
Banker's acceptances	-	39,867
Trade accounts receivable, less allowance for doubtful accounts of \$18,658,490 and \$18,209,734, respectively	793,779	2,293,120
Other receivables, less allowance for doubtful accounts of \$39,323 and \$40,010, respectively	177,314	162,981
Advances to suppliers	332,698	461,307
Inventory	6,099,999	6,407,155
Prepaid expenses	162,628	185,647
<b>Total Current Assets</b>	<b>9,710,391</b>	<b>12,290,087</b>
<b>Advances for purchases of intangible assets</b>	22,478,660	23,722,954
<b>Property, plant and equipment, net</b>	20,056,635	23,541,003
<b>Intangible assets, net</b>	289,054	398,856
<b>TOTAL ASSETS</b>	<b>\$ 52,534,740</b>	<b>\$ 59,952,900</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$ 588,717	\$ 1,141,138
Accrued expenses	182,692	276,368
Other payables	3,347,444	2,858,701
Advances from customers	632,852	581,132
Other payables - related parties	1,354,567	1,354,567
Current portion of construction loan facility	2,184,508	2,305,430
Bankers' acceptance notes payable	1,476,344	709,796
<b>Total Current Liabilities</b>	9,767,124	9,227,132
<b>Non-current Liabilities:</b>		
Construction loan facility	4,369,016	6,916,291
Deferred tax liability	765,477	738,175
<b>Total Liabilities</b>	14,901,617	16,881,598
<b>Commitments and Contingencies (Note 12)</b>		
<b>Stockholders' Equity:</b>		
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 authorized; 43,579,557 shares and 43,579,557 shares outstanding, respectively	43,580	43,580
Additional paid-in capital	23,590,204	23,590,204
Retained earnings	2,321,761	5,479,809
Accumulated other comprehensive income	11,677,578	13,957,709
<b>Total Stockholders' Equity</b>	37,633,123	43,071,302
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 52,534,740</b>	<b>\$ 59,952,900</b>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	\$ 2,298,472	\$ 3,162,222	\$ 9,087,867	\$ 9,364,605
Cost of revenue	1,785,927	2,740,683	6,942,141	7,576,856
Gross profit	512,545	421,539	2,145,726	1,787,749
Operating expenses:				
Selling expenses	925,654	686,825	2,320,204	2,207,896
General and administrative expenses	327,161	348,963	1,172,314	1,377,640
Research and development expenses	62,059	27,543	107,946	75,053
Bad debt expense	1,129,105	229,466	1,481,786	954,518
Impairment of long term assets	-	1,184,103	-	2,162,083
Total operating expenses	2,443,979	2,476,900	5,082,250	6,777,190
Loss from operations	(1,931,434)	(2,055,361)	(2,936,524)	(4,989,441)
Other income (expense):				
Interest income	16,113	21,947	27,931	43,296
Interest expense	(101,683)	(130,816)	(361,365)	(411,985)
Net other expense	(85,570)	(108,869)	(333,434)	(368,689)
Loss before income taxes	(2,017,004)	(2,164,230)	(3,269,958)	(5,358,130)
Income tax benefit (expense)	▲ 160,485	(31,198)	111,910	(92,106)
<b>Net loss</b>	(1,856,519)	(2,195,428)	(3,158,048)	(5,450,236)
Other comprehensive income - foreign currency translation adjustment	(1,535,424)	2,083,398	(2,280,131)	3,571,880
<b>Comprehensive income (loss)</b>	<b>\$ (3,391,943)</b>	<b>\$ (112,030)</b>	<b>\$ (5,438,179)</b>	<b>\$ (1,878,356)</b>
<b>Loss per share:</b>				
Basic and diluted	\$ (0.04)	\$ (0.05)	\$ (0.07)	\$ (0.13)
Weighted average shares outstanding	43,579,557	43,579,557	43,579,557	43,579,557

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

	<b>For the Nine Months Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (3,158,048)	\$ (5,450,236)
Depreciation and amortization	2,499,114	2,447,866
Bad debt expense	1,481,786	954,518
Deferred income taxes	69,614	92,106
Impairment of long term assets	-	2,162,083
Changes in assets and liabilities:		
Trade accounts and other receivables	(514,428)	21,325
Advances to suppliers	106,981	(251,306)
Inventory	471,995	1,237,573
Trade accounts payable	(516,263)	(1,303,944)
Accrued taxes payable	(114,432)	1,719
Other payables and accrued expenses	580,689	188,557
Advances from customers	86,675	(265,092)
Prepaid expenses	14,005	69,284
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>1,007,688</b>	<b>(95,547)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(33,332)	(67,324)
<b>Net Cash Used in Investing Activities</b>	<b>(33,332)</b>	<b>(67,324)</b>
<b>Cash Flows from Financing Activity:</b>		
Payments of construction term loan	(2,303,410)	(1,469,349)
<b>Net Cash Used in Financing Activity</b>	<b>(2,303,410)</b>	<b>(1,469,349)</b>
<b>Effect of Exchange Rate Changes on Cash</b>	<b>(33,531)</b>	<b>90,857</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,362,585)</b>	<b>(1,541,363)</b>
Cash and Cash Equivalents at Beginning of Period	2,030,214	2,665,802
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 667,629</b>	<b>\$ 1,124,439</b>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 351,206	\$ 410,509
<b>Supplemental Noncash Investing and Financing Activities:</b>		
Issuance of banker's acceptances	\$ 847,527	\$ 126,652
Accounts receivable collected with banker's acceptances	462,642	366,889
Inventory purchased with banker's acceptances	502,473	344,848