



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

SkyPeople Fruit Juice Reports Full Year 2013 Financial Results

XI'AN, China, March 31, 2014 /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, 2013.

Full Year 2013 Summary:

Total revenue was \$79.0 million, a decrease of 23% year-over-year

Gross profit was \$27.6 million, a decrease of 17% year-over-year

Gross profit margin was 35% as compared to 32% year-over-year

Net income attributable to SkyPeople Fruit Juice, Inc. decreased 33% year-over-year to \$12.2 million

Revenue from the fruit juice beverage segment was \$39.5 million, an increase of 46% year-over-year

Cash, cash equivalents and restricted cash were \$74.1 million as of December 31, 2013

"We recorded less than expected financial results for fiscal year 2013 as several of our operating segments were hampered by a limited supply of fresh fruit for most of the year," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople. "Although our first quarter's performance showed promise, a difficult squeezing season for several of our raw material fruit products, particularly apples, reduced the production of our core products for the remainder of the year.

"On the bright side, our fruit juice beverages segment had a record year as our investment in bottling infrastructure and an expanded sales and marketing team is generating solid returns. Our fruit juice beverages products are sold via over 100 distributors in more than 20,000 retail stores in approximately 30 provinces in China.

"We are also making substantial progress with our new project growth initiatives intended to develop a more secure supply chain so that we might have greater control of our raw materials. We believe that our projects to produce kiwis in Mei County and oranges in Yidu, Hubei Province will give us a competitive advantage and generate substantial returns for our shareholders. A deeper product platform will enable us to further diversify our product mix, reduce the volatility of supply and generate stable cash flow.

"We continue to see China as a tremendous growth market as higher incomes, urbanization and changing demographics will lead to healthier lifestyles and improved nutrition. Our outlook for 2014 is positive as we are optimistic that our diversified product line will see a turnaround from the difficult squeezing seasons experienced in 2013, our branded fruit juice beverages business will gain further traction and our new projects will continue to make important progress," CEO Hongke Xue concluded.



Full Year 2013 Financial Results

Revenue for the twelve months ended December 31, 2013 was \$79.0 million, a decrease of 23%, as compared to \$102.4 million for 2012. This decrease was primarily due to a decrease in the sales of concentrated apple juice, concentrated pear juice, fresh fruits and vegetables and other products, which was partially offset by an increase in sales of fruit juice beverages and concentrated kiwi juice and kiwi puree. During 2013, due to unexpected weather conditions, the amount of apple output in northeast China was lower than usual, which in turn resulted in higher raw material costs for apples. Therefore, the Company's Yingkou factory did not produce concentrated apple juice during the year which is a major reason for the decrease in revenue. The fruit juice beverages segment comprised 50% of total revenue for fiscal 2013 as compared to 27% for fiscal 2012 and was a large factor in mitigating the effects of reduced revenue contributions from most of the Company's other product segments for the year.

Fiscal Year Revenue by Segment (in thousands)

(In \$000's, except %'s)	Years ended December 31,		
	2013	2012	% of change
Concentrated apple juice and apple aroma	7,531	22,887	(67)%
Concentrated kiwifruit juice and kiwi puree	9,808	9,152	7%
Concentrated pear juice	20,396	28,925	(29)%
Fruit juice beverages	39,548	27,137	46%
Fresh fruits and vegetables	814	8,417	(90)%
Other	889	5,838	(85)%
Total	78,986	102,356	(23)%

Gross profit was \$27.6 million in fiscal 2013, a decrease of 17% from \$33.1 million in fiscal 2012. The gross profit margin was 35% in 2013 as compared to 32% for 2012. The year-over-year increase in gross margin was primarily attributable due to the fruit beverage segment, which comprised 53% of the Company's total gross profit for fiscal year 2013, as compared to 28% in fiscal 2012, and a higher relative contribution from the concentrated kiwifruit juice and kiwifruit puree segment which had a 44% gross margin in fiscal 2013.

(In \$000's, except %'s)	2013		2012	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	1,535	20%	4,640	20%
Concentrated kiwifruit juice and kiwi puree	4,313	44%	4,535	50%
Concentrated pear juice	6,500	32%	8,507	29%
Fruit juice beverages	14,646	37%	9,288	34%



Fresh fruits and vegetables	395	49%	4,663	55%
Other	164	18%	1,440	25%
Total	27,553	35%	33,073	32%

Operating expenses for fiscal 2013 increased by 19% to \$9.4 million, or 12% of sales, compared to \$7.9 million, or 8% of sales for fiscal 2012. General and administrative expenses increased 20% to \$5.3 million in fiscal 2013 from \$4.4 million for fiscal 2012, and includes legal fees related to litigation, payroll and directors' and officers' insurance premiums. The increase in general and administration expenses were mainly due to depreciation for property, plant and equipment attributable to the Company's Yingkou factory that had not been used during 2013 of approximately \$0.8 million. Selling expenses increased 41% to \$4.1 million in fiscal 2013 from \$2.9 million in fiscal 2012, which was mainly due to an increase in the payroll and related expenses as a result of an increase in the Company's headcount to handle the increased sales of fruit juice beverages.

During the fiscal years 2013 and 2012, the Company incurred approximately \$0.02 million and \$0.6 million in research and development expenses, respectively. In 2013, the Company suspended four research and development agreements with research institutions and currently intends to concentrate on building up an internal research and development team.

Income from operations for fiscal 2013 was \$18.2 million, a decrease of 28% from \$25.2 million for fiscal 2012. Net income attributable to SkyPeople Fruit Juice shareholders for the fiscal year 2013 was \$12.2 million, a decrease of 33% from \$18.2 million in fiscal 2012, while diluted earnings per share was \$0.46 for fiscal year 2013 as compared to \$0.68 for fiscal year 2012.

Financial Condition

As of December 31, 2013, the Company had \$74.1 million in cash, cash equivalents and restricted cash, reduced from \$77.6 million as of fiscal year end 2012. The Company's restricted cash of \$7.2 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$71.9 million. As of December 31, 2013, the Company had total liabilities of \$51.2 million, which included \$8.0 million in long-term loans from a related party and \$22.6 million in short-term bank loans. Stockholders' equity attributable to SkyPeople Fruit Juice was \$173.5 million as of fiscal year end 2013 as compared to \$156.5 million as of fiscal year end 2012.

During 2013, the Company's operating activities generated a net cash inflow of \$24.9 million, an increase of 26% as compared to \$19.7 million in 2012. Net cash used in investing activities were \$60.0 million for fiscal 2013 versus \$8.8 million in fiscal 2012. Cash flow generated from financing activities totaled \$22.0 million in fiscal 2013 versus \$5.3 million in fiscal 2012. Historically, the Company has financed its capital expenditures and other operating expenses through operating cash flows and bank loans.

Project Updates



On July 15, 2011, SkyPeople entered into a Letter of Intent with the People's Government of Suizhong County, Liaoning Province, to establish a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province. 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, fruit and vegetable finished products processing center among other facilities. The implementation of the project is subject to government approval of the project.

During 2013, the Company finished the feasibility study of the project and submitted a detailed project proposal to the local government. Both parties decided to continue with the project. The Company paid RMB 78 million (approximately \$13 million) as partial payment to acquire the land use right from the local government, purchase equipment and build facilities.

On October 29, 2012, SkyPeople (China) entered into an investment/service agreement with the Yidu Municipal People's Government in Hubei Province of China. The total amount of RMB 300 million (approximately \$48 million) will be mainly used to establish an orange processing and distribution center on the project land of 280 mu (approximately 46 acres). The consideration for transferring the land use right for the project land will be RMB 0.3 million (approximately \$0.05 million) per mu.

During 2013, the Company made partial payment of RMB 77 million (approximately \$12.4 million) as consideration to acquire the land use right. Yidu Municipal People's Government is in the process of demolition buildings on project land. The Company is actively working with various bodies of the Yidu Municipal People's Government to make preparations for the start of the project.

On April 3, 2013, SkyPeople (China) announced an agreement to manufacture and market kiwi products, entering into an 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 to be in charge of the construction and administration of the Mei County National Kiwi Fruit Wholesale Trading Center. The total planned area for the project is 286 mu (approximately 47 acres). Pursuant to the investment agreement, the Company will be responsible for construction and financing with a total investment of RMB 445.6 million (approximately \$71.9 million) in buildings and equipment. In addition, the Company agreed to pay a fee of RMB 0.3 million (approximately \$0.05 million) per mu for the land use rights.

During 2013, the Company made partial payment of RMB 200 million (approximately \$32 million) as consideration to acquire the land use right, purchase equipment and build facilities. The Company is actively working with the Committee to prepare for the start of the project.



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Conference Call

The Company will hold a conference call on Wednesday, April 2, 2014 at 9:00 a.m. Eastern Time to discuss its financial results for the fourth quarter and fiscal year ended December 31, 2013.

The Company's Chairman, Mr. Yongke Xue, and 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:	Wednesday, April 2, 2014
Time:	9:00 a.m. Eastern Time, US
Conference Line Dial-In:	+1-877-407-8033
International Dial-In:	+1-201-689-8033

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 13579369 and it will be available on April 2, 2014 at 12:00 pm through April 9, 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>.

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

	December 31,	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 66,888,954	\$ 77,560,278
Restricted cash	7,216,782	-
Accounts receivables, net of allowance of \$211,039 and \$46,643 as of December 31, 2013 and December 31, 2012, respectively	34,179,426	49,435,961
Other receivables	575,040	201,417
Inventories	4,381,900	7,278,191
Deferred tax assets	535,713	90,576
Advances to suppliers and other current assets	1,298,201	71,536
TOTAL CURRENT ASSETS	115,076,016	134,637,959



PROPERTY, PLANT AND EQUIPMENT, NET	61,907,175	52,294,255
LAND USE RIGHT, NET	6,522,152	6,508,149
OTHER ASSETS	49,614,200	1,778,648
TOTAL ASSETS	\$ 233,119,543	\$ 195,219,011

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 3,572,968	\$ 14,399,282
Accrued expenses and other payables	4,008,715	2,050,675
Income tax payable	1,749,138	3,127,245
Advances from customers	355,968	530,437
Notes payable -bank	10,825,173	-
Short-term loan - related party	24,970	-
Short-term bank loans	22,626,679	11,661,761
TOTAL CURRENT LIABILITIES	43,163,611	31,769,400

NON-CURRENT LIABILITIES

Long-term loan - related party	8,000,000	-
TOTAL NON-CURRENT LIABILITIES	8,000,000	-
TOTAL LIABILITIES	51,163,611	31,769,400

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 December 31, 2013 and December 31, 2012, respectively	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 shares issued and outstanding as of December 31, 2013 and 2012, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	94,962,299	82,793,585
Accumulated other comprehensive income	19,354,599	14,500,860



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Total SkyPeople Fruit Juice, Inc. stockholders' equity	173,533,419	156,510,966
Non-controlling interests	8,422,513	6,938,645
TOTAL STOCKHOLDERS' EQUITY	181,955,932	163,449,611
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 233,119,543	\$ 195,219,011

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

SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years Ended December 31,	
	2013	2012
Revenue	\$78,986,296	\$102,356,001
Cost of goods sold	51,433,323	69,283,010
Gross profit	27,552,973	33,072,991
Operating Expenses		
General and administrative expenses	5,296,910	4,409,055
Selling expenses	4,058,784	2,899,141
Research and development expenses	20,183	570,278
Total operating expenses	9,375,877	7,878,474
Income from operations	18,177,096	25,194,517
Other income (expenses)		
Interest income	319,623	314,628
Subsidy income	1,295,949	1,908,802
Interest expenses	(1,983,831)	(888,574)
Settlement relating to prior acquisition	-	(475,248)
Total other income (expenses)	(368,259)	859,608
Income before income tax	17,808,837	26,054,125
Income tax provision	4,639,259	6,871,238
Net income	13,169,578	19,182,887



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Less: Net income attributable to non-controlling interests	1,000,864	1,012,755
Net income attributable to SkyPeople Fruit Juice, Inc.	12,168,714	18,170,132
Other comprehensive income		
Foreign currency translation adjustment	5,336,743	437,329
Comprehensive income	17,505,457	18,607,461
Other comprehensive income attributable to non-controlling interests	483,004	23,089
COMPREHENSIVE INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$17,022,453	\$18,584,372
Earnings per share:		
Basic earnings per share	\$0.46	\$0.68
Diluted earnings per share	\$0.46	\$0.68
Weighted average number of shares outstanding		
Basic	26,661,499	26,107,264
Diluted	26,661,499	26,661,499

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SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended
December 31,
2013 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$13,169,578	\$19,182,887
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,169,597	4,596,276
Deferred income tax assets	(445,137)	83,709
Bad debt provision	160,418	-
Inventory markdown	243,198	-
Changes in operating assets and liabilities		
Accounts receivable	16,203,666	(13,290,808)
Other receivable	(361,983)	(8,900)
Advances to suppliers and other	(1,205,789)	(4,861)



current assets		
Inventories	2,829,649	(1,131,943)
Accounts payable	(11,096,289)	11,370,240
Accrued expenses	1,880,263	(2,648,963)
Income tax payable	(1,451,888)	1,206,559
Advances from customers	(187,907)	349,640
Net cash provided by operating activities	24,907,376	19,703,836

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(12,616,030)	(7,034,822)
Additions to land use right	(36,733,518)	(1,205,038)
Prepayment for other assets	(10,659,136)	(511,172)
Net cash used in investing activities	(60,008,684)	(8,751,032)

CASH FLOWS FROM FINANCING ACTIVITIES

Increased in restricted cash	(7,104,451)	315,814
Short-term notes payable	10,656,677	(284,131)
Proceeds from related party loan	8,024,970	-
Proceeds from short-term bank loans	17,178,140	6,336,634
Repayment of short-term bank loans	(6,739,021)	(1,138,658)
Net cash provided by (used in) financing activities	22,016,315	5,229,659

Effect of change in exchange rate	2,413,669	223,808
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,671,324)	16,406,271
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Cash and cash equivalents, beginning of year	77,560,278	61,154,007
Cash and cash equivalents, end of year	\$66,888,954	\$77,560,278

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$1,239,500	\$888,574
Cash paid for income taxes	\$6,536,283	\$5,556,241

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION



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Transferred from other assets to property, plant and equipment and construction in process	\$355,836	\$5,221,925
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The accompanying notes in the Company's 10-K are an integral part of these consolidated financial statements.

For more information, please contact:

COMPANY

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SOURCE SkyPeople Fruit Juice, Inc.