



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

## **SkyPeople Fruit Juice Reports Fiscal Year 2016 Financial Results**

XI'AN, China, April 17, 2017 /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 fiscal year ended December 31, 2016.

### **Fiscal Year 2016 Summary:**

- Total revenue was \$34.4 million
- Gross profit was \$9.2 million
- Gross profit margin was 27%
- Net loss attributable to SkyPeople Fruit Juice, Inc. stockholders was \$5.5 million
- Cash, cash equivalents and restricted cash were \$1.1 million as of December 31, 2016

"We have engaged in a rebuilding and a refocusing of our core businesses in fiscal 2016 as evidenced by our many strategic initiatives," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople. "However, we were still able to generate positive operating income before taxes for the year despite a challenging market environment due to unexpected weather conditions, difficulties in sourcing raw materials, volatility in selling prices and a shift in one of our core business segments."

"To help us to mitigate the risk associated with the sourcing of our raw materials, as well as to optimize the quality of our products, we entered into agreements to both purchase and lease orchards for kiwi and orange fruit production. We will seek to employ modern agricultural techniques to maximize our production output and secure abundant raw materials fruit for our new state-of-the-art processing facilities when they begin production. The new orchards will also help to shield us from occasional disruptions in our supply chain and ensure stronger competitive positioning so as to generate stable cash flow. We also expect important synergies to develop from our currently operational trading center in Mei County that contains all of the working elements needed for a successful agricultural enterprise, and in concert with the participation of local parties, forms a powerful agricultural center."

"We also expect important synergies from our recently acquired businesses that will augment our existing operations. This will enable us to be more customer-centric as we have added capabilities which include e-commerce platforms, big data analytics, commodities trading,



innovative finance, international trade, industrial integration, management services and on-line marketing and sales. Our vision is to optimize our overall company performance and profitability utilizing a consumer distribution model where our integrated value chain generates a diversified and sustainable revenue stream for many years to come," Mr. Xue continued.

"In broadening and deepening our business model, we are pleased to welcome new partners to work with us on our corporate growth plans who we believe will bring both expertise and a commitment to succeed. We anticipate that these new stakeholders will help us to bridge traditional growing and distribution methods with new and high-tech means to uncover better profitability in our core business while creating new revenue sources."

"We are excited about our outlook for 2017 since we view the underlying demand for our products to be sound, driven by the continuing trends of urbanization, changing demographics, higher personal incomes and a transition towards healthy lifestyles. We view our new end-to-end business model as constituting a blueprint for today's modern agricultural enterprise as it will enable us to effectively compete and succeed in a world driven by online technology, manufacturing efficiencies, risk management and increasing consumer awareness. We appreciate the support of our shareholders as we engage in building a dynamic world-class company that can capitalize on today's opportunities while being positioned for tomorrow's growth," Mr. Hongke Xue concluded.

### Full Year 2016 Financial Results

Revenue for the twelve months ended December 31, 2016 was \$34.4 million, a decrease of 60%, as compared to \$86.4 million for fiscal 2015. This decrease was primarily due to a decrease in sales in four out of five of our fruit-based business segments.

#### *Fiscal Year Revenue by Segment (in thousands)*

<i>(In \$000's, except %'s)</i>	Year Ended Dec. 31,		% of change
	<b>2016</b>	2015	
Concentrated apple juice and apple aroma	<b>7,708</b>	19,806	(61%)
Concentrated kiwifruit juice and kiwi puree	<b>725</b>	9,203	(92%)
Concentrated pear juice	<b>9,262</b>	13,426	(31%)
Fruit juice beverages	<b>14,768</b>	44,004	(66%)
Other – fruit related products	<b>1,944</b>	1	1,943%



Total	<u>34,407</u>	<u>86,440</u>	<u>(60%)</u>
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**Revenue by Segment.** Sales from apple-related products were \$7.7 million for fiscal 2016, a 61% decrease from sales of \$19.8 million for fiscal 2015. During fiscal 2016, the Company sold 7,705 tons of concentrated apple juice and apple aroma, a 53% decrease from the 16,537 tons of apple-related products sold in fiscal 2015. In fiscal 2016, international demand of concentrated apple juice from China continued to drop, which negatively affected this business segment, since most of our concentrated apple juice was sold either directly or indirectly to the international market. Because of the negative trends in the international market, and lower operating margins, our YingKou and Huludao Wonder factories did not operate their apple juice production facilities in fiscal 2016 which resulted in a lower inventory of concentrated apple juice.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$0.7 million for fiscal 2016, a 92% decrease from sales of \$9.2 million in fiscal 2015. The decrease was primarily a result of the decreased volume of products sold in fiscal 2016 as compared to fiscal 2015. During fiscal 2016, the Company sold 327 tons of concentrated pear juice, a 95% decrease from the 6,598 tons of concentrated kiwifruit juice and kiwifruit puree sold in fiscal 2015.

Sales of concentrated pear juice were \$9.3 million in fiscal 2016, a 31% decrease from sales of \$13.4 million in fiscal 2015. During fiscal 2016, the Company sold 11,107 tons of concentrated pear juice, an 11% decrease from the 12,409 tons of concentrated pear juice sold in fiscal 2015. Due to unexpected weather conditions in the 2015 pear harvest season, the amount of available raw material supplies was low in early 2016. As a result of these weather conditions, the squeezing season started later than usual, and the production amount was lower.

Sales from our fruit juice beverages segment were \$14.8 million in fiscal 2016, a 66% decrease from sales of \$44.0 million for fiscal 2015. The decline in revenues was primarily due to a decrease in the in-store demand of our products as a result of heavy competition in the Chinese market as consumers increased their fruit juice beverage purchases through the on-line home delivery of groceries instead of through the traditional in-store supermarkets in which we sell our products.

Sales from our other - fruit related products segment were \$1.9 million for fiscal 2016, an increase from sales of \$1,000 for fiscal 2015. The amount of sales in this business segment is



expected to be unstable and is generally not indicative of this segment's future sales.

**Gross Profit.** Gross profit was \$9.2 million in fiscal 2016, a decrease of 65% from \$26.1 million in fiscal 2015, mainly due to the decrease in revenue. The year-over-year decrease in total gross profit was only slightly offset by an increase in gross profit in the apple-related and other – fruit related product business segments. The gross profit margin was 27% in fiscal 2016 as compared to 30% for fiscal 2015.

<i>(In \$000's, except %'s)</i>	Year Ended December 31,			
	2016		2015	
	<b>Gross profit</b>	<b>Gross margin</b>	Gross profit	Gross margin
Concentrated apple juice and apple aroma	<b>1,985</b>	<b>26%</b>	1,635	8%
Concentrated kiwifruit juice and kiwi puree	<b>62</b>	<b>9%</b>	1,544	17%
Concentrated pear juice	<b>2,101</b>	<b>23%</b>	4,764	35%
Fruit juice beverages	<b>4,692</b>	<b>32%</b>	18,181	41%
Other – fruit related products	<b>333</b>	<b>17%</b>	1	100%
<b>Total</b>	<b>9,173</b>	<b>27%</b>	<b>26,125</b>	<b>30%</b>

Operating expenses for fiscal 2016 decreased by 57% to \$6.9 million, or 20% of sales, compared to \$15.9 million, or 18% of sales for fiscal 2015. General and administrative expenses decreased 53% to \$5.0 million in fiscal 2016 from \$10.7 million for fiscal 2015, mainly due to the decrease in our employee headcount during fiscal 2016 as a result of lower production and increased competitive market conditions in China. Selling expenses decreased 63% to \$1.9 million in fiscal 2016 from \$5.2 million in fiscal 2015, mainly due to the reduced amount of sales generated during fiscal 2016.

Loss from continuing operations after taxes for fiscal 2016 was \$0.8 million, as compared to income from continuing operations of \$2.9 million for fiscal 2015. The decrease in income



from operations was mainly due to a 60% decrease in revenue, which was partially offset by a decrease in total operating expenses.

Net loss attributable to SkyPeople Fruit Juice shareholders for the fiscal year 2016 was \$5.5 million, as compared to net income of \$2.9 million in fiscal 2015, while diluted loss per share from continued operations was \$0.19 for fiscal 2016 as compared to diluted earnings per share from continued operations of \$0.11 for fiscal 2015.

### **Financial Condition**

As of December 31, 2016, the Company had \$1.1 million in cash, cash equivalents and restricted cash, reduced from \$53.1 million as of fiscal year end 2015. The Company had working capital of \$24.7 million as of fiscal year end 2016 as compared to working capital of \$42.3 million as of fiscal year end 2015. As of December 31, 2016, the Company had total liabilities of \$91.5 million, which included \$29.4 million in short-term bank loans and \$14.5 million in capital lease obligations. Stockholders' equity attributable to SkyPeople Fruit Juice was \$135.0 million as of fiscal year end 2016 as compared to \$178.1 million as of fiscal year end 2015.

During fiscal 2016, net cash used in the Company's operating activities was \$34.4 million, as compared to a positive cash inflow of \$104.3 million in fiscal 2015. Net cash used in investing activities were \$21.0 million for fiscal 2016 as compared to net cash used in investing activities of \$20.8 million in fiscal 2015. In fiscal 2016, cash used in the Company's financing activities was \$24.1 million as compared to cash used in the Company's financing activities of \$60.4 million in fiscal 2015. The Company expects projected cash flows from operations, anticipated cash receipts, cash on hand, and trade credit will provide the necessary capital to meet its 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 entered into a Letter of Intent with the People's Government of Suizhong County fruit to establish a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province, China. 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 construction of an office building, dormitory, refrigeration storage facility and a warehouse. However, due to heavy competition in the



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concentrated fruit juice business in China, construction work on this project is currently suspended.

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 which will be mainly used to establish the distribution center and the orange processing facility on project land of approximately 280 mu (approximately 46 acres). Also, the Company and the Yidu Municipal People's Government has agreed to discuss the investment amount and location associated with establishing an R&D center and an orange plantation. On November 23, 2015, the Company started the construction of the Yidu project. The Company plans to finish the construction of the infrastructure of office building, R&D center, fruit juice production facility, cold storage facility and other construction work in the second quarter of 2017. The orange plantation is planned to be operational in the second quarter of 2017 and the distribution center is planned to be completed by the fourth quarter of 2017.

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 for buildings and equipment on a total planned area of 286 mu (approximately 47 acres). As of the date of this report, the Company is in the process of building fruit juice production lines, a vegetable and fruit flash freeze facility, an R&D center and an office building. The Company plans to complete the construction of these facilities in the second quarter of 2017.

As of the date of this report, the Mei County National Kiwi Fruit Wholesale Trading Center has started normal operations. There are a number of enterprises operating in the trading center including 12 express delivery companies, 12 logistic companies, four on-line sales companies, two packing companies and three agriculture companies. In addition, all government departments that are relevant to the operations of the Mei County National Kiwi Fruit Wholesale Trading Center have moved into the trading center. The Company is expected to have completed its investment in the trading center in the second quarter of 2017, and believes that it will generate income from the trading center through various means, such as generating profit in the agricultural trading area.



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### **Recent Events**

On April 13, 2017, the Company announced that it has entered into a definitive agreement with institutional investors to purchase shares of common stock for aggregate gross proceeds of \$2,672,500 in a registered direct offering. The closing of the offering is expected to take place on or before April 17, 2017, subject to the satisfaction of customary closing conditions. The Company intends to use the net proceeds from the transaction to fund working capital and other general corporate purposes.

On April 12, 2017, the Company announced that on April 10, 2017, Xi'an Hedetang E-Commerce Co., Ltd. ("Hedetang E-Commerce"), an indirect holding company of SkyPeople Fruit Juice, Inc., signed a one-year service agreement to market its products on the open platform Xunqin Mall with Shenzhen Weipin Zhiyuan Information Technology Co., Ltd. ("Shenzhen Weipin"), one of whose shareholders is China Continent Insurance. The brands to be marketed are the Company's Hedetang and Hede Jiachuan products. The Company believes that joining Xunqin Mall can help the Company to grow faster, improve operating efficiencies and promote regional sales.

On March 23, 2017, the Company announced that on March 20, 2017, its wholly owned subsidiaries, Hedetang Foods (China) Co. Ltd. ("Hedetang China") and Hedetang Farm Products Trading Market (Mei County) Co. Ltd., ("Hedetang Farm") entered into an agreement with Xi'an Taizhan Financial Management Co., Ltd. ("Taizhan") to jointly establish a new company currently named China Agricultural Commodity Trading Market Co., Ltd. (the "China Agricultural Commodity Trading Center") in Mei County, Shaanxi Province, China. Once established, the China Agricultural Commodity Trading Center will become an innovative platform that promotes agricultural e-commerce trading, industrial integration and modernization, and financial innovation.

On March 17, 2017, the Company announced that on March 13, 2017, the Board of Directors approved Future World Trading (Hong Kong) Limited's, a wholly owned subsidiary of the company, acquisition of Shaanxi Quangoutong E-commerce Inc. ("Quangoutong"), an e-commerce company and a wholly owned subsidiary of SkyPeople International Holdings Group Limited, which is the major shareholder of the Company. The relevant agreement was signed on March 16, 2017. Quangoutong owns certain permits and licenses from local governments in China to conduct certain on-line financial service businesses in China. The purchase price for Quangoutong will be nominal as it has divested itself of several of its



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traditional businesses and all of its assets and debts. The FinTech industry is an emerging sector that utilizes computer programs and innovative technology to support the delivery of payment and financial services. The Company believes that the acquisition of Quangoutong will bring an innovative business development and sales model to SkyPeople.

On March 15, 2017, the Company announced that on March 13, 2017, Xi'an Hedetang E-Commerce Co., Ltd. ("Hedetang E-Commerce"), an indirect holding company of SkyPeople Fruit Juice, Inc. signed a one-year business agreement with the Jiangsu Nongmuren Agricultural Products ("Nongmuren") e-commerce Platform. Earlier this month, Hedetang Foods joined the China Aigo O2O Technology Inc.'s Aigo Integrity Alliance and is receiving orders from that platform now. The Company believes that cooperation with Nongmuren could attract hundreds of thousands of registered users on the platform each month, and accelerate an update of its marketing channels from traditional manufacturing and sales to 'manufacturing plus Internet' and 'traditional sales plus e-commerce'.

On March 6, 2017, the Company announced that on March 1, 2017, Hedetang Foods (China) Co., Ltd. ("Hedetang Foods"), a wholly-owned subsidiary of SkyPeople Fruit Juice, Inc., signed a one-year business agreement with China Aigo O2O Technology Inc. (Beijing) and joined the latter's Aigo Integrity Alliance. The Aigo Integrity Alliance is a smart Online to Offline (O2O) platform owned by China Aigo O2O Technology (Beijing), which is the most valued subsidiary of the Aigo Network Technology Co. The Aigo Integrity Alliance has invested heavily to build an O2O platform and developed five unique, world-leading patented technologies in the Mobile Internet arena.

#### **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 99.78% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China), together with its operating subsidiaries in China, is engaged in the production and sales of fruit juice concentrates, fruit beverages, and other fruit related products in the PRC and overseas markets. Its 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,"





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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>.

### **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, 2016 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.

-Financial Tables Follow-

**SKYPEOPLE FRUIT JUICE, INC.**  
**CONSOLIDATED BALANCE SHEETS**

<b>December 31,</b>	
<b>2016</b>	<b>2015</b>



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#### CURRENT ASSETS

Cash and cash equivalents	\$ 1,143,585	\$ 50,006,914
Restricted cash	-	3,079,956
Accounts receivable, net of allowance of \$4,843,809 and \$2,407,160 as of December 31, 2016 and 2015, respectively	7,325,773	50,062,300
Other receivables	28,417,194	265,079
Inventories	3,041,300	3,444,740
Deferred tax assets	3,566,442	2,326,194
Advances to suppliers and other current assets	58,132,189	3,809,970

#### TOTAL CURRENT ASSETS

101,626,483 112,995,153

#### PROPERTY, PLANT AND EQUIPMENT, NET

81,523,569 83,124,874

#### LAND USE RIGHT, NET

31,854,360 25,690,291

#### LONG TERM ASSETS

2,789,390 2,979,857

#### DEPOSITS

43,867,228 45,321,919

#### Related party receivables

- 290,976

#### TOTAL ASSETS

\$ 261,661,030 \$ 270,403,070

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable	\$ 16,569,988	\$ 18,332,502
Accrued expenses	27,449,664	17,356,081
Income tax payable	3,590,084	1,153,194
Advances from customers	696	369,992
Short-term bank loans	29,364,279	33,506,838
TOTAL CURRENT LIABILITIES	76,974,711	70,718,607

##### NON-CURRENT LIABILITIES

Obligations under capital leases	14,494,003	16,720,307
TOTAL NON-CURRENT LIABILITIES	14,494,003	16,720,307

#### TOTAL LIABILITIES

91,468,714 87,438,914

#### 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 December 31, 2016 and 2015, respectively

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Common stock, \$0.001 par value; 8,333,333 shares authorized; 4,061,090 and 27,161,499* shares issued and outstanding as of December 31, 2016 and 2015, respectively	4,061	27,161
Additional paid-in capital	105,366,887	59,189,860
Retained earnings	100,237,011	105,782,482
Accumulated other comprehensive income (loss)	(70,579,747)	13,069,031
Total SkyPeople Fruit Juice, Inc. stockholders' equity	135,028,212	178,068,534
Non-controlling interests	35,164,104	4,895,622
<b>TOTAL EQUITY</b>	<b>170,192,316</b>	<b>182,964,156</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 261,661,030</b>	<b>\$ 270,403,070</b>

\* The amount of shares is given prior to the Company's 1-for-8 reverse stock split on March 10, 2016.

The accompanying notes in the 2016 10-K are an integral part of these consolidated financial statements.

**SKYPEOPLE FRUIT JUICE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(LOSS)**

	For the Year Ended	
	December 31,	
	2016	2015
<b>Revenue</b>	34,407,42	86,440,4
	\$ 2	\$ 02
	25,233,95	60,315,6
Cost of goods sold	0	01
		26,124,8
Gross profit	9,173,472	01
<b>Operating Expenses</b>		10,684,0
General and administrative expenses	5,010,222	77
		5,196,65
Selling expenses	1,932,148	7
		15,880,7
Total operating expenses	6,942,370	34



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		10,244,0
Income from operations	2,231,102	67
<b>Other income (expenses)</b>		
Investment income	13,475	-
Interest income	158,730	351,915
		1,204,64
Subsidy income	16,738	9
	(1,659,300	(3,885,01
Interest expenses	)	8)
Other income (expenses)	207,386	(1,413)
	(1,262,971	(2,329,86
Total other expenses	)	7)
		7,914,20
<b>Income from Continuing Operations before Income Tax</b>	968,131	0
		4,267,35
Income tax provision	1,601,967	0
<b>Income (loss) from Continuing Operations before</b>		3,646,85
<b>Minority Interest</b>	(633,836)	0
Less: Net income (loss) attributable to non-controlling interests	(126,448)	(698,115)
		2,948,73
<b>Income (loss) from Continuing Operations</b>	(760,284)	5
<b>Discontinued Operations</b>		
	(4,785,187	
Loss from discontinued operations	)	-
<b>NET INCOME (LOSS) ATTRIBUTABLE TO</b>	(5,545,471	2,948,73
<b>SKYPEOPLE FRUIT JUICE, INC. STOCKHOLDERS</b>	\$ )	\$ 5
<b>Other comprehensive income (loss)</b>		
	(4,599,934	(4,401,14
Foreign currency translation adjustment	\$ )	\$ 0)
	(10,018,95	
<b>Comprehensive income</b>	7)	(754,290)
Comprehensive expense attributable to non-controlling	(19,674,51	
interests	3)	(136,372)
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>		
<b>SKYPEOPLE FRUIT JUICE,</b>	(29,693,47	
<b>INC. STOCKHOLDERS</b>	\$ 0)	\$ (890,662)
Earnings per share:		



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Basic and diluted earnings (loss) per share from continued operation	\$	(0.19)	\$	0.11
Basic and diluted earnings (loss) per share from discontinued operation		(1.22)		-
Basic and diluted earnings (loss) per share from net income		(1.41)		0.11

**Weighted average number of shares outstanding**

			26,828,1
Basic and diluted*	3,933,999		66

\* The amount of shares is given prior to the Company's 1-for-8 reverse stock split on March 10, 2016.

The accompanying notes in the 2016 10-K are an integral part of these consolidated financial statements.

**SKYPEOPLE FRUIT JUICE, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the fiscal year	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (5,419,023)	\$ 3,646,850
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,426,089	7,617,752
Deferred income tax assets	(1,240,248)	1,410,690
Bad debt provision	3,070,944	2,531,850
Inventory markdown	-	32,440
Impairment loss	3,203,523	2,383,991
Gain on sale of assets	-	(126,752)
Changes in operating assets and liabilities		
Accounts receivable	35,449,683	11,841,355
Other receivable	(29,268,821)	20,687,724
Advances to suppliers and other current assets	(56,580,699)	(3,537,529)
Inventories	190,337	426,456
Accounts payable	8,114,987	55,414,623
Accrued expenses	2,038,938	(85,776)
Income tax payable	937,915	2,094,800
Advances from customers	(358,999)	(75,686)
Net cash provided by operating activities	(34,435,374)	104,262,788
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(8,730,051)	(279,691)
Purchase of intangible assets	(9,329,762)	-
Prepayment for other assets	(2,977,045)	(20,530,471)



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Prepayments for deposit on equipment	-	-
Net cash used in investing activities	(21,036,858)	(20,810,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of common stock	17,355,246	-
Reverse split of common stock	(40,884,860)	-
Decrease (Increased) in restricted cash	2,994,460	3,239,496
(Repayment) Proceeds from short-term notes	-	(8,098,740)
Proceeds from related party loan	(8,269,592)	(306,049)
Proceeds from short-term bank loans	-	(828,505)
Repayment of short-term bank loans	(2,078,155)	7,249,797
Proceeds (repayments) long term debt	(1,202,289)	-
Payment for capital lease	7,982,400	(78)
Repayment of related party loans	-	(61,667,195)
Net cash provided by (used in) financing activities	(24,102,790)	(60,411,274)
Effect of change in exchange rate	30,711,693	1,835,260
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(48,863,329)	24,876,612
Cash and cash equivalents, beginning of year	50,006,914	25,130,302
Cash and cash equivalents, end of year	<u>\$ 1,143,585</u>	<u>\$ 50,006,914</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 833,690	\$ 3,885,018
Cash paid for income taxes	\$ 2,707,227	\$ 4,267,350
<b>SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION</b>		
Transferred from other assets to property, plant and equipment and construction in process	\$ 60,838,131	\$ -
Equipment acquired by capital lease	\$ -	\$ -

The accompanying notes in the 2016 10-K are an integral part of these consolidated financial statements.

**For more information, please contact:**

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