



23F, China Development Bank Tower
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Xi'an, Shaanxi, China 710075

SkyPeople Q3 Revenue Up 79% to \$34.8 Million, Net Income Increases 45% to \$4.7 Million

XI'AN, China, Nov. 14, 2014 /PRNewswire/ -- SkyPeople Fruit Juice, Inc. (NasdaqGM: SPU), ("SkyPeople" or "the Company"), a producer of fruit juice concentrates, fruit juice beverages and other fruit-related products, today announced financial results for the third quarter ended September 30, 2014.

Third Quarter 2014 Summary:

Revenue was \$34.8 million, an increase of 79% year-over-year

Gross profit was \$10.2 million, an increase of 41% year-over-year

Income from operations was \$7.2 million, an increase of 57% year-over-year

Net income was \$4.7 million, an increase of 45% year-over-year

Cash and cash equivalents were \$52.7 million as of September 30, 2014

"We are very pleased to report these strong financial results, highlighted by a balanced contribution to revenue among our core products due to the general availability of fresh fruit raw materials during the quarter," said Mr. Hongke Xue, chief executive officer of SkyPeople. "These quarterly results confirm our strategy for procuring sufficient quantities of fresh fruit by locating our production facilities near fruit growing centers in large fruit producing provinces.

"In terms of our major project initiatives, our project to develop a manufacturing base for kiwi products in Mei County has shown progress with the construction of a kiwi fruit and fruit-related materials trading zone now mostly completed. Our orange development project in Hubei Province is also making progress with the goal of these two projects to meaningfully expand our processing capabilities.

"SkyPeople now sells its fruit juice beverages to more than 20,000 retail stores in some 20 provinces in China," said Mr. Xue, and he expects these figures to continue to improve in the quarters ahead.

"China's rising incomes, we believe, are speeding the transition in consumer tastes towards healthy living, including the increased consumption of high-quality fruit juice beverages. We are therefore well positioned to capitalize on this trend and to continue to capture additional market share," said Mr. Xue.



Third Quarter 2014 Financial Results

Revenue. Revenue for the three months ended September 30, 2014 was \$34.8 million, an increase of 79% compared to \$19.5 million for the same period of 2013. This increase was due to an increase in sales in almost all of our product lines, offset by the decrease of revenue from the other products segment.

Third Quarter 2014 Revenue by Product Segment

(in \$000's except %'s)	Three Months ended Sept. 30,		
	2014	2013	% change
Concentrated apple juice and apple aroma	5,617	55	10,113%
Concentrated kiwifruit juice and kiwi puree	357	269	33%
Concentrated pear juice	10,506	6,156	71%
Fruit juice beverages	14,475	12,844	13%
Fresh fruits and vegetables	3,862	1	386,100%
Other	10	147	(93%)
Total	34,827	19,472	79%

Third Quarter 2014 Gross Profit by Product Segment

The company's gross profit was \$10.2 million in Q3 2014, an increase of 41% from \$7.2 million for the same period in 2013. The increase was primarily due to the increase in gross profit generated from apple-related products, concentrated pear juice, fruit juice beverages, fresh fruits and vegetables and other products segments, which was partially offset by a lesser amount of gross profit generated from kiwi-related products..

(In \$000's except %)	Three months ended September 30,			
	2014		2013	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	103	2%	(20)	(36%)
Concentrated kiwifruit juice and kiwi puree	(23)	(6%)	187	70%
Concentrated pear juice	2,605	25%	2,213	36%
Fruit juice beverages	6,346	44%	4,846	38%
Fresh fruits and vegetables	1,121	29%	-	-
Other	(1)	(10%)	(9)	(6%)
Total	10,151	29%	7,217	37%



Operating Expenses. Operating expenses for the third quarter of 2014 were \$3.0 million, or 9% of sales, as compared to \$2.6 million, or 13% of sales for Q3 2013. General and administrative expenses decreased 19% to \$1.3 million for Q3 2014 as compared to \$1.6 million for the same period of 2013, but selling expenses increased 63% in Q3 2014 to \$1.6 million as compared to \$1.0 million for the same period of 2013, mainly due to an increase in payroll and related expenses necessary to handle the company's increased sales.

Income from Operations. Income from operations was \$7.2 million for the third quarter of 2014, an increase of 57% as compared to \$4.6 million for the same period of 2013.

Net Income and Earnings Per Share. Net income for the third quarter of 2014 was \$4.7 million, an increase of 45% as compared to \$3.3 million for the same period of 2013, primarily due to the 41% increase in gross profit. Earnings per share attributable to SkyPeople Fruit Juice for the third quarter of 2014 was \$0.17 as compared to \$0.11 for the same period of 2013.

Nine Months 2014 Financial Results

Revenue for the nine months ended September 30, 2014 was \$58.6 million, an increase of 21% compared to \$48.4 million for the same period of 2013. Gross profit was \$18.4 million, an increase of 1% compared to \$18.2 million for the same period of 2013. Gross margin for the nine months ended September 30, 2014 was 31% compared to 38% in the same period of 2013. Operating expenses for the first nine months of 2014 were \$7.4 million, or 13% of sales, as compared to \$7.2 million, or 15% of sales for the same period of 2013. General and administrative expenses were \$3.5 million, a decrease of 17% as compared to \$4.2 million for the same period of 2013. Selling expenses were \$3.9 million, an increase of 31% as compared to \$3.0 million for the same period of 2013. Income from operations for the nine months ended September 30, 2014 was \$10.99 million, a decrease of less than 1% as compared to \$11.03 million for the same period of 2013. Net income attributable to SkyPeople Fruit Juice for the first nine months ended September 30, 2014 was \$5.1 million, or \$0.19 per share, compared to \$7.5 million, or \$0.28 per share, for the same period of 2013.

Third Quarter 2014 Financial Condition

As of September 30, 2014, the company had \$52.7 million in cash, cash equivalents and restricted cash, compared to \$74.1 million as of fiscal year end 2013. The Company's restricted cash of \$18.8 million consisted of cash equivalents used as collateral to secure short-term notes payable. SkyPeople's working capital as of September 30, 2014 was \$31.3



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million, a decrease in working capital of \$71.9 million as of December 31, 2013. As of September 30, 2014, the Company had total liabilities of \$99.5 million including \$44.9 million in short-term bank loans and bank notes payable, an \$8.0 million long-term loan to a related party and \$20.2 million in capital lease obligations. As of September 30, 2014, shareholders' equity attributable to SkyPeople was \$177.1 million as compared to \$173.5 million as of fiscal year-end 2013.

Conference Call

The Company will hold a conference call on Monday, November 17, 2014 at 9:00 am Eastern Time to discuss its financial results for the third quarter ended September 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.

Date:	Monday, November 17, 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 13595110 and it will be available from November 17, 2014 at 12:00 pm through November 24, 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



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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.

For more information, please contact:

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SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 33,879,350	\$ 66,888,954
Restricted cash	18,772,857	7,216,782
Accounts receivables, net of allowance of \$209,132 and \$211,039 as of September 30, 2014 and December 31, 2013, respectively	46,668,461	34,179,426
Other receivables	1,196,619	575,040
Inventories	4,570,061	4,381,900
Deferred tax assets	945,799	535,713
Advances to suppliers and other current assets	618,438	1,298,201
TOTAL CURRENT ASSETS	106,651,585	115,076,016
PROPERTY, PLANT AND EQUIPMENT, NET	96,202,206	61,907,175
LAND USE RIGHT, NET	6,326,001	6,522,152
SECURITY DEPOSIT FOR CAPITAL LEASE	3,145,063	-
OTHER ASSETS	68,503,757	49,614,200
TOTAL ASSETS	\$ 280,828,612	\$ 233,119,543
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 15,606,626	\$ 3,572,968
Accrued expenses	9,276,149	4,008,715
Income tax payable	1,125,917	1,749,138



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Advances from customers	413,607	355,968
Notes payable -bank	22,836,245	10,825,173
Short-term loan - related party	-	24,970
Short-term bank loans	22,051,316	22,626,679
Obligations under capital leases - current	4,037,530	-
TOTAL CURRENT LIABILITIES	75,347,390	43,163,611
NON-CURRENT LIABILITIES		
Long-term loan - related party	8,000,000	8,000,000
Obligations under capital leases	16,133,086	-
TOTAL NON-CURRENT LIABILITIES	24,133,086	8,000,000
TOTAL LIABILITIES	99,480,476	51,163,611

STOCKHOLDERS' 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 September 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 September 30, 2014 and December 31, 2013, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	100,078,248	94,962,299
Accumulated other comprehensive income	17,800,879	19,354,599
Total SkyPeople Fruit Juice, Inc. stockholders' equity	177,095,648	173,533,419
Non-controlling interests	4,252,488	8,422,513
TOTAL STOCKHOLDERS' EQUITY	181,348,136	181,955,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 280,828,612	\$ 233,119,543

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



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SKYPEOPLE FRUIT JUICE, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$34,827,203	\$19,472,130	\$58,589,022	\$48,433,495
Cost of goods sold	24,676,265	12,254,866	40,212,499	30,221,343
Gross profit	10,150,938	7,217,264	18,376,523	18,212,152
Operating Expenses				
General and administrative expenses	1,317,546	1,628,699	3,506,497	4,216,128
Selling expenses	1,628,415	997,213	3,877,904	2,951,300
Research and development expenses	-	-	-	18,980
Total operating expenses	2,945,961	2,625,912	7,384,401	7,186,408
Income from operations	7,204,977	4,591,352	10,992,122	11,025,744
Other income (expenses)				
Interest income	75,809	76,775	387,682	231,295
Subsidy income	91,362	194,587	562,333	981,400
Interest expenses	(811,317)	(475,190)	(3,373,521)	(1,103,246)
Consulting fee related to capital lease	(20,952)	-	(903,652)	-
Total other income (expenses)	(665,098)	(203,828)	(3,327,158)	109,449
Income before income tax	6,539,879	4,387,524	7,664,964	11,135,193
Income tax provision	1,822,995	1,130,388	2,154,205	2,937,007
Net income	4,716,884	3,257,136	5,510,759	8,198,186
Less: Net income attributable to non-controlling interests	153,475	243,260	394,810	686,120
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$4,563,409	\$3,013,876	5,115,949	7,512,066



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Other comprehensive income (loss)				
Foreign currency translation adjustment	8,747	904,683	(1,708,333)	3,834,634
Comprehensive income	4,572,156	3,918,559	3,407,616	11,346,700
Other comprehensive income (loss) attributable to non-controlling interests	(49,216)	81,879	(154,613)	347,055
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$4,621,372	\$3,836,680	3,562,229	10,999,645

Earnings per share:

Basic and diluted earnings per share	\$0.17	\$0.11	\$0.19	\$0.28
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Weighted average number of shares outstanding

Basic and diluted	26,661,499	26,661,499	26,661,499	26,661,499
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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
(Unaudited)

For the Nine months
ended September 30,
2014 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$5,510,759	\$8,198,186
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,031,314	3,084,199
Deferred income tax assets	(410,086)	(328,769)
Changes in operating assets and liabilities		
Accounts receivable	(12,813,534)	32,292,692
Other receivable	(627,449)	(724,588)
Advances to suppliers and other current assets	668,853	14,436



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Inventories	730,838	(131,997)
Accounts payable	12,080,673	(9,740,930)
Accrued expenses	5,305,632	227,166
Income tax payable	(608,156)	(2,027,925)
Advances from customers	60,930	520,020
Net cash provided by operating activities	12,929,774	31,382,490

CASH FLOWS FROM INVESTING ACTIVITIES

Refund of purchase deposit	7,498,389	-
Additions to property, plant and equipment	(16,430,606)	(663,182)
Prepayment for other assets	(28,184,348)	(38,531,578)
Net cash used in investing activities	(37,116,565)	(39,194,760)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid to non-controlling shareholder	(4,410,222)	-
Increase in restricted cash	(11,635,476)	(804,480)
Short-term notes payable	12,123,678	1,480,242
Proceeds from related party loan	-	8,000,000
Proceeds from short-term bank loans	20,302,162	13,649,887
Repayment of short-term bank loans	(20,673,500)	(6,715,275)
Payment for security deposit of capital lease	(3,148,902)	-
Payment for capital lease	(797,443)	-
Repayment of related party loans	(24,970)	-
Net cash provided by (used in) financing activities	(8,264,673)	15,610,374

Effect of change in exchange rate	(558,140)	1,818,168
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents, beginning of period	66,888,954	77,560,278
Cash and cash equivalents, end of period	\$33,879,350	\$87,176,550

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$2,553,422	\$852,705
Cash paid for income taxes	\$3,172,447	\$5,293,700



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**SUPPLEMENTARY DISCLOSURE OF
SIGNIFICANT NON-CASH TRANSACTION**

Transferred from other assets to property, plant and equipment and construction in process	\$1,324,438	\$318,606
Properties acquired from capital lease	20,992,677	\$-

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

SOURCE SkyPeople Fruit Juice, Inc.