



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

SkyPeople Fruit Juice Reports Fiscal Year 2014 Financial Results

XI'AN, China, March 31, 2015 /PRNewswire-FirstCall/ -- 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, 2014.

Fiscal Year 2014 Summary:

Total revenue was \$99.1 million, an increase of 25% year-over-year

Gross profit was \$29.3 million, an increase of 6% year-over-year

Gross profit margin was 30% in 2014 as compared to 35% in 2013

Net income attributable to SkyPeople Fruit Juice, Inc. stockholders was \$7.9 million, a decrease of 35% year-over-year

Cash, cash equivalents and restricted cash were \$31.7 million as of December 31, 2014

"We reported strong top line results for fiscal year 2014 as we experienced a better balance of contributions from our major operating segments. In particular, our apple-related products segment rebounded strongly in fiscal 2014 as revenue more than doubled from the previous fiscal year," said Mr. Yongke Xue, Chief Executive Officer of SkyPeople. "However, generally higher raw material costs and increased financing costs associated with our major projects under development impeded our profitability for the year.

"We are pleased to report that our fruit juice beverages segment had a record year as our investment in bottling infrastructure and an expanded sales and marketing team is generating stellar returns. Our fruit juice beverages compete directly with a variety of beverages in China but they are increasingly the beverage of choice among young people who value healthy lifestyles and improved nutrition. Our fruit juice beverages products are sold via over 100 distributors in more than 20,000 retail stores in China.

"The project in Mei County to manufacture kiwi products and the orange development project in Yidu is consistent with our diversified product strategy. This strategy enables us to shift our manufacturing to product segments that have better growing seasons and redirect marketing to products that evidence rising customer demand. It will also help to shield us from occasional disruptions in our supply chain, ensure stronger competitive positioning and generate stable cash flow.



"Our outlook for 2015 is positive since we believe that the underlying fundamentals of demand for our products continue to be sound. We believe that continued urbanization, changing demographics, higher personal incomes and a further transition towards healthy lifestyles will lead to growth in our business," CEO Yongke Xue concluded.

Full Year 2014 Financial Results

Revenue for the twelve months ended December 31, 2014 was \$99.1 million, an increase of 25%, as compared to \$79.0 million for fiscal 2013. This increase was primarily due to an increase in the sales of the fruit juice beverages, concentrated apple juice and apple aroma, fresh fruits and vegetables and other product segments, which was partially offset by a decrease in sales of the concentrated kiwifruit juice and kiwi puree segment.

Revenue from the concentrated apple juice and apple aroma segment more than doubled in fiscal 2014 with the improved availability of raw materials. During fiscal 2013, the amount of apple output in northeast China was lower than usual due to unexpected weather conditions, and the Company did not operate its manufacturing facilities in Yingkou in 2013.

The fruit juice beverages segment comprised 48% of total revenue for fiscal 2014 as compared to 50% of total revenue for fiscal 2013. The segment has grown substantially over the last two years and now represents a significant proportion of the Company's revenue.

Fiscal Year Revenue by Segment (in thousands)

(In \$000's, except %'s)	Year ended December 31,		
	2014	2013	% of change
Concentrated apple juice and apple aroma	15,209	7,531	102%
Concentrated kiwifruit juice and kiwi puree	7,459	9,808	(24)%
Concentrated pear juice	20,627	20,396	1%
Fruit juice beverages	47,802	39,548	21%
Fresh fruits and vegetables	3,862	814	374%
Other	4,101	889	361%
Total	99,060	78,986	25%

Revenue by Segment. Sales from apple related products were \$15.2 million for the twelve months ended December 31, 2014, a 102% increase from sales of \$7.5 million for the twelve months of fiscal 2013. During fiscal 2014, the Company sold 12,222 tons of concentrated apple juice and apple aroma, a 187% increase from the 4,254 tons of apple-related products



sold in fiscal 2013. However, the increase in sales volume in fiscal 2014 was partially offset by the decrease in selling price for apple-related products in fiscal 2014.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$7.5 million for fiscal 2014, a 24% decrease from sales of \$9.8 million in fiscal 2013. During fiscal 2014, the Company sold 5,535 tons of kiwi-related products, a 23% decrease from the 7,226 tons of kiwi-related products sold in fiscal 2013. The selling price of kiwi-related products remained stable during fiscal 2013 and fiscal 2014.

Sales of concentrated pear juice were \$20.6 million in fiscal 2014, a 1% increase from sales of \$20.4 million in fiscal 2013. During fiscal 2014, the Company sold 16,459 tons of concentrated pear juice, a 22% increase from the 13,533 tons of concentrated pear juice sold in fiscal 2013. However, the increase in sales volume was offset by a decrease in selling price. Sales from our fruit juice beverages segment were \$47.8 million in fiscal 2014, a 21% increase from sales of \$39.5 million for fiscal 2013. The increase in revenue was primarily due to gains in market share attributable to our continuous efforts of expanding this sales channel.

Sales from our fresh fruits and vegetables segment were \$3.9 million in fiscal 2014, a 374% increase from sales of \$0.8 million for fiscal 2013. The increase was primarily due to an increase in the sales volume of the fresh fruits and vegetables segment which were partially offset by a decrease in the selling prices of fresh fruit and vegetables in fiscal 2014 as compared to fiscal 2013.

Sales from our other products segment were \$4.1 million for fiscal 2014, an increase from sales of \$0.9 million for fiscal 2013. The amount of sales of the other products segment is expected to be unstable.

Gross Profit. Gross profit was \$29.3 million in fiscal 2014, an increase of 6% from \$27.6 million in fiscal 2013. The increase was primarily due to the increase in gross profit generated from the fruit juice beverages, apple-related products, fresh fruits and vegetables and other product segments, partially offset by the lesser amount of gross profit generated by the kiwi-related and concentrated pear juice product segments.

The gross profit margin was 30% in fiscal 2014 as compared to 35% for fiscal 2013.

(In \$000's, except %'s)

	2014		2013
	Gross	Gross	Gross



	profit	margin	profit	margin
Concentrated apple juice and apple aroma	2,256	15%	1,535	20%
Concentrated kiwifruit juice and kiwi puree	2,311	31%	4,313	44%
Concentrated pear juice	5,148	25%	6,500	32%
Fruit juice beverages	17,241	36%	14,646	37%
Fresh fruits and vegetables	1,121	29%	395	49%
Other	1,200	29%	164	18%
Total	29,277	30%	27,553	35%

Operating expenses for fiscal 2014 increased by 26% to \$11.8 million, or 12% of sales, compared to \$9.4 million, or 12% of sales for fiscal 2013. General and administrative expenses increased 16% to \$6.1 million in fiscal 2014 from \$5.3 million for fiscal 2013, and include legal fees related to litigation, payroll and directors' and officers' insurance premiums. The increase in general and administration expenses were mainly due to the consulting fees related to the Company's capital lease and the increase in business travelling costs. Selling expenses increased 40% to \$5.7 million in fiscal 2014 from \$4.1 million in fiscal 2013, 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 fiscal year 2014, the Company incurred no research and development expenses and during fiscal year 2013, the Company incurred approximately \$0.02 million in research and development expenses. 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 2014 was \$17.4 million, a decrease of 4% from \$18.2 million for fiscal 2013. Net income attributable to SkyPeople Fruit Juice shareholders for the fiscal year 2014 was \$7.9 million, a decrease of 35% from \$12.2 million in fiscal 2013, while diluted earnings per share was \$0.30 for fiscal 2014 as compared to \$0.46 for fiscal 2013.

Financial Condition

As of December 31, 2014, the Company had \$31.7 million in cash, cash equivalents and restricted cash, reduced from \$74.1 million as of fiscal year end 2013. The Company's restricted cash of \$6.5 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$34.8 million as of fiscal year



end 2014 as compared to working capital of \$71.9 million as of fiscal year end 2013. As of December 31, 2014, the Company had total liabilities of \$93.3 million which included \$28.2 million in short-term bank loans, \$8.0 million in long-term loans from a related party and \$18.6 million in capital lease obligations. Stockholders' equity attributable to SkyPeople Fruit Juice was \$181.4 million as of fiscal year end 2014 as compared to \$173.5 million as of fiscal year end 2013.

During fiscal 2014, the Company's operating activities generated a net cash inflow of \$4.2 million, as compared to a net cash inflow of \$24.9 million in fiscal 2013. Net cash used in investing activities were \$40.6 million for fiscal 2014 as compared to net cash used in investing activities of \$60.0 million in fiscal 2013. Cash flow used in financing activities totaled \$5.2 million in fiscal 2014 as compared to \$22.0 million of net cash provided by financing activities in fiscal 2013. We believe that projected cash flows from operations, anticipated cash receipts, cash on hand, and trade credit will provide the necessary capital to meet the Company's projected operating cash requirements for at least the next twelve months, which does not take into account any potential expenditures related to the potential expansion of our current production capacity.

Project Updates

The Company is developing a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province, China, pursuant to its Letter of Intent with the People's Government of Suizhong County. The Suizhong project may include the construction and operation of fruit juice production lines, a vegetable and fruit flash freeze facility, a refrigeration storage facility and warehouse, a world-class food safety testing center and a fruit and vegetable finished products processing center, among other facilities. The estimated capital expenditure for the project is expected to be \$4.6 million. During the first quarter of 2014, 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. The Company is in the process of building facilities and purchasing equipment. As of December 31, 2014, the Company has finished building an office building, living quarters, a refrigeration storage facility and a warehouse.

The Company is developing an orange processing and distribution center pursuant to its investment/service agreement with the Yidu Municipal People's Government in Hubei



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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, which is mostly finished. The Company is actively working with various bodies of the local government to make preparations for the start of the project.

The Company is developing a kiwi processing and trading center pursuant to its investment agreement with the Managing Committee of Mei County National Kiwi Fruit Wholesale Trading Center, which has been authorized by the People's Government of Mei County, China. Pursuant to the agreement, the Company will be responsible for construction and financing with an investment amount of approximately \$72 million. As of the date of this report, the Company is in the process of building facilities and purchasing equipment. The construction of kiwi fruit and fruit-related materials trading zone has been completed. Basic infrastructure surrounding the projects have been mostly finished. The office building, refrigeration storage facility and warehouse are mostly finished. Trial production has been delayed until the first half of 2015.

Conference Call

The Company will hold a conference call on Wednesday, April 1, 2015 at 9:00 a.m. Eastern Time to discuss its financial results for the fiscal year ended December 31, 2014.

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

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

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

To access the replay, please dial 1-877-660-6853 within the United States or 1-201-612-7415 when dialing internationally. The passcode for the replay is 13604601 and it will be available on April 1, 2015 at 12:00 pm through April 7, 2015.



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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 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,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,130,302	\$ 66,888,954
Accounts receivable, net of allowance of \$837,200 and \$211,039 as of December 31, 2014 and 2013, respectively	34,179,426	34,179,409
Restricted cash	6,537,016	7,216,782
Other receivables	371,995	575,040
Inventories	4,118,630	4,381,900
Deferred tax assets	1,410,690	535,713
Advances to suppliers and other current assets	472,578	1,298,201
TOTAL CURRENT ASSETS	104,611,525	115,076,016



ASSETS

PROPERTY, PLANT AND EQUIPMENT, NET	96,279,068	61,907,175
LAND USE RIGHT, NET	6,502,420	6,522,152
LONG TERM ASSETS	3,162,281	—
DEPOSITS	68,878,798	49,614,200
TOTAL ASSETS	\$ 279,434,092	\$ 233,119,543

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 18,381,263	\$ 3,572,968
Accrued expenses	10,085,152	4,008,715
Income tax payable	1,457,258	1,749,138
Advances from customers	469,007	355,968
Notes payable -bank	8,171,270	10,825,173
Short-term loan - related party	—	24,970
Short-term bank loans	28,243,373	22,626,679
Obligations under capital leases	2,954,401	—



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TOTAL		
CURRENT	69,761,72	43,163,61
LIABILITIES	4	1

NON-CURRE
NT
LIABILITIES

Long-term loan		
- related party	7,959,143	8,000,000

Obligations		
under capital	15,625,43	—
leases	5	

TOTAL		
NON-CURRE	23,584,57	8,000,000
NT	8	
LIABILITIES		

TOTAL	93,346,30	51,163,61
LIABILITIES	2	1

STOCKHOLD
ER' EQUITY

SkyPeople Fruit
Juice, Inc,
Stockholders'
equity

Series B
Preferred
stock, \$0.001 p
ar value;
10,000,000
shares
authorized;
None issued
and outstanding
as of December

	—	—
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31, 2014and
2013,
respectively

Common
stock, \$0.001 p
ar value;

66,666,666

shares

authorized;

26,661,499 26,661 26,661

shares issued

and outstanding

as of December

31, 2014and

2013,

respectively

		<="" td="" style="border: 1px solid black; padding: 5px;"> <="" td="" style="border: 1px solid black; padding: 5px;">	
Additional paid-in capital	59,189,860	59,189,860	

Retained earnings 102,833,747 94,962,299

Accumulated 19,351,709 19,354,599



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other	3	9
comprehensive income		
Total SkyPeopl e Fruit Juice, Inc.stockholder s' equity	181,401,9 71	173,533,4 19
Non-controlling interests	4,685,819	8,422,513
TOTAL STOCKHOLD ERS' EQUITY	186,087,7 90	181,955,9 32
TOTAL LIABILITIES AND STOCKHOLD ERS' EQUITY	279,434,0 \$ 92 \$	233,119,5 43

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 Year Ended December 31,	
	2014	2013
Revenue	\$99,060,202	\$78,986,296
Cost of goods sold	69,783,694	51,433,323
Gross profit	29,276,508	27,552,973
Operating Expenses		
General and administrative expenses	6,134,623	5,296,910



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Selling expenses	5,699,475	4,058,784
Research and development expenses	-	20,183
Total operating expenses	11,834,098	9,375,877
Income from operations	17,442,410	18,177,096
Other (expenses) income		
Interest income	666,471	319,623
Subsidy income	661,655	1,295,949
Interest expenses	(4,547,914)	(1,983,831)
Consulting fee related to capital lease	(1,260,255)	-
Total other expenses	(4,480,043)	(368,259)
Income before income tax	12,962,367	17,808,837
Income tax provision	4,331,551	4,639,259
Net income	8,630,816	13,169,578
Less: Net income attributable to non-controlling interests	759,368	1,000,864
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$7,871,448	\$12,168,714
Other comprehensive income		
Foreign currency translation adjustment	\$(84,138)	\$5,336,743
Comprehensive income	8,546,678	18,506,321
Comprehensive (income) expense attributable to non-controlling interests	(678,126)	(1,483,868)
COMPREHENSIVE INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$7,868,552	\$17,022,453
Earnings per share:		
Basic and diluted earnings per share	\$0.30	\$0.46
Weighted average number of shares outstanding		
Basic and diluted	26,661,499	26,661,499



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 CASH FLOWS

	For the Year ended	
	December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,630,816	\$13,169,578
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,597,009	5,169,597
Deferred income tax assets	(874,977)	(445,137)
Bad debt provision	676,784	160,418
Inventory markdown	32,604	243,198
Changes in operating assets and liabilities		
Accounts receivable	(33,012,853)	16,203,666
Other receivable	201,066	(361,983)
Advances to suppliers and other current assets	2,077,215	(1,205,789)
Inventories	213,880	2,829,649
Accounts payable	14,820,249	(11,096,289)
Accrued expenses	5,985,207	1,880,263
Income tax payable	(284,456)	(1,451,888)
Advances from customers	113,881	(187,907)
Net cash provided by operating activities	4,176,425	24,907,376

CASH FLOWS FROM



INVESTING ACTIVITIES

Additions to property, plant and equipment	(15,383,337)	(12,616,030)
Payments for deposit on land use right	(2,116)	(36,733,518)
Prepayments for deposit on equipment	(25,222,345)	(10,659,136)
Net cash used in investing activities	(40,607,798)	(60,008,684)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid to non-controlling interest	(4,411,801)	-
Decrease (Increase) in restricted cash	651,169	(7,104,451)
(Repayment) Proceeds from short-term notes	(2,604,675)	10,656,677
Proceeds from related party loan	-	8,024,970
Proceeds from short-term bank loans	17,319,362	17,178,140
Repayment of short-term bank loans	(11,643,025)	(6,739,021)
Payment for capital lease	(4,410,041)	-
Repayment of related party loans	(65,668)	-
Net cash (used in) provided by financing activities	(5,164,679)	22,016,315

Effect of change in exchange rate	(162,600)	2,413,669
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NET DECREASE IN CASH AND CASH EQUIVALENTS

	66,888,954	77,560,278
Cash and cash equivalents, end of year	\$ 25,130,302	\$ 66,888,954

SUPPLEMENTAL DISCLOSURES



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OF CASH FLOW INFORMATION

Cash paid for interest	\$	4,547,914	\$	1,239,500
Cash paid for income taxes	\$	4,621,981	\$	6,536,283

SUPPLEMENTARY

DISCLOSURE OF SIGNIFICANT

NON-CASH TRANSACTION

Transferred from other assets to property, plant and equipment and construction in process	\$	5,933,755	\$	355,836
Equipment acquired by capital lease	\$	21,000,195	\$	-

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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To view the original version on PR Newswire,
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