



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

SkyPeople Fruit Juice Reports First Quarter 2015 Financial Results

-- Q1 Revenue Up 41%, Net Income Increases 200% to \$1.5 Million

XI'AN, China, May 15, 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 first quarter ended March 31, 2015.

First Quarter 2015 Summary:

Total revenue was \$16.6 million, an increase of 41% year-over-year

Gross profit was \$7.2 million, an increase of 95% year-over-year

Gross profit margin was 43% as compared to 31% in the year-ago quarter

Income from operations was \$3.1 million, an increase of 94% year-over-year

Net income attributable to SkyPeople Fruit Juice, Inc. was \$1.5 million, an increase of 200% year-over-year

Cash, cash equivalents and restricted cash were \$45.7 million as of March 31, 2015

"We are pleased to report a robust increase in revenue and a three-fold increase in our net profit for the first quarter of 2015 from the year-ago quarter as we were able to effectively manage the raw materials costs of certain key product segments. In particular, our concentrated pear juice segment evidenced a strong rebound from last year's first quarter due to excellent product accessibility and our ability to secure supply from local markets," said Mr. Yongke Xue, Chief Executive Officer of SkyPeople. "We are buoyed by current business conditions where we can capitalize upon our diversified product strategy and generate solid company revenue leveraging the supply-demand dynamics of seasonally strong fruit product segments.

"Following up upon last year's record sales year for our fruit juice beverages, we are rebranding and retooling our marketing strategy so as to further penetrate China's key urban markets. This beverage alternative is especially attractive to city dwellers who are too busy to buy their own fresh fruit and can rely upon Hedetang products for sustained healthy 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 and trade kiwi products is nearing an important testing phase of manufacturing and infrastructure. We expect to begin trial production by the end of June. We believe that this project, along with the orange development project in Yidu, will grow the company substantially and enable us to compete more effectively to satisfy large volume orders while further diversifying our income stream.

"We are optimistic about the year ahead given the strong fundamentals underlying demand for our products. We are also confident about the potential of our development projects and are enthusiastic at seeing them begin to come to fruition," CEO Yongke Xue concluded.

First Quarter 2015 Financial Results

Revenue for the three months ended March 31, 2015 was \$16.6 million, an increase of 41% as compared to \$11.8 million for the same period of 2014. This increase was primarily due to an increase in the sales of fruit juice beverages, concentrated pear juice and concentrated kiwifruit juice and kiwi puree, which were partially offset by a decrease in sales from the apple-related products segment.

Revenue from the concentrated pear juice segment grew 111% for the first quarter of 2015 attributable to a 152% increase in sales volume. The fruit juice beverages segment comprised 60% of total revenue for the three months ended March 31, 2015 as compared to 63% of total revenue for same period of 2014. The segment continues to grow substantially and now represents a significant proportion of the Company's revenue.

First Quarter 2015 Revenue by Product Segment (in thousands)

(In \$000's, except %'s)	Three Months ended March 31,		% of change
	<u>2015</u>	<u>2014</u>	
Concentrated apple juice and apple aroma	25	274	(91%)
Concentrated kiwifruit juice and kiwi puree	1,888	1,834	3%
Concentrated pear juice	4,663	2,213	111%
Fruit juice beverages	9,995	7,440	34%
Fresh fruits and vegetables	-	4	-



Other	-	18	-
	16,57	11,78	
Total	1	3	41%

Revenue by Segment. Sales from apple related products were approximately \$25,000 for the three months ended March 31, 2015, a 91% decrease from sales of \$0.27 million for the same period of 2014. For the first quarter of 2015, the Company sold approximately 22 tons of concentrated apple juice, a 90% decrease from the 211 tons of apple-related products sold in the same period of 2014. Due to reduced market demand, the selling price of apple-related products was lower than that of the same period a year ago.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$1.9 million for the three months ended March 31, 2015, a 3% increase from sales of \$1.8 million for the same period of 2014. This was primarily a result of an increase in selling prices, which was partially offset by the decrease in the amount of products sold. For the first quarter of 2015, the Company sold 1,349 tons of kiwi-related products, an 11% decrease from the 1,513 tons of kiwi-related products sold in the same period of 2014.

Sales of concentrated pear juice were \$4.7 million for the three months ended March 31, 2015, a 111% increase from sales of \$2.2 million for the same period of 2014. This was primarily a result of an increase the amount of products sold, offset by a decrease in selling prices. For the first quarter of 2015, the Company sold 3,834 tons of concentrated pear juice, a 152% increase from the 1,519 tons of concentrated pear juice sold in the same period of 2014. Sales from our fruit juice beverages segment were \$10.0 million for the three months ended March 31, 2015, an 34% increase from sales of \$7.4 million for the same period of 2014. 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 nil for the three months ended March 31, 2015, as compared to sales of approximately \$4,000 for the same period of 2014. The amount of sales of the fresh fruits and vegetables segment is expected to be unstable. Sales from our other products segment were nil for the three months ended March 31, 2015, as compared to sales of \$0.02 million for the same period of 2014. The amount of sales of the other products segment is expected to be unstable.



Gross Profit. Gross profit was \$7.2 million for the three months ended March 31, 2015, an increase of 95% from gross profit of \$3.7 million for the same period of 2014. The increase was primarily due to the 227% increase in gross profit generated from the concentrated pear juice segment and the 90% increase in gross profit generated from fruit juice beverages. These increases were partially offset by decreases in gross profit generated by the concentrated kiwifruit juice and kiwifruit puree segments. The consolidated gross profit margin was 43% for the three months ended March 31, 2015 as compared to 31% for the same period of 2014 primarily due to the higher period-over-period gross margins of the fruit juice beverage and concentrated pear juice segments.

First Quarter 2015 Gross Profit by Product Segment (in thousands)

(In \$000's, except %'s)	2015		2014	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	8	32%	(72)	(26%)
Concentrated kiwifruit juice and kiwi puree	686	36%	753	41%
Concentrated pear juice	1,886	40%	576	26%
Fruit juice beverages	4,579	46%	2,416	32%
Fresh fruits and vegetables	-	-	4	-
Other	-	-	(6)	(33%)
Total	7,159	43%	3,671	31%

Operating expenses for the first quarter of 2015 increased by 90% to \$4.0 million, or 18% of sales, compared to \$2.1 million, or 18% of sales for the same period of 2014. General and administrative expenses increased 150% to \$3.0 million for the first quarter of 2015 from \$1.2 million for the same period of 2014, mainly due to an increase in the provision for doubtful debts of \$1.5 million recorded in the current quarter. In April 2015, the Company recruited new members to strengthen its sales team and replaced certain sales employees. As a result, the collection of accounts receivable was slower than expected. The Company has provided an allowance covering 50% of the accounts receivable which were outstanding for 120 or more days, reflecting management's estimate of ultimate collectability of such accounts receivable. The Company is strengthening its accounts receivable collection process to ensure it maximizes collection on all outstanding accounts receivables. Selling expenses increased 22% to \$1.1 million for the first quarter of 2015 from \$0.9 million for the same period of



2014 mainly due to an increase in payroll and related expenses as a result of an increase in the Company's headcount to handle the increased volume of sales.

Income from operations for the first quarter of 2015 was \$3.1 million, an increase of 94% from \$1.6 million for the same period of 2014.

Net income attributable to SkyPeople Fruit Juice for the first quarter of 2015 was \$1.5 million, an increase of 200% from \$0.5 million for the same period of 2014, while earnings per share was \$0.06 in the current quarter as compared to \$0.02 for the same period of 2014.

Financial Condition

As of March 31, 2015, the Company had \$45.7 million in cash, cash equivalents and restricted cash, an increase from \$31.7 million as of fiscal year end 2014. 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 \$36.7 million as of the first quarter of 2015 as compared to working capital of \$34.8 million as of fiscal year end 2014. As of March 31, 2015, the Company had total debt of \$70.0 million, which included \$8.1 million of bank notes payable, \$36.3 million in short-term bank loans, \$8.0 million in long-term loans from a related party and \$17.6 million in total capital lease obligations. Stockholders' equity attributable to SkyPeople Fruit Juice was \$182.2 million as of the end of the first quarter of 2015 as compared to \$181.4 million as of fiscal year end 2014.

During the first quarter of 2015, the Company's operating activities generated a net cash inflow of \$8.1 million as compared to a net cash inflow of \$14.9 million from operating activities for the same period of 2014. Net cash used in investing activities were \$2.1 million for the first quarter of 2015, including \$2.0 million in additions to property, plant and equipment as compared to net cash used in investing activities of \$3.9 million for the same period of 2014. Cash flow provided by financing activities totaled \$8.1 million for the first quarter of 2015 as compared to \$1.2 million of net cash used in financing activities for the same period of 2014. 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



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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. The Company has made partial payment to acquire the land use right from the local government, purchase equipment and build facilities. As of the date of this report, the Company has finished building an office building, a dormitory, 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 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. 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. It is expected that trial production will start by the end of June.

Conference Call

The Company will hold a conference call on Monday, May 18, 2015 at 9:00 a.m. Eastern Time to discuss its financial results for the quarter ended March 31, 2015.

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.



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Date:	Monday, May 18, 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 May 18, 2015 at 12:00 pm through May 26, 2015.

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, 2014 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.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 39,155,769	\$ 25,130,302
Restricted cash	6,512,325	6,537,016
Accounts receivable, net of allowance of \$2,330,869 and \$837,200 as of March 31, 2015 and December 31, 2014, respectively	52,441,127	66,570,314
Other receivables	64,812	371,995
Inventories	5,434,344	4,118,630
Deferred tax assets	2,120,898	1,410,690
Advances to suppliers and other current assets	245,804	472,578
TOTAL CURRENT ASSETS	<u>105,975,079</u>	<u>104,611,525</u>



Property, plant and equipment, net	102,368,085	96,279,068
Land use right, net	6,446,849	6,502,420
Long term assets	3,189,523	3,162,281
Deposits	61,873,855	68,878,798
TOTAL ASSETS	\$ 279,853,391	\$ 279,434,092

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 11,872,050	\$ 18,381,263
Accrued expenses	9,806,485	10,085,152
Income tax payable	741,412	1,457,258
Advances from customers	437,843	469,007
Notes payable -bank	8,140,406	8,171,270
Short-term bank loans	36,250,539	28,243,373
Obligations under capital leases	2,066,609	2,954,401
TOTAL CURRENT LIABILITIES	69,315,344	69,761,724

NON-CURRENT LIABILITIES

Long-term loan - related party	7,959,297	7,959,143
Obligations under capital leases	15,566,416	15,625,435
TOTAL NON-CURRENT LIABILITIES	23,525,713	23,584,578
TOTAL LIABILITIES	92,841,057	93,346,302

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, 2015 and
December 31, 2014,
respectively

	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	104,333,357	102,833,747
Accumulated other comprehensive income	18,610,230	19,351,703
Total SkyPeople Fruit Juice, Inc. stockholders' equity	182,160,108	181,401,971
Non-controlling interests	4,852,226	4,685,819
TOTAL EQUITY	187,012,334	186,087,790
TOTAL LIABILITIES AND EQUITY	\$ 279,853,391	\$ 279,434,092

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

SKYPEOPLE FRUIT JUICE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (LOSS)

(Unaudited)



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	For the three month Ended	
	March 31,	
	2015	2014
Revenue	\$ 16,571,039	\$ 11,783,167
Cost of goods sold	9,411,678	8,111,932
Gross profit	7,159,361	3,671,235
Operating Expenses		
General and administrative expenses	2,984,482	1,193,121
Selling expenses	1,052,654	864,498
Total operating expenses	4,037,136	2,057,619
Income from operations	3,122,225	1,613,616
Other income (expenses)		
Interest income	33,553	73,661
Subsidy income	188,761	433,597
Interest expenses	(1,099,070)	(812,421)
Consulting fee related to capital lease	-	(442,792)
Total other expenses	(876,756)	(747,955)
Income before income tax	2,245,469	865,661
Income tax provision	562,569	228,602
Net income	1,682,900	637,059
Less: Net income attributable to non-controlling interests	(183,290)	(133,387)
NET INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC. STOCKHOLDERS	\$ 1,499,610	\$ 503,672



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Other comprehensive income (loss)		
Foreign currency translation adjustment	\$ (758,356)	\$ (1,705,488)
Total comprehensive loss	924,544	(1,068,429)
Comprehensive expenses attributable to non-controlling interests	(166,407)	(154,356)
COMPREHENSIVE INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC. STOCKHOLDERS	\$ 907,661	\$ (1,047,460)
Earnings per share:		
Basic and diluted earnings (loss) per share	\$ 0.06	\$ 0.02
Weighted average number of shares outstanding		
Basic and diluted	26,661,499	26,661,499

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

SKYPEOPLE FRUIT JUICE, INC.
CONDENSES CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the three months ended
March 31,

2015	2014
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CASH FLOWS FROM
OPERATING ACTIVITIES



Net income	\$ 1,682,900	\$ 637,059
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,591,176	942,144
Deferred income tax assets	(710,208)	(316,150)
Provisions provided for bad debt expenses	1,452,096	442,792
Inventory markdown	32,629	-
Changes in operating assets and liabilities		
Accounts receivable	12,389,382	13,340,071
Other receivable	305,987	3,170
Advances to suppliers and other current assets	225,142	1,038,662
Inventories	(1,364,810)	(256,290)
Accounts payable	(5,774,160)	1,385,574
Accrued expenses	(940,810)	(1,020,245)
Income tax payable	(710,828)	(1,284,561)
Advances from customers	(29,412)	(44,880)
Net cash provided by operating activities	<u>8,149,084</u>	<u>14,867,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,984,556)	(3,851,844)
Prepayment for other assets	-	(15,038)
Prepayments for deposit on equipment	(145,035)	-
Net cash used in investing activities	<u>(2,129,591)</u>	<u>(3,866,882)</u>
CASH FLOWS FROM		

CASH FLOWS FROM



FINANCING ACTIVITIES		
Increased in restricted cash	-	(490,356)
Proceeds from short-term notes	-	490,356
Proceeds from short-term bank loans	17,332,906	2,025,169
Repayment of short-term bank loans	(9,213,508)	(564,334)
Payment for capital lease	(39,212)	(2,635,665)
Repayment of related party loans	-	(24,970)
Net cash provided by (used in) financing activities	<u>8,080,186</u>	<u>(1,199,800)</u>
Effect of change in exchange rate	(74,212)	(654,216)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, beginning of period	<u>25,130,302</u>	<u>66,888,954</u>
Cash and cash equivalents, end of period	<u>\$ 39,155,769</u>	<u>\$ 76,035,402</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 1,099,070	\$ 753,875
Cash paid for income taxes	\$ 1,645,954	\$ 1,829,313
SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Transferred from other assets to property, plant and	\$ 6,894,428	\$ 1,294,323



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equipment and		
construction in process		
Equipment acquired by		
capital lease	\$ -	\$ -

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

For more information, please contact:

COMPANY

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