



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

SkyPeople Fruit Juice Reports Second Quarter 2014 Financial Results

XI'AN , China, Aug. 14, 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 second quarter ended June 30, 2014.

Second Quarter 2014 Summary:

Revenue was \$12.0 million, an increase of 16% year-over-year

Gross profit was \$4.6 million, an increase of 37% year-over-year

Gross profit margin was 38% as compared to 32% for the same period of 2013

Income from operations was \$2.2 million, an increase of 131% year-over-year

Net income was \$0.2 million as compared to \$0.8 million for the same period of 2013

Cash and cash equivalents were \$79.7 million as of June 30, 2014

"We are pleased to report a 16% increase in our top-line results in the second quarter of 2014 from the year-ago quarter. Our fruit juice beverage segment grew 28% as compared to the second quarter a year ago which offset the limited revenue contributions from our other product segments due to the scarcity of raw materials and finished products in inventory," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople. "Although our revenue compared positively to that of the year-ago quarter, a capital lease obligation undertaken early this year for our major project initiatives impeded our bottom line results for the quarter.

"We view our branded fruit juice beverages as a key growth segment that fits China's growth profile very well. We currently sell our fruit juice beverages to more than 20,000 retail stores in approximately 20 provinces and see the potential for further geographical expansion throughout China. In particular, we plan to expand our glass bottle production line to target consumers in more populated Chinese cities. We also look forward to a new growing season that could provide ample raw materials required for processing so as to better balance our product segment contributions to revenue.

"We continue to make progress with our new projects that are intended to provide us with a more secure supply chain so that we will have greater control of our raw materials. Our project to develop a manufacturing base for kiwi products in Mei County is on schedule and we anticipate beginning trial production runs in the second half of this year. This project, in



addition to our orange development project in Hubei Province, should enable us to further diversify our product mix and reduce volatility that can occur with our supply chain.

"We view China's urbanization trend to be especially important as it will enable us to further drive sales of our nutritious fruit juice beverages and leverage upon the growing need for healthy urban lifestyles. Given the relatively low consumption rate of fruit juice beverages in China, we believe that the growth of healthy beverages is a long-term trend that will benefit from urbanization, growing incomes and changing demographics," Mr. Hongke Xue concluded.

Second Quarter 2014 Financial Results

Revenue. Revenue for the three months ended June 30, 2014 was \$12.0 million, an increase of 16% as compared to \$10.4 million for the same period of 2013. This increase was primarily due to a rise in sales in the Company's fruit juice beverages segment. The fruit juice beverage segment constituted 92% of total Company revenue for the second quarter of 2014 as compared to 83% for the same period of 2013. This offset a decline in all of the other of the Company's core product segments.

Second Quarter 2014 Revenue by Product Segment

(in \$000's except %)	Three Months ended June 30,		% of change
	2014	2013	
Concentrated apple juice and apple aroma	773	1,052	(27%)
Concentrated kiwifruit juice and kiwi puree	5	10	(50%)
Concentrated pear juice	190	684	(72%)
Fruit juice beverages	10,991	8,594	28%
Fresh fruits and vegetables	-	4	(100%)
Other	20	6	233%
Total	11,979	10,350	16%

Revenue by Segment. Sales from apple related products were \$0.8 million for the three months ended June 30, 2013, a decrease from sales of \$1.1 million for the same period of 2013. During the second quarter of 2014, the Company sold approximately 480 tons of concentrated apple juice, a decrease from the approximately 615 tons of concentrated apple juice sold in the same period of 2013. The decrease of revenue generated from concentrated apple juice was mainly caused by the decrease of unit price and amounts sold.



Sales from concentrated kiwifruit juice and kiwifruit puree were \$0.005 million for the second quarter of 2014, a decrease from sales \$0.01 million for the same period of 2013 primarily due to a decrease in both the amount sold and unit price. During the three months ended June 30, 2014, the Company sold approximately 2.7 tons of kiwi-related products.

Sales of concentrated pear juice were \$0.2 million in the second quarter of 2014, a decrease from sales of \$0.7 million in the same period of 2013. During the second quarter of 2014, the Company sold 100 tons of concentrated pear juice as compared to 527 tons of concentrated pear juice sold in the same period of 2013. The decrease in revenue was mainly due to the reduced amount of concentrated pear juice sold.

Revenue from fruit juice beverages were \$11.0 million in the second quarter of 2014, an increase from sales of \$8.6 million for the same period of 2013. The increase in revenue is primarily due to bigger market share gained from our continuous efforts of expanding sales channel.

Revenue from our fresh fruits and vegetables were \$0.004 million in the second quarter of 2013 and nil for the same period of 2014.

Revenue from other products were \$0.02 million in the second quarter of 2014, an increase from sales of \$0.006 million for the same period of 2013. The amount of sales of other products is expected to be unstable and is generally not indicative of our future sales of other products.

Second Quarter 2014 Gross Profit by Product Segment

Gross profit was \$4.6 million in the second quarter of 2014, an increase of 37% from \$3.4 million for the same period in 2013. The Company's total gross profit margin was 38% in the second quarter of 2014 as compared to 32% for the same period of 2013, primarily due to an increase in the gross profit margin of the fruit beverages segment to 39% in the second quarter of 2014 as compared to 37% for the same period of 2013.

(In \$000's except %)

	Three months ended June 30,			
	2014		2013	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	153	20%	77	7%



Concentrated kiwifruit juice and kiwi puree	1	20%	5	50%
Concentrated pear juice	90	47%	121	18%
Fruit juice beverages	4,302	39%	3,147	37%
Fresh fruits and vegetables	-	-	3	75%
Other	8	40	1	17%
Total	4,554	38%	3,354	32%

Operating Expenses. Operating expenses for the second quarter of 2014 was \$2.4 million, or 20% of sales, as compared to \$2.4 million, or 23% of sales for the same period of 2013.

General and administrative expenses decreased 22% to \$1.0 million in the second 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. Selling expenses increased 14% in the second quarter of 2014 to \$1.4 million as compared to \$1.2 million for the same period of 2013, mainly due to an increase in headcount to handle the increased sales work.

Income from Operations. Income from operations was \$2.2 million for the second quarter of 2014, an increase of 131% as compared to \$0.9 million for the same period of 2013.

Net Income and Earnings Per Share.

Net income for the second quarter of 2014 was \$0.2 million as compared to \$0.8 million for the same period of 2013, mainly due to an increase in interest expense attributable to a capital lease. Earnings per share attributable to SkyPeople Fruit Juice for the second quarter of 2014 was nil as compared to \$0.03 for the same period of 2013.

Six Months 2014 Financial Results

Revenue for the six months ended June 30, 2014 was \$23.8 million, a decrease of 18% as compared to \$29.0 million for the same period of 2013. Gross profit was \$8.3 million, a decrease of 25% as compared to \$11.0 million for the same period of 2013. Gross margin for the six months ended June 30, 2014 was 35% compared to 38% in the same period of 2013. Operating expenses for the first six months of 2014 were \$4.4 million, or 19% of sales, as compared to \$4.6 million, or 16% of sales for the same period of 2013. General and administrative expenses were \$2.2 million a decrease of 15% as compared to \$2.6 million for the same period of 2013. Income from operations for the six months ended June 30, 2014 was \$3.8 million, a decrease of 41% as compared to \$6.4 million for the same period of 2013. Net



income attributable to SkyPeople Fruit Juice for the first six months ended June 30, 2014 was \$0.6 million as compared to \$4.5 million for the same period of 2013.

Second Quarter 2014 Financial Condition

As of June 30, 2014, the Company had \$99.8 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 \$20.1 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$60.8 million. As of June 30, 2014, the Company had total liabilities of \$90.8 million which included \$47.3 million in short-term bank loans and bank notes payable, an \$8.0 million long-term loan to a related party and \$21.0 million in capital lease obligations. As of June 30, 2014, shareholders' equity attributable to SkyPeople Fruit Juice was \$172.5 million as compared to \$173.5 million as of fiscal year end 2013.

Liquidity and Capital Resources

For the first half of 2014, the Company's operating activities generated a net cash inflow of \$22.4 million as compared to \$29.8 million for the same period of 2013. Net cash used in investing activities was \$2.5 million for the quarter ended June 30, 2014 as compared to \$38.5 million for the same period of 2013. For the first half 2014, cash flow used in financing activities totaled \$6.4 million as compared to cash flow provided by financing activities of \$10.1 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. The Company has made partial payment to acquire the land use right from the local government purchase equipment and build facilities.



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

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 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 has been delayed until the second half of 2014.

Conference Call

The Company will hold a conference call on Friday, August 15, 2014 at 9:00 am Eastern Time to discuss its financial results for the second quarter ended June 30, 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, August 15, 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 August 15, 2014 at 12:00 pm through August 22, 2014.



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

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>.

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

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$79,723,955	\$66,888,954
Restricted cash	20,072,162	7,216,782
Accounts receivables, net of allowance of \$209,122 and \$211,039 as of June 30, 2014 and December 31, 2013, respectively	17,795,059	34,179,426
Other receivables	921,484	575,040
Inventories	5,813,692	4,381,900
Deferred tax assets	1,480,690	535,713
Advances to suppliers and other current assets	647,001	1,298,201
TOTAL CURRENT ASSETS	126,454,043	115,076,016
PROPERTY, PLANT AND EQUIPMENT, NET	91,067,126	61,907,175
LAND USE RIGHT, NET	6,372,202	6,522,152
SECURITY DEPOSIT FOR CAPITAL LEASE	3,144,910	-
OTHER ASSETS	40,370,408	49,614,200
TOTAL ASSETS	\$267,408,689	\$233,119,543
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$5,337,527	\$3,572,968



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

Accrued expenses	8,428,031	4,008,715
Income tax payable	557,068	1,749,138
Advances from customers	239,695	355,968
Notes payable –bank	24,947,991	10,825,173
Short-term loan - related party	-	24,970
Short-term bank loans	22,314,406	22,626,679
Obligations under capital leases - current	3,831,441	-
TOTAL CURRENT LIABILITIES	65,656,159	43,163,611
NON-CURRENT LIABILITIES		
Long-term loan - related party	8,000,000	8,000,000
Obligations under capital leases	17,134,623	-
TOTAL NON-CURRENT LIABILITIES	25,134,623	8,000,000
TOTAL LIABILITIES	90,790,782	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 June 30, 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 June 30, 2014 and December 31, 2013, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	95,514,839	94,962,299
Accumulated other comprehensive income	17,742,916	19,354,599
Total SkyPeople Fruit Juice, Inc. stockholders' equity	172,474,276	173,533,419
Non-controlling interests	4,143,631	8,422,513
TOTAL STOCKHOLDERS' EQUITY	176,617,907	181,955,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$267,408,689	\$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)



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

	For the Three months Ended June 30, 2014		For the Six months Ended June 30, 2014	
	2013	2014	2013	2014
Revenue	\$11,978,652	\$10,349,909	\$23,761,819	\$28,961,365
Cost of goods sold	7,424,302	6,995,919	15,536,234	17,966,477
Gross profit	4,554,350	3,353,990	8,225,585	10,994,888
Operating Expenses				
General and administrative expenses	995,830	1,281,515	2,188,951	2,587,429
Selling expenses	1,384,991	1,212,921	2,249,489	1,954,087
Research and development expenses	-	(79,642)	-	18,980
Total operating expenses	2,380,821	2,414,794	4,438,440	4,560,496
Income from operations	2,173,529	939,196	3,787,145	6,434,392
Other income (expenses)				
Interest income	238,212	82,941	311,873	154,520
Subsidy income	37,374	435,839	470,971	786,813
Interest expenses	(1,749,783)	(351,033)	(2,562,204)	(628,056)
Consulting fee related to capital lease	(439,908)	-	(882,700)	-
Total other income (expenses)	(1,914,105)	167,747	(2,662,060)	313,277
Income before income tax	259,424	1,106,943	1,125,085	6,747,669
Income tax provision	102,608	322,754	331,210	1,806,619
Net income	156,816	784,189	793,875	4,941,050
Less: Net income attributable to non-controlling interests	107,948	104,147	241,335	442,860
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$48,868	\$680,042	552,540	4,498,190
Other comprehensive income (loss)				
Foreign currency translation adjustment	(11,592)	2,518,720	(1,717,080)	2,929,951
Comprehensive income (loss)	37,276	3,198,762	(1,164,540)	7,428,141



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

Other comprehensive income (loss) attributable to non-controlling interests	48,959	227,957	(105,397)	265,176
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$(11,683)	\$2,970,805	(1,059,143)	7,162,965

Earnings per share:

Basic earnings per share	\$-	\$0.03	\$0.02	\$0.17
Diluted earnings per share	\$-	\$0.03	\$0.02	\$0.17

Weighted average number of shares outstanding

Basic	26,661,499	26,661,499	26,661,499	26,661,499
Diluted	26,661,499	26,661,499	26,661,499	26,661,499

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 CASH FLOWS

For the six months
ended June 30,
2014

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$793,875
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	1,572,175
Deferred income tax assets	(944,977)
Changes in operating assets and liabilities	
Accounts receivable	16,111,019
Other receivable	(352,389)
Advances to suppliers and other current assets	640,892
Inventories	(438,715)
Accounts payable	1,801,177
Accrued expenses	4,461,534
Income tax payable	(1,178,899)
Advances from customers	(113,301)



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

Net cash provided by operating activities 22,352,391

CASH FLOWS FROM INVESTING ACTIVITIES

Refund of purchase deposit 7,506,207
Additions to property, plant and equipment (9,966,212)
Prepayment for other assets (18,652)
Net cash used in investing activities (2,478,657)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid to non-controlling shareholder (4,414,820)
Increase in restricted cash (12,950,830)
Short-term notes payable 14,254,064
Proceeds from related party loan -
Proceeds from short-term bank loans 19,489,005
Repayment of short-term bank loans (19,595,950)
Payment for security deposit of capital lease (3,152,185)
Repayment of related party loans (24,970)
Net cash provided by (used in) financing activities (6,395,697)

Effect of change in exchange rate (643,036)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 12,835,001

Cash and cash equivalents, beginning of period 66,888,954
Cash and cash equivalents, end of period \$79,723,955

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest \$2,159,600
Cash paid for income taxes \$2,455,086

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION

Transferred from other assets to property, plant and equipment and construction in process \$1,325,819
Properties acquired from capital lease 21,014,564

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



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

For more information, please contact:

COMPANY

Xin Ma, Chief Financial Officer
SkyPeople Fruit Juice, Inc.
Tel: China + 86 - 29-8837-7161
Email: oliver.x.ma@skypeoplefruitjuice.com

INVESTOR RELATIONS

David Rudnick, Account Manager
Precept Investor Relations
Tel: US +1 917-864-8849
Email: david.rudnick@preceptir.com