



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

HAIKOU CITY, China, August 15, 2018 - China Pharma Holdings, Inc. (NYSE MKT: CPHI) (“China Pharma,” the “Company” or “We”), an NYSE American listed corporation with a fully-integrated specialty pharmaceuticals subsidiary based in China, today announced financial results for the second quarter ended June 30, 2018.

### **Second Quarter Highlights**

- Revenue increased 8.8% to \$3.2 million in the second quarter 2018 from \$3.0 million in the same period of 2017;
- Gross profit was \$0.6 million for each of the three months ended June 30, 2018 and 2017, respectively. Gross margin was 18.3% in the second quarter of 2018, compared to 22.2% in the same period of 2017;
- Loss from operations was \$0.9 million in the second quarter of 2018 compared to \$2.1 million in the same period of 2017, a decrease of \$1.2 million;
- Net loss was \$1.0 million in the second quarter of 2018 compared to \$2.3 million in the same period of 2017. Loss per common share was \$(0.02) per basic and diluted share in the second quarter of 2018 compared to \$(0.05) per basic and diluted share in the same period of 2017.

In a statement from Ms. Zhilin Li, China Pharma’s Chairman and CEO, “It is the Company’s top priority to actively and steadily increase sales and it is encouraging to see increasing revenue in this quarter. Management will continue to vigorously promote sales through active participation in recent provincial market openings to receive new drug tender offers and through further penetration into the market.” Ms. Li continued, “The ongoing generic drug consistency



evaluations and reform of China's drug production registration and review policies will continue to have a significant impact on the current performance and future development of Chinese pharmaceutical manufacturers, including us, and may gradually change business patterns of the industry. We will continue to actively adapt to state policy guidance and further evaluate market conditions for our current existing products, pipeline products, and competition in the market in order to optimize our development strategy.”

## **Second Quarter Results**

Revenue increased by 8.8% to \$3.2 million for the three months ended June 30, 2018, as compared to \$3.0 million for the three months ended June 30, 2017. This increase was mainly due to market volatility.

Gross profit was \$0.6 million for each of the three months ended June 30, 2018 and 2017. Our gross profit margin in the three months ended June 30, 2018 was 18.3% compared to 22.2% in the same period last year. This decrease was primarily due to an increase in sales of lower margin products during this period compared to the sales performance in the same period last year.

Our selling expenses for the three months ended June 30, 2018 were \$0.7 million, a decrease of \$0.1 million, compared to \$0.8 million for the three months ended June 30, 2017. Selling expenses accounted for 22.5% of the total revenue in the three months ended June 30, 2018 compared to 27.5% in the same period last year.

Our general and administrative expenses for the three months ended June 30, 2018 were \$0.4 million, which represented a decrease of \$0.3 million compared to \$0.6 million in the same period last year. General and administrative expenses accounted for 11.1% and 21.0% of our total revenues in three months ended June 30, 2018 and 2017, respectively.

Net Loss for the three months ended June 30, 2018 was \$1.0 million, compared to net loss of \$2.3 million for the three months ended June 30, 2017.

## **Six Months Results**



Revenue increased by 9.5% to \$6.8 million for the six months ended June 30, 2018, as compared to \$6.2 million for the six months ended June 30, 2017. This increase was mainly due to market volatility.

Gross profit for the six months ended June 30, 2018 was \$1.6 million, compared to \$1.4 million in the same period in 2017. The gross profit margin in the six months ended June 30, 2018 was 24.1% compared to 22.0% in the same period in 2017. The increase was mainly due to the increase in sales of higher margin products in the first half of 2018.

Net loss for the six months ended June 30, 2018 was \$1.3 million, compared to net loss of \$3.3 million in the same period 2017. The decrease in net loss was mainly the result of increase in revenue and decreased expenses in the six months ended June 30, 2018.

#### Financial Condition

As of June 30, 2018, the Company had cash and cash equivalents of \$1.9 million compared to \$2.0 million as of December 31, 2017. Working capital increased to \$3.4 million as of June 30, 2018 from \$3.1 million as of December 31, 2017; and the current ratio was both 1.3 times at June 30, 2018 and December 31, 2017, respectively.

Our net accounts receivable balance was \$2.4 million as of June 30, 2018, compared to \$2.3 million as of December 31, 2017.

#### Conference Call

The Company will hold a conference call at 8:30am E.T. on August 15, 2018, to discuss the financial results of the second quarter 2018. Listeners may access the call by dialing 1-866-519-



4004 for domestic callers or 65-671-350-90 for international callers, Conference ID # 6869537. A recording of the call will be accessible through August 23, 2018 by dialing 1-855-452-5696 or 61-281-990-299 for international callers, Conference ID #6869537.

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

China Pharma Holdings, Inc. is a specialty pharmaceutical company that develops, manufactures and markets a diversified portfolio of products focused on conditions with a high incidence and high mortality rates in China, including cardiovascular, CNS, infectious, and digestive diseases. The Company's cost-effective, high-margin business model is driven by market demand and supported by new GMP-certified product lines covering the major dosage forms. In addition, the Company has a broad and expanding nationwide distribution network across all major cities and provinces in China. The Company's wholly-owned subsidiary, Hainan Helpson Medical & Biotechnology Co., Ltd., is located in Haikou City, Hainan Province. For more information about China Pharma Holdings, Inc., please visit [www.chinapharmaholdings.com](http://www.chinapharmaholdings.com). The Company routinely posts important information on its website.

### **Safe Harbor Statement**

Certain statements in this press release constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, which may include, but are not limited to, such factors as the achievability of financial guidance, success of new product development, unanticipated changes in product demand, increased competition, downturns in the Chinese economy, uncompetitive levels of research and development, and other information detailed from time to time in the Company's filings and future filings with the United States Securities and Exchange Commission. The forward-looking statements made herein speak only as of the date of this press release and the Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company's expectations except as required by applicable law or regulation.

**- FINANCIAL TABLES FOLLOW -**

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 3,173,711	\$ 2,917,180	\$ 6,789,395	\$ 6,202,383
Cost of revenue	2,594,230	2,268,823	5,156,214	4,836,173
Gross profit	579,481	648,357	1,633,181	1,366,210
Operating expenses:				
Selling expenses	716,220	803,434	1,394,550	1,521,071
General and administrative expenses	353,143	611,951	845,153	1,028,677
Research and development expenses	23,674	21,450	45,887	47,510
Bad debt expense	350,847	364,989	352,681	725,052
Impairment of long term assets	-	977,980	-	977,980
Total operating expenses	1,443,884	2,779,804	2,638,271	4,300,290
Loss from operations	(864,403)	(2,131,447)	(1,005,090)	(2,934,080)
Other income (expense):				
Interest income	9,524	16,316	11,818	21,349
Interest expense	(130,580)	(142,205)	(259,682)	(281,169)
Net other expense	(121,056)	(125,889)	(247,864)	(259,820)
Loss before income taxes	(985,459)	(2,257,336)	(1,252,954)	(3,193,900)
Income tax expense	▲ (22,590)	(30,574)	(48,575)	(60,908)
<b>Net loss</b>	(1,008,049)	(2,287,910)	(1,301,529)	(3,254,808)
Other comprehensive income (loss) - foreign currency translation adjustment	(2,418,783)	1,008,890	(744,707)	1,488,482
<b>Comprehensive loss</b>	<b>\$ (3,426,832)</b>	<b>\$ (1,279,020)</b>	<b>\$ (2,046,236)</b>	<b>\$ (1,766,326)</b>
<b>Loss per share:</b>				
Basic and diluted	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.07)
Weighted average shares outstanding	43,579,557	43,579,557	43,579,557	43,579,557