



23F, China Development Bank Tower
No.2, Gaoxin 1st Road
Xi'an, Shaanxi, China 710075

SkyPeople Fruit Juice Reports Third Quarter 2015 Financial Results

XI'AN, China, Nov. 16, 2015 /PRNewswire/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a producer of fruit juice concentrates, fruit juice beverages and other fruit-related products, today announced its financial results for the third quarter ended September 30, 2015.

Third Quarter 2015 Summary:

- Total revenue was \$10.6 million
- Gross profit was \$3.9 million
- Gross profit margin was 37%
- Income from operations was \$1.5 million
- Net loss was \$0.4 million
- Cash, cash equivalents and restricted cash were \$63.2 million

"We recorded disappointing results in the third quarter of 2015 with lower sales in all of our fruit product segments due to a very limited supply of available fresh fruit due to unfavorable weather conditions, such as excessive rain, which led to a much shortened growing season. Further, our fruit juice beverage segment experienced intense competition via online discounting which disrupted our normal channels of distribution. The combination of these two factors caused our top line to contract significantly, resulting in a loss for the quarter," said Mr. Yongke Xue, Chief Executive Officer of SkyPeople.

"Our project to manufacture and market kiwi products in Mei County is a key initiative towards vertically integrating our capabilities and preventing the disruption of our operations caused by poor growing seasons and the scarcity of raw materials. While the construction of this facility to process kiwi fruit is mostly completed, we have encountered a delay in the completion of the waste water treatment center that we are working to resolve so as to begin trial production. We believe that our new state-of-the art kiwi manufacturing facility will ultimately become a significant source of revenue for the Company.

"Our project to develop orange products in Hubei Province is also intended to ensure the sourcing of supply as well as diversify our fruit product segments. We believe that the realization of our growth initiatives will stabilize the occasional volatility associated with seasonal growing challenges and enable us to realize economies of scale that will expand our margins and increase our profitability.



"Although we suffered in the past quarter due to unfavorable weather materials that constrained the supply of raw materials for manufacturing, we are optimistic that better growing seasons ahead will spur a turnaround in our fruit processing business. We are also optimistic about the potential of our kiwi development project, in particular, and are enthusiastic at seeing it come to fruition," CEO Yongke Xue concluded.

Third Quarter 2015 Financial Results

Revenue for the three months ended September 30, 2015 was \$10.6 million, a decrease of 70% as compared to \$34.8 million for the same period of 2014. This decrease was due to a decrease in sales from all of the Company's product segments.

Third Quarter 2015 Revenue by Product Segment (in thousands)

(In \$000's, except %'s)	Three Months ended		
	September 30,		
	2015	2014	% of change
Concentrated apple juice and apple aroma	-	5,617	-
Concentrated kiwifruit juice and kiwi puree	4	357	-
Concentrated pear juice	2,519	10,506	(76%)
Fruit juice beverages	8,025	14,476	(45%)
Fresh fruits and vegetables	-	3,862	-
Other	-	10	-
Total	10,548	34,828	(70%)

Revenue by Segment. Sales from apple related products were nil for the three months ended September 30, 2015, as compared to \$5.6 million for the same period of 2014. During the current period, the Company did not sell apple-related products due to the relatively low gross profit margin of apple-related products. Historically, apple-related products had the lowest gross profit margin among all of our product lines.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$4,000 for the three months ended September 30, 2015, as compared to sales of \$357,000 for the same period of 2014. During the three months ended September 30, 2015, the Company sold a very limited amount of kiwi-related products mainly due to an unexpectedly low amount of raw material supplies.

Sales of concentrated pear juice were \$2.5 million for the three months ended September 30, 2015, a 45% decrease from sales of \$10.5 million for the same period of 2014. For the third



quarter of 2015, the Company sold approximately 2,649 tons of concentrated pear juice, a 65% decrease from the 7,644 tons of concentrated pear juice sold in the same period of 2014. The decrease of revenue generated from concentrated pear juice was mainly due to the decreased amount of concentrated pear juice sold.

Sales from our fruit juice beverages segment were \$8.0 million for the three months ended September 30, 2015, a 45% decrease from sales of \$14.5 million for the same period of 2014. The decline in revenues during the current period is attributable to consumers' having increased their purchases through on-line home deliveries from the Company's competitors and a decrease in in-store retail purchases of the Company's products.

Revenue from our fresh fruits and vegetables in China were nil for the three months ended September 30, 2015 as compared to \$3.9 million for the same period of 2014.

Revenue from other products were nil the three months ended September 30, 2015 as compared to \$0.01 million for the same period of 2014. The amount of sales of other products is expected to be unstable and is generally not indicative of our future sales of other products.

Gross Profit. Gross profit was \$3.9 million for the three months ended September 30, 2015, a 62% decrease from gross profit of \$10.2 million for the same period of 2014 primarily due to the decreased amount of gross profit from all of our product lines. The consolidated gross profit margin for the current quarter was 37% as compared to 29% for the same period of 2014. This higher gross margin was attributable to a larger proportion of sales generated from the concentrated pear juice and fruit juice beverages segments.

Third Quarter 2015 Gross Profit by Product Segment (in thousands)

(In \$000's, except %'s)	2015		2014	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	-	-	103	(2%)
Concentrated kiwifruit juice and kiwi puree	(1)	(25%)	(23)	(6%)
Concentrated pear juice	851	34%	2,605	25%
Fruit juice beverages	3,055	38%	6,346	44%
Fresh fruits and vegetables	-	-	1,121	29%



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Other	-	-	(1)	(10%)
Total	3,905	37%	10,151	29%

Operating expenses for the third quarter of 2015 decreased by 17% to \$2.5 million, or 23% of sales, compared to \$3.0 million, or 9% of sales for the same period of 2014. General and administrative expenses for the third quarter of 2015 increased 11% to \$1.5 million for the third quarter of 2015 from \$1.3 million for the same period of 2014. The increase in general and administrative expenses was mainly due to higher salary expenses resulting from an increase in the headcount of our management staff. Selling expenses decreased 40% to \$1.0 million for the third quarter of 2015 from \$1.6 million for the same period of 2014 mainly due to the reduced amount of sales generated during the current period.

Income from operations for the third quarter of 2015 was \$1.5 million, a decrease of 80% from \$7.2 million for the same period of 2014.

Net loss attributable to SkyPeople Fruit Juice for the third quarter of 2015 was \$0.4 million as compared to net income attributable to SkyPeople Fruit Juice of \$4.6 million for the same period of 2014, while loss per share was \$0.02 in the current quarter as compared to earnings per share of \$0.17 for the same period of 2014.

Financial Condition

As of September 30, 2015, the Company had \$63.2 million in cash, cash equivalents and restricted cash, an increase of \$31.5 million from \$31.7 million as of fiscal year end 2014. The Company's restricted cash of \$3.1 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$34.8 million as of the end of third quarter of 2015 as compared to working capital of \$34.9 million as of fiscal year end 2014. As of September 30, 2015, the Company had total debt of \$60.7 million, which included \$35.5 million in short-term bank loans, \$8.0 million in long-term loans from a related party and \$17.2 million in total capital lease obligations. Stockholders' equity attributable to SkyPeople Fruit Juice was \$182.0 million as of the end of the third quarter of 2015 as compared to \$186.1 million as of fiscal year end 2014.

For the first nine months of 2015, the Company's operating activities generated net cash of \$38.2 million as compared net cash generated of \$13.0 million from operating activities for the same period of 2014. Net cash used in investing activities were \$4.8 million for the nine months of 2015 as compared to net cash used in investing activities of \$37.1 million for the



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same period of 2014. Cash flow provided by financing activities totaled \$3.6 million for the first nine months of 2015 as compared to \$8.3 million of net cash used in financing activities for the same period of 2014.

We believe that projected cash flows from operations, anticipated cash receipts, cash on hand, and trade credit will provide the necessary capital to meet the Company's projected operating cash requirements for at least the next twelve months, which does not take into account any potential expenditures related to the potential expansion of our current production capacity.

Project Updates

The Company is developing a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province, China, pursuant to its Letter of Intent with the People's Government of Suizhong County. The Suizhong project may include the construction and operation of fruit juice production lines, a vegetable and fruit flash freeze facility, a refrigeration storage facility and warehouse, a world-class food safety testing center and a fruit and vegetable finished products processing center, among other facilities. The estimated capital expenditure for the project is expected to be \$4.6 million. The Company has made partial payment to acquire the land use right from the local government, purchase equipment and build facilities. As of the date of this report, the Company has finished building an office building, a dormitory, a refrigeration storage facility and a warehouse.

The Company is developing an orange processing and distribution center pursuant to its investment/service agreement with the Yidu Municipal People's Government in Hubei Province, China. Pursuant to the agreement, the Company will be responsible for an investment amount of approximately \$48 million. The Yidu Municipal People's Government is in the process of demolition of buildings on the project land. The Company is actively working with various bodies of the local government to make preparations for the start of the project.

The Company is developing a kiwi processing and trading center pursuant to its investment agreement with the Managing Committee of Mei County National Kiwi Fruit Wholesale Trading Center, which has been authorized by the People's Government of Mei County, China. Pursuant to the agreement, the Company will be responsible for construction and financing with an investment amount of approximately \$72 million. As of the date of this report, the Company is still working with the local government with respect to completion of the waste water treatment center; trial production at the facility will commence once this occurs.



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Conference Call

The Company will hold a conference call on Tuesday, November 17, 2015 at 9:00 a.m. Eastern Time to discuss its financial results for the third quarter ended September 30, 2015.

The Company's CEO, Mr. Yongke Xue, and its CFO, Mr. Xin Ma, will host the call.

To attend the live conference call, please dial in at least 10 minutes before the call to ensure timely participation. Please use the dial-in information below.

Date:	Tuesday, November 17, 2015
Time:	9:00 a.m. Eastern Time, US
Conference Line Dial-In:	+1-877-407-8031
International Dial-In:	+1-201-689-8031

To access the replay, please dial 1-877-660-6853 within the United States or 1-201-612-7415 when dialing internationally. The passcode for the replay is 13624747 and it will be available on November 17, 2015 at 12:00 pm through November 24, 2015.

About SkyPeople Fruit Juice, Inc.

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd. ("Pacific"), a Vanuatu company, and SkyPeople Juice International Holding (HK) Ltd., a company organized under the laws of Hong Kong Special Administrative Region of the People's Republic of China and a wholly owned subsidiary of Pacific holds 73.42% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)") and 100% ownership interest in SkyPeople Foods (China) Co., Ltd. ("SkyPeople Foods China"). SkyPeople (China) and ("SkyPeople Foods China"), together with their operating subsidiaries in China, are engaged in the production and sales of fruit juice concentrates, fruit beverages, and other fruit related products in the PRC and overseas markets. The Company's fruit juice concentrates are sold to domestic customers and exported directly or via distributors. Fruit juice concentrates are used as a basic ingredient component in the food industry. Its brands, "Hedetang" and "SkyPeople," which are registered trademarks in the PRC, are positioned as high quality, healthy and nutritious end-use juice beverages. For more information, please visit <http://www.skypeoplefruitjuice.com>.



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Safe Harbor Statement

Certain of the statements made in this press release are 'forward-looking statements' within the meaning and protections of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as 'may,' 'will,' 'anticipate,' 'assume,' 'should,' 'indicate,' 'would,' 'believe,' 'contemplate,' 'expect,' 'estimate,' 'continue,' 'plan,' 'point to,' 'project,' 'could,' 'intend,' 'target' and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2014 and otherwise in our SEC reports and filings, including the final prospectus for our offering. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

For more information, please contact:

COMPANY

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SKYPEOPLE FRUIT JUICE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 60,082,653	\$ 25,130,302
Restricted cash	3,144,011	6,537,016
Accounts receivable, net of allowance of \$32,678 and \$837,200 as of September 30, 2015 and December 31, 2014, respectively	17,381,778	66,570,314
Other receivables	73,052	371,995
Inventories	4,458,356	4,118,630
Deferred tax assets	1,823,418	1,410,690
Advances to suppliers and other current assets	7,462,187	472,578
TOTAL CURRENT ASSETS	94,425,455	104,611,525
Property, plant and equipment, net	98,462,921	96,279,068
Land use right, net	6,142,756	6,502,420
Long term assets	3,041,831	3,162,281
Deposits	59,718,407	68,878,798
TOTAL ASSETS	\$ 261,791,370	\$ 279,434,092
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 8,511,610	\$ 18,381,263
Accrued expenses	10,070,942	10,085,152
Income tax payable	29,488	1,457,258
Advances from customers	499,626	469,007
Notes payable -bank	-	8,171,270
Short-term loan - related party	-	-
Short-term bank loans	35,524,185	28,243,373
Obligations under capital leases	4,988,418	2,954,401
TOTAL CURRENT LIABILITIES	59,624,269	69,761,724
NON-CURRENT LIABILITIES		
Long-term loan - related party	7,960,699	7,959,143
Obligations under capital leases	12,224,412	15,625,435
Long-term payable	-	-



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TOTAL NON-CURRENT LIABILITIES	<u>20,185,111</u>	<u>23,584,578</u>
TOTAL LIABILITIES	<u>79,809,380</u>	<u>93,346,302</u>
EQUITY		
SkyPeople Fruit Juice, Inc, Stockholders' equity		
Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; None issued and outstanding as of September 30, 2015 and December 31, 2014, respectively;	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively;	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	105,996,887	102,833,747
Accumulated other comprehensive income	<u>11,934,954</u>	<u>19,351,703</u>
Total SkyPeople Fruit Juice, Inc. stockholders' equity	177,148,362	181,401,971
Non-controlling interests	<u>4,833,628</u>	<u>4,685,819</u>
TOTAL EQUITY	<u>181,981,990</u>	<u>186,087,790</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 261,791,370</u>	<u>\$ 279,434,092</u>

The notes in the Company's 10-Q are an integral part of these consolidated financial statements.

SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2015</u>	2014	<u>2015</u>	2014
Revenue	\$ 10,548,336	\$ 34,827,203	\$ 39,284,644	\$ 58,589,022
Cost of goods sold	<u>6,643,381</u>	24,676,265	<u>23,109,598</u>	40,212,499
Gross profit	3,904,955	10,150,938	16,175,046	18,376,523
Operating Expenses				
General and administrative expenses	1,462,677	1,317,546	4,720,805	3,506,497
Selling expenses	<u>984,512</u>	1,628,415	<u>3,308,393</u>	3,877,904



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Total operating expenses	2,447,189	2,945,961	8,029,198	7,384,401
Income from operations	1,457,766	7,204,977	8,145,848	10,992,122
Other income (expense)				
Interest income	47,377	75,809	311,403	387,682
Subsidy income	-	91,362	238,187	562,333
Interest expenses	(1,714,906)	(811,317)	(3,412,066)	(3,373,521)
Consulting fee related to capital lease	(339)	(20,952)	(339)	(903,652)
Total other expenses	(1,667,868)	(665,098)	(2,862,815)	(3,327,158)
Income (loss) before income tax	(210,102)	6,539,879	5,283,033	7,664,964
Income tax provision	159,661	1,822,995	1,792,401	2,154,205
Net income (loss)	(369,763)	4,716,884	3,490,632	5,510,759
Less: Net income attributable to non-controlling interests	(55,955)	(153,475)	(327,492)	(394,810)
NET INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	(425,718)	\$ 4,563,409	3,163,140	5,115,949
Other comprehensive income (loss)				
Foreign currency translation adjustment	(8,172,082)	8,747	(7,596,432)	(1,708,333)



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Comprehensive				
income (loss)	(8,541,845)	4,725,631	(4,105,800)	3,802,426
Comprehensive (income) expense attributable to non-controlling interests	<u>128,475</u>	<u>(104,259)</u>	<u>(147,809)</u>	<u>(240,197)</u>

**COMPREHENSIVE
INCOME (LOSS)
ATTRIBUTABLE
TO SKYPEOPLE
FRUIT JUICE, INC.**

	<u>\$ (8,413,370)</u>	<u>\$ 4,621,372</u>	<u>\$ (4,253,609)</u>	<u>\$ 3,562,229</u>
Earnings (loss) per share:				
Basic and diluted earnings (loss) per share	<u>\$ (0.02)</u>	<u>\$ 0.17</u>	<u>\$ 0.12</u>	<u>\$ 0.19</u>

**Weighted average
number of shares
outstanding**

Basic and diluted	26,661,499	26,661,499	26,661,499	26,661,499
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The notes in the Company's 10-Q are an integral part of these consolidated financial statements.

SKYPEOPLE FRUIT JUICE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended	
	September 30,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,490,632	\$ 5,510,759
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,701,533	3,031,314
Deferred income tax assets	(412,728)	(410,086)
Bad debt provision	(804,524)	
Inventory markdown	-	
Changes in operating assets and liabilities		



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Accounts receivable	48,865,852	(12,813,534)
Other receivable	293,422	(627,449)
Advances to suppliers and other current assets	(7,220,094)	668,853
Inventories	(511,685)	730,838
Accounts payable	(7,876,850)	12,080,673
Accrued expenses	(951,496)	5,305,632
Income tax payable	(1,413,939)	(608,156)
Advances from customers	49,956	60,930
Net cash provided by operating activities	38,210,079	12,929,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund of purchase deposit	-	7,498,389
Additions to property, plant and equipment	(4,622,320)	(16,430,606)
Prepayment for other assets	-	(28,184,348)
Prepayments for deposit on equipment	(142,774)	
Net cash used in investing activities	(4,765,094)	(37,116,565)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(4,410,222)
Decrease (Increased) in restricted cash	3,239,496	(11,635,476)
(Repayment) Proceeds from short-term notes	(8,098,740)	12,123,678
Proceeds from short-term bank loans	(15,028,524)	20,302,162
Repayment of short-term bank loans	23,831,727	(20,673,500)
Payment for security deposit of capital lease		(3,148,902)
Payment for capital lease	(344)	(797,443)
Repayment of related party loans	(374,913)	(24,970)
Net cash (used in) provided by financing activities	3,568,702	(8,264,673)
Effect of change in exchange rate	(2,061,336)	(558,140)
NET DECREASE IN CASH AND CASH EQUIVALENTS	34,952,351	(33,009,604)
Cash and cash equivalents, beginning of period	25,130,302	66,888,954
Cash and cash equivalents, end of period	\$ 60,082,653	\$ 33,879,350
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 3,412,066	\$ 2,553,422
Cash paid for income taxes	\$ 1,636,409	\$ 3,172,447
SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Transferred from other assets to property, plant and equipment and		
construction in process	\$ 6,878,117	\$ 1,324,438
Equipment acquired by capital lease	\$ -	\$ 20,992,677

SOURCE SkyPeople Fruit Juice, Inc.