



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

SkyPeople Fruit Juice Reports First Quarter 2014 Financial Results

XI'AN , China, May 15, 2014 /PRNewswire/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU - News) ("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 first quarter ended March 31, 2014.

First Quarter 2014 Summary:

Revenue was \$11.8 million, a decrease of 37% year-over-year

Gross profit was \$3.7 million, a decrease of 51% year-over-year

Gross profit margin was 31% as compared to 41% for the same period of 2013

Income from operations was \$1.6 million, a decrease of 71% year-over-year

Net income attributable to the Company was \$0.5 million, a decrease of 87% year-over-year

Cash and cash equivalents were \$76.0 million as of March 31, 2014

"We recorded disappointing results for the first quarter of 2014 with lower sales in all of our product segments due a limited inventory of raw materials and finished products. Although we were able to generate positive cash flow in the quarter, the constrained availability of raw materials that we require for processing and production hampered the quarter's financial results," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople.

"However, we believe that our new project to develop orange products in Hubei Province is a key initiative towards securing supply and mitigating uncertainties associated with the sourcing of our fresh fruit raw materials. It also enables us to enact a strategy to vertically integrate our business operations and gain efficiencies.

"In addition, another of our new projects to manufacture and market kiwi products in Mei County is moving ahead on schedule. We are now in the process of building facilities and purchasing equipment, and we expect to begin trial production by the end of June. We believe that these two projects will help to ensure the supply of raw materials, augment our existing product platform and ultimately drive additional revenue.

"We continue to believe that China's continued economic growth and urbanization will augur well for the Company and that we are poised to further penetrate our markets. In particular, given the relatively low domestic consumption rate of fruit juice beverages, we believe that



our branded fruit juice, distributed in over 20,000 retail stores, are well positioned to capitalize upon this market opportunity," Mr. Hongke Xue concluded.

First Quarter 2014 Financial Results

Revenue for the three months ended March 31, 2014 was \$11.8 million, a decrease of 37% as compared to \$18.6 million for the same period of 2013. This decrease was due to a decline in sales in all of the Company's major product segments. The apple segment's contribution to revenue was diminished due to the difficult market conditions for apple-related products that occurred in first quarter of 2014. The concentrated pear juice and kiwi-related products segments declined substantially from the year-ago period as well, with period-to-period declines in both volume and unit price due to lower inventories of these products.

The fruit juice beverages segment declined 13% in the first quarter of 2014 as compared to the year-ago period attributable to extended holidays in the quarter. However, it comprised 63% of total Company revenue for the first quarter of 2014 versus 44% in the year-ago quarter and was an important factor in mitigating a further decrease in total Company revenue for the quarter.

First Quarter 2014 Revenue by Product Segment

(in \$000's except %)	Three Months ended March 31,		
	2014	2013	% of change
Concentrated apple juice and apple aroma	274	636	(57%)
Concentrated kiwifruit juice and kiwi puree	1,834	3,419	(46%)
Concentrated pear juice	2,213	5,173	(57%)
Fruit juice beverages	7,440	8,585	(13%)
Fresh fruits and vegetables	4	798	(99%)
Other	18	-	100%
Total	11,783	18,611	(37%)

First Quarter 2014 Gross Profit by Product Segment

Gross profit was \$3.7 million in the first quarter of 2014, a decrease of 51% from \$7.6 million for the same period in 2013. The Company's total gross profit margin was 31% in the first quarter of 2014 as compared to 41% for the same period of 2013, primarily due to the higher cost of fresh fruit. The fruit juice beverages segment's gross profit margin decreased to 32% in the first quarter of 2014 from 41% for the same period of 2013 primarily due to lower selling prices of the Company's products.



(In \$000's except %)	Three months ended March 31,			
	2014		2013	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	(72)	(26%)	31	5%
Concentrated kiwifruit juice and kiwi puree	753	41%	2,114	62%
Concentrated pear juice	576	26%	1,599	31%
Fruit juice beverages	2,416	32%	3,512	41%
Fresh fruits and vegetables	4	100%	385	48%
Other	(6)	(33%)	-	-
Total	3,671	31%	7,641	41%

Operating expenses for the first quarter of 2014 was \$2.1 million, or 17% of sales, as compared to \$2.1 million, or 12% of sales for the same period of 2013. General and administrative expenses decreased 9% to \$1.2 million in the first quarter of 2014 as compared to \$1.3 million for the same period of 2013, mainly due to the continued decrease in legal fees related to currently pending litigation, payroll and related expenses. Selling expenses increased 17% in the first quarter of 2014 to \$0.9 million as compared to \$0.7 million for the same period of 2013, mainly due to an increase in the headcount of the Company's sales force. The Company did not incur research and development expenses in the first quarter of 2014 as it is in the process of building its own research and development team.

Income from operations was \$1.6 million for the first quarter of 2014, a decrease of 71% as compared to \$5.5 million for the same period of 2013.

Net income attributable to SkyPeople Fruit Juice for the first quarter of 2014 was \$0.5 million for the first quarter of 2014, a decrease of 87% as compared to \$3.8 million for the same period of 2013, while earnings per share was \$0.02 for the current period, as compared to \$0.67 for the same period of 2013.

Financial Condition

As of March 31, 2014, the Company had \$83.6 million in cash, cash equivalents and restricted cash, up from \$74.1 million as of fiscal year end 2013. The Company's restricted cash of \$7.6 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$67.8 million. As of March 31, 2014, the Company had total liabilities of \$51.7 million which included \$35.1 million in short-term



bank loans and bank notes payable and an \$8.0 million long-term loan to a related party. As of March 31, 2014, shareholders' equity attributable to SkyPeople Fruit Juice was \$172.5 million as compared to \$173.5 million as of fiscal year end 2013.

For the first quarter ended March 31, 2014, the Company's operating activities generated a net cash inflow of \$14.9 million as compared to \$13.2 million for the same period of 2013. Net cash used in investing activities was \$3.9 million for the quarter ended March 31, 2014 as compared to \$0.4 million for the same period of 2013. For the first quarter ended March 31, 2014, cash flow used in financing activities totaled \$1.2 million as compared to cash flow provided by financing activities of \$0.8 million for the same period of 2013. Historically, the Company has financed its capital expenditures and other operating expenses through cash on hand, operating cash flow and bank loans.

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. During 2013, the Company finished the feasibility study of the project and submitted a detailed project proposal to the local government with the result that both parties decided to continue with the project. It is expected that the certificate of land use right will be granted to the Company in 2014.

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 and 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



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with an investment amount of approximately \$72 million. As an update, the Company is in the process of building facilities and purchasing equipment for the project, and it is expected that trial production will begin by the end of June.

Conference Call

The Company will hold a conference call on Friday, May 16, 2014 at 9:00 am Eastern Time to discuss its financial results for the first quarter ended March 31, 2014. The Company's Chairman, Mr. Yongke Xue, and Chief Financial Officer, 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. When prompted by the operator, mention the conference Pass Code.

Date:	Friday, May 16, 2014
Time:	9:00 am 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 pass code for the replay is 13582913 and it will be available from May 16, 2014 at 12:00 pm through May 23, 2014.

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," 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, 2013 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

March 31, 2014 December 31, 2013
(Unaudited)

ASSETS

CURRENT ASSETS



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Cash and cash equivalents	\$ 76,035,402	\$ 66,888,954
Restricted cash	7,639,668	7,216,782
Accounts receivables, net of allowance of \$209,146 and \$211,039 as of March 31, 2014 and December 31, 2013, respectively	20,606,619	34,179,426
Other receivables	566,819	575,040
Inventories	4,965,574	4,381,900
Deferred tax assets	851,863	535,713
Advances to suppliers and other current assets	861,740	1,298,201
TOTAL CURRENT ASSETS	111,527,685	115,076,016
PROPERTY, PLANT AND EQUIPMENT, NET	65,210,720	61,907,175
LAND USE RIGHT, NET	6,417,224	6,522,152
LONG TERM ASSETS	1,572,634	-
OTHER ASSETS	47,896,839	49,614,200
TOTAL ASSETS	\$ 232,625,102	\$ 233,119,543
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 4,918,804	\$ 3,572,968
Accrued expenses	2,962,570	4,008,715
Income tax payable	456,003	1,749,138
Advances from customers	308,143	355,968
Notes payable -bank	1,215,682	10,825,173
Short-term loan - related party	-	24,970
Short-term bank loans	23,876,397	22,626,679
TOTAL CURRENT LIABILITIES	43,737,599	43,163,611
NON-CURRENT LIABILITIES		
Long-term loan - related party	8,000,000	8,000,000
TOTAL NON-CURRENT LIABILITIES	8,000,000	8,000,000
TOTAL LIABILITIES	51,737,599	51,163,611



STOCKHOLDER' 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 March 31, 2014 and December 31, 2013, respectively	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	95,465,971	94,962,299
Accumulated other comprehensive income	17,803,467	19,354,599
Total SkyPeople Fruit Juice, Inc. stockholders' equity	172,485,959	173,533,419
Non-controlling interests	8,401,544	,422,513
TOTAL STOCKHOLDERS' EQUITY	180,887,503	181,955,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 232,625,102	\$ 233,119,543

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

SKYPEOPLE FRUIT JUICE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months ended March	
	31,	
	2014	2013
Revenue	\$11,783,167	\$ 18,611,456
Cost of goods sold	8,111,932	10,970,558



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Gross profit	3,671,235	7,640,898
Operating Expenses		
General and administrative expenses	1,193,121	1,305,914
Selling expenses	864,498	741,166
Research and development expenses	-	98,622
Total operating expenses	2,057,619	2,145,702
Income from operations	1,613,616	5,495,196
Other income (expenses)		
Interest income	73,661	71,579
Subsidy income	433,597	350,974
Interest expenses	(812,421)	(277,023)
Consulting fee related to capital lease	(442,792)	-
Total other income (expenses)	(747,955)	145,530
Income before income tax	865,661	5,640,726
Income tax provision	228,602	1,483,865
Net income	637,059	4,156,861
Less: Net income attributable to non-controlling interests	133,387	338,713
Net income attributable to SkyPeople Fruit Juice, Inc.	\$503,672	\$ 3,818,148
Other comprehensive income (loss)		
Foreign currency translation adjustment	(1,705,488)	411,231
Comprehensive income (loss)	(1,201,816)	4,229,379
Other comprehensive income (loss) attributable to non-controlling interests	(154,356)	37,219
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$(1,047,460)	\$ 4,192,160
Earnings per share:		
Basic and diluted earnings per share	\$0.02	\$ 0.67



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Weighted average number of shares outstanding

Basic and diluted	26,661,499	26,661,499
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SKYPEOPLE FRUIT JUICE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the three months ended March 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 637,059	\$ 4,156,861
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	942,144	863,343
Deferred income tax assets	(316,150)	(56,550)
Consulting fee related to capital lease	442,792	-
Changes in operating assets and liabilities		
Accounts receivable	13,340,071	18,455,170
Other receivable	3,170	(263,398)
Advances to suppliers and other current assets	1,038,662	(69,496)
Inventories	(256,290)	107,472
Accounts payable	1,385,574	(7,298,251)
Accrued expenses	(1,020,245)	(513,157)
Income tax payable	(1,284,561)	(1,785,680)
Advances from customers	(44,880)	(403,363)
Net cash provided by operating activities	14,867,346	13,192,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,851,844)	(428,692)
Purchase of land use right	(15,038)	-



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Prepayment for other assets	-	(9,600)
Net cash used in investing activities	(3,866,882)	(438,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increased in restricted cash	(490,356)	-
Short-term notes payable	490,356	-
Proceeds from related party loan	-	4,000,000
Proceeds from short-term bank loans	2,025,169	-
Repayment of short-term bank loans	(564,334)	(3,185,474)
Payment for capital lease	(2,635,665)	-
Repayment of related party loans	(24,970)	-
Net cash provided by (used in) financing activities	(1,199,800)	814,526
Effect of change in exchange rate	(654,216)	191,340
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,146,448	13,760,525
Cash and cash equivalents, beginning of year	66,888,954	77,560,278
Cash and cash equivalents, end of year	\$ 76,035,402	\$ 91,320,803
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 753,875	\$ 250,722
Cash paid for income taxes	\$ 1,829,313	\$ 3,326,095
SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Transferred from other assets to property, plant and equipment and construction in process	\$ 1,294,323	\$ 315,394

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



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SOURCE SkyPeople Fruit Juice, Inc.