

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission File Number 001-34471

CHINA PHARMA HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada	75-1564807
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Second Floor, No. 17, Jinpan Road Haikou, Hainan Province, China	570216
(Address of principal executive offices)	(Zip Code)

+86-898-6681-1730 (China)
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CPHI	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 14, 2025, there were 3,262,002 shares of common stock, \$0.01 par value per share, issued and outstanding.

CHINA PHARMA HOLDINGS, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CHINA PHARMA HOLDINGS, INC. AND SUBSIDIARIES

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

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 412,688	\$ 626,879
Banker's acceptances	-	18,642
Trade accounts receivable, less allowance for credit losses of \$13,605,157 and \$13,587,182, respectively	328,901	232,140
Other receivables, less allowance for doubtful accounts of \$28,497 and \$28,447, respectively	39,046	30,286
Advances to suppliers	8,854	14,960
Inventories	1,978,918	2,266,154
Prepaid expenses	82,469	81,328
Total Current Assets	<u>2,850,876</u>	<u>3,270,389</u>
Property, plant and equipment, net	4,777,100	4,883,401
Right-of-use assets	19,176	38,298
Intangible assets, net	6,569,921	6,695,436
TOTAL ASSETS	<u>\$ 14,217,073</u>	<u>\$ 14,887,524</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 548,257	\$ 225,106
Accrued expenses	195,264	247,159
Other payables	2,150,648	2,182,982
Contract liabilities	114,435	162,208
Borrowings from related parties	1,153,324	1,144,985
Lease liabilities	19,776	39,323
Current portion of lines of credit	940,173	1,015,525
Total Current Liabilities	<u>5,121,877</u>	<u>5,017,288</u>
Non-current Liabilities:		
Lines of credit, net of current portion	1,393,107	1,391,130
Deferred tax liability	732,241	731,202
Total Liabilities	<u>7,247,225</u>	<u>7,139,620</u>
Commitments and Contingencies (Note 9)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized; 3,261,911 shares and 3,261,911 shares issued and outstanding, respectively	3,262	3,262
Additional paid-in capital	40,631,679	40,631,679
Securities purchase agreement receivable	(180,000)	(180,000)
Accumulated deficit	(44,812,251)	(44,026,679)
Accumulated other comprehensive income	11,327,158	11,319,642
Total Stockholders' Equity	<u>6,969,848</u>	<u>7,747,904</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 14,217,073</u>	<u>\$ 14,887,524</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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

	For the Three Months Ended March 31,	
	2025	2024
Revenue	\$ 1,136,287	\$ 1,369,839
Cost of revenue	1,272,348	1,659,863
Gross loss	(136,061)	(290,024)
Operating expenses:		
Selling expenses	87,111	108,187
General and administrative expenses	507,182	488,456
Research and development expenses	29,587	31,451
Credit gains	(1,323)	(2,066)
Total operating expenses	622,557	626,028
Loss from operations	(758,618)	(916,052)
Other income (expense):		
Interest income	1,074	2,315
Interest expense	(28,028)	(42,155)
Net other expense	(26,954)	(39,840)
Loss before income taxes	(785,572)	(955,892)
Income tax expense	-	-
Net loss	(785,572)	(955,892)
Other comprehensive income (loss) - foreign currency translation adjustment	7,516	(21,575)
Comprehensive loss	\$ (778,056)	\$ (977,467)
Loss per share:		
Basic and diluted	\$ (0.24)	\$ (0.72)
Weighted average shares outstanding	3,261,911	1,333,059

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHINA PHARMA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2023	1,062,579	1,063	35,291,818	(39,290,314)	11,452,054	7,454,621
Conversions of Note Payable to common stock	119,108	119	449,881	-	-	450,000
Issuances of common stock for intangible assets	300,000	300	1,364,700	-	-	1,365,000
Net loss for the period	-	-	-	(955,892)	-	(955,892)
Foreign currency translation adjustment	-	-	-	-	(21,575)	(21,575)
Balance as of March 31, 2024	<u>1,481,687</u>	<u>\$ 1,482</u>	<u>\$ 37,106,399</u>	<u>\$ (40,246,206)</u>	<u>\$ 11,430,479</u>	<u>\$ 8,292,154</u>

	Common Stock		Additional Paid-in Capital	Securities Purchase Agreement Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance as of December 31, 2024	3,261,911	\$ 3,262	\$ 40,631,679	(180,000)	\$ (44,026,679)	\$ 11,319,642	\$ 7,747,904
Net loss for the period	-	-	-	-	(785,572)	-	(785,572)
Foreign currency translation adjustment	-	-	-	-	-	7,516	7,516
Balance as of March 31, 2025	<u>3,261,911</u>	<u>\$ 3,262</u>	<u>\$ 40,631,679</u>	<u>\$ (180,000)</u>	<u>\$ (44,812,251)</u>	<u>\$ 11,327,158</u>	<u>\$ 6,969,848</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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

	For the Three Months Ended March 31,	
	2025	2024
Cash Flows from Operating Activities:		
Net loss	\$ (785,572)	\$ (955,892)
Depreciation and amortization	329,313	733,798
Credit gains	(1,323)	(2,066)
Inventory write off	213,379	126,258
Changes in assets and liabilities:		
Trade accounts and other receivables	(164,670)	120,370
Advances to suppliers	6,130	(9,319)
Inventories	156,627	138,090
Trade accounts payable	322,935	(316,568)
Other payables and accrued expenses	(85,596)	(347,982)
Contract liabilities	(48,019)	21,982
Prepaid expenses	(1,026)	(93,829)
Net Cash Used in Operating Activities	(57,822)	(585,158)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(58,324)	-
Advances for intangible assets	(22,641)	-
Net Cash used in Investing Activities	(80,965)	-
Cash Flows from Financing Activities:		
Payments of line of credit	(76,820)	-
Interest payable to related party	6,787	6,856
Net Cash (Used In) Provided By Financing Activities	(70,033)	6,856
Effect of Exchange Rate Changes on Cash	(5,371)	(6,655)
Net Decrease in Cash and Cash Equivalents	(214,191)	(584,957)
Cash and Cash Equivalents at Beginning of Year	626,879	1,423,838
Cash and Cash Equivalents at End of Year	\$ 412,688	\$ 838,881
Supplemental Cash Flow Information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 21,241	\$ 22,928
Supplemental Noncash Investing and Financing Activities:		
Conversions of Note Payable and interest to common stock	-	450,000
Issuances of stock for intangible assets	-	1,365,000

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations – China Pharma Holdings, Inc., a Nevada corporation (“China Pharma”), owns 100% of Onny Investment Limited (“Onny”), a British Virgin Islands corporation, which owns 100% of Hainan Helpson Medical & Biotechnology Co., Ltd (“Helpson”), a company organized under the laws of the People’s Republic of China (the “PRC”). China Pharma Holdings, Inc. and its subsidiaries are referred to herein as the Company.

Onny acquired 100% of the ownership in Helpson on May 25, 2005, by entering into an Equity Transfer Agreement with Helpson’s three former shareholders. The transaction was approved by the Commercial Bureau of Hainan Province on June 12, 2005 and Helpson received the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC on the same day. Helpson received its business license evidencing its Wholly Foreign Owned Enterprise (“WFOE”) status on June 21, 2005.

Helpson is principally engaged in the development, manufacture and marketing of pharmaceutical products for human use in connection with a variety of high-incidence and high-mortality diseases and medical conditions prevalent in the PRC. All of its operations are conducted in the PRC, where its manufacturing facilities are located. Helpson manufactures pharmaceutical products in the form of dry powder injectables, liquid injectables, tablets, capsules, and cephalosporin oral solutions. The majority of its pharmaceutical products are sold on a prescription basis and all have been approved for at least one or more therapeutic indications by the National Medical Products Administration (the “NMPA”, formerly China Food and Drug Administration, or CFDA) based upon demonstrated safety and efficacy.

Liquidity and Going Concern

As of March 31, 2025, the Company had cash and cash equivalents of \$0.4 million and an accumulated deficit of \$44.8 million and the Company’s current liabilities exceeded current assets by \$2.3 million. In addition, the Company had incurred net losses of \$0.8 million and had negative cash flows from operating activities of \$0.06 million for the three months ended March 31, 2025. The Company’s Chairperson, Chief Executive Officer and Interim Chief Financial Officer Ms. Li has advanced an aggregate of \$1,153,324 as of March 31, 2025 to provide working capital and enabled the Company to make the required payments related to its former construction loan facility. The Company anticipates operating losses to continue for the foreseeable future due to, among other things, costs related to the production of its existing products, debt service costs and selling and administrative costs. These conditions raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are issued. To alleviate the conditions that raise substantial doubt about the Company’s ability to continue as a going concern, management plans to enhance the sales model of advance payment, and further strengthen its collection of accounts receivable. Further, the Company is currently exploring strategic alternatives to accelerate the launch of nutrition products. In addition, management believes that the Company’s existing property, plant and equipment can serve as collateral to support additional bank loans. The Company will implement multiple measures simultaneously across procurement, production, human resources, and marketing to reduce operating costs. In procurement, the Company will consolidate purchasing activities where practical to enhance bargaining power with suppliers. In production, operations will be optimized through approaches such as centralized manufacturing cycles and shifting energy-intensive processes to off-peak hours to reduce power costs. Production personnel will be deployed efficiently to minimize labor expenses while maintaining quality standards. In human resources, the Company will optimize staffing levels and implement targeted incentives to improve work efficiency and output quality, thereby controlling labor costs. Marketing expenditures will be focused on high-return channels through data-driven targeting and channel optimization. Additionally, the Company will enhance employee training in production techniques and cost management principles, fostering a culture of cost awareness throughout the organization. Management believes that, if successfully implemented, these measures may improve the Company’s cash position and allow the Company to fund its operations in the next twelve months, however, there can be no assurance that the Company will be able to fully execute the planned initiatives, achieve its strategic alternatives, and resolve the conditions raising substantial doubt about its ability to continue as a going concern.

Pursuant to the requirements of Accounting Standards Codification (ASC) 205-40, *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern* management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the financial statements are issued. This evaluation initially does not take into consideration the potential mitigating effect of management’s plans that have not been fully implemented as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company’s ability to continue as a going concern. The mitigating effect of management’s plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued.

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

Under ASC 205-40, the strategic alternatives being pursued by the Company cannot be considered probable at this time because none of the Company's current plans have been finalized at the time of the issuance of these financial statements and the implementation of any such plan is not probable of being effectively implemented as none of the plans are entirely within the Company's control. Accordingly, substantial doubt is deemed to exist about the Company's ability to continue as a going concern within one year after the date these financial statements are issued.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described above.

Reverse Stock Split – Effective April 15, 2025, China Pharma implemented a 1-for -10 reverse stock split as more fully discussed in Note 12. All share and per share disclosures have been retroactively restated to reflect the impact of the reverse stock split.

Consolidation and Basis of Presentation – The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are expressed in United States dollars. The accompanying unaudited interim condensed consolidated financial statements include the accounts and operations of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidation.

Helson's functional currency is the Chinese Renminbi. Helson's revenue and expenses are translated into United States dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. Gains or losses from translating Helson's financial statements are included in accumulated other comprehensive income, which is a component of stockholders' equity. Gains and losses arising from transactions denominated in a currency other than the functional currency of the entity that is party to the transaction are included in the results of operations.

In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. All significant intercompany transactions and balances are eliminated on consolidation. However, the results of operations included in such financial statements may not necessary be indicative of annual results. Such financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on March 31, 2025 ("2024 Annual Report").

Accounting Estimates - The methodology used to prepare the Company's financial statements is in conformity with U.S. GAAP, which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Therefore, actual results could differ from those estimates.

The Company uses the same accounting policies in preparing its quarterly and annual financial statements. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

Loss Per Share - Basic loss per share is calculated by dividing loss available to common stockholders by the weighted-average number of shares of common stock outstanding, excluding unvested stock. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the potential common shares, including unvested stock, had been issued and if the additional common shares were dilutive.

The potentially dilutive common shares related to the option to purchase 1,330 shares of common stock at March 31, 2025 and December 31, 2024 are excluded from the computation of diluted net loss per share for all periods presented because the effect is anti-dilutive due to net losses of the Company.

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

Potentially dilutive common shares related to the option to purchase 13,300 shares of common stock at March 31, 2025 and March 31, 2024 are excluded from the computation of diluted net loss per share for all periods presented because the effect is anti-dilutive due to net losses of the Company.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”. The amendments in this ASU are intended to improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. For interim and annual reporting periods, an entity shall disaggregate, in a tabular format disclosure in the notes to financial statements, all relevant expense captions presented on the face of the income statement in continuing operations into the purchases of inventory, employee compensation, depreciation, amortization, and depletion. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this Update should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact the adoption of ASU 2024-03 will have on its consolidated financial statements and related disclosures. We do not expect the adoption of this accounting standard to have an impact on our Consolidated Financial Statements but will require certain additional disclosures.

In November 2024, the FASB issued ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments. The ASU provides additional guidance on whether induced conversion or extinguishment accounting should be applied to certain settlements of convertible debt instruments that do not occur in accordance with the instruments’ preexisting terms. The ASU requires entities to apply a preexisting contract approach. To qualify for induced conversion accounting under this approach, the inducement offer is required to preserve the form of consideration and result in an amount of consideration that is no less than that issuable pursuant to the preexisting conversion privileges. ASU 2024-04 clarifies how entities should assess the form and amount of consideration when applying this approach. In addition, the new ASU clarifies that induced conversion accounting can be applied to settlements of certain convertible debt instruments that are not currently convertible as long as the instrument contained a substantive conversion feature as of both its issuance date and the inducement offer acceptance date. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact the adoption of ASU 2024-03 will have on its combined financial statements and related disclosures.

From time to time, the FASB or other standards setting bodies issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of ASUs. Unless otherwise discussed, the Company believes that the recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on its consolidated financial statements upon adoption.

From time to time, the FASB or other standards setting bodies issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of ASUs. Unless otherwise discussed, the Company believes that the recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on its consolidated financial statements upon adoption.

NOTE 2 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consist of the following:

	March 31, 2025	December 31, 2024
Trade accounts receivable	13,934,058	13,819,322
Less: allowance for credit losses	(13,605,157)	(13,587,182)
Trade accounts receivable, net	<u>\$ 328,901</u>	<u>\$ 232,140</u>

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

Our allowance for credit losses estimate practice using the current expected credit loss method is that we consider accounts receivable balances aged within 180 days current, except for any individual uncollectible account assessed by management. We account for the following respective percentage as bad debt allowance based on age of the accounts receivables: 10% of accounts receivable that are between 180 days and 365 days old, 70% of accounts receivable that are between 365 days and 720 days old, and 100% of accounts receivable that are greater than 720 days old.

We recognize credit losses per actual write-offs as well as changes of allowance for credit losses. To the extent that our current allowance for credit losses is higher than that of the previous period, we recognize a credit loss for the difference during the current period, and when the current credit losses are lower than that of the previous period, we recognize a gain from the reversal of the allowance for credit losses for the difference. The allowance for credit losses balances were \$13.61 million and \$13.59 million as of March 31, 2025 and December 31, 2024, respectively. The changes in the allowances for credit losses during the three months ended March 31, 2025 and 2024 were as follows:

	For the Three Months Ended March 31,	
	2025	2024
At the beginning of the period	13,587,182	13,786,074
Credit gains	(1,323)	(2,066)
Credit loss write-offs	-	-
Foreign currency translation adjustment	19,298	(24,015)
At the end of the period	<u>13,605,157</u>	<u>13,759,993</u>

NOTE 3 – INVENTORIES

Inventories consisted of the following:

	March 31, 2025	December 31, 2024
Raw materials	\$ 875,802	\$ 880,571
Work in process	291,452	340,404
Finished goods	<u>1,599,861</u>	<u>1,619,250</u>
Total Inventories	<u>2,767,115</u>	<u>2,840,225</u>
Less: Provision for obsolescence	<u>(788,197)</u>	<u>(574,071)</u>
	<u>\$ 1,978,918</u>	<u>\$ 2,266,154</u>

Changes to the provision for obsolescence consisted of the following:

	For the Three Months Ended March 31,	
	2025	2024
At the beginning of the period	\$ 574,071	\$ 129,420
Charges to provision	213,379	126,258
Exchange rate	<u>747</u>	<u>(85)</u>
At the end of the period	<u>\$ 788,197</u>	<u>\$ 255,593</u>

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	March 31, 2025	December 31, 2024
Permit of land use	\$ 392,393	\$ 391,836
Building	9,111,974	9,099,045
Plant, machinery and equipment	26,930,458	26,835,227
Motor vehicle	265,632	265,255
Office equipment	392,196	390,434
Total	37,092,653	36,981,797
Less: accumulated depreciation	(32,315,553)	(32,098,396)
Property, plant and equipment, net	\$ 4,777,100	\$ 4,883,401

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Life - years
Permit of land use	40 - 70
Building	20 - 49
Plant, machinery and equipment	5 - 10
Motor vehicle	5 - 10
Office equipment	3-5

Depreciation relating to office equipment was included in general and administrative expenses, while all other depreciation was included in cost of revenue. Depreciation expense was \$171,601 and \$636,721 for the three months ended March 31, 2025 and 2024, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets represent the cost of medical formulas approved for production by the NMPA, the intellectual property acquired (“Bonier Agreement”) from Chengdu Bonier Medical Technology Development Co., Ltd. and the invention patents and intellectual property acquired pursuant to Technology Transfer Agreements in 2024 and 2023. No costs were reclassified from advances to intangible assets during the three months ended March 31, 2025 and 2024, respectively.

There were no service fees or profit payments paid related to the Bonier Agreement or the Technology Transfer Agreements from 2024 and 2023 for the three months ended March 31, 2025 and 2024, respectively.

Approved medical formulas are amortized from the date NMPA approval is obtained over their individually identifiable estimated useful life, which range from ten to thirteen years. It is at least reasonably possible that a change in the estimated useful lives of the medical formulas could occur in the near term due to changes in the demand for the drugs and medicines produced from these medical formulas. Amortization expense relating to intangible assets was \$157,712 and \$97,077 for the three months ended March 31, 2025 and 2024, respectively, which was included in the general and administrative expenses. Medical formulas typically do not have a residual value at the end of their amortization period.

CHINA PHARMA HOLDINGS, INC.
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Intangible assets consisted of NMPA approved medical formulas, a Utility Model Patent and two Invention Patents as follows:

	March 31, 2025	December 31, 2024
NMPA approved medical formulas	\$ 4,702,940	\$ 4,696,267
Technology from Bonier	1,703,527	1,701,110
Invention Patents	5,316,474	5,308,930
	11,722,941	11,706,307
Accumulated amortization	(5,426,966)	(5,261,827)
Net carrying amount	6,295,975	6,444,480
Intangible assets in process	273,946	250,956
	<u>\$ 6,569,921</u>	<u>\$ 6,695,436</u>

NOTE 6 – OTHER PAYABLES

Other Payables consisted of the following:

	March 31, 2025	December 31, 2024
Compensation payable to officer	\$ 1,595,506	\$ 1,587,506
Business taxes and other	555,142	595,476
Total Other Payables	<u>\$ 2,150,648</u>	<u>\$ 2,182,982</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company had previously received advances from its Chairperson Li. Total amounts owed were \$1,153,324 and \$1,144,985 and are recorded as “Borrowings from related parties” on the accompanying condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024, respectively. On July 8, 2019 the Company entered into a loan agreement in exchange for cash of RMB 4,770,000 (\$738,379) with its Chairperson Li. The loan bears interest at a rate of 4.35% and was payable within one year of the loan agreement. The due date of the loan agreement has been extended annually on identical terms, and is due July 9, 2025. Total interest expense related to the loan for the three months ended March 31, 2025 and 2024 was \$6,787 and \$6,856, respectively. Compensation payable to the Chairperson Li is included in “Other payables” in the accompanying condensed consolidated balance sheet totaling \$1,595,506 and \$1,587,506 as of March 31, 2025 and December 31, 2024, respectively.

NOTE 8 – LINES OF CREDIT

On December 21, 2022 the Company entered into a new line of credit for an aggregate amount of RMB 7,300,000 (approximately \$1.0 million) with interest payable monthly at a rate of 3.9% with Bank of Communications. The Company received an advance on the line of credit in the amount of RMB 3,800,000 (approximately \$0.56 million) on December 30, 2022. On February 24, 2023 the Company received an advance on the line in the amount of RMB 3,500,000 (approximately \$0.51 million). The Company has no further availability on this line of credit. The line of credit was paid in full on December 15, 2023, five days before the due date of December 20, 2023. On December 20, 2023, the Company received a new line of credit in the amount of RMB 3,800,000 and an interest rate of 3.9% and is due December 15, 2024. The loan was fully paid on November 7, 2024. The loan was renewed on identical terms and an advance was made in the amount of RMB3,800,000 on November 11, 2024 with the balance maturing on June 21, 2025. On December 2, 2024 the Company repaid the RMB 3,500,000 and renewed the line on identical terms. The RMB 3,500,000 was advance on the same date, with the due date of the loan maturing on June 21, 2025. In addition, the Company’s Chief Executive Officer and Chair of the Board personally guaranteed the new line of credit and pledged personal assets as collateral for the loan. Total interest expense under this facility for the three months ended March 31, 2025 and 2024 was \$9,919 and \$9,064, respectively.

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On September 30, 2022 the Company received a line of credit for RMB 10,000,000 (approximately \$1.54 million) with Bank of China. The loan bears interest at the rate of 3.45% and was due September 28, 2023. On September 22, 2023 the Company repaid this note in full. On September 25, 2023 the Company entered into a three-year revolving loan and received proceeds of RMB 10,000,000 (approximately \$1.4 million). The interest rate for the loan is 3.35% for the first twelve months of the loan and adjusts based on the latest one-year loan market quotation rate less 10 basis points as published by the China National Interbank Funding Center on the working day prior to each twelve month anniversary of the loan. With the reduction of the Loan Prime Rate by the bank on September 20, 2024, the loan interest rate for this transaction was lowered to 3.25% effective September 21, 2024. Additionally, the company repaid RMB 551,250 (approximately \$77,000) on March 21, 2025. The loan is due on September 24, 2026. The loan is collateralized by the Company's new production facility and the included production line equipment and machinery. In addition, the Company's Chief Executive Officer and Chair of the Board personally guaranteed the new line of credit. Total interest paid on this loan was \$11,323 and \$11,922 for the three months ended March 31, 2025 and 2024, respectively.

Principal payments required for the remaining terms of the loan facility and lines of credit as of March 31, 2025 are as follows:

Year	Lines of Credit
2025	940,173
2026	1,393,107
	<u>\$ 2,333,280</u>

Fair Value of Lines of Credit – Based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities, the carrying amounts of the lines of credit outstanding as of March 31, 2025 and December 31, 2024 approximated their fair values because the underlying instruments bear an interest rate that approximates current market rates.

NOTE 9 - LEASES

The Company has leases for certain office and production facilities in the PRC which are classified as operating leases. The leases contain payment terms for fixed amounts. Options to extend are recognized as part of the lease liabilities and recognized as right of use assets when management estimates to renew the lease. There are no residual value guarantees, no variable lease payments, and no restrictions or covenants imposed by leases. The discount rate used in measuring the lease liabilities and right of use assets was determined by reviewing the Company's incremental borrowing rate at the initial measurement date. For the three months ended March 31, 2025 and 2024, operating lease cost was \$19,176 and \$19,413, respectively and cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$19,894 and \$20,142, respectively. As of March 31, 2025 and December 31, 2024, the Company reported right of use assets of \$19,176 and \$38,298, respectively and lease liabilities of \$19,776 and \$39,323, respectively. As of March 31, 2025, its operating leases had a weighted average remaining lease term of 0.25 years and a weighted average discount rate of 3.55%.

Minimum lease payments for the Company's operating lease liabilities were as follows for the twelve month period ended March 31:

2025	\$ 19,894
Total undiscounted cash flows	19,894
Less: Imputed interest	(118)
	19,776
Less: Lease liabilities, current portion	(19,776)
Lease liabilities, non current portion	<u>\$ -</u>

The Company has leases with terms less than one year for certain provincial sales offices that are not material.

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NOTE 10 – INCOME TAXES

Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect of a change in tax laws or rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Liabilities are established for uncertain tax positions expected to be taken in income tax returns when such positions are judged to meet the “more-likely-than-not” threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of other expenses. Through December 31, 2024, the Company has not identified any uncertain tax positions that it has taken. U.S. income tax returns for the years ended December 31, 2020 through December 31, 2024 and the Chinese income tax return for the year ended December 31, 2024 are open for possible examination.

Under the current tax law in the PRC, the Company is and will be subject to the enterprise income tax rate of 25%.

There was no provision for income taxes for the three months ended March 31, 2025 and 2024, respectively due to continued net losses of the Company.

As of March 31, 2025, Helpson had net operating loss carryforwards for PRC tax purposes of approximately \$21.8 million which are available to offset any future taxable income through 2030. Approximately \$6.7 million of these carryforwards will expire in December 2025. The Company also has net operating losses for United States federal income tax purposes of approximately \$11.0 million of which \$5.1 million is available to offset future taxable income, if any, through 2040, and \$5.9 million are available for carryforward indefinitely subject to a limitation of 80% of taxable income for each tax year.

U.S. federal tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the “U.S. Tax Reform”), was signed into law on December 22, 2017. The U.S. Tax Reform significantly modified the U.S. Internal Revenue Code by, among other things, reducing the statutory U.S. federal corporate income tax rate from 35% to 21% for taxable years beginning after December 31, 2017; limiting and/or eliminating many business deductions; migrating the U.S. to a territorial tax system with a one-time transition tax on a mandatory deemed repatriation of previously deferred foreign earnings of certain foreign subsidiaries; subject to certain limitations, generally eliminating U.S. corporate income tax on dividends from foreign subsidiaries; and providing for new taxes on certain foreign earnings.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those differences become deductible or tax loss carry forwards are utilized. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon an assessment of the level of historical taxable income and projections for future taxable income over the periods on which the deferred tax assets are deductible or can be utilized, management believes it is not likely for the Company to realize all benefits of the deferred tax assets as of March 31, 2025 and December 31, 2024. Therefore, the Company provided for a valuation allowance against its deferred tax assets of \$21,918,668 and \$21,702,958 as of March 31, 2025 and December 31, 2024, respectively.

The Company also incurred various other taxes, comprised primarily of business taxes, value-added taxes, urban construction taxes, education surcharges and others. Any unpaid amounts are reflected on the balance sheets as accrued taxes payable.

NOTE 11 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, a hierarchy has been established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows: Level 1 – Quoted prices in active markets for identical assets or liabilities; Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data; and Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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The Company uses fair value to measure the value of the banker's acceptance notes it holds at March 31, 2024 and December 31, 2024. The banker's acceptance notes are recorded at cost which approximates fair value. The Company held the following assets and liabilities recorded at fair value:

Description	March 31, 2025	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Banker's acceptance notes	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Description	December 31, 2024	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Banker's acceptance notes	\$ 18,642	\$ -	\$ 18,642	\$ -
Total	\$ 18,642	\$ -	\$ 18,642	\$ -

NOTE 12 – STOCKHOLDERS' EQUITY

China Pharma is authorized to issue 500,000,000 shares of common stock, \$0.001 par value, and 5,000,000 shares of preferred stock, \$0.001 par value. The preferred stock may be issued in series with such designations, preferences, stated values, rights, qualifications or limitations as determined solely by the Board of China Pharma.

According to relevant PRC laws, companies registered in the PRC, including China Pharma's PRC subsidiary, Helpson, are required to allocate at least 10% of their after tax income, as determined under the accounting standards and regulations in the PRC, to statutory surplus reserve accounts until the reserve account balances reach 50% of the company's registered capital prior to their remittance of funds out of the PRC. Allocations to these reserves and funds can only be used for specific purposes and are not transferrable to the parent company in the form of loans, advances or cash dividends. The amount designated for general and statutory capital reserves is \$8,145,000 at March 31, 2025 and December 31, 2024.

Effective April 15, 2025, the Company implemented a 1-for-10 reverse split of its common stock. The reverse stock split was approved by the Company's Board of Directors through unanimous written consent and the Company's stockholders at its Annual Meeting for the fiscal year ended on December 31, 2023, which was held on December 22, 2024. Upon the effectiveness of the reverse stock split, every 10 shares of the Company's issued and outstanding common stock were automatically converted into one share of issued and outstanding common stock. No fractional shares were issued as a result of the reverse stock split. Instead, any fractional shares that resulted from the split were rounded up to the next whole number. The reverse stock split affects all stockholders uniformly and does not alter any stockholder's percentage interest in the Company's outstanding common stock, except for adjustments that may result from the treatment of fractional shares. All share and per share amounts have been retroactively restated for all periods presented in the accompanying unaudited condensed consolidated financial statements.

Effective March 6, 2024, the Company implemented a 1-for-5 reverse split of its common stock. The reverse stock split was approved by the Company's Board of Directors through unanimous written consent and the Company's stockholders at its Annual Meeting for the fiscal year ended on December 31, 2022, which was held on December 17, 2023. Upon the effectiveness of the reverse stock split, every 5 shares of the Company's issued and outstanding common stock were automatically converted into one share of issued and outstanding common stock. No fractional shares were issued as a result of the reverse stock split. Instead, any fractional shares that resulted from the split were rounded up to the next whole number. The reverse stock split affects all stockholders uniformly and does not alter any stockholder's percentage interest in the Company's outstanding common stock, except for adjustments that may result from the treatment of fractional shares. All share and per share amounts have been retroactively restated for all periods presented in the accompanying consolidated financial statements.

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2010 Incentive Plan

On November 12, 2010, the Company's Board adopted the Company's 2010 Incentive Plan (the "Plan"), which was then approved by stockholders on December 22, 2010. On October 17, 2019, the Board of Directors approved the First Amendment to the 2010 Incentive Plan (the "Amendment"), pursuant to which the term of the 2010 Incentive Plan was extended to December 31, 2029. The Amendment was adopted by the stockholders on December 19, 2019. On October 25, 2021, the Board of Directors approved, and on December 27, 2021 our stockholders adopted the Amendment No.2 to the Plan to increase the number of shares of the Common Stock, that are reserved thereunder by 10,000 shares from 8,000 shares to 18,000 shares. On October 27, 2022 the Board of Directors approved and on December 27, 2022, the stockholders adopted the Amended and Restated Long Term 2010 Incentive Plan to increase the number of shares of common stock that are reserved thereunder by an additional 10,000 shares from 18,000 to 28,000. On December 17, 2023 the stockholders approved Amendment No. 1 to the Amended and Restated Long Term 2010 Incentive Plan to increase the number of shares from 28,000 to 58,000. On December 22, 2024 the stockholders approved Amendment No. 2 to the Amended and Restated Long Term 2010 Incentive Plan to increase the number of shares from 58,000 to 69,600. The Plan gives the Company the ability to grant stock options, restricted stock, stock appreciation rights and performance units to its employees, directors and consultants, or those who will become employees, directors and consultants of the Company and/or its subsidiaries. The Plan currently allows for equity awards of up to 69,600 shares of common stock. Through March 31, 2025, there were 8,470 shares of stock and stock options granted and outstanding under the Plan. A total of 1,330 options were outstanding as of March 31, 2025 under the Plan. As such, there are 59,800 additional units available for issuance under the Plan.

There were no issuances of securities from the Plan for the three months ended March 31, 2025 and as such, no compensation expense was recognized for the period.

As of March 31, 2025, there was no remaining unrecognized compensation expense related to stock options or restricted stock grants.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Current vulnerability due to certain concentrations

For the three months ended March 31, 2025, no customer accounted for greater than 10.0% of sales and two customers accounted for 63.3% and 13.6% of accounts receivable. Two suppliers accounted for 40.3% and 31.4% of raw material purchases, and two different products accounted for 34.7% and 28.3% of revenue.

For the three months ended March 31, 2024, no customer accounted for greater than 10.0% of sales and two customers accounted for 63.2% and 13.6% of accounts receivable. Three suppliers accounted for 28.0%, 28.0% and 21.0% of raw material purchases, and two different products accounted for 36.9% and 27.9% of revenue.

Nature of Operations

Economic environment - Substantially all of the Company's operations are conducted in the PRC, and therefore the Company is subject to special considerations and significant risks not typically associated with companies operating in the United States of America. These risks include, among others, the political, economic and legal environments and fluctuations in the foreign currency exchange rate. The Company's results from operations may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things. The unfavorable changes in global macroeconomic factors may also adversely affect the Company's operations.

In addition, all of the Company's revenue is denominated in the PRC's currency of Renminbi (RMB), which must be converted into other currencies before remittance out of the PRC. Both the conversion of RMB into foreign currencies and the remittance of foreign currencies abroad require approval of the PRC government.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The statements contained in this report with respect to our financial condition, results of operations and business that are not historical facts are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, such as “anticipate,” “believe,” “expect,” “plan,” “intend,” “seek,” “estimate,” “project,” “could,” or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the readers that any such forward-looking statements contained in this report reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employees, and general business factors affecting our operations, markets, growth, services, products, licenses and other factors, some of which are described in this report and some of which are discussed in our other filings with the Securities and Exchange Commission (the “SEC”). These forward-looking statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing our company, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events.

These risk factors should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. All written and oral forward-looking statements made in connection with this report that are attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given these uncertainties, we caution investors not to unduly rely on our forward-looking statements. We do not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by applicable law or regulation.

Business Overview & Recent Developments

China Pharma Holding Inc. (“China Pharma”) is not a Chinese operating company but a Nevada holding company. All of our operations are conducted in the PRC through Hainan Helpson Medical & Biotechnology Co., Ltd (“Helpson”), our wholly owned subsidiary incorporated under the laws of the People’s Republic of China (the “PRC”), where the manufacturing facilities are located. Helpson is principally engaged in the development, manufacture and marketing of pharmaceutical products for human use in connection with a variety of high-incidence and high-mortality diseases and medical conditions prevalent in the PRC. It manufactures pharmaceutical products in the form of dry powder injectables, liquid injectables, tablets, capsules, and cephalosporin oral solutions. The majority of its pharmaceutical products are sold on a prescription basis and all of them have been approved for at least one or more therapeutic indications by the National Medical Products Administration (the “NMPA”, formerly China Food and Drug Administration, or CFDA) based upon demonstrated safety and efficacy.

China’s consistency evaluation of generic drugs continues to proceed for the three months ended March 31, 2025. Helpson has always taken the task of promoting the consistency evaluation as a top priority, and worked on them actively. However, for each drug’s consistency evaluation, due to the continuous dynamic changes of the detailed consistency evaluation policies, market trends, expected investments, and expected returns of investment (“ROI”), the whole industry, including Helpson, has been making slow progresses in terms of the consistency evaluation. One of the flagship products, Candesartan tablets, a hypertension product, has passed generic-drug-consistency-evaluation in early August 2023.

Helpson has taken a more cautious and flexible attitude towards initiating and progressing any project for existing products' consistency evaluation to cope with the changing macro environment of drug sales in China. In 2018, relevant Chinese authorities decided to implement trial Centralized Procurement ("CP") activities in 11 selected pilot cities (including 4 municipalities and 7 other cities), since then, nine rounds of CP activities have been carried out as of November 13, 2024, which significantly reduced the price of the drugs that won the bids. In addition, the consistency evaluation has been adopted as one of the qualification standards for participating in the CP activities. As a result, Helpson needs to balance between the market access brought by CP, the investment of financial resources and time to obtain the qualification of CP, and the sharp decline in the price of drugs included in CP before making decisions regarding CP for any products.

In addition, Helpson continues to explore the field of comprehensive healthcare. Comprehensive healthcare is a general concept proposed by the Chinese government according to the development of the times, social needs and changes in disease spectrum. According to the Outline of "Healthy China 2030" issued by Chinese government in October 2016, the total size of China's health service industry is expected to reach RMB 16 trillion (approximately \$2.5 trillion) by 2030. This industry focuses on people's daily life, aging and diseases, pays attention to all kinds of risk factors and misunderstandings affecting health, calls for self-health management, and advocates the comprehensive care throughout the entire process of life. It covers all kinds of health-related information, products, and services, as well as actions taken by various organizations to meet the health needs. In response to this trend, Helpson launched Noni enzyme, a natural, Xeronine-rich antioxidant food supplement at the end of 2018. It also launched wash-free sanitizers and masks, in 2020, to address the market needs caused by COVID-19 in China. As Chinese government officially terminated its zero-case policy, now the responsibility to protect people from the impact of COVID-19 falls more to the citizens themselves, and masks and sanitizers have been popular since COVID-19. Helpson has sufficient production capacity for medical masks, surgical masks, KN95 masks, and N95 masks, which also meets the personal needs for protection against other respiratory infectious diseases. Helpson's N95 medical protective mask has received registration certificate at the end of 2022 and has been on the market in the mainland China nationwide.

Helpson will continue to optimize its product structure and actively respond to the current health needs of human beings.

Results of Operations for the Three Months ended March 31, 2025

Revenue

Revenue was \$1.14 million for the three months ended March 31, 2025, which represented a decrease of \$0.23 million, as compared to \$1.37 million for the three months ended March 31, 2024. This decline was mainly due to an increasing number of drugs from other medicine providers being included in national CP, while Helpson's peer products have not passed consistency evaluation. As a result, they are not qualified to participate in CP, the resulting sales has decreased.

Set forth below are our revenues by product category in millions (USD) for the three months ended March 31, 2025 and 2024:

Product Category	Three Months Ended March 31,		Net Change	% Change
	2025	2024		
CNS Cerebral & Cardio Vascular	0.34	0.32	0.02	6%
Anti-Viral/ Infection & Respiratory	0.72	0.93	-0.21	-23%
Digestive Diseases	0.06	0.04	0.02	50%
Other	0.02	0.08	-0.06	-75%

The most significant revenue decrease in terms of dollar amount was in the "Anti-Viral/ Infection & Respiratory" category. It generated \$0.72million for the three months ended March 31, 2025, compared to \$0.93 million for the three months ended March 31, 2024, which represented a decrease of \$0.21million. This decrease was mainly due to the decrease in sales of the Roxithromycin Dispersible Tablet due to market fluctuation.

The “Other” product category generated \$0.02 million for the three months ended March 31, 2025, compared to \$0.08 million for the three months ended March 31, 2024, which represented a decrease of \$0.06 million. This decrease was mainly due to the decrease in sales of the Vitamin B6 for Injection due to market fluctuation.

Our “CNS Cerebral & Cardio Vascular” product category generated \$0.34 million in sales revenue for the three months ended March 31, 2025, compared to \$0.32 million for the same period last year, which represented an increase of \$0.02million. This increase was mainly due to the increase in sales of Alginic Sodium Diester Injection due to market fluctuation.

“Digestive” product category generated \$0.06million in sales revenue for the three months ended March 31, 2025, compared to \$0.04million for the same period last year, which represented an increase of \$0.02 million. This increase was mainly due to the increase in sales of Omeprazole due to market volatility.

Product Category	Three Months Ended March 31,	
	2025	2024
CNS Cerebral & Cardio Vascular	29.9%	23.9%
Anti-Viral/ Infection & Respiratory	63.4%	54.4%
Digestive Diseases	5.0%	14.6%
Other	1.7%	7.1%

For the three months ended March 31, 2025, revenue breakdown by product category experienced certain variances compared with that of the prior year. Sales in the “Anti-Viral/Infection& Respiratory” product category represented 63.4% and 54.4% of total sales in the three months ended March 31, 2025 and 2024, respectively. The “CNS Cerebral & Cardio Vascular” category represented 29.9% of total revenue for the three months ended March 31, 2025, compared to 23.9% for the three months ended March 31, 2024. The “Digestive Diseases” category represented 5.0% and 14.6% of total revenue for the three months ended March 31, 2025 and 2024, respectively. The “Other” category represented 1.7% and 7.1% of revenues for the three months ended March 31, 2025 and 2024, respectively.

Cost of Revenue

For the three months ended March 31, 2025, our cost of revenue was \$1.27 million, or 112.0% of total revenue, which represented a decrease of \$0.39 million from \$1.66 million, or 121.2% of total revenue, in the same period of 2024. The decrease in cost of revenues in the twelve months ended December 31, 2024 was mainly due to the decrease in revenue.

Gross Loss and Loss Margin

Gross loss for the three months ended March 31, 2025 was \$0.14 million, compared to \$0.29million for the three months ended March 31, 2024. Our gross loss margin for the three months ended March 31, 2025 was 12.0%, compared to 21.2% for the three months ended March 31, 2024. The main reasons for the decrease in the gross loss rate were: some of our machinery and equipment have reached their accounting useful life and all the depreciation has been accrued. As a result, the product cost has decreased.

Selling Expenses

Our selling expenses for the three months ended March 31, 2025 were \$0.09million, a decrease of \$0.02million compared to \$0.11million for the three months ended March 31, 2024. Selling expenses accounted for 7.7% of the total revenue for the three months ended March 31, 2025 compared to 7.9% for the three months ended March 31, 2024. Because of the adjustments in the sales practices and Chinese national CP, we reduced selling expenses to efficiently support the sales and the collection of accounts receivable, especially in the context of the increasing impact of CP, like other players in the industry, we have reduced the promotion expenses.

General and Administrative Expenses

Our general and administrative expenses for the three months ended March 31, 2025 were \$0.51 million, an increase of \$0.02 million compared to \$0.49 million for the three months ended March 31, 2024. General and administrative expenses accounted for 44.6% and 35.7% of our total revenues for the three months ended March 31, 2025 and 2024, respectively. Reason for this increase was mainly due to the increased amortization of intangible asset.

Research and Development Expenses

Our research and development expenses were \$0.03 million for the three months ended March 31, 2025 and 2024, respectively. Research and development expenses accounted for 2.6% and 2.3% of our total revenues for the three months ended March 31, 2025 and 2024, respectively. These expenditures were mainly spent on the consistency evaluation of the existing products.

Credit Gains

Our credit gains for the three months ended March 31, 2025 was \$1,323, as compared to \$2,066 for the same period in 2024.

In general, our normal customer credit or payment terms are 90 days. This has not changed in recent years. Such relatively long credit term is due to the peculiar environment affecting the Chinese pharmaceutical market, as deferred payments by state-owned hospitals to local drug distributors are common, and their deferred payments will indirectly delay the payments from our customers to us. Due to the timeliness requirements of the NMPA for logistics of drug sales, Helpson, like most other pharmaceutical companies in China, sells substantially all the drugs to local drug distributors, certified by GSP (Good Supply Practice), the standard of products supply, which is a standard protocol to control the quality of the products during circulation. These GSP certified distributors then sell the drugs to state-owned hospitals. The GSP certified distributors' payments to us are usually delayed as they will pay us after they receive payment from the state-owned hospitals. Therefore, as most of our customers are GSP certified distributors, we adopt a unified policy for bad debt allowance reserves for GMP's customers who are typically GSP certified distributors. As is typical in the Chinese pharmaceutical market, there are no written contracts between the Company and any of its GSP certified distributors requesting the distributors to pay the Company's account receivable upon their receipt of funds from the distributors' customers, or state-owned hospitals. Nevertheless, the Company's customers typically process the payment of the account receivable to the Company upon their receipt of payment from their customers, i.e., the state-owned hospitals, as a matter of implied consensus or industry standard. In the event the length of collection term is deviated from any of the past pattern of any particular customer, the Company will adjust its credit term.

The amount of net accounts receivable that was past due (or the amount of accounts receivable that was more than 180 days old) was \$0.07 million and \$0.06 million as of March 31, 2025 and December 31, 2024, respectively.

The following table illustrates our trade accounts receivable aging distribution in terms of the percentage of the total accounts receivable, respective gross accounts receivables as well as the allocated allowance for credit losses as of March 31, 2025 and 2024:

	March 31, 2025	December 31, 2024
1 - 180 Days	1.84%	1.24%
180 - 365 Days	0.57%	0.48%
365 - 720 Days	0.01%	0.01%
> 720 Days	97.58%	98.27%
Total	100.00%	100.00%

	Gross Trade Accounts Receivable Amount		Allocated Allowance for Doubtful Accounts	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
1-180 Days	256,441.93	176,430.91		-
180-365 Days	80,065.58	68,321.92	8,006.56	6,832.19
365-720 Days	1,334.01	718.49	933.81	502.94
Over 720 Days	13,596,216.53	13,930,801.32	13,596,216.53	13,930,801.32
Total	13,934,058.05	14,176,272.64	13,605,156.90	13,938,136.45

Our allowance for credit losses estimate practice using the current expected credit loss method considers accounts receivable balances aged within 180 days current, except for any individual uncollectible account assessed by management. We account for the following respective percentage as credit loss allowance based on age of the accounts receivables: 10% of accounts receivable that are between 180 days and 365 days old, 70% of accounts receivable that are between 365 days and 720 days old, and 100% of accounts receivable that are greater than 720 days old.

Our allowance for credit losses as a percentage of accounts receivable of trade accounts receivable was 97.6% and 98.3% as of March 31, 2025 and December 31, 2024, respectively.

We conduct analysis and review on accounts receivables for customers on a specific, per-customer basis in the fourth fiscal quarter of each fiscal year. For customers (i) whose business license has been cancelled or expired; (ii) whose key business certificates such as GSP (Good Supply Practice) license have been invalid or revoked; (iii) who have no ability to continue operations, or (iv) who are encountering other issues that lead to accounts receivable unrecoverable, the receivable will be written-off as per the resolution of our Board of Directors.

We recognize credit losses per actual write-offs as well as changes of allowance for credit losses. To the extent that our current allowance for credit losses is higher than that of the previous period, we recognize a bad debt expense for the difference during the current period, and when the current allowance is lower than that of the previous period, we recognize a credit gains for the difference. The allowance for credit losses balances were \$13.6million as of March 31, 2025 and \$13.9million as of December 31, 2024, respectively. The changes in the allowances for credit losses of trade accounts receivable during the three months ended March 31, 2025 and 2024 were as follows:

	For the Three Months Ended March 31,	
	2025	2024
Balance, Beginning of Period	\$ 13,587,182	\$ 13,786,074
Bad debt expense	(1,323)	(2,066)
Foreign currency translation adjustment	19,298	(24,015)
Balance, End of Period	<u>\$ 13,605,157</u>	<u>\$ 13,759,993</u>

Our credit gains for the three months ended March 31, 2025 was \$1,323, as compared to \$2,066 in the same period in 2024.

Loss from Operations

Our operating loss for the three months ended March 31, 2025 was \$0.76 million, compared to \$0.92 million in the same period in 2024.

Net Interest Expense

Net interest expense was \$0.03million for the three months ended March 31, 2025 and \$0.04million for the three months ended March 31, 2024.

Net Loss

Net loss for the three months ended March 31, 2025 was \$0.79 million, compared to net loss of \$0.96 million for the three months ended March 31, 2024. The decrease in net loss was mainly a result of the decline in cost.

Loss per basic and diluted common share was \$0.24 for the three months ended March 31, 2025 and \$0.72 for the three months ended March 31, 2024, respectively.

The number of basic and diluted weighted-average outstanding shares used to calculate loss per share was 3,261,911 for the three months ended March 31, 2025, as compared to 1,333,059 for the same period in 2024.

The significant change in weighted-average outstanding shares and per share figures reflects the impact of our 1-for-10 reverse stock split that became effective on April 15, 2025. While this split occurred after the quarter end, in accordance with SEC reporting requirements and U.S. GAAP, we have retrospectively adjusted all share and per share information for all periods presented. The reverse stock split reduced the number of outstanding shares by combining every 10 shares into 1 share, which has the mathematical effect of increasing the loss per share figures proportionately when comparing current results to prior periods. This stock split follows our previous 1-for-5 reverse stock split implemented on March 6, 2024.

Liquidity and Capital Resources

Our principal source of liquidity is cash generated from operations and bank lines of credit. Currently the Company has not witnessed or expected to encounter any difficulties to refinance those lines of credit this year. As of March 31, 2025, the aggregated advance from our CEO was \$1.15 million for use in operations. Our cash and cash equivalents were \$0.41million, representing 2.9% of our total assets, as of March 31, 2025, as compared to \$0.63 million, representing 4.2% of our total assets as of March 31, 2024. All of the \$0.41million of cash and cash equivalents as of March 31, 2025are considered to be reinvested indefinitely in the Company's Chinese subsidiary, Helpson and are not expected to be available for payment of dividends or for other payments to its parent company or to its shareholders.

The Company obtained various lines of credit in details described under Note 8 to its audited consolidated financial statements contained in this report which is incorporated by reference herein.

China Pharma issued a convertible note to an institutional accredited investor as disclosed in Note 9 to the audited consolidated financial statements contained in this report which is incorporated by reference herein.

Although the Company obtained additional lines of credit for the three months ended March 31, 2025, there can be no assurance that the Company will be able to achieve its future strategic goals, including the launch of new products. This raises substantial doubt about the Company's ability to continue as a going concern. Although our Chairperson and Chief Executive Officer had advanced funds for working capital for the three months ended March 31, 2025, there can be no assurances that this will continue in the future. We may seek additional debt or equity financing as necessary when we believe the market conditions are the most advantageous to us and/or require us to reduce certain discretionary spending, which could have a material adverse effect on our ability to achieve our business objectives. There can be no assurance that any additional financing will be available on acceptable terms, if at all.

Operating Activities

Net cash used in operating activities was \$0.06 million in the three months ended March 31, 2025, compared to \$0.59million in the same period in 2024.

As of March 31, 2025, our net trade accounts receivable was \$0.33 million, an increase of \$0.10million from \$0.23million as of December 31, 2024.

As of March 31, 2025, total inventory was \$1.98 million, compared to \$2.27 million as of December 31, 2024.

Investing Activities

During the three months ended March 31, 2025, net cash used in investing activities was \$0.08million. This was mainly due to the investment in purchasing of equipment, and the development of a medicine formula. And there was no investing activities for the three months ended March 31, 2024.

Financing Activities

Cash flow used by financing activities was \$70,033 in the three months ended March 31, 2025; compared to \$6,856 provided for the same period for the three months ended March 31, 2024.

According to relevant PRC laws, companies registered in the PRC, including our PRC subsidiary, Helpson, are required to allocate at least ten percent (10%) of their after-tax net income, as determined under the accounting standards and regulations in the PRC, to statutory surplus reserve accounts until the reserve account balances reach fifty percent (50%) of the companies' registered capital prior to their remittance of funds out of the PRC. Allocations to these reserves and funds can only be used for specific purposes and are not transferrable to the parent company in the form of loans, advances or cash dividends. As of March 31, 2025 and December 31, 2024, Helpson's net assets totaled (\$6,785,000)and (\$6,197,000), respectively. Due to the restriction on dividend distribution to overseas shareholders, the amount of Helpson's net assets that was designated for general and statutory capital reserves, and thus could not be transferred to our parent company as cash dividends, was 50% of Helpson's registered capital, which was both \$8,145,000 as of March 31, 2025 and December 31, 2024, respectively. The amount that Helpson must set aside for the statutory surplus fund accounts exceeds its total net assets at March 31, 2025 and December 31, 2024. There were no allocations to the statutory surplus reserve accounts during the three months ended March 31, 2025.

The Chinese government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of China. Our businesses and assets are primarily denominated in RMB. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires the submission of a payment application form together with certain invoices and executed contracts. The currency exchange control procedures imposed by Chinese government authorities may restrict Helpson, our Chinese subsidiary, from transferring its net assets to our parent company through loans, advances or cash dividends.

Off-Balance Sheet Arrangements

As of March 31, 2025, we did not have any off-balance sheet arrangements.

Critical Accounting Policies

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. Our financial statements reflect the selection and application of accounting policies which require management to make significant estimates and judgments. The discussion of our critical accounting policies contained in Note 1 to our consolidated financial statements, "Organization and Significant Accounting Policies", included in the Company's annual report on Form 10-Q for the three months ended March 31, 2025, which is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and interim Chief Financial Officer, evaluated the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 (the “Exchange Act”) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act (a) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and (b) is accumulated and communicated to management, including our Chief Executive Officer and interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as described above. Based on this evaluation, our Chief Executive Officer and interim Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2025 to satisfy the objectives for which they are intended. This was due to the material weakness in our internal control over financial reporting, with respect to our lack of accounting financial reporting personnel who were knowledgeable in U.S. GAAP, as disclosed in our annual report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 31, 2025. Notwithstanding the aforementioned material weakness, management has concluded that our condensed consolidated financial statements included in this report are fairly stated in all material respects in accordance with U.S. GAAP for each period presented herein.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 6. Exhibits

The exhibits required by this item are set forth in the Exhibit Index attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA PHARMA HOLDINGS, INC.

Date: May 14, 2025

By: /s/ Zhilin Li
Name: Zhilin Li
Title: President and Chief Executive Officer
(principal executive officer)

Date: May 14, 2025

By: /s/ Zhilin Li
Name: Zhilin Li
Title: Interim Chief Financial Officer
(principal financial officer and
principal accounting officer)

EXHIBIT INDEX

No.	Description
3.1	<u>The Third Amended and Restated Articles of Incorporation of the Company.</u>
31.1 -	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2 -	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1 -	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS -	XBRL Instance Document
101.SCH -	XBRL Taxonomy Extension Schema Document
101.CAL -	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF -	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB -	XBRL Taxonomy Extension Label Linkbase Document
101.PRE -	XBRL Taxonomy Extension Presentation Linkbase Document
104 -	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**THIRD AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
CHINA PHARMA HOLDINGS, INC.**
(Pursuant to NRS 78)

ARTICLE I

The name of the corporation (which is hereinafter referred to as the “Corporation”) is China Pharma Holdings, Inc.

ARTICLE II

The address of the registered office of the Corporation in the State of Nevada is 10 Bodie Drive, Carson City, NV 89706. The name of the registered agent of the Corporation is Unisearch, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the provisions of Chapter 78 of the Nevada Revised Statutes.

ARTICLE IV

SECTION 1. Common Stock. The aggregate number of shares of Common Stock which the Corporation shall have authority to issue is 500,000,000 at a par value of \$0.001 per share. All stock, when issued shall be fully paid and non-assessable, shall be of the same class and have the same rights and preferences.

Each share of Common Stock shall be entitled to one vote at a stockholder’s meeting, either in person or by proxy. Cumulative voting in elections of Directors and all other matters brought before stockholder meetings, whether they be annual or special, shall not be permitted.

The holders of the capital stock of the Corporation shall not be personally liable for the payment of the Corporation’s debts; and the private property of the holders of the capital stock of the Corporation shall not be subject to the payment of debts of the Corporation to any extent whatsoever.

Stockholders of the Corporation shall not have any preemptive rights to subscribe for additional issues of stock of the Corporation except as may be agreed upon from time to time by the Corporation and any such stockholder.

As of the 9:30 a.m. Eastern Time, April 15, 2025 (“Effective Time”), each ten (10) shares of the Corporation’s Common Stock, par value \$0.001 per share, issued and outstanding immediately prior to the Effective Time (the “Old Common Stock”), will automatically and without any action on the part of the respective holders thereof be combined, reclassified and changed into one (1) share of Common Stock, par value \$0.001 per share, of the Corporation (the “New Common Stock”) (the “Reverse Stock Split”). Notwithstanding the immediately preceding sentence, provided, however, no fractional shares of Common Stock shall be issued in connection with the Reverse Stock Split, and instead, the Corporation shall issue one full share of post-Reverse Stock Split Common Stock to any stockholder who would have been entitled to receive a fractional share of Common Stock as a result of the Reverse Stock Split.

Each holder of Common Stock will hold the same percentage of the outstanding Common Stock immediately following the Reverse Stock Split as that stockholder did immediately prior to the Reverse Stock Split, except for minor adjustments due to the additional net share fraction that will need to be issued as a result of the treatment of fractional shares.

SECTION 2. Preferred Stock. The aggregate number of shares of Preferred Stock which the Corporation shall have authority to issue is 5,000,000, par value \$0.001, which may be issued in series, with such designations, preferences, stated values, rights, qualifications or limitations as determined solely by the Board of Directors of the Corporation. The Board of Directors is hereby vested with authority to fix such designations, preferences and relative participating, optional or other special rights or qualifications, limitations, or restrictions for each series, including, but not by way of limitation, the power to fix the redemption and liquidation preferences, the rate of dividends payable and the time for and the priority of payment thereof and to determine whether such dividends shall be cumulative or not and to provide for and fix the terms of conversion of such Preferred Stock or any series thereof into Common Stock of the Corporation and fix the voting power, if any, of shares of Preferred Stock or any series thereof.

ARTICLE V

SECTION 1. Number, Election and Terms of Directors. The members of the governing board of the Corporation shall be called Directors of the Corporation. The number of the Directors of the Corporation shall be fixed from time to time by or pursuant to the By-Laws of the Corporation, and shall initially be five. The name and address of the first Board of Directors are as follows:

<u>Name</u>	<u>Address</u>
Zhilin Li	2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216
Heung Mei Tsui	2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216
Yingwen Zhang	2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216
Gene Michael Bennett	2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216
Baowen Dong	2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216

SECTION 2. Newly Created Directorships and Vacancies. Newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining Director. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

ARTICLE VI

Any action required or permitted to be taken by the stockholders of the Corporation may be effected by any consent in writing by such holders, signed by holders of not less than that number of shares of Common Stock required to approve such action.

ARTICLE VII

Subject to any express provision of the laws of the State of Nevada or these Articles of Incorporation, the Board of Directors shall have the power to make, alter, amend and repeal the By-Laws of the Corporation (except so far as By-Laws of the Corporation adopted by the stockholders shall otherwise provide). Any By-Laws made by the Directors under the powers conferred hereby may be altered, amended or repealed by the Directors or by the stockholders.

ARTICLE VIII

Election of Directors need not be by ballot unless the By-laws of the Corporation shall so provide.

ARTICLE IX

SECTION 1. Elimination of Certain Liability of Directors. A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for the payment of distributions to stockholders in violation of Section 78.300 of the Nevada Revised Statutes, or (iv) for any transaction from which the Director derived an improper personal benefit.

SECTION 2. Indemnification. The Corporation shall indemnify all Directors, officers, employees, and agents to the fullest extent permitted by Nevada law as provided within NRS 78.7502 and NRS 78.751 or any other law then in effect or as it may hereafter be amended. The Corporation shall indemnify each present and future Director, officer, employee or agent of the Corporation who becomes a party or is threatened to be made a party to any suit or proceeding, whether pending, completed or merely threatened, and whether said suit or proceeding is civil, criminal, administrative, investigative, or otherwise, except an action by or in the right of the Corporation, by reason of the fact that he or she is or was a Director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including, but not limited to, attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, proceeding or settlement, provided such person acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The expenses of Directors, officers, employees or agents of the Corporation incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit, or proceeding, if and only if the Director, officer, employee or agent undertakes to repay said expenses to the Corporation if it is ultimately determined by a court of competent jurisdiction, after exhaustion of all appeals therefrom, that he or she is not entitled to be indemnified by the Corporation. No indemnification shall be applied, and any advancement of expenses to or on behalf of any Director, officer, employee or agent must be returned to the Corporation, if a final adjudication establishes that the person's acts or omissions involved a breach of any fiduciary duties, where applicable, intentional misconduct, fraud or a knowing violation of the law which was material to the cause of action.

ARTICLE X

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in these Articles of Incorporation, and other provisions authorized by the laws of the State of Nevada at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, Directors or any other persons whomsoever by and pursuant to these Articles of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article.

ARTICLE XI

The Corporation shall exist in perpetuity, from and after the date of filing of its original Articles of Incorporation with the Secretary of State of the State of Nevada unless dissolved according to law.

ARTICLE XII

The provisions of Sections 78.411 to 78.444, inclusive, of the Nevada Revised Statutes shall be inapplicable to the Corporation.

ARTICLE XIII

The name and address of the incorporator of the Corporation is:

Zhilin Li, 2nd Floor, No. 17 Jinpan Road, Haikou, Hainan Province, People's Republic of China 570216

IN WITNESS WHEREOF, the undersigned incorporator has executed these Amended and Restated Articles of Incorporation of China Pharma Holdings, Inc. on April 9, 2025.

/s/ Zhilin Li

Name: Zhilin Li

Title: President and Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Zhilin Li, certify that:

1. I have reviewed this report on Form 10-Q of China Pharma Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

/s/ Zhilin Li

Name: Zhilin Li

Title: Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Zhilin Li, certify that:

1. I have reviewed this report on Form 10-Q of China Pharma Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

/s/ Zhilin Li

Name: Zhilin Li

Title: Interim Chief Financial Officer

(principal financial officer and principal accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned hereby certifies, in her capacity as Chief Executive Officer and interim Chief Financial Officer of China Pharma Holdings, Inc. (the “Company”), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of her knowledge:

- (1) The Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2025

/s/ Zhilin Li

Name: Zhilin Li

Title: President and Chief Executive Officer
(principal executive officer)

/s/ Zhilin Li

Name: Zhilin Li

Title: Interim Chief Financial Officer
(principal financial officer and principal accounting officer)

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.