



SkyPeople Fruit Juice Reports First Quarter 2011 Financial Results

Hedetang® and Qian Mei Duo™ Juice Beverages Drive Growth in the Quarter
XI'AN, China, May 16, 2011 /PRNewswire-Asia-FirstCall/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a processor and manufacturer of kiwifruit, apple, pear and other concentrated specialty fruit juices and manufacturer of Hedetang-branded fruit beverages, today announced record financial results for its first quarter ended March 31, 2011.

First Quarter 2011 Highlights

Total revenue grew 10% to \$19.4 million year-over-year
Gross profit margin expanded 390 basis points to 44.3% year-over-year
Fruit beverages revenue increased 156% year-over-year
Net income was \$5.7 million, up 185% year-over-year
Cash flows from operations increased 123% to \$13.5 million year-over-year; \$65.7 million cash and cash equivalents at March 31, 2011

First Quarter 2011 Results

	1Q 2011	1Q 2010	CHANGE
Net Sales	\$19.4 million	\$17.7 million	+10%
Gross Profit	\$8.6 million	\$7.2 million	+19%
Net Income	\$5.7 million	\$2.0 million	+185%
Adjusted Net Income*	\$5.7 million	\$4.1 million	+39%
EPS (Diluted)	\$0.20	\$0.08	+150%
Adjusted EPS (Diluted)* **	\$0.20	\$0.18	11.1%
Diluted Avg. Shares Outstanding	26.7 million	20.6 million	+29%

*Adjusted net income and adjusted EPS for the three months ended March 31, 2010 exclude \$2.1 million loss due to the change in fair value of warrant liability.

** EPS (diluted) for the period ended March 31 was based on 20.6 million fully diluted shares in 2010 and 26.7 million fully diluted shares in 2011.

Yonkue Xue, Chief Executive Officer of SkyPeople Fruit Juice explained, "Our diversified product portfolio produced respectable growth in the first quarter despite weather effects on the harvest seasons for apple and pear over the last six months. Sales of our Hedetang and Qian Mei Duo beverages grew significantly in the quarter and were the single largest revenue stream for the Company. Our branded beverages are now sold in over 100 retail stores in



approximately 13 cities including Xi'an, Beijing and now, Tianjin. We are excited about the growth potential for this market and the continued growth of our concentrate business in China and international markets."

First Quarter 2011 Segment Revenue

	Three Months Ended March 31,		
	2011	2010	% Change
Concentrated apple juice and apple aroma	\$ 3,673	\$ 4,483	(18.1%)
Concentrated kiwifruit juice and kiwifruit puree (excluding inter-segment sales)	2,985	2,661	12.2%
Concentrated pear juice	4,022	4,169	(3.5%)
Fruit juice beverages	7,277	2,841	156.1%
Fresh fruits and vegetables	1,458	3,567	(59.1%)
Consolidated	\$ <u>19,415</u>	\$ <u>17,721</u>	9.6%

In the first quarter of the year SkyPeople Fruit Juice launched its Hedetang Juices in a 500ml bottle, added both pear and apple flavors to its product line and also introduced four, high-fiber, boxed juice flavors branded as Qian Mei Duo™ (which means "More fiber, better for You" in English) targeted to female consumers 18-29 years old. Corresponding revenues increased 156.1% for the period ended March 31, 2011. Retailers of Hedetang and Qian Mei Duo juices include Walmart, La Cuisine Royale and Juying stores. The Company regards its juice beverages as a key driver for revenue growth in 2011 and a natural fit for its kiwi, apple and pear concentrates manufacturing.

Sales of kiwi concentrates and purees originally forecasted in the fourth quarter of 2010 were sold in the first quarter of 2011. In the first quarter of 2011, Kiwi puree and concentrate sales totaled \$3.0 million, an increase of 12% over the same period of 2010. Pear juice concentrates were down slightly due to a shortage of pears during the season. Lower temperatures than normal reduced the availability of pear and subsequently increased the price of concentrated pear juice per ton. SkyPeople sold 3,481 tons of pear juice concentrate in the quarter versus 4,930 in the same period of prior year. For the first quarter of 2011, sales of pear juice concentrate decreased 3.5% to \$4.0 million as compared with that of the same period of prior year. Due to a very strong fourth quarter in 2010, the Company anticipated lower apple concentrate revenues in the first quarter of 2011. As compared with



the first quarter of 2010, sales from apple-related products of the first quarter of 2011 fell by \$0.8 million, or 18%, to \$3.7 million due to a shortage of fresh apples as a result of cold weather in the Liaoning Province, the growing area for SkyPeople's apples and the location of the Company's Yingkou facilities.

Total revenue for the first quarter ended March 31, 2011 was \$19.4 million, up 10% from \$17.7 million for the quarter ended March 31, 2010.

Gross profit for the first quarter of 2011 was \$8.6 million, a 20% increase from \$7.2 million in the same period in 2010. Gross profit margin expanded by 390 basis points due to higher margins in fruit juice beverages and a shift in the sales mix toward higher margin kiwifruit juice and juice beverages. The Company's gross margins fluctuate based on the availability and price of each type of fruit, but have averaged between 30% and 45% on a consolidated basis for the past three years. SkyPeople's four production and processing plants are located near local farms for each type of fruit it produces, and thus the Company secures fruit supply at competitive market prices.

Operating expenses for the quarter were \$1.4 million, or 7% of sales, flat from the same period last year. Operating income increased 25% to \$7.2 million while operating margins were 37%, 14% improvement year over year.

Net income and earnings per share for the first quarter of 2011 were \$5.7 million and \$0.20, respectively, compared to \$3.7 million and \$0.08, respectively, in the first quarter of 2010. Fully diluted shares were 26.7 million for the first quarter of 2011, versus 20.6 million for the first quarter of 2010, reflecting the sale of 5.2 million shares of the Company's Common Stock in the third quarter of 2010.

Financial Condition

As of March 31, 2011, the Company had \$65.7 million in cash and cash equivalents, up from \$49.4 million as of December 31, 2010 due to \$13.5 million of cash generated from operations. Working capital was \$85.6 million, up from \$78.6 million as of December 31, 2010. Accounts receivable were \$36.2 million, compared to \$46.0 million as of December 31, 2010; accounts receivable turnover was 193 days in the first quarter of 2011. There was no accounts receivable over 120 days outstanding as of March 31, 2011 compared to 3.1% of accounts receivable outstanding as of December 31, 2010. Shareholders' equity was \$130.0 million as of March 31, 2011, a 6% increase from \$123.2 million reported on December 31, 2010. The Company had \$12.8 million in short term loans with local and provincial banks in Shaanxi and Liaoning Provinces as of March 31, 2011.

Capacity Expansion Updates

The Company's growth plan includes building an integrated manufacturing infrastructure to support higher production volumes for juice beverages and concentrates. The following table



presents the capital projects that we intend to finance using the proceeds generated from our public offering consummated in 2010:

Facility	Priority Projects	Capital Expenditure (in million)
Huludao Wonder	A refrigeration storage and a concentrated fruit juice mixing center	4.4
Huludao Wonder	A 50 ton/hour concentrated apple juice production line	10.7
Huludao Wonder	A fruit juice beverage production line	3.0
Huludao Wonder	Construction and environmental project expenses	6.7
Total Capital Expenditure on Priority Projects		<u>\$ 24.8</u>

Recent Updates:

Huludao Wonder Projects

As of March 31, 2011, SkyPeople has completed the infrastructure construction work for the fruit juice beverage production line and has ordered the necessary machinery. Management expects to complete machinery installation and test the new beverage production line in the second quarter and commence operations in the third quarter of 2011.

In the first quarter of 2011, the Company halted all construction work on its new concentrated apple production line because of the cold weather in Huludao, which regularly suffered sub-zero daytime temperatures. The Company recommenced the infrastructure construction work in April 2011 and expects the project to be completed and production to commence by early 2012.

The Company needs to incorporate new wastewater processing facilities to properly service its apple juice concentrate expansion. This project is expected to commence in the third quarter of 2011 and be completed by early 2013.

SkyPeople plans to start the construction of the refrigeration storage unit for concentrated fruit juices and fresh fruits and vegetables in the third quarter of 2011, and a concentrated fruit juice-mixing center in the fourth quarter of 2011. Both projects are expected to be completed in the fourth quarter of 2011 or early 2012.



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

As of March 31, 2011, the Company has spent \$1.2 million on the construction work of Huludao Wonder. The planned capital expenditures for these projects collectively total \$24.8 million.

Qiyiwangguo Projects

Management has decided to delay several projects at its Qiyiwangguo factory based on the current market conditions and potential opportunities, including a 24,000 PET bottle/hour fruit juice beverage cold-filling line, concentrated pomegranate juice line, a PET bottle blowing machine, and a refrigeration system.

Other Projects

The Company plans to add another concentrated 20 tons pear juice line as a part of its 2011 capital expenditure plan. The production equipment for a 20 tons/hour line has been ordered and management expects to commence operations during the third quarter of 2011.

In addition, the Company plans to change its 30 ton/hour concentrated apple juice line in the Huludao Wonder factory into a concentrated pear juice line which has an estimated annual capacity of 6,000 tons once the Company completes the 50 ton/hour concentrated apple juice production line in the Huludao Wonder factory. The estimated capital expenditure for this project is \$4 million.

First quarter 2011 Conference Call

At the conclusion of the call, the management team will host a question and answer session with the Company's CEO, Mr. Yongke Xue, and Ms. Spring Liu, CFO.

To attend the call, please use the dial-in information below. When prompted, ask for "SkyPeople Fruit Juice" and/or be prepared to provide the conference ID.

Conference Call

Date:	Tuesday, May 17, 2011
Time:	8:30 a.m. Eastern Time, U.S.
Conference Line Dial-In:	+1-877-941-1429
International Dial-In:	+1-480-629-9666
Conference ID:	4440644 "SkyPeople Fruit Juice Call"

Please dial in at least 10 minutes before the call to ensure timely participation. A playback will be available through May 24, 2011. To listen, please call + 1-877-870-5176 within the



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

United States or +1-858-384-5517 when calling internationally. Utilize the pass code 4440644 for the replay.

This call is being web cast by ViaVid Broadcasting and can be accessed at ViaVid's website at <http://www.viavid.net> or at the following link: <http://viavid.net/dce.aspx?sid=00008668>.

About SkyPeople Fruit Juice, Inc.

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd., a Vanuatu company, holds 99.59% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China) is engaged in the production and sales of fruit juice concentrates (including fruit purees, fruit puree concentrates, and clear fruit juice concentrates), fruit beverages (including fruit juice beverages and fruit cider beverages), and other fruit related products (including primarily organic and non-organic fresh fruits, kiwifruit seeds and apple aroma) in and from the PRC. 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 brand, Hedetang, which is a registered trademark in the PRC, is positioned as a high quality, healthy and nutritious end-use juice beverage. For more information, please visit <http://www.skypeoplefruitjuice.com>.

About Non-GAAP Financial Measures

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd., a Vanuatu company, holds 99.78% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China) is engaged in the production and sales of fruit juice concentrates (including fruit purees, fruit puree concentrates, and clear fruit juice concentrates), fruit beverages (including fruit juice beverages and fruit cider beverages), and other fruit related products (including primarily organic and non-organic fresh fruits, kiwifruit seeds and apple aroma) in and from the PRC. 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 brand, Hedetang, which is a registered trademark in the PRC, is positioned as a high quality, healthy and nutritious end-use juice beverage. For more information, please visit <http://www.skypeoplefruitjuice.com>.



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

SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF MARCH 31,
2011 AND DECEMBER 31, 2010

	March 31, 2011 <u>(Unaudited)</u>	December 31, 2010 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 65,719,936	\$ 49,350,385
Restricted cash	405,708	505,581
Accounts receivable, net of allowance of \$44,800 and \$44,405 as of March 31, 2011 and December 31, 2010, respectively	36,217,365	46,029,962
Other receivables	1,393,280	1,272,648
Inventories	6,328,309	5,436,117
Advances to suppliers and other current assets	<u>59,850</u>	<u>31,604</u>
Total current assets	110,124,448	102,626,297
PROPERTY, PLANT AND EQUIPMENT, Net	36,380,869	36,337,251
LAND USAGE RIGHTS, Net	6,554,901	6,541,825
OTHER ASSETS	<u>1,487,901</u>	<u>1,694,486</u>
TOTAL ASSETS	<u><u>\$ 154,548,119</u></u>	<u><u>\$ 147,199,859</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 5,954,423	\$ 3,446,797
Accrued expenses	3,236,744	4,871,934
Income taxes payable	1,945,353	4,377,039
Advances from customers	181,084	573,609
Short-term bank loans	12,836,186	10,238,856
Short-term notes payable	<u>405,708</u>	<u>505,581</u>
Total current liabilities	<u>24,559,498</u>	<u>24,013,816</u>



Commitments and contingencies (Note 11)

STOCKHOLDERS' EQUITY

SkyPeople Fruit Juice, Inc. stockholders' equity:

Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; 1,456,647 and 1,456,647 Series B Preferred Stock issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	1,457	1,457
Common Stock, \$0.001 par value; 66,666,666 shares authorized; 25,690,402 and 25,690,402 shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	25,690	25,690
Additional paid-in capital	59,189,374	59,189,374
Retained earnings	56,710,459	51,418,283
Accumulated other comprehensive income	8,920,567	7,823,967
Total SkyPeople Fruit Juice, Inc. stockholders' equity	124,847,547	118,458,771
Noncontrolling interests	5,141,074	4,727,272
TOTAL EQUITY	129,988,621	123,186,043
TOTAL LIABILITIES AND EQUITY	\$ 154,548,119	\$ 147,199,859

**SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH
31, 2011 AND 2010 (UNAUDITED)**

	For the Three Months Ended March 31,	
	2011	2010
Revenue	\$ 19,414,915	\$ 17,721,296
Cost of Sales	10,809,357	10,558,248
Gross Margin	8,605,558	7,163,048
Operating Expenses		
General and administrative expenses	816,160	766,232
Selling expenses	454,674	364,777
Research and development expenses	136,467	278,152



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

Total operating expenses	1,407,301	1,409,161
Income from Operations	7,198,257	5,753,887
Other Income (Expenses)		
Interest income	76,312	22,096
Subsidy income	483,067	43,562
Interest expense	(163,795)	(222,959)
Change in fair value of warrant liability	--	(2,092,972)
Others	(3,033)	(238)
Total other income (expenses)	392,551	(2,250,511)
Income Before Income Tax	7,590,808	3,503,376
Income Tax Provision	1,929,808	1,505,897
Net Income	5,661,000	1,997,479
Less: Net Income Attributable to Noncontrolling Interests	368,824	332,262
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	<u>\$ 5,292,176</u>	<u>\$ 1,665,217</u>
Earnings Per Share:		
Basic earnings per share	\$ 0.20	\$ 0.08
Diluted earnings per share	\$ 0.20	\$ *0.08
Weighted Average Shares Outstanding		
Basic	25,690,402	18,341,103
Diluted	26,662,599	20,637,806
Comprehensive Income		
Net income	\$ 5,661,000	\$ 1,997,479
Foreign currency translation adjustment	1,141,578	(29,365)
Total Comprehensive Income	\$ 6,802,578	\$ 1,968,114
Comprehensive income attributable to noncontrolling interests	413,802	301,701
Comprehensive Income Attributable to SkyPeople Fruit Juice, Inc.	<u>\$ 6,388,776</u>	<u>\$ 1,666,413</u>



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

* The effect of 1,228,333 warrants and the related change in fair value of warrant liability was not included for the computation of diluted earnings per share for the period ended as the inclusion would be anti-dilutive.

For more information, please contact:

COMPANY

SkyPeople Fruit Juice, Inc.

Ms. Spring Liu, CFO

Tel: US +1-818-390-1272

Email: spring_liu@skypeoplejuice.com

INVESTOR RELATIONS:

John Mattio, SVP

HC International, Inc.

Tel: US +1-212-301-7130

Email: john.mattio@hcinternational.net