

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 September 30, 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<br>(State or other jurisdiction of<br>incorporation or organization)                                     | 75-1564807<br>(IRS Employer<br>Identification No.) |
| Second Floor, No. 17, Jinpan Road<br>Haikou, Hainan Province, China<br>(Address of principal executive offices) | 570216<br>(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 November 10, 2025, there were 5,022,002 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>September 30,</u><br><u>2025</u> | <u>December 31,</u><br><u>2024</u> |
|---|-------------------------------------|------------------------------------|
| <b>ASSETS</b>   |                                     |                                    |
| <b>Current Assets:</b>  |                                     |                                    |
| Cash and cash equivalents   | \$ 267,625                          | \$ 626,879                         |
| Banker's acceptances  | 26,697                              | 18,642                             |
| Trade accounts receivable, less allowance for credit losses of \$69,876 and \$13,587,182, respectively  | 224,638                             | 232,140                            |
| Other receivables, less allowance for credit losses of \$32,511 and \$28,447, respectively  | 61,275                              | 30,286                             |
| Advances to suppliers   | 23,883                              | 14,960                             |
| Inventories   | 1,649,682                           | 2,266,154                          |
| Prepaid expenses  | 75,627                              | 81,328                             |
| <b>Total Current Assets</b>   | <u>2,329,427</u>                    | <u>3,270,389</u>                   |
| Property, plant and equipment, net  | 4,502,479                           | 4,883,401                          |
| Right-of-use assets   | 197,851                             | 38,298                             |
| Intangible assets, net  | 8,775,036                           | 6,695,436                          |
| <b>TOTAL ASSETS</b>   | <u>\$ 15,804,793</u>                | <u>\$ 14,887,524</u>               |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                                     |                                    |
| <b>Current Liabilities:</b>   |                                     |                                    |
| Trade accounts payable  | \$ 588,739                          | \$ 225,106                         |
| Accrued expenses  | 170,426                             | 247,159                            |
| Other payables  | 2,303,183                           | 2,182,982                          |
| Contract liabilities  | 120,912                             | 162,208                            |
| Borrowings from related parties   | 1,413,340                           | 1,144,985                          |
| Lease liabilities   | 70,326                              | 39,323                             |
| Current portion of lines of credit  | 1,955,880                           | 1,015,525                          |
| <b>Total Current Liabilities</b>  | <u>6,622,806</u>                    | <u>5,017,288</u>                   |
| <b>Non-current Liabilities:</b>   |                                     |                                    |
| Lines of credit, net of current portion   | -                                   | 1,391,130                          |
| Lease liabilities, net of current portion   | 128,257                             | -                                  |
| Deferred tax liability  | 739,733                             | 731,202                            |
| <b>Total Liabilities</b>  | <u>7,490,796</u>                    | <u>7,139,620</u>                   |
| <b>Commitments and Contingencies (Note 13)</b>  |                                     |                                    |
| <b>Stockholders' Equity:</b>  |                                     |                                    |
| Preferred stock, \$0.001 par value; 5,000,000 shares authorized;<br>no shares issued or outstanding   | -                                   | -                                  |
| Common stock, \$0.001 par value; 500,000,000 shares authorized;<br>5,022,002 shares and 3,261,911 shares issued and outstanding, respectively | 5,022                               | 3,262                              |
| Additional paid-in capital  | 43,076,319                          | 40,631,679                         |
| Securities purchase agreement receivable  | (180,000)                           | (180,000)                          |
| Accumulated deficit   | (45,992,100)                        | (44,026,679)                       |
| Accumulated other comprehensive income  | 11,404,756                          | 11,319,642                         |
| <b>Total Stockholders' Equity</b>   | <u>8,313,997</u>                    | <u>7,747,904</u>                   |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <u>\$ 15,804,793</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<br>Ended September 30, |                     | For the Nine Months<br>Ended September 30, |                       |
|--|---|---------------------|--|-----------------------|
|  | 2025  | 2024                | 2025                                       | 2024                  |
| Revenue  | \$ 756,217                                  | \$ 1,100,152        | \$ 2,918,271                               | \$ 3,394,934          |
| Cost of revenue  | 815,871                                     | 1,619,801           | 3,200,996                                  | 5,219,993             |
| Gross loss   | (59,654)                                    | (519,649)           | (282,725)                                  | (1,825,059)           |
| Operating expenses:  |   |                     |  |                       |
| Selling expenses   | 78,041                                      | 134,603             | 266,444                                    | 354,245               |
| General and administrative expenses                                  | 424,827                                     | 345,051             | 1,372,843                                  | 925,377               |
| Research and development expenses                                    | 40,321                                      | 87,610              | 90,860                                     | 283,395               |
| Credit losses (reversal of allowance for credit losses)              | 25,302                                      | (1,656)             | 26,011                                     | 4,754                 |
| Total operating expenses   | 568,491                                     | 565,608             | 1,756,158                                  | 1,567,771             |
| Loss from operations   | (628,145)                                   | (1,085,257)         | (2,038,883)                                | (3,392,830)           |
| Other income (expense):  |   |                     |  |                       |
| Research and development subsidy                                     | 415   | -                   | 151,105                                    | -                     |
| Interest income  | 294   | 1,460               | 1,790                                      | 5,306                 |
| Interest expense   | (24,046)                                    | (34,114)            | (79,433)                                   | (124,409)             |
| Net other (expense) income   | (23,337)                                    | (32,654)            | 73,462                                     | (119,103)             |
| Loss before income taxes   | (651,482)                                   | (1,117,911)         | (1,965,421)                                | (3,511,933)           |
| Income tax expense   | -   | -                   | -  | -                     |
| <b>Net loss</b>  | <b>(651,482)</b>                            | <b>(1,117,911)</b>  | <b>(1,965,421)</b>                         | <b>(3,511,933)</b>    |
| Other comprehensive income - foreign currency translation adjustment | 57,335                                      | 137,638             | 85,114                                     | 70,561                |
| <b>Comprehensive loss</b>  | <b>\$ (594,147)</b>                         | <b>\$ (980,273)</b> | <b>\$ (1,880,307)</b>                      | <b>\$ (3,441,372)</b> |
| <b>Loss per share:</b>   |   |                     |  |                       |
| Basic and diluted  | \$ (0.17)                                   | \$ (0.65)           | \$ (0.57)                                  | \$ (2.25)             |
| Weighted average shares outstanding                                  | 3,874,085                                   | 1,730,672           | 3,468,211                                  | 1,559,347             |

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         | Accumulated     | Accumulated<br>Other<br>Comprehensive | Total                   |
|--|--------------|----------|--------------------|-----------------|---------------------------------------|-------------------------|
|  | Shares       | Amount   | Paid-in<br>Capital | Deficit         | Income                                | Stockholders'<br>Equity |
| <b>Balance as of December 31, 2023</b>         | 1,062,579    | \$ 1,063 | \$35,291,818       | \$ (39,290,314) | \$ 11,452,054                         | \$ 7,454,621            |
| Conversions of Note Payable to common stock    | 119,109      | 119      | 449,881            | -               | -                                     | 450,000                 |
| Issuance 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)                |
| <b>Balance as of March 31, 2024</b>            | 1,481,688    | 1,482    | 37,106,399         | (40,246,206)    | 11,430,479                            | 8,292,154               |
| Conversions of Note Payable to common stock    | 234,592      | 235      | 599,765            | -               | -                                     | 600,000                 |
| Net loss for the period                        | -            | -        | -                  | (1,438,130)     | -                                     | (1,438,130)             |
| Foreign currency translation adjustment        | -            | -        | -                  | -               | (45,502)                              | (45,502)                |
| <b>Balance, as of June 30, 2024</b>            | 1,716,280    | 1,717    | 37,706,164         | (41,684,336)    | 11,384,977                            | 7,408,522               |
| Conversions of Note Payable to common stock    | 69,687       | 69       | 99,931             | -               | -                                     | 100,000                 |
| Net loss for the period                        | -            | -        | -                  | (1,117,911)     | -                                     | (1,117,911)             |
| Foreign currency translation adjustment        | -            | -        | -                  | -               | 137,638                               | 137,638                 |
| <b>Balance, as of September 30, 2024</b>       | 1,785,967    | \$ 1,786 | \$37,806,095       | \$ (42,802,247) | \$ 11,522,615                         | \$ 6,528,249            |

  

|  | Common Stock |          | Additional         | Securities<br>Purchase<br>Agreement | Accumulated     | Other                   | Total                   |
|--|--------------|----------|--------------------|-------------------------------------|-----------------|-------------------------|-------------------------|
|  | Shares       | Amount   | Paid-in<br>Capital | Receivable                          | Deficit         | Comprehensive<br>Income | Stockholders'<br>Equity |
| <b>Balance as of December 31, 2024</b>         | 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                   |
| <b>Balance as of March 31, 2025</b>            | 3,261,911    | 3,262    | 40,631,679         | (180,000)                           | (44,812,251)    | 11,327,158              | 6,969,848               |
| Share rounding due to reverse split            | 91           | *        | -                  | -                                   | -               | -                       | -                       |
| Net loss for the period                        | -            | -        | -                  | -                                   | (528,367)       | -                       | (528,367)               |
| Foreign currency translation adjustment        | -            | -        | -                  | -                                   | -               | 20,263                  | 20,263                  |
| <b>Balance as of June 30, 2025</b>             | 3,262,002    | 3,262    | 40,631,679         | (180,000)                           | (45,340,618)    | 11,347,421              | 6,461,744               |
| Issuance of common stock for intangible assets | 1,760,000    | 1,760    | 2,444,640          | -                                   | -               | -                       | 2,446,400               |
| Net loss for the period                        | -            | -        | -                  | -                                   | (651,482)       | -                       | (651,482)               |
| Foreign currency translation adjustment        | -            | -        | -                  | -                                   | -               | 57,335                  | 57,335                  |
| <b>Balance as of September 30, 2025</b>        | 5,022,002    | 5,022    | 43,076,319         | (180,000)                           | (45,992,100)    | 11,404,756              | 8,313,997               |

\* Less than 1.

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)

|  | <b>For the Nine Months<br/>Ended September 30,</b> |                   |
|--|--|-------------------|
|  | <b>2025</b>  | <b>2024</b>       |
| <b>Cash Flows from Operating Activities:</b>                             |  |                   |
| Net loss   | \$ (1,965,421)                                     | \$ (3,511,933)    |
| Depreciation and amortization  | 1,006,210  | 2,169,993         |
| Credit losses  | 26,011   | 4,754             |
| Inventory write off  | 506,879  | 463,984           |
| Changes in assets and liabilities:                                       |  |                   |
| Trade accounts and other receivables                                     | (302,727)  | 15,234            |
| Advances to suppliers  | (8,677)  | 1,645             |
| Inventories  | 379,210  | 1,095,892         |
| Trade accounts payable   | 358,050  | (578,163)         |
| Other payables and accrued expenses                                      | 32,976   | (297,916)         |
| Advances from customers  | (42,835)   | (65,606)          |
| Prepaid expenses   | 6,595  | (2,720)           |
| <b>Net Cash Used in Operating Activities</b>                             | <b>(3,729)</b>                                     | <b>(704,836)</b>  |
| <b>Cash Flows from Investing Activities:</b>                             |  |                   |
| Purchases of property and equipment                                      | (58,870)   | (18,866)          |
| Advances for intangible assets   | (72,614)   | -                 |
| <b>Net Cash Used in Investing Activities</b>                             | <b>(131,484)</b>                                   | <b>(18,866)</b>   |
| <b>Cash Flows from Financing Activities:</b>                             |  |                   |
| Payments of line of credit   | (474,932)  | (492,761)         |
| Proceeds from lines of credit  | -  | 492,761           |
| Borrowings and interest from related party                               | 253,497  | 20,551            |
| <b>Net Cash (Used In) Provided By Financing Activities</b>               | <b>(221,435)</b>                                   | <b>20,551</b>     |
| <b>Effect of Exchange Rate Changes on Cash</b>                           | <b>(2,606)</b>                                     | <b>(1,996)</b>    |
| <b>Net Increase in Cash and Cash Equivalents</b>                         | <b>(359,254)</b>                                   | <b>(705,147)</b>  |
| Cash and Cash Equivalents at Beginning of Period                         | 626,879  | 1,423,838         |
| <b>Cash and Cash Equivalents at End of Period</b>                        | <b>\$ 267,625</b>                                  | <b>\$ 718,691</b> |
| <b>Supplemental Cash Flow Information:</b>                               |  |                   |
| Cash paid for interest   | \$ 59,040  | \$ 65,468         |
| <b>Supplemental Noncash Investing and Financing Activities:</b>          |  |                   |
| Conversions of Note Payable to common stock                              | -  | \$ 1,150,000      |
| Issuances of stock for intangible assets                                 | \$ 2,446,400                                       | \$ 1,365,000      |
| Right of Use Assets obtained in exchange for operating lease obligations | \$ 214,070   | -                 |

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

**CHINA PHARMA HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2025, the Company had cash and cash equivalents of \$0.3 million and an accumulated deficit of \$46.0 million and the Company’s current liabilities exceeded current assets by \$4.3 million. In addition, the Company had incurred net losses of \$2.0 million and had cash outflows from operating activities of 3,729 for the nine months ended September 30, 2025. The Company’s Chairperson, Chief Executive Officer and Interim Chief Financial Officer Ms. Li has advanced an additional \$0.27 million during fiscal 2025 for an aggregate of \$1,413,340 as of September 30, 2025 to provide working capital and enabled the Company to make the required payments related to its former construction loan facility and current lines of credit. 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 alleviate 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.

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.



**CHINA PHARMA HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (UNAUDITED)**

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.

Helpson’s functional currency is the Chinese Renminbi. Helpson’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 Helpson’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 as of September 30, 2025 and 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. In January 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2025-01 — Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of Update 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. 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.

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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 2024-04 will have on its consolidated financial statements and related disclosures.

In January 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-01 — Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of Update 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the impact the adoption of ASU 2025-01 will have on its consolidated financial statements and related disclosures.

On July 2025, the FASB issued ASU 2025-05, which amends ASC 326-20 to provide a practical expedient (for all entities) and an accounting policy election (for all entities, other than public business entities, that elect the practical expedient) related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The Board developed the new guidance in conjunction with the Private Company Council to address concerns from stakeholders that estimating expected credit losses can be costly and complex for such transactions. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. Entities should apply the new guidance prospectively. The Company expects the adoption on this ASU will not have a material effect on the Company's consolidated financial statements.

On September 18, 2025, the FASB issued Accounting Standards Update (ASU) 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 modernizes the accounting for internal-use software (the existing internal-use software guidance does not contemplate more current methods of software development). The amendments in ASU 2025-06 are limited and focused on the key challenge that entities face in applying FASB Accounting Standards Codification (FASB ASC) 350-40—applying that guidance to software that is developed using modern, iterative approaches such as Agile, DevOps, and continuous-deployment models that do not fit neatly into the legacy "preliminary-project / application-development / post-implementation" stages described in today's Subtopic 350-40. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Company expects the adoption on this ASU will not have a material effect on the Company's consolidated financial statements.

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:**

|                                   | September 30,<br>2025 | December 31,<br>2024 |
|-----------------------------------|-----------------------|----------------------|
| Trade accounts receivable         | 294,514               | 13,819,322           |
| Less: allowance for credit losses | (69,876)              | (13,587,182)         |
| Trade accounts receivable, net    | <u>\$ 224,638</u>     | <u>\$ 232,140</u>    |

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.

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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 \$0.070 million and \$13.59 million as of September 30, 2025 and December 31, 2024, respectively. The changes in the allowances for credit losses during the three and nine months ended September 30, 2025 and 2024 were as follows:

|   | <b>For the Three Months<br/>Ended September 30,</b> |                      | <b>For the Nine Months<br/>Ended September 30,</b> |                      |
|---|---|----------------------|--|----------------------|
|   | <b>2025</b>   | <b>2024</b>          | <b>2025</b>  | <b>2024</b>          |
| Balance, Beginning of Period                            | \$ 13,644,006                                       | \$ 13,706,077        | \$ 13,587,182                                      | \$ 13,786,074        |
| Credit losses (reversal of allowance for credit losses) | 25,302  | (1,656)              | 26,011   | 4,754                |
| Accounts charged to allowance for credit losses         | (13,702,032)  | -                    | (13,702,032)                                       | -                    |
| Foreign currency translation adjustment                 | 102,600   | 231,222              | 158,715  | 144,815              |
| Balance, End of Period                                  | <u>\$ 69,876</u>                                    | <u>\$ 13,935,643</u> | <u>\$ 69,876</u>                                   | <u>\$ 13,935,643</u> |

**NOTE 3 – INVENTORIES**

Inventories consisted of the following:

|                                  | <b>September 30,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|----------------------------------|-------------------------------|------------------------------|
| Raw materials                    | \$ 768,352                    | \$ 880,571                   |
| Work in process                  | 443,898                       | 340,404                      |
| Finished goods                   | 1,529,267                     | 1,619,250                    |
| <b>Total Inventories</b>         | <u>2,741,517</u>              | <u>2,840,225</u>             |
| Less: Provision for obsolescence | <u>(1,091,835)</u>            | <u>(574,071)</u>             |
|                                  | <u>\$ 1,649,682</u>           | <u>\$ 2,266,154</u>          |

Changes to the provision for obsolescence consisted of the following:

|                                | <b>For the Three Months<br/>Ended September 30,</b> |                   | <b>For the Nine Months<br/>Ended September 30,</b> |                |
|--------------------------------|---|-------------------|--|----------------|
|                                | <b>2025</b>   | <b>2024</b>       | <b>2025</b>  | <b>2024</b>    |
| At the beginning of the period | \$ 1,000,888  | \$ 481,182        | 574,071  | 129,420        |
| Charges to provision           | 83,947  | 112,156           | 506,879  | 463,984        |
| Exchange rate                  | 7,000   | 8,200             | 10,885   | 8,134          |
| At the end of the period       | <u>\$ 1,091,835</u>                                 | <u>\$ 601,538</u> | <u>1,091,835</u>                                   | <u>601,538</u> |

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**NOTE 4 – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

|   | September 30,<br>2025 | December 31,<br>2024 |
|---|-----------------------|----------------------|
| Permit of land use                        | \$ 396,407            | \$ 391,836           |
| Building                                  | 9,205,204             | 9,099,045            |
| Plant, machinery and equipment            | 27,206,451            | 26,835,227           |
| Motor vehicle                             | 268,350               | 265,255              |
| Office equipment                          | 396,209               | 390,434              |
| <b>Total</b>                              | <b>37,472,621</b>     | <b>36,981,797</b>    |
| Less: accumulated depreciation            | (32,970,142)          | (32,098,396)         |
| <b>Property, plant and equipment, net</b> | <b>\$ 4,502,479</b>   | <b>\$ 4,883,401</b>  |

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

| <b>Asset</b>                   | <b>Life - years</b> |
|--------------------------------|---------------------|
| 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 \$158,076 and \$592,099 for the three months ended September 30, 2025 and 2024, respectively and \$493,180 and \$1,863,079 for the nine months ended September 30, 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 from Chengdu Bonier Medical Technology Development Co., Ltd. through certain Technology Transfer Agreement (“Bonier Agreement”) 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 nine months ended September 30, 2025 and 2024, respectively.

On August 29, 2025, the Company entered into a Technology Transfer Agreement (the “Yan Yang Agreement”) with Yan Yang (“Transferor Yang”). Transferor Yang owns Apremilast Vector and method for its preparation, which has obtained a patent for the treatment of chronic obstructive pulmonary disease (the “Yang Invention Patent”). Pursuant to the Yan Yang Agreement, Transferor Yang will transfer the ownership of the Yang Invention Patent to Helpson. Transferor Yang or his designated third party shall provide relevant technical services in Haikou, which include but are not limited to product research and development, writing of registration materials, registration application and other technical services.

The aggregate transfer price as contemplated by the Yan Yang Agreement is \$2.446 million which was paid to the Transferor and his two designees upon the issuance of 1,760,000 shares of common stock of the Company at \$1.39 per share based on the closing market price of the Company’s common stock as of the closing date. The Company recorded the amount as intangible assets on the accompanying balance sheet as of the closing date. The value of the intangible asset will be amortized over its remaining useful life of approximately 15.5 years.

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 nine months ended September 30, 2025 and 2024, respectively.

Approved medical formulas are amortized from the date NMPA approval is obtained over their individually identifiable estimated useful life, which ranges 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 \$197,958 and \$104,845 for the three months ended September 30, 2025 and 2024, respectively and \$513,030 and \$306,914 for the nine months ended September 30, 2025 and 2024 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.

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Intangible assets consisted of NMPA approved medical formulas, a Utility Model Patent and three Invention Patents as follows:

|                                | September 30,<br>2025 | December 31,<br>2024 |
|--------------------------------|-----------------------|----------------------|
| NMPA approved medical formulas | \$ 4,751,058          | \$ 4,696,267         |
| Technology from Bonier         | 1,720,957             | 1,701,110            |
| Invention Patents              | 7,816,409             | 5,308,930            |
|                                | 14,288,424            | 11,706,307           |
| Accumulated amortization       | (5,840,485)           | (5,261,827)          |
| Net carrying amount            | 8,447,939             | 6,444,480            |
| Intangible assets in process   | 327,097               | 250,956              |
|                                | <u>\$ 8,775,036</u>   | <u>\$ 6,695,436</u>  |

**NOTE 6 – OTHER PAYABLES**

Other Payables consisted of the following:

|                                 | September 30,<br>2025 | December 31,<br>2024 |
|---------------------------------|-----------------------|----------------------|
| Compensation payable to officer | \$ 1,611,506          | \$ 1,587,506         |
| Business taxes and other        | 691,677               | 595,476              |
| <b>Total Other Payables</b>     | <u>\$ 2,303,183</u>   | <u>\$ 2,182,982</u>  |

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Company had previously received advances from its Chairperson Li. Total amounts owed to her were \$1,413,340 and \$1,144,985 and are recorded as “Borrowings from related parties” on the accompanying condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024, respectively. Chairperson Li has advanced an additional \$0.24 million during the second quarter of 2025 to provide working capital and enabled the Company to make the required payments related to its current lines of credit. 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 currently due July 9, 2026. Total interest expense related to the loan for the three months ended September 30, 2025 and 2024 was \$6,798 and \$6,843, respectively. Total interest expense related to the loan for the nine months ended September 30, 2025 and 2024 was \$20,393 and \$20,551, respectively. Compensation payable to the Chairperson Li is included in “Other payables” in the accompanying condensed consolidated balance sheet totaling \$1,611,506 and \$1,587,506 as of September 30, 2025 and December 31, 2024, respectively.

**NOTE 8 – LINES OF CREDIT**

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 with 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 advanced on the same date, with the due date of the loan maturing on June 21, 2025. On February 21, 2024, the Company entered into a new line of credit in the amount of RMB 3,500,000 with an interest rate of [3.9%] and is due February 20, 2025. On June 17, 2025, the Company repaid the loan balances of RMB 7,300,000 (approximately \$1.0 million). On June 25, 2025 the Company obtained a new line of credit facility in the amount of RMB 5,000,000 and received proceeds of RMB 5000,000 (approximately \$0.7 million). The new facility has an interest rate of 3.6%. The loan is due on June 20, 2026. 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 September 30, 2025 and 2024 was \$6,142 and \$10,234, respectively, and \$25,791 and \$29,524 for the nine months ended September 30, 2025 and 2024, respectively.

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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 1,102,500 (approximately \$153,000) through September 30, 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 \$10,954 and \$12,042 for the three months ended September 30, 2025 and 2024, respectively, and \$33,249 and \$35,943 for the nine months ended September 30, 2025 and 2024, respectively.

Principal payments on the above lines of credit are all due within one year of the balance sheet date.

**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 September 30, 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 September 30, 2025 and 2024, operating lease cost was \$18,264 and \$20,302, respectively and cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$19,119 and \$21,061, respectively. For the nine months ended September 30, 2025 and 2024, operating lease cost was \$56,732 and \$58,931, respectively and cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$59,025 and \$61,135, respectively. As of September 30, 2025 and December 31, 2024, the Company reported right of use assets of \$197,851 and \$38,298, respectively and lease liabilities of \$198,583 and \$39,323, respectively.

Minimum lease payments for the Company's operating lease liabilities were as follows for the twelve-month period ended September 30:

|   |            |
|---|------------|
| 2026                                      | \$ 75,322  |
| 2027                                      | 75,322     |
| 2028                                      | 56,491     |
| Total undiscounted cash flows             | 207,135    |
| Less: Imputed interest                    | (8,552)    |
|   | 198,583    |
| Less: Lease liabilities, current portion  | (70,326)   |
| Lease liabilities, net of current portion | \$ 128,257 |

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

**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.

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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 and nine months ended September 30, 2025 and 2024, respectively due to continued net losses of the Company.

As of September 30, 2025, Helpson had net operating loss carryforwards for PRC tax purposes of approximately \$36.9 million which are available to offset any future taxable income through 2030. Approximately \$6.8 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 \$11.2 million of which \$5.1 million is available to offset future taxable income, if any, through 2040, and \$6.1 million are available for carryforward indefinitely subject to a limitation of 80% of taxable income for each tax year.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The Company is currently assessing its impact on our condensed consolidated financial statements. 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 September 30, 2025 and December 31, 2024. Therefore, the Company provided for a valuation allowance against its deferred tax assets of \$22.7 million and \$21.7 million as of September 30, 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 as of September 30, 2025 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               | September 30,<br>2025 | Fair Value Measurements at<br>Reporting Date Using |           |         |
|---------------------------|-----------------------|--|-----------|---------|
|                           |                       | Level 1  | Level 2   | Level 3 |
| Banker's acceptance notes | \$ 26,697             | \$ -   | \$ 26,697 | \$ -    |
| Total                     | \$ 26,697             | \$ -   | \$ 26,697 | \$ -    |

  

| Description               | December 31,<br>2024 | Fair Value Measurements at<br>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.

On August 29, 2025 the Company issued 1,760,000 shares of common stock at a price of \$1.39 per share based on the closing market price as of that date pursuant to the Yan Yang Agreement as discussed in Note 5.

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 as of September 30, 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.



**CHINA PHARMA HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (UNAUDITED)**

*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 September 30, 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 September 30, 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 nine months ended September 30, 2025 and as such, no compensation expense was recognized for the period.

As of September 30, 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 nine months ended September 30, 2025, no customer accounted for more than 10% of revenue and two customers accounted for 45.0% and 15.0% of accounts receivable. Three suppliers accounted for 25.7%, 21.1% and 12.2% of raw material purchases, and three different products accounted for 30.9%, 24.4% and 11.2% of revenue.

For the nine months ended September 30, 2024, no customer accounted for greater than 10.0% of sales and two customers accounted for 63.4% and 13.7% of accounts receivable. Three suppliers accounted for 36.4%, 18.1% and 18.1% of raw material purchases, and two different products accounted for 36.8% 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 September 30, 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. However, no other new products of ours have achieved the same status as of the date of this report.

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, ten rounds of CP activities have been carried out as of August 7, 2025, 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 September 30, 2025

### Revenue

Revenue was \$0.8 million for the three months ended September 30, 2025, as compared to \$1.1 million in the same period 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 September 30, 2025 and 2024, respectively:

| Product Category                   | Three Months Ended<br>September 30, |      | Net Change | % Change |
|------------------------------------|-------------------------------------|------|------------|----------|
|                                    | 2025                                | 2024 |            |          |
| CNS Cerebral & Cardio Vascular     | 0.25                                | 0.33 | -0.08      | -24%     |
| Anti-Viral/Infection & Respiratory | 0.42                                | 0.67 | -0.25      | -37%     |
| Digestive Diseases                 | 0.07                                | 0.06 | 0.01       | 17%      |
| Other                              | 0.02                                | 0.04 | -0.02      | -50%     |

The revenue of our "Anti-Viral/ Infection& Respiratory" product category was \$0.42 million in the three months ended September 30, 2025, as compared to 0.67 million in the same period last year, which represented a decrease of \$0.25 million. This decrease was mainly due to the decrease in sales of Cefaclor Dispersible Tablets due to market fluctuation.

Our "CNS Cerebral & Cardio Vascular" product category generated \$0.25 million in sales revenue in the three months ended September 30, 2025 compared to \$0.33 million for the same period last year, which represented a decrease of \$0.08 million. This decrease was mainly due to the decrease in sales of Candesartan due to market fluctuation.

Our “Digestive Diseases” product category generated \$0.07 million in the three months ended September 30, 2025, as compared to 0.06 million in the same period last year, which represented an increase of \$0.01 million. This increase was mainly due to the increase in sales of Omeprazole.

“Others” product category generated \$0.02 million in sales revenue in the three months ended September 30, 2025 compared to \$0.04 million for the same period last year, which represented a decrease of \$0.02 million. This decrease was mainly due to the decrease in sales of Vitamin B6 for Injection caused by the implementation of centralized procurement policy, a stricter drug centralized procurement policy, as well as market fluctuation.

| Product Category                   | Three Months Ended<br>September 30, |      |
|------------------------------------|-------------------------------------|------|
|                                    | 2025                                | 2024 |
| CNS Cerebral & Cardio Vascular     | 33%                                 | 30%  |
| Anti-Viral/Infection & Respiratory | 55%                                 | 61%  |
| Digestive Diseases                 | 10%                                 | 5%   |
| Other                              | 2%                                  | 4%   |

For the three months ended September 30, 2025, revenue breakdown by product category showed certain changes to that of the same period in 2024. Sales of the “CNS Cerebral & Cardio Vascular” product category represented 33% and 30% of total revenue in the three months ended September 30, 2025 and 2024, respectively. The “Anti-Viral/Infection & Respiratory” products category represented 55% and 61% of total sales in the three months ended September 30, 2025 and 2024, respectively. The “Digestive Diseases” product category represented 10% and 5% of total revenue in the three months ended September 30, 2025 and 2024, respectively. The “Other” product category represented 2% and 4% of revenues in the three months ended September 30, 2025 and 2024, respectively.

#### *Cost of Revenue*

For the three months ended September 30, 2025, our cost of revenue was \$0.8 million, or 107.9% of total revenue, comparing to \$1.6 million, or 147.2% of total revenue, for the same period in 2024. The decrease in cost of revenues in the three months ended September 30, 2025 was mainly because that the decrease in revenue.

#### *Gross loss and Gross Loss Margin*

Gross loss for the three months ended September 30, 2025 was \$0.06 million, as compared to \$0.52 million during the same period in 2024. Our gross loss margin in the three months ended September 30, 2025 was 7.9% as compared to 47.2% during the same period in 2024. The improvement in gross loss was primarily driven by lower depreciation, as certain PP&E became fully depreciated, and a reduction in inventory obsolescence.

### *Selling Expenses*

Our selling expenses for the three months ended September 30, 2025 and 2024 were \$0.08 million and \$0.13 million, respectively. Selling expenses accounted for 10.3% of the total revenue in the three months ended September 30, 2025, as compared to 12.2% during the same period in 2024.

### *General and Administrative Expenses*

Our general and administrative expenses were \$0.42 million and \$0.35 million for the three months ended September 30, 2025 and 2024, respectively. General and administrative expenses accounted for 56.2% and 31.4% of our total revenues in the three months ended September 30, 2025 and 2024, respectively. The increase in general and administrative expenses in the three months ended September 30, 2025 was mainly because that the increase in amortization of intangible asset.

### *Research and Development Expenses*

Our research and development expenses for the three months ended September 30, 2025 were \$0.04 million, as compared to \$0.09 million in the same period in 2024. Research and development expenses accounted for 5.3% and 8.0% of our total revenues in the three months ended September 30, 2025 and 2024, respectively. These expenditures were mainly used for our increased efforts in the consistency evaluations of our existing products.

### *Credit Losses (Reverse to Credit Losses)*

Our credit losses for the three months ended September 30, 2025 was \$25,302, as compared to reversal of credit losses of \$1,656 for the same period in 2024.

The amount of net accounts receivable that was past due (or the amount of accounts receivable that was more than 180 days old) was \$0.11 million and \$0.06 million as of September 30, 2025 and December 31, 2024, respectively.

The following tables illustrate our accounts receivable aging distribution in terms of percentage of total accounts receivable, respective gross accounts receivables as well as the allocated allowance for credit losses as of September 30, 2025 and December 31, 2024:

In general, our normal customer credit or payment terms are 180 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.

|                | September<br>30,<br>2025 | December 31,<br>2024 |
|----------------|--------------------------|----------------------|
| 1 - 180 Days   | 40.12%                   | 1.24%                |
| 180 - 365 Days | 36.68%                   | 0.48%                |
| 365 - 720 Days | 10.47%                   | 0.01%                |
| > 720 Days     | 12.73%                   | 98.27%               |
| Total          | 100.00%                  | 100.00%              |

|               | Gross Trade Accounts<br>Receivable Amount |            | Allocated Allowance<br>for Doubtful Accounts |            |
|---------------|---|------------|--|------------|
|               | 30-Sep-25                                 | 30-Sep-24  | 30-Sep-25                                    | 30-Sep-24  |
| 1-180 Days    | 118,154                                   | 301,804    | 0  | 0          |
| 180-365 Days  | 108,037                                   | 33,854     | 10,804                                       | 3,385      |
| 365-720 Days  | 30,834                                    | 3,665      | 21,583                                       | 2,565.56   |
| Over 720 Days | 37,489                                    | 13,929,692 | 37,489                                       | 13,929,692 |
| Total         | 294,514                                   | 14,269,014 | 69,876                                       | 13,935,643 |

Since the fourth quarter of 2018, our bad debt allowance estimate practice has been updated to a policy 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 is between 180 days and 365 days old, 70% of accounts receivable that is between 365 days and 720 days old, and 100% of accounts receivable that is greater than 720 days old.

Our allowance for credit losses as a percentage of accounts receivable of trade accounts receivable was 23.7% and 97.7% as of September 30, 2025 and 2024, respectively. The decrease of 74.0% was due to the written-off of accounts receivable over 8-year-old in August 2025.

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 bad debt expenses 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 bad debt credit for the difference. The allowance for credit losses balances were \$0.07 million and \$13.9 million as of September 30, 2025 and December 31, 2024, respectively. The changes in the allowances for credit losses during the three months ended September 30, 2025 and 2024 were as follows:

|   | <b>For the Three Months Ended</b> |               |
|---|-----------------------------------|---------------|
|   | <b>September 30,</b>              |               |
|   | <b>2025</b>                       | <b>2024</b>   |
| Balance, Beginning of Period                  | \$ 13,644,006                     | \$ 13,706,077 |
| Credit Losses                                 | 25,302                            | (1,656)       |
| Accounts charged to allowance for credit loss | (13,702,032)                      |               |
| Foreign currency translation adjustment       | 13,329                            | 231,222       |
| Balance, End of Period                        | \$ 69,876                         | \$ 13,935,643 |



To more accurately reflect its financial position, the Company wrote off accounts receivable aged over eight years in August 2025, resulting in credit loss write-offs of \$13.7 million for the three months ended September 30, 2025, compared with no write-offs in the same period last year.

Our credit losses for the three months ended September 30, 2025 was \$25,302, as compared to \$1,656 for the same period last year.

*Loss from Operations*

Our operating loss for the three months ended September 30, 2025 and 2024 was \$0.6 million and \$1.1 million, respectively.

*Net Other Expense*

Net Other expense was \$0.02 million for the three months ended September 30, 2025 and \$0.03 million for the same period in 2024.

*Net Loss*

Net loss was \$0.7 million and \$1.1 million for the three months ended September 30, 2025 and 2024, respectively.

Loss per basic and diluted common share was \$0.17 for the three months ended September 30, 2025, as compared to \$0.65 for the three months ended September 30, 2024.

The number of basic and diluted weighted-average outstanding shares used to calculate loss per share was 3,874,085 for the three months ended September 30, 2025, and 1,730,672 for the three months ended September 30, 2024.

**Results of operations for the nine months ended September 30, 2025**

***Revenue***

Revenue was \$2.9 million and \$3.4 million for the nine months ended September 30, 2025 and 2024, respectively.

Set forth below are our revenues by product category in millions (USD) for the nine months ended September 30, 2025 and 2024, respectively:

| Product Category                    | Nine Months Ended<br>September 30, |      | Net Change | % Change |
|-------------------------------------|------------------------------------|------|------------|----------|
|                                     | 2025                               | 2024 |            |          |
| CNS Cerebral & Cardio Vascular      | 1.00                               | 1.02 | -0.02      | -2%      |
| Anti-Viral/ Infection & Respiratory | 1.67                               | 2.07 | -0.40      | -19%     |
| Digestive Diseases                  | 0.19                               | 0.14 | 0.05       | 36%      |
| Other                               | 0.06                               | 0.16 | -0.10      | -63%     |

The most significant revenue decrease in terms of dollar amount was in our “Anti-Viral/ Infection & Respiratory” product category, which generated \$1.67 million in sales revenue in the nine months ended September 30, 2025 compared to \$2.07 million in the same period last year, a decrease of \$0.40 million. This decrease was mainly due to sales decrease of Cefaclor Dispersible Tablet due to market volatility.

Our “CNS Cerebral & Cardio Vascular” product category generated \$1.00 million in sales revenue in the nine months ended September 30, 2025, compared to \$1.02 million in the same period last year, which represented a decrease of \$0.02 million that was mainly caused by decrease in sales of Gastrodin Injection.

Sales in our “Digestive Diseases” product category generated \$0.19 million in the nine months ended September 30, 2025, as compared to \$0.14 million in the nine months ended September 30, 2024. This increase was mainly due to the increase in sales of Omeprazole due to market fluctuation.

Sales in “Other” product category generated \$0.06 and \$0.16 million in sales revenue in the nine months ended September 30, 2025 and 2024, respectively. The decrease was mainly caused by the decrease in sales of Vitamin B6 for Injection caused by the implementation of centralized procurement policy, a stricter drug centralized procurement policy, as well as market fluctuation.

| Product Category                    | Nine Months Ended<br>September 30, |      |
|-------------------------------------|------------------------------------|------|
|                                     | 2025                               | 2024 |
| CNS Cerebral & Cardio Vascular      | 34%                                | 30%  |
| Anti-Viral/ Infection & Respiratory | 57%                                | 61%  |
| Digestive Diseases                  | 7%                                 | 4%   |
| Other                               | 2%                                 | 5%   |

For the nine months ended September 30, 2025, revenue breakdown by product category showed certain changes to that of the same period in 2024. Sales in the “CNS Cerebral & Cardio Vascular” category represented 34% and 30% of total revenue for the nine months ended September 30, 2025 and 2024, respectively. The “Anti-Viral/Infection & Respiratory” products category represented 57% and 61% of total sales for the nine months ended September 30, 2025 and 2024, respectively. The “Digestive Diseases” category represented 7% and 4% of total revenue for the nine months ended September 30, 2025 and 2024. And the “Other” category represented 2% and 5% of revenues for the nine months ended September 30, 2025 and 2024, respectively.

***Cost of Revenue***

For the nine months ended September 30, 2025, our cost of revenue was \$3.2 million, or 109.7% of total revenue, comparing to \$5.2 million, or 153.8% of total revenue, for the same period in 2024.

***Gross Loss and Gross Loss Margin***

Gross loss for the nine months ended September 30, 2025 was \$0.3 million, compared to \$1.8 million in the same period in 2024. Our gross loss margin in the nine months ended September 30, 2025 was 9.7% compared to 53.8% in the same period in 2024. The improvement in gross loss is triggered by the decrease in depreciation, as certain PP&E became fully depreciated, and a reduction in inventory obsolescence.

***Selling Expenses***

Our selling expenses for the nine months ended September 30, 2025 and 2024 were \$0.27 million and \$0.35 million, respectively. Selling expenses accounted for 9.1% of the total revenue in the nine months ended September 30, 2025 compared to 10.4% in the same period in 2024.

***General and Administrative Expenses***

Our general and administrative expenses were \$1.37 million for the nine months ended September 30, 2025, as compared to \$0.93 million in the same period in 2024. Our general and administrative expenses accounted for 47.0% and 27.3% of our total revenues in the nine months ended September 30, 2025 and 2024, respectively. The increase in general and administrative expenses for the nine months ended September 30, 2025 was mainly due to the increase in amortization of intangible asset in this period.

### ***Research and Development Expenses***

Our research and development expenses for the nine months ended September 30, 2025 and 2024 were \$0.09 million and \$0.28 million, respectively, representing a decrease of \$0.19 million compared to the same period of last year.

### ***Credit Losses***

Our credit losses were \$26,011 for the nine months ended September 30, 2025, and \$4,754 for the nine months ended September 30, 2024.

The changes in the allowances for credit losses during the nine months ended September 30, 2025 and 2024 were as follows:

|   | <b>For the Nine Months Ended<br/>September 30,</b> |               |
|---|--|---------------|
|   | <b>2025</b>  | <b>2024</b>   |
| Balance, Beginning of Period                    | \$ 13,587,182                                      | \$ 13,786,074 |
| Credit Losses                                   | 26,011   | 4,754         |
| Accounts charged to allowance for credit losses | (13,702,032)                                       |               |
| Foreign currency translation adjustment         | 158,715  | 144,815       |
| Balance, End of Period                          | \$ 69,876  | \$ 13,935,643 |

### ***Net Loss***

Net loss for the nine months ended September 30, 2025 was \$2.0 million, as compared to \$3.5 million for the nine months ended September 30, 2024. The decrease in net loss for the nine months ended September 30, 2025 was mainly due to the decrease in depreciation, as certain PP&E became fully depreciated, and a reduction in inventory obsolescence.

For the nine months ended September 30, 2025, loss per basic and diluted common share was \$0.57, compared to loss per basic and diluted common share of \$2.25 for the nine months ended September 30, 2024.

The number of basic and diluted weighted-average outstanding shares used to calculate loss per share was 3,468,211 for the nine months ended September 30, 2025, and 1,559,347 for the nine months ended September 30, 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 September 30, 2025, the aggregated advance from our CEO was \$ 1.4 million for use in operations. Our cash and cash equivalents were \$0.27 million, representing 1.7% of our total assets, as of September 30, 2025, as compared to \$0.63 million, representing 4.2% of our total assets as of December 31, 2024. All of the \$0.27 million of cash and cash equivalents as of September 30, 2025 are 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 7 to its unaudited condensed 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 unaudited condensed consolidated financial statements contained in this report which is incorporated by reference herein.

Although the Company renewed lines of credit in 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 in the third quarter for fiscal year ending December 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 \$3,729 for the nine months ended September 30, 2025, compared to \$704,836 in the same period in 2024.

As of September 30, 2025, our net trade accounts receivable was \$0.22 million, compared to \$0.23 million as of December 31, 2024.

Total inventory was \$1.65 million as of September 30, 2025, compared to \$2.27 million as of December 31, 2024, respectively.

### ***Investing Activities***

There was \$131,484 used in investing activities during the nine months ended September 30, 2025, compared to \$18,866 for the same period in 2024.

### ***Financing Activities***

Cash flow used in financing activities was \$221,435 in the nine months ended September 30, 2025; compared to \$20,551 cash generated from financing activities for the same period in 2024. The change in cash flows from financing activities was mainly due to the partial repayment of bank loans during the period.

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 September 30, 2025 and December 31, 2024, Helpson's net assets totaled (\$7,710,000) 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 September 30, 2025 and December 31, 2024, respectively. The amount that Helpson must set aside for the statutory surplus fund accounts exceeds its total net assets as of September 30, 2025 and December 31, 2024. There were no allocations to the statutory surplus reserve accounts during the nine months ended September 30, 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 September 30, 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-K for fiscal year ended December 31, 2024, 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 September 30, 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: November 12, 2025

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

Date: November 12, 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       | <a href="#"><u>The Third Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q filed on May 14, 2025).</u></a> |
| 31.1 -    | <a href="#"><u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 31.2 -    | <a href="#"><u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 32.1 -    | <a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>  |
| 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)  |

**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: November 12, 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: November 12, 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 September 30, 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: November 12, 2025

/s/ Zhilin Li

Name: Zhilin Li  
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.