

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2024**

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

For the transition period from _____ to _____

Commission File Number 001-34471

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

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

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

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of May 14, 2024, there were 15,870,070 shares of common stock, \$0.001 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)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 838,881	\$ 1,423,838
Banker's acceptances	-	65,915
Trade accounts receivable, less allowance for doubtful accounts of \$ 13,759,993 and \$13,786,074, respectively	358,765	504,448
Other receivables, less allowance for doubtful accounts of \$ 27,083 and \$27,017, respectively	32,220	157,944
Advances to suppliers	11,339	2,013
Inventories	3,679,065	3,732,517
Prepaid expenses	203,999	110,258
Total Current Assets	5,124,269	5,996,933
Property, plant and equipment, net	6,450,692	7,100,425
Right-of-use assets	97,006	116,610
Intangible assets, net	4,518,482	3,255,232
TOTAL ASSETS	\$ 16,190,449	\$ 16,469,200
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 647,828	\$ 966,420
Accrued expenses	114,636	298,829
Other payables	2,117,222	2,282,692
Advances from customers	112,357	90,507
Borrowings from related parties	1,138,795	1,133,809
Lease liabilities	78,284	77,727
Current portion of lines of credit	1,028,894	1,030,680
Convertible, redeemable note payable, net of issue discount	490,000	940,000
Total Current Liabilities	5,728,016	6,820,664
Non-current Liabilities:		
Lines of credit, net of current portion	1,409,443	1,411,891
Deferred tax liability	740,828	742,114
Lease liabilities	20,008	39,910
Total Liabilities	7,898,295	9,014,579
Commitments and Contingencies (Note 9)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value; 500,000,000 shares authorized; 14,816,865 shares and 10,625,788 shares issued and outstanding, respectively	14,816	10,625
Additional paid-in capital	37,093,065	35,282,256
Accumulated deficit	(40,246,206)	(39,290,314)
Accumulated other comprehensive income	11,430,479	11,452,054
Total Stockholders' Equity	8,292,154	7,454,621
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 16,190,449	\$ 16,469,200

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

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

	For the Three Months Ended March 31,	
	2024	2023
Revenue	\$ 1,369,839	\$ 1,960,290
Cost of revenue	1,659,863	1,782,366
Gross profit (loss)	(290,024)	177,924
Operating expenses:		
Selling expenses	108,187	144,432
General and administrative expenses	488,456	417,999
Research and development expenses	31,451	23,008
Reversal of allowance for doubtful accounts	(2,066)	(10,036)
Total operating expenses	626,028	575,403
Loss from operations	(916,052)	(397,479)
Other income (expense):		
Interest income	2,315	948
Interest expense	(42,155)	(79,445)
Net other expense	(39,840)	(78,497)
Loss before income taxes	(955,892)	(475,976)
Income tax expense	-	-
Net loss	(955,892)	(475,976)
Other comprehensive income (loss) - foreign currency translation adjustment	(21,575)	205,322
Comprehensive loss	\$ (977,467)	\$ (270,654)
Loss per share:		
Basic and diluted	\$ (0.07)	\$ (0.29)
Weighted average shares outstanding	13,133,224	1,615,757

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2023	7,490,896	74,909	28,853,520	(36,211,496)	11,573,065	4,289,998
Conversions of Note Payable to common stock	959,029	9,591	640,409	-	-	650,000
Net loss for the period	-	-	-	(475,976)	-	(475,976)
Foreign currency translation adjustment	-	-	-	-	205,322	205,322
Balance, March 31, 2023	8,449,925	84,500	29,493,929	(36,687,472)	11,778,387	4,669,344
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2024	10,625,788	10,625	35,282,256	(39,290,314)	11,452,054	7,454,621
Conversions of Note Payable to common stock	1,191,077	1,191	448,809	-	-	450,000
Issuance of common stock for intangible assets	3,000,000	3,000	1,362,000	-	-	1,365,000
Net loss for the period	-	-	-	(955,892)	-	(955,892)
Foreign currency translation adjustment	-	-	-	-	(21,575)	(21,575)
Balance, March 31, 2024	14,816,865	14,816	37,093,065	(40,246,206)	11,430,479	8,292,154

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

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

(Unaudited)

	For the Three Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities:		
Net loss	\$ (955,892)	\$ (475,976)
Depreciation and amortization	733,798	679,882
Reversal of allowance for doubtful accounts	(2,066)	(10,036)
Changes in assets and liabilities:		
Trade accounts and other receivables	120,370	(434,306)
Advances to suppliers	(9,319)	91,388
Inventories	264,348	(552,686)
Trade accounts payable	(316,568)	100,539
Other payables and accrued expenses	(347,982)	(450,887)
Advances from customers	21,982	(392,021)
Prepaid expenses	(93,829)	(24,111)
Net Cash Used in Operating Activities	(585,158)	(1,468,214)
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	55,964
Net Cash Provided by Investing Activities	-	55,964
Cash Flows from Financing Activities:		
Proceeds from lines of credit	-	511,125
Borrowings and interest from related party	6,856	7,112
Net Cash Provided By Financing Activities	6,856	518,237
Effect of Exchange Rate Changes on Cash	(6,655)	30,989
Net Decrease in Cash and Cash Equivalents	(584,957)	(863,024)
Cash and Cash Equivalents at Beginning of Period	1,423,838	2,029,971
Cash and Cash Equivalents at End of Period	\$ 838,881	\$ 1,166,947
Supplemental Cash Flow Information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 22,928	\$ 22,928
Supplemental Noncash Investing and Financing Activities:		
Accounts receivable collected with banker's acceptances	\$ 151,692	\$ 243,750
Inventories purchased with banker's acceptances	217,420	222,875
Conversions of Note Payable to common stock	450,000	650,000
Issuances of stock for intangible assets	1,365,000	-

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

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Liquidity and Going Concern

As of March 31, 2024, the Company had cash and cash equivalents of \$ 0.8 million and an accumulated deficit of \$ 40.2 million. The Company’s Chairperson, Chief Executive Officer and Interim Chief Financial Officer has advanced an aggregate of \$1,138,795 as of March 31, 2024 to provide working capital and enabled the Company to make the required payments related to its former construction loan facility. The Company anticipates operating losses to continue for the foreseeable future due to, among other things, costs related to the production of its existing products, debt service costs and selling and administrative costs. These conditions raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are issued. To alleviate the conditions that raise substantial doubt about the Company’s ability to continue as a going concern, management plans to enhance the sales model of advance payment, and further strengthen its collection of accounts receivable. Further,

the Company is currently exploring strategic alternatives to accelerate the launch of nutrition products. In addition, management believes that the Company's existing property, plant and equipment can serve as collateral to support additional bank loans. While the current plans will allow the Company to fund its operations in the next twelve months, there can be no assurance that the Company will be able to achieve its future strategic alternatives raising substantial doubt about its ability to continue as a going concern.

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

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
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

The accompanying 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 March 6, 2024, China Pharma implemented a 1-for -5 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 necessarily 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, 2023 filed with the Securities and Exchange Commission (the "SEC") on April 1, 2024 ("2023 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 convertible, redeemable note payable of 1,655,372 and 2,155,964 at March 31, 2024 and December 31, 2023 as discussed in Note 8, respectively, and the option to purchase 13,300 shares of common stock at March 31, 2024 and December 31, 2023 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

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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

NOTE 2 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consist of the following:

	March 31, 2024	December 31, 2023
Trade accounts receivable	\$ 14,118,758	\$ 14,290,522
Less: allowance for doubtful accounts	13,759,993	13,786,074
Trade accounts receivable, net	\$ 358,765	\$ 504,448

We recognize bad debt expenses per actual write-offs as well as changes of allowance for doubtful accounts. To the extent that our current allowance for doubtful accounts 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 doubtful account balances were \$13.76 million and \$13.79 million as of March 31, 2024 and December 31, 2023, respectively. The changes in the allowances for doubtful accounts during the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31, 2024	2023
Balance, Beginning of Period	\$ 13,786,074	\$ 16,739,527
Reversal of allowance for doubtful accounts	(2,066)	(10,036)
Foreign currency translation adjustment	(28,147)	226,468
Balance, End of Period	\$ 13,759,993	\$ 16,955,959

NOTE 3 – INVENTORIES

Inventories consisted of the following:

	March 31, 2024	December 31, 2023
Raw materials	1,709,003	1,849,213
Work in process	242,726	413,597
Finished goods	1,727,336	1,469,707
Total Inventories	\$ 3,679,065	\$ 3,732,517

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	March 31, 2024	December 31, 2023
Permit of land use	\$ 396,994	\$ 397,684
Building	9,218,827	9,234,836
Plant, machinery and equipment	27,123,020	27,170,123
Motor vehicle	303,171	303,697
Office equipment	388,066	388,740
Total	37,430,078	37,495,080
Less: accumulated depreciation	(30,979,386)	(30,394,655)
Property, plant and equipment, net	\$ 6,450,692	\$ 7,100,425

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

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

Depreciation relating to office equipment was included in general and administrative expenses, while all other depreciation was included in cost of revenue. Depreciation expense was \$636,721 and \$624,721 for the three months ended March 31, 2024 and 2023, respectively .

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

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. ("Bonier Agreement"), the Technology Transfer Agreement with Tao Liu discussed below and the Technology Transfer Agreement with Lihua Li, discussed below. No costs were reclassified from advances to intangible assets during the three months ended March 31, 2024 and 2023, respectively.

Approved medical formulas are amortized from the date NMPA approval is obtained over their individually identifiable estimated useful life, which range

from ten to thirteen years. It is at least reasonably possible that a change in the estimated useful lives of the medical formulas could occur in the near term due to changes in the demand for the drugs and medicines produced from these medical formulas. Amortization expense relating to intangible assets was \$97,077 and \$55,161 for the three months ended March 31, 2024 and 2023, respectively, which was included in the general and administrative expenses. Medical formulas typically do not have a residual value at the end of their amortization period.

On February 2, 2024, Helpson entered into a Technology Transfer Agreement (the "Lihua Li Agreement") with Lihua Li ("Transferor Li"). Transferor Li owns an invention patent of a pharmaceutical composition for treatment of psoriasis (the "Li Invention Patent"). Pursuant to the Lihua Li Agreement, Transferor Li will transfer the ownership of the Li Invention Patent to Helpson. Transferor Li 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.

The aggregate transfer price as contemplated by the Agreement is \$ 1.365 million which was paid to the Transferor and his two designees upon the issuance of 3,000,000 shares of common stock of the Company at \$ 0.455 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 at March 31, 2024. The value of the intangible asset will be amortized over its remaining useful life of approximately 20 years. During the ten years after the product launches to the market, if and only if the product generates profit, Helpson shall pay 10% of the net profit of the sales in cash on an annual basis to Transferor Li.

On December 15, 2023, the Company entered into a Technology Transfer Agreement (the "Tao Liu Agreement") with Tao Liu (the "Transferor Liu"). Transferor Liu owns an invention patent of a drug combination for the treatment of chronic obstructive pulmonary disease (the "Liu Invention Patent"). Pursuant to the Tao Liu Agreement, Transferor Liu will transfer the ownership of the Liu Invention Patent to Helpson. Transferor Liu 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.

During the ten years after the product launches to the market, if and only if the product generates profit, Helpson shall pay 15% of the net profit of the sales in cash on an annual basis to Transferor Liu.

On November 28, 2022, the Company entered into a Technology Transfer Contract (the "Bonier Agreement") with Chengdu Bonier Medical Technology Development Co., Ltd ("Bonier"). Bonier owns the know-how of a technical invention and creation of an ophthalmic oxygen enriched atomization therapeutic instrument, which has obtained a utility model patent (the "Utility Model Patent") and applied for an invention patent (the "Bonier Invention Patent") at the same time. Pursuant to the Bonier Agreement, Bonier will transfer the ownership of the Utility Model Patent of the technical invention and the Bonier Invention Patent application right of the invention to Helpson. Bonier or its 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, with a term of ten years.

The Company will pay a service fee of 15% of the net profit of the corresponding product sales revenue, which will be paid in cash annually after it launches to the market, contingent on the successful authorization of the above mentioned Bonier Invention Patent.

There were no service fees or profit payments paid related to the above three agreements for the three months ended March 31, 2024 and 2023, respectively.

The Company evaluates each approved medical formula for impairment at the date of NMPA approval, when indications of impairment are present and also at the date of each financial statement. The Company's evaluation is based on an estimated undiscounted net cash flow model, which considers currently available market data for the related drug and the Company's estimated market share. If the carrying value of the medical formula exceeds the estimated future net cash flows, an impairment loss is recognized for the excess of the carrying value over the fair value of the medical formula, which is determined by the estimated discounted future net cash flows. No impairment loss was recognized during the three months ended March 31, 2024 and 2023.

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

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

	March 31, 2024	December 31, 2023
NMPA approved medical formulas	\$ 4,758,090	\$ 4,766,353
Technology from Bonier	1,723,504	1,726,497
Invention Patents	3,016,240	1,653,028
	9,497,834	8,145,878
Accumulated amortization	(4,979,352)	(4,890,646)
Net carrying amount	<u>\$ 4,518,482</u>	<u>\$ 3,255,232</u>

NOTE 6 – OTHER PAYABLES

Other Payables consisted of the following:

	March 31, 2024	December 31, 2023
Compensation payable to officer	\$ 1,247,506	\$ 1,243,506
Compensation and interest to related parties	16,000	12,000
Business taxes and other	853,716	1,027,186
Total Other Payables	<u>\$ 2,117,222</u>	<u>\$ 2,282,692</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company had previously received advances from its Chairperson Li. Total amounts owed were \$ 1,138,795 and \$1,133,809 and are recorded as "Borrowings from related parties" on the accompanying condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, respectively. On July 8, 2019 the Company entered into a loan agreement in exchange for cash of RMB 4,770,000 (\$738,379) with its Chairperson Li. The loan bears interest at a rate of 4.35% and was payable within one year of the loan agreement. The due date of the loan agreement has been extended annually on identical terms, and is now due on July 9, 2024. Total interest expense related to the loan for the three months ended March 31,

2024 and 2023 was \$6,856 and \$7,112, respectively. Compensation payable to the Chairperson Li is included in "Other payables" in the accompanying condensed consolidated balance sheet totaling \$1,247,506 and \$1,243,506 as of March 31, 2024 and December 31, 2023, respectively.

NOTE 8 – LINES OF CREDIT

On December 21, 2022 the Company entered into a new line of credit for an aggregate amount of RMB 7,300,000 (approximately \$1.0 million) with interest payable monthly at a rate of 3.9% with Bank of Communications. The Company received an advance on the line of credit in the amount of RMB 3,800,000 (approximately \$0.56 million) on December 30, 2022. On February 24, 2023 the Company received an advance on the line in the amount of RMB 3,500,000 (approximately \$0.51 million). The Company has no further availability on this line of credit. The line of credit was paid in full on December 15, 2023, five days before the due date of December 20, 2023. On December 20, 2023, the Company received a new line of credit in the amount of RMB 3,800,000 and an interest rate of 3.9% and is due December 15, 2024. In addition, the Company's Chief Executive Officer and Chair of the Board personally guaranteed the new line of credit and pledged personal assets as collateral for the loan. Total interest expense under this facility for the three months ended March 31, 2024 and 2023 was \$9,064 and \$6,254, respectively. On February 2, 2024 the Company repaid RMB 3,500,000 under this line of credit. On February 22, 2024 the Company entered into a new agreement on identical terms and received an advance on the line in the amount of RMB 3,500,000 which is due of February 20, 2025.

CHINA PHARMA HOLDINGS, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

On September 30, 2022 the Company received a line of credit for RMB 10,000,000 (approximately \$1.54 million) with Bank of China. The loan bears interest at the rate of 3.45% and was due September 28, 2023. On September 22, 2023 the Company repaid this note in full. On September 25, 2023 the Company entered into a three-year revolving loan and received proceeds of RMB 10,000,000 (approximately \$1.4 million). The interest rate for the loan is 3.35% for the first twelve months of the loan and adjusts based on the latest one-year loan market quotation rate less 10 basis points as published by the China National Interbank Funding Center on the working day prior to each twelve month anniversary of the loan. The loan is due on September 24, 2026. The loan is collateralized by the Company's new production facility and the included production line equipment and machinery. In addition, the Company's Chief Executive Officer and Chair of the Board personally guaranteed the new line of credit. Total interest paid on this loan was \$11,922 and \$12,596 for the three months ended March 31, 2024 and 2023, respectively.

Principal payments required for the remaining terms of the loan facility and lines of credit as of March 31, 2024 are as follows:

Year	Lines of Credit
2025	\$ 1,028,894
2026	1,409,443
	<u>\$ 2,438,337</u>

Fair Value of Lines of Credit – Based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities, the carrying amounts of the lines of credit outstanding as of March 31, 2024 and December 31, 2023 approximated their fair values because the underlying instruments bear an interest rate that approximates current market rates.

NOTE 9 – CONVERTIBLE NOTE PAYABLE

On November 17, 2021, China Pharma entered into a Securities Purchase Agreement (the "Agreement") pursuant to which the Company issued an unsecured convertible promissory note (the "Note") to an institutional accredited investor Streeterville Capital, LLC (the "Investor"). The transaction contemplated under the Agreement was closed on November 19, 2021. The Note matured on February 17, 2023. On April 13, 2023 China Pharma entered into an Amendment (the "Amendment") with the Investor which extended the maturity date of the Convertible Note Payable to May 19, 2024. As consideration for the extension, China Pharma agreed to an extension fee of \$65,639, representing 2.0% of the balance of the Note and accrued interest on the date of the Amendment. The amount was satisfied by increasing the Note balance by the amount of the extension fee. The Company recorded this as additional interest expense during the second quarter of 2023. In addition, China Pharma decreased the price at which the Investor can convert the balance from 85% to 82% of the lowest daily volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion, and assumed an additional obligation to redeem a portion of the outstanding balance of the Note monthly or be subject to additional penalty fees.

The Note was originally convertible into 70,000 shares of China Pharma's common stock at a price of \$ 75.00 per share through April 19, 2022. Thereafter, the Note was convertible into 35,000 shares at a price of \$150.00 per share. As of March 31, 2024 the Note is convertible into 3,267 shares of common stock.

Interest accrues on the outstanding balance of the Note at 5% per annum compounded daily. Upon the occurrence of an Event of Default as defined in the Note, interest accrues at the lesser of 22% per annum or the maximum rate permitted by applicable law. In addition, upon any Event of Default, the Investor may accelerate the outstanding balance payable under the Note, which will increase automatically upon such acceleration by 15% or 5%, depending on the nature of the Event of Default.

Pursuant to the terms of the Agreement and the Note, the Company must obtain Investor's consent for certain fundamental transactions such as consolidation, merger with or into another entity (except for a reincorporation merger), disposition of substantial assets, change of control, reorganization or recapitalization. Any occurrence of a fundamental transaction without Investor's prior written consent will be deemed an Event of Default.

CHINA PHARMA HOLDINGS, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

Investor may redeem all or any part the outstanding balance of the Note, subject to \$ 500,000 per calendar month, at any time after one hundred twenty-one (121) days from the Purchase Price Date, as defined in the Note, upon three trading days' notice, in cash or converting into shares of China Pharma's common stock, at a price equal to 82% multiplied by the lowest daily volume weighted average price during the ten trading days immediately

preceding the applicable redemption conversion, subject to certain adjustments and ownership limitations specified in the Note. The Note provides for liquidated damages upon failure to comply with any of the terms or provisions of the Note. The Company may prepay the outstanding balance of the Note with the Investor's consent. At inception, the Note was redeemable into 176,229 shares based on the lowest volume weighted average price of \$29.79085 on the inception date of November 19, 2021. As of March 31, 2023, the Note was redeemable into 1,655,965 shares of common stock based on 82% of the lowest volume weighted average price of \$ 0.2959 on that date.

Total interest expense for the three months ended March 31, 2024 and 2023 was \$ 14,312 and \$46,018, respectively.

On January 11, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3945, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 380,228 shares of common stock to the Investor on January 16, 2024.

On February 1, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3725, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 402,685 shares of common stock to the Investor on February 5, 2024.

On February 16, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3675, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 408,164 shares of common stock to the Investor on February 21, 2024.

Subsequent to March 31, 2024 the Investor delivered additional notices of redemption as discussed in Note 14.

NOTE 10 - LEASES

The Company has leases for certain office and production facilities in the PRC which are classified as operating leases. The leases contain payment terms for fixed amounts. Options to extend are recognized as part of the lease liabilities and recognized as right of use assets when management estimates to renew the lease. There are no residual value guarantees, no variable lease payments, and no restrictions or covenants imposed by leases. The discount rate used in measuring the lease liabilities and right-of-use assets was determined by reviewing the Company's incremental borrowing rate at the initial measurement date. For the three months ended March 31, 2024 and 2023, operating lease cost was \$19,401 and \$19,787, respectively and cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$20,127 and \$20,060, respectively. As of March 31, 2024 and December 31, 2023, the Company reported right-of-use assets of \$ 97,006 and \$116,610, respectively and liabilities of \$98,292 and \$117,637, respectively. As of March 31, 2024, its operating leases had a weighted average remaining lease term of 1.25 years and a weighted average discount rate of 3.55%.

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

2024	\$ 80,507
2025	\$ 20,127
Total undiscounted cash flows	100,634
Less: Imputed interest	(2,342)
	98,292
Less: Operating lease liabilities, current portion	(78,284)
Operating lease liabilities, net of current portion	\$ 20,008

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

CHINA PHARMA HOLDINGS, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

NOTE 11 - INCOME TAXES

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

Liabilities are established for uncertain tax positions expected to be taken in income tax returns when such positions are judged to meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of other expenses. Through December 31, 2023, the Company has not identified any uncertain tax positions that it has taken. U.S. income tax returns for the years ended December 31, 2019 through December 31, 2023 and the Chinese income tax return for the year ended December 31, 2023 are open for possible examination.

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

There was no provision for income taxes for the three months ended March 31, 2024 and 2023, respectively due to continued net losses of the Company.

As of March 31, 2024, Helpson had net operating loss carryforwards for PRC tax purposes of approximately \$ 21.6 million which are available to offset any future taxable income through 2029. Approximately \$2.7 million of these carryforwards will expire in December 2024. The Company also has net operating losses for United States federal income tax purposes of approximately \$10.2 million of which \$5.1 million is available to offset future taxable income, if any, through 2040, and \$5.1 million are available for carryforward indefinitely subject to a limitation of 80% of taxable income for each tax year.

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

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax

assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those differences become deductible or tax loss carry forwards are utilized. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon an assessment of the level of historical taxable income and projections for future taxable income over the periods on which the deferred tax assets are deductible or can be utilized, management believes it is not likely for the Company to realize all benefits of the deferred tax assets as of March 31, 2024 and December 31, 2023. Therefore, the Company provided for a valuation allowance against its deferred tax assets of \$21,725,372 and \$21,531,017 as of March 31, 2024 and December 31, 2023, 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.

CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)

NOTE 12 – 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.

The Company uses fair value to measure the value of the banker's acceptance notes it holds at March 31, 2024 and December 31, 2023. The banker's acceptance notes are recorded at cost which approximates fair value. The Company held the following assets and liabilities recorded at fair value:

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

Description	December 31, 2023	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Banker's acceptance notes	\$ 65,915	\$ -	\$ 65,915	\$ -
Total	\$ 65,915	\$ -	\$ 65,915	\$ -

NOTE 13 - STOCKHOLDERS' EQUITY

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

According to relevant PRC laws, companies registered in the PRC, including China Pharma's PRC subsidiary, Helpson, are required to allocate at least 10% of their after tax income, as determined under the accounting standards and regulations in the PRC, to statutory surplus reserve accounts until the reserve account balances reach 50% of the company's registered capital prior to their remittance of funds out of the PRC. Allocations to these reserves and funds can only be used for specific purposes and are not transferrable to the parent company in the form of loans, advances or cash dividends. The amount designated for general and statutory capital reserves is \$8,145,000 at March 31, 2024 and December 31, 2023.

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 unaudited condensed consolidated financial statements.

Effective March 6, 2023 China Pharma 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 China Pharma's stockholders at its Annual Meeting for the fiscal year ended on December 31, 2021, which was held on December 27, 2022. Upon the effectiveness of the reverse stock split, every 10 shares of China Pharma'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 China Pharma'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.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)**

2024 Share Issuances

On January 11, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3945, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 380,228 shares of common stock to the Investor on January 16, 2024.

On February 1, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3725, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 402,685 shares of common stock to the Investor on February 5, 2024.

On February 16, 2024 the Investor delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$ 0.3675, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 408,164 shares of common stock to the Investor on February 21, 2024.

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 100,000 shares from 80,000 shares to 180,000 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 100,000 shares from 180,000 to 280,000. 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 280,000 to 580,000. 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 580,000 shares of common stock. Through March 31, 2024, there were 84,700 shares of stock and stock options granted and outstanding under the Plan. A total of 13,300 options were outstanding as of March 31, 2024 under the Plan. As such, there are 482,000 additional units available for issuance under the Plan.

There were no issuances of securities from the Plan for the three months ended March 31, 2024 and as such, no compensation expense was recognized for the period.

As of March 31, 2024, there was no remaining unrecognized compensation expense related to stock options or restricted stock grants.

**CHINA PHARMA HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (UNAUDITED)**

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Current vulnerability due to certain concentrations

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

For the three months ended March 31, 2023, no customer accounted for more than 10% of sales and three customers accounted for 52.6%, 11.3% and 10.3% of accounts receivable. Three suppliers accounted for 25.2%, 15.7% and 11.4% of raw material purchases, and three different products accounted for 22.0%, 20.7% and 12.7% 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.

NOTE 15 – SUBSEQUENT EVENTS

On April 2, 2024 the Investor discussed in Note 9 delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$0.2927, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 512,470 shares of common stock to the Investor on April 3, 2024.

On April 17, 2024 the Investor discussed in Note 9 delivered its notice of redemption for \$ 150,000 of the Note and related interest at the conversion price of \$0.2774, which was 82% of the lowest volume weighted average price during the ten trading days immediately preceding the applicable redemption conversion. Accordingly, the Company issued a total of 540,735 shares of common stock to the Investor on April 19, 2024.

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 in 2024. Helpson has always taken the task of promoting the consistency evaluation as a top priority, and worked on them actively. However, for each drug's consistency evaluation, due to the continuous dynamic changes of the detailed consistency evaluation policies, market trends, expected investments, and expected returns of investment ("ROI"), the whole industry, including Helpson, has been making slow progresses in terms of the consistency evaluation. One of the flagship products, Candesartan tablets, a hypertension product, has passed generic-drug-consistency-evaluation in early August 2023.

Helpson has taken a more cautious and flexible attitude towards initiating and progressing any project for existing products' consistency evaluation to cope with the changing macro environment of drug sales in China. In 2018, relevant Chinese authorities decided to implement trial Centralized Procurement ("CP") activities in 11 selected pilot cities (including 4 municipalities and 7 other cities), since then, nine rounds of CP activities have been carried out as of November 6, 2023, 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 more and more popular due to increasing demand. Helpson has sufficient production capacity for medical masks, surgical masks, KN95 masks, and N95 masks, which meets the personal needs for protection against the epidemic outbreak. Helpson's N95 medical protective mask has received registration certificate by the end of 2022 and right now has been selling in the mainland China nationwide.

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

Results of Operations for the three months ended March 31, 2024

Revenue

Revenue decreased by 30.1% to \$1.37 million for the three months ended March 31, 2024, as compared to \$1.96 million for the three months ended March 31, 2023. This decrease was mainly due to the decrease in product selling prices caused by our certain products have been included in the centralized procurement of drugs in recent quarters.

Set forth below are our revenues by product category in millions (USD) for the three months ended March 31, 2024 and 2023:

Product Category	Three Months Ended March 31,		Net Change	% Change
	2024	2023		
CNS Cerebral & Cardio Vascular	0.32	0.40	-0.08	-20%
Anti-Viral/ Infection & Respiratory	0.93	1.00	-0.07	-7%
Digestive Diseases	0.04	0.20	-0.16	-80%
Other	0.08	0.36	-0.28	-78%

The most significant revenue decrease in terms of dollar amount was in our “Other” product category, which generated \$0.08 million in sales revenue for the three months ended March 31, 2024 compared to \$0.36 million for the same period a year ago, a decrease of \$0.28 million. This decrease was mainly due to the decrease in sales of Vitamin B6 for Injection due to market volatility.

Our “Digestive Diseases” product category sales decreased by \$0.16 million to \$0.04 million for the three months ended March 31, 2024 from \$0.20 million for the same period in 2023, which was mainly due to the decrease in sales of Omeprazole that was caused by market volatility.

Sales under “CNS Cerebral & Cardio Vascular” product category generated \$0.32 million in sales revenue for the three months ended March 31, 2024 compared to \$0.40 million for the same period a year ago, which is a decrease of \$0.08 million. This decrease was mainly due to the decrease in sales of Candesartan, which was caused by market volatility.

Our “Anti-Viral / Infection & Respiratory” product category generated \$0.93 million of sales for the three months ended March 31, 2024, compared to \$1.00 million in the same period in 2023. This decrease was mainly due to the decrease in sales of Andrographolide, which was caused by market volatility.

Product Category	Three Months Ended March 31,	
	2024	2023
CNS Cerebral & Cardio Vascular	23.9%	20.5%
Anti-Viral/ Infection & Respiratory	54.4%	51.3%
Digestive Diseases	14.6%	10.0%
Other	7.1%	18.2%

For the three months ended March 31, 2024, revenue breakdown by product category showed certain changes to that of the same period in 2023. Sales of the “Anti-Viral/Infection & Respiratory” products category represented 54% and 51% of total sales for the three months ended March 31, 2024 and 2023, respectively. The “CNS Cerebral & Cardio Vascular” product category represented 24% and 20% of total revenue for the three months ended March 31, 2024 and 2023, respectively. The “Other” product category represented 7% and 18% of revenues for the three months ended March 31, 2024 and 2023, respectively. The “Digestive Diseases” product category represented 15% and 10% of total revenue for the three months ended March 31, 2024 and 2023, respectively.

Cost of Revenue

For the three months ended March 31, 2024, our cost of revenue was \$1.66 million, or 121.2% of total revenue, while cost of revenue was \$1.78 million, or 90.9% of total revenue, for the same period in 2023. The increase in the proportion of cost to revenue in this quarter was mainly due to the fact that the amount of fixed cost stayed flat while the revenue decreased.

Gross Profit (Loss) and Gross Profit (Loss) Margin

Gross loss for the three months ended March 31, 2024 was \$0.29 million, as compared to gross profit of \$0.18 million during the same period in 2023. For the three months ended March 31, 2024, we had a gross loss margin of 21.2% as compared to a gross profit margin of 9.1% during the same period in 2023.

Selling Expenses

Our selling expenses for the three months ended March 31, 2024 and 2023 were \$0.11 million and \$0.14 million, respectively. Selling expenses accounted for 7.9% of the total revenue for the three months ended March 31, 2024, as compared to 7.4% during the same period in 2023. As a result of the adjustment of many policies of healthcare reformation, we had reduced the number of personnel and expenses to efficiently support our sales and the collection of accounts receivable.

General and Administrative Expenses

Our general and administrative expenses were \$0.49 million and \$0.42 million for the three months ended March 31, 2024 and 2023, respectively. It accounted for 35.7% and 21.3% of our total revenues for the three months ended March 31, 2024 and 2023, respectively.

Research and Development Expenses

Our research and development expenses for the three months ended March 31, 2024 were \$0.03 million, as compared to \$0.02 million in the same period in 2023. Research and development expenses accounted for 2.3% and 1.2% of our total revenues for the three months ended March 31, 2024 and 2023, respectively. These expenditures were mainly for the consistency evaluations of our existing products.

Reversal Of Allowance For Doubtful Accounts

Our reversal of allowance for doubtful accounts for the three months ended March 31, 2024 were \$2,066, as compared to \$10,036 for the same period in 2023. This change was mainly due to the decrease in revenue.

In general, our normal customer credit or payment terms are 180 days. This has not changed in recent years. Due to the peculiar environment affecting the Chinese pharmaceutical market, deferred payments to pharmaceutical companies by state-owned hospitals and local medicine distributors are common.

The amount of accounts receivable that was past due (or the amount of accounts receivable that was more than 180 days old) were both \$0.02 million as of March 31, 2024 and December 31, 2023, respectively.

The following table illustrates our accounts receivable aging distribution in terms of percentage of total accounts receivable as of March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
1 - 180 Days	2.39%	3.45%
180 - 360 Days	0.14%	0.06%
360 - 720 Days	0.09%	0.09%
> 720 Days	97.38%	96.40%
Total	100.00%	100.00%

	Gross Accounts Receivable Amount (Unit: \$)		Allocated Allowance for Doubtful Accounts (Unit: \$)	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
1-180 Days	337,175	532,043	0	0
180-365 Days	19,537	14,223	1,954	1,422
366-720 Days	13,356	14,280	9,349	9,996
Over 720 Days	13,748,690	16,944,540	13,748,690	16,944,541
Total	14,118,758	17,505,086	13,759,993	16,955,959

Our bad debt allowance estimate practice 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 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.

We recognize bad debt expenses per actual write-offs as well as changes of allowance for doubtful accounts. To the extent that our current allowance for doubtful accounts 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 doubtful account balances were \$13.76 million and \$13.79 million as of March 31, 2024 and December 31, 2023, respectively. The changes in the allowances for doubtful accounts during the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31,	
	2024	2023
Balance, Beginning of Period	\$ 13,786,074	\$ 16,739,527
Reversal of allowance for doubtful accounts	(2,066)	(10,036)
Foreign currency translation adjustment	(28,147)	226,468
Balance, End of Period	\$ 13,759,993	\$ 16,955,959

Loss from Operations

Our operating loss for the three months ended March 31, 2024 was \$0.92 million, compared to an operating loss of \$0.40 million during the same period in 2023, which was mainly the result of decreased revenue.

Net Interest Expense

Net interest expense for the three months ended March 31, 2024 was \$0.04 million, as compared to \$0.08 million for the same period in 2023.

Net Loss

Net Loss for the three months ended March 31, 2024 was \$0.96 million, as compared to a net loss of \$0.48 million for the same period a year ago. The increase in net loss was mainly the result of decreased revenue in this period.

Loss per basic and diluted common share were \$0.07 for the three months ended March 31, 2024 and \$0.29 for the same period in 2023.

The number of basic and diluted weighted-average outstanding shares used to calculate loss per share was 13,133,224 and 1,615,757 for the three months ended March 31, 2024 and 2023.

Liquidity and Capital Resources

Our principal source of liquidity is cash generated from operations and bank lines of credit. Currently the Company has not witnessed or expected to encounter any difficulties to refinance those lines of credit this year. As of March 31, 2024, the aggregated advance from our CEO was \$1,138,795 for use in operations. Our cash and cash equivalents were \$0.84 million, representing 5.2% of our total assets, as of March 31, 2024, as compared to \$1.42 million, representing 8.6% of our total assets as of December 31, 2023. All of the \$0.84 million of cash and cash equivalents as of March 31, 2024 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 8 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 obtained additional lines of credit in 2023, 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 2023, there can be no assurances that this will continue in the future. We may seek additional debt or equity financing as necessary when we believe the market conditions are the most advantageous to us and/or require us to reduce certain discretionary spending, which could have a material adverse effect on our ability to achieve our business objectives. There can be no assurance that any additional financing will be available on acceptable terms, if at all.

Operating Activities

Net cash used in operating activities was \$0.59 million for the three months ended March 31, 2024, compared to net cash of \$1.47 million used in operating activities in the same period in 2023.

As of March 31, 2024, our net accounts receivable was \$0.36 million, compared to \$0.50 million as of December 31, 2023.

Total inventories was \$3.68 million and \$3.73 million as of March 31, 2024 and December 31, 2023, respectively.

Investing Activities

There was no cash flow activities under investing activities during the three months ended March 31, 2024, compared to \$55,964 generated for the same period in 2023.

Financing Activities

Cash flow provided by financing activities was \$6,856 for the three months ended March 31, 2024; compared to cash flow of \$518,237 provided by financing activities for the same period in 2023.

According to relevant PRC laws, companies registered in the PRC, including our PRC subsidiary, Helpson, are required to allocate at least ten percent (10%) of their after-tax net income, as determined under the accounting standards and regulations in the PRC, to statutory surplus reserve accounts until the reserve account balances reach fifty percent (50%) of the companies' registered capital prior to their remittance of funds out of the PRC. Allocations to these reserves and funds can only be used for specific purposes and are not transferrable to the parent company in the form of loans, advances or cash dividends. As of March 31, 2024 and December 31, 2023, Helpson's net assets totaled \$(3,002,966) and \$(2,289,000), respectively. Due to the restriction on dividend distribution to overseas shareholders, the amount of Helpson's net assets that was designated for general and statutory capital reserves, and thus could not be transferred to our parent company as cash dividends, was 50% of Helpson's registered capital, which was both \$8,145,000 as of March 31, 2024 and December 31, 2023, respectively. The amount that Helpson must set aside for the statutory surplus fund accounts exceeds its total net assets at March 31, 2024 and December 31, 2023. There were no allocations to the statutory surplus reserve accounts during the three months ended March 31, 2024.

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 the ability of Helpson, our Chinese subsidiary, to transfer its net assets to our parent company through loans, advances or cash dividends.

Off-Balance Sheet Arrangements

As of March 31, 2024, 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 ("GAAP"). Our financial statements reflect the selection and application of accounting policies which require management to make significant estimates and judgments. Please refer to Note 1 to our unaudited condensed consolidated financial statements, "Organization and Significant Accounting Policies" for the discussion of our critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as described above. Based on this evaluation, our Chief Executive Officer and interim Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2024 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, 2023, filed with the SEC on April 1, 2024. Notwithstanding the aforementioned material weakness, management has concluded that our condensed consolidated financial statements included in this report are fairly stated in all material respects in accordance with U.S. GAAP for each period presented herein.

Changes in Internal Controls over Financial Reporting

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

PART II OTHER INFORMATION

Item 6. Exhibits

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

SIGNATURES

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

CHINA PHARMA HOLDINGS, INC.

Date: May 15, 2024

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

Date: May 15, 2024

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

EXHIBIT INDEX

No.	Description
10.1	Technology Transfer Agreement between Hainan Helpson Medical & Biotechnology Co., Ltd and Lihua Li dated February 2, 2024 (incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K filed on April 1, 2024).
31.1 -	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 -	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 -	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS -	Inline XBRL Instance Document
101.SCH -	Inline XBRL Taxonomy Extension Schema Document
101.CAL -	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF -	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB -	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE -	Inline 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: May 15, 2024

/s/ Zhilin Li

Name: Zhilin Li

Title: Chief Executive Officer
(principal executive officer)

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

I, Zhilin Li, certify that:

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

Date: May 15, 2024

/s/ Zhilin Li

Name: Zhilin Li

Title: Interim Chief Financial Officer

(principal financial officer and principal accounting officer)

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

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

- (1) The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 15, 2024

/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.