

Future FinTech Group Reports Second Quarter 2017 Financial Results

XI'AN, China, Aug. 15, 2017 /PRNewswire/ -- Future FinTech Group Inc. (NASDAQ: FTFT) ("Future FinTech" or "the Company"), a financial technology company and integrated producer of fruit-related products, today announced its financial results for the second quarter ended June 30, 2017.

Second Quarter 2017 Summary:

- Total revenue was \$2.8 million
- Gross profit was \$1.3 million
- Gross profit margin was 47%
- Net loss attributable to Future FinTech was \$2.5 million
- Cash, cash equivalents and restricted cash was \$4.4 million as of June 30, 2017

"We reported a decline in our financial results relative to the year ago quarter attributable to a difficult market environment resulting from a business contraction in all of our fruit product segments. A reduction in market demand, competitive pressures and an erosion in pricing caused a contraction in demand for our core fruit-related product segments," said Mr. Hongke Xue, Chief Executive Officer of Future FinTech. "Although our fruit products business is currently facing challenges, we believe that our mission to lead the company into a new direction by utilizing sophisticated fintech capabilities to build a highly integrated agricultural enterprise will create a wide spectrum of growth opportunities."

"A key growth initiative is our development of a kiwi processing and trading center in Mei County coupled with the lease of 3,292 acres of kiwi orchards and planned purchase of an additional 833 acres of kiwi orchards that will enable us to source our own supply and maintain our high quality standards. We are also adding a new fruit segment to our product platform by leasing 1,317 acres of orange orchards in Yidu, Hubei Province to be integrated with the development of new state-of-the-art orange processing facilities. We plan to utilize fintech, e-commerce and best-in-class agricultural practices to integrate production and distribution in order to maximize our return on investment for these key initiatives," continued Mr. Hongke Xue.

"We are excited about the potential breadth of opportunities as well as our strategic approach to create sustainable value from our investments in fintech, e-commerce, commodities trading and in-house agricultural sourcing. Our vision is to augment our fruit juice and beverage sales and distribution with high margin fintech growth opportunities so as to generate diversified sources of cash flow for many years to come," Mr. Hongke Xue concluded.

Second Quarter 2017 Financial Results

Revenue for the three months ended June 30, 2017 was \$2.8 million, as compared to revenue of \$10.2 million for the same period of 2016. This decrease was primarily due to a decrease in sales in all of the Company's fruit-related product segments.

Fiscal Year Revenue by Segment (in thousands)

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

	Quarter Ended June 30,		% of change
	2017	2016	
Concentrated apple juice and apple aroma	31	1,880	(98%)
Concentrated kiwifruit juice and kiwi puree	117	431	(73%)
Concentrated pear juice	113	957	(88%)
Fruit juice beverages	2,504	5,457	(54%)
Others	12	1,504	(99%)
Total	2,777	10,229	(73%)

Revenue by Segment

Sales from apple-related products were \$0.03 million for the three months ended June 30, 2017, as compared to sales of \$1.9 million for the same period of 2016. This decrease was primarily due to a sharp decrease in the unit price of the apple-related products in the international market and a decrease in sales volume due to heavy competition. During the second quarter of 2017, the Company sold approximately 460 tons of concentrated apple juice and apple aroma as compared to 1,219 tons in the same period of 2016. Most of the Company's concentrated apple juice was sold directly or indirectly to the international market. Over the past three years, the purchase price of fresh apples has increased but the sales price of concentrated apple related products has remained low. Because of the negative trends in the international market and lower operating margins, our YingKou and Huludao Wonder factories did not operate their apple juice production facilities in fiscal 2016 and the six months ended June 30, 2017, which resulted in a lower inventory of concentrated apple juice and required the Company to purchase supply from third-party manufacturers to meet demand.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$0.1 million for the second quarter of 2017, as compared to sales of \$0.4 million for the same period of 2016. The decline was due to a decrease in products sold in the current quarter as compared to same period of 2016 due to lower market demand.

Sales of concentrated pear juice were \$0.1 million for the second quarter of 2017, as compared to sales of \$1.0 million for the same period of 2016. The decline was due to a decrease in the unit price of the concentrated pear juice and a decrease in sales volume due

to lower customer demand. The Company sold 1,149 and 1,314 tons of concentrated pear juice during the second quarters of 2017 and 2016, respectively.

Sales from our fruit juice beverages segment were \$2.5 million for the second quarter of 2017, as compared to sales of \$5.5 million for the same period of 2016. The decline was primarily due to a decrease in sales volume as a result of heavy competition in the China market.

Sales from our others products segment were \$0.01 million for the second quarter of 2017, as compared to sales of \$1.5 million for the same period of 2016. The sale from other products for the three months ended June 30, 2016 was concentrated orange juice. The Company does not expect continued sales from other products as customers' orders related to other products are currently small and unpredictable.

Gross Profit.

Consolidated gross profit was \$1.3 million for the second quarter of 2017, as compared to \$3.2 million for the same period of 2016, mainly due to the decrease in sales from all of the Company's fruit-related segments. The consolidated gross profit margin was 47% for the second quarter of 2017 as compared to 31% for the same period of 2016 primarily due to the higher period-over-period weighting of the fruit juice beverages segment relative to each period's total gross margin. The gross profit margin of concentrated apple juice segment for the second quarters of 2017 and 2016 were 10% and 17%, respectively. The decrease in gross margin was mainly due to a decrease in the sales price of concentrated apple juice in the international market. The gross profit margin of the concentrated kiwifruit juice and kiwifruit puree segment for the second quarters of 2017 and 2016 were 31% and 7%, respectively, primarily due to an increase in sales price of concentrated kiwifruit juice and kiwifruit puree in the current quarter. The gross profit margin of the concentrated pear juice segment for the second quarters of 2017 and 2016 were 19% and 23%, respectively, with the decrease in the current quarter primarily due to the higher costs of raw materials. The gross profit margin of the fruit juice beverages segment for the second quarters of 2017 and 2016 were 49% and 48%, respectively. The gross profit margin of the other products segment for the second quarters of 2017 and 2016 was 50% and 3%, respectively, as the Company purchased concentrated orange juice that was sold to their customers in the second quarter of 2016, and which resulted in a lower margin during that period.

<i>(In \$000's, except %'s)</i>	Quarter Ended June 30,			
	2017		2016	
	Gross profit	Gross margin	Gross profit	Gross margin



Concentrated apple juice and apple aroma	3	10%	320	17%
Concentrated kiwifruit juice and kiwi puree	36	31%	32	7%
Concentrated pear juice	21	19%	216	23%
Fruit juice beverages	1,226	49%	2,600	48%
Others	6	50%	43	3%
Total	1,292	47%	3,211	31%

NFM = Not meaningful figure

Operating expenses for the three months ended June 30, 2017 were \$3.4 million, as compared to \$1.8 million for the same period of 2016. General and administrative expenses increased to \$3.1 million for the second quarter of 2017 as compared to \$1.0 million for the same period of 2016, mainly due to an increase in the amortization of leasing expenses associated with the kiwi orchard that the Company leased in Mei County and the city of Yidu. The Company has amortized \$1.5 million as leasing expenses for the three months ended June 30, 2017. The Company began the amortization of land lease rights in Hedetang Foods Industry (Yidu) Co, Shaanxi Guoweimei Kiwi Deep Processing Company and Trading Market Mei County beginning in the fourth quarter of 2016. Selling expenses decreased to \$0.3 million for the second quarter of 2017, as compared to \$0.8 million for the same period of in 2016, mainly due to the reduced amount of sales in the current quarter.

Net loss attributable to Future FinTech shareholders for the second quarter of 2017 was \$2.5 million, as compared to net income of \$0.4 million for the same period of 2016. Diluted loss per share from continued operations was \$0.49 for the second quarter of 2017 as compared to diluted earnings per share of \$0.12 for the same period of 2016.

Financial Condition

As of June 30, 2017, the Company had \$4.4 million in cash, cash equivalents and restricted cash, an increase from \$1.1 million as of December 31, 2016. The Company had working capital of \$22.1 million as of June 30, 2017 as compared to working capital of \$24.7 million as of December 31, 2016. As of June 30, 2017, the Company had total liabilities of \$93.6 million, which included \$30.1 million in short-term bank loans and \$16.9 million in capital lease obligations. Stockholders' equity attributable to Future FinTech was \$132.3 million as of June 30, 2017 as compared to \$135.0 million as of December 31, 2016.

During the six months ended June 30, 2017, net cash provided by the Company's operating activities was \$0.1 million, as compared to net cash provided by operating activities of \$6.6



million for the same period of 2016. The decrease in cash flow provided by operating activities was primarily due to a decrease in net income of \$4.3 million. During the six months ended June 30, 2017 and June 30, 2016, the Company's investing activities used net cash of \$1.2 million and \$32.3 million, respectively. The Company made a refundable deposit of about \$30 million pursuant to the letter of intent to purchase kiwifruits orchard during the first six months ended June 30, 2016. During the six months ended June 30, 2017, our financing activities generated net cash inflow of \$5.0 million as compared to net cash inflow of \$22.9 million in the same period of 2016. The decrease in cash inflow from financing activities was mainly due to a decrease in capital contributions of \$14.0 million. The Company expects projected cash flows from operations, anticipated cash receipts, cash on hand, and trade credit will provide the necessary capital to meet its projected operating cash requirements for at least the next twelve months, which does not take into account any potential expenditures related to the possible expansion of its current production capacity.

Project Updates

The Company entered into a Letter of Intent with the People's Government of Suizhong County fruit to establish a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province, China. 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 release, the Company has finished construction of an office building, dormitory, refrigeration storage facility and a warehouse. However, due to heavy competition in the concentrated apple juice business in China, construction work on this project is currently suspended.

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 which will be mainly used to establish the distribution center and the orange processing facility on project land of approximately 280 mu (approximately 46 acres). Also, the Company and the Yidu Municipal People's Government has agreed to discuss the investment amount and location associated with establishing an R&D center and an orange plantation. On November 23, 2015, the Company started the construction of the Yidu project. As the Chinese government recently tightened environment regulations, the Company is in the process of adapting to the new standards and the project has been delayed. Although the schedule for completion could change, the Company currently plans to finish the construction of infrastructure to include an office building, R&D center, fruit juice production facility, cold storage facility and other construction work in the fourth quarter of 2017. Although the schedule for completion could change, the orange plantation is currently planned to be operational in the fourth quarter of

2017 and the distribution center is currently planned to be completed by the second quarter of 2018.

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 for buildings and equipment on a total planned area of 286 mu (approximately 47 acres). As of the date of this report, the Company is in the process of building fruit juice production lines, a vegetable and fruit flash freeze facility, an R&D center and an office building. Although the schedule for completion could change, the Company currently plans to complete the construction of these facilities in the fourth quarter of 2017.

As of the date of this release, the Mei County National Kiwi Fruit Wholesale Trading Center has started normal operations. There are a number of enterprises operating in the trading center including 12 express delivery companies, four logistic companies, four on-line sales companies, two packing companies and three agriculture companies. In addition, all government departments that are relevant to the operations of the Mei County National Kiwi Fruit Wholesale Trading Center have moved into the trading center. Currently Mei County National Kiwi Fruit Wholesale Trading is building a data platform for agricultural products in the western part of China, an agricultural business incubator, and online-to-offline agricultural products trading center. To meet this requirement, the Company is upgrading its software and the project has been delayed. The Company is expected to have completed its investment in the trading center in the fourth quarter of 2017, and believes that it will generate income from the trading center through various means, such as rental income from cold storage and shops, and income from logistic services.

As part of the Mei County National Kiwi Fruit Wholesale Trading Center project, on April 19, 2013, we established Shaanxi Guoweimei Kiwi Deep Processing Co., Ltd. to engage in the business of producing kiwi fruit juice, kiwi puree, cider beverages, and related products. The total estimated investment is RMB 294 million (or approximately \$47.6 million). As the Chinese government recently tightened environment regulations, the Company is in the process of adapting to the new standards and the project has been delayed. The Company is building fruit juice production lines, a vegetable and fruit flash freeze facility, an R&D center and an office building. Although the schedule for completion could change, the Company currently plans to complete construction in the second quarter of 2018.

Recent Events

On June 6, 2017, the Company filed a Certificate of Amendment with the Secretary of State for the State of Florida to amend and restate its articles of incorporation to change its name from SkyPeople Fruit Juice, Inc. to Future FinTech Group Inc. The name change was approved by the Company's Board of Directors on March 30, 2017 and by shareholders holding a majority of the Company's issued and outstanding capital stock on March 31, 2017. In addition, effective as of June 6, 2017, the Company's bylaws were amended and restated to reflect the name change. As of June 12, 2017, the Company's common stock ceased trading under the ticker symbol "SPU" and began trading under the ticker symbol "FTFT" and will continue to trade on the Nasdaq Exchange.

About Future FinTech Group Inc.

Future FinTech Group Inc. ("Future FinTech" or the "Company"), is an agricultural products company that utilizes financial technology solutions to operate and grow its businesses. The Company is engaged in the production and sales of fruit juice concentrates, fruit beverages, and other fruit related products in China and certain overseas markets. The Company's fruit juice concentrates are sold to domestic customers and exported directly or via distributors. Its fruit juice products, "Hedetang" and "SkyPeople," are healthy and nutritious beverages and sold primarily in China. The Company intends to vertically integrate its operations through its long-term lease and pending acquisition of agricultural orchards that are located in highly productive growing areas in China. The Company leverages e-commerce and new technology platforms and is building a regional agricultural products commodities market with the goal to become a leader in agricultural finance technology. For more information, please visit <http://www.ftft.top/>.

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.



FUTURE FINTECH GROUP INC.

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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, 2016 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-

**FUTURE FINTECH GROUP INC.
CONSOLIDATED BALANCE SHEETS**

	June 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,417,789	\$ 1,143,585
Accounts receivable, net of allowance of \$4,843,809 as of June 30, 2017 and December 31, 2016, respectively	449,039	7,325,773
Other receivables	29,814,516	28,417,194
Inventories	3,728,962	3,041,300
Deferred tax assets	3,566,442	3,566,442
Advances to suppliers and other current assets	56,835,838	58,132,189
TOTAL CURRENT ASSETS	98,812,586	101,626,483
PROPERTY, PLANT AND EQUIPMENT, NET	83,145,461	81,523,569
LAND USE RIGHT, NET	32,354,442	31,854,360
LONG TERM ASSETS	2,856,342	2,789,390
DEPOSITS	45,120,875	43,867,228
TOTAL ASSETS	\$ 262,289,706	\$ 261,661,030
CURRENT LIABILITIES		
Accounts payable	\$ 12,310,298	\$ 16,569,988
Accrued expenses	34,339,736	27,449,664
Income tax payable	-	3,590,084
Advances from customers	24,363	696
Short-term bank loans	30,069,084	29,364,279
TOTAL CURRENT LIABILITIES	76,743,481	76,974,711
NON-CURRENT LIABILITIES		
Obligations under capital leases	16,891,465	14,494,003
TOTAL NON-CURRENT LIABILITIES	16,891,465	14,494,003
TOTAL LIABILITIES	93,634,946	91,468,714
EQUITY		
Future Fintech Group Inc., Stockholders' equity		
Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; None issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	-	-



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Common stock, \$0.001 par value; 8,333,333 shares authorized; 5,173,187 and 4,061,090 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	5,173	4,061
Additional paid-in capital	111,386,729	105,366,887
Retained earnings	95,051,082	100,237,011
Accumulated other comprehensive loss	<u>(74,096,086)</u>	<u>(70,579,747)</u>
Total Future FinTech Group Inc. stockholders' equity	132,346,898	135,028,212
Non-controlling interests	<u>36,307,862</u>	<u>35,164,104</u>
TOTAL EQUITY	<u>168,654,760</u>	<u>170,192,316</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 262,289,706</u>	<u>\$ 261,661,030</u>

The accompanying notes in the 2017 second quarter 10-Q as filed with the SEC are an integral part of these consolidated financial statements

FUTURE FINTECH GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ 2,776,872	\$ 10,229,298	\$ 5,735,706	\$ 15,665,606
Cost of goods sold	1,484,129	7,018,326	3,908,349	12,411,810
Gross profit	1,292,743	3,210,972	1,827,357	3,253,796
Operating Expenses				
General and administrative expenses	3,077,013	1,007,113	5,932,342	1,687,057
Selling expenses	311,078	750,690	505,957	1,611,830
Total operating expenses	3,388,091	1,757,803	6,438,299	3,298,887
Income (loss) from operations	(2,095,348)	1,453,169	(4,610,942)	(45,091)
Other income (expense)				
Interest income	1,139	15,599	2,179	146,623
Subsidy income	342,124	18,701	342,124	550,146
Interest expenses	(595,313)	(790,694)	(626,109)	(999,359)
Consulting fee related to capital lease	(312,356)	71,936	(140,209)	62,777
Total other expenses	(564,406)	(684,458)	(422,015)	(239,813)
Income (loss) before income tax	(2,659,754)	768,711	(5,032,957)	(284,904)
Income tax provision	198,663	633,829	260,085	633,829
Net income (loss)	(2,858,417)	134,882	(5,293,042)	(918,733)
Less: Net loss (income) attributable to non-controlling interests	370,419	249,929	(203,821)	237,464
NET INCOME	(2,487,998)	384,811	(5,089,221)	(681,269)



(LOSS) ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.				
Discontinued Operations				
Loss from discontinued operations	(48,023)	-	(96,708)	-
NET INCOME (LOSS) ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.	(2,536,021)	384,811	(5,185,929)	(681,269)
Other comprehensive income (loss)				
Foreign currency translation adjustment	1,612,180	(12,277,105)	2,238,236	8,421,541
Comprehensive income (loss)	(1,246,237)	(12,142,223)	(3,054,806)	7,502,808
Comprehensive income (loss) attributable to non-controlling interests	(618,546)	7,046,862	(743,443)	2,049,453
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.	\$ (1,864,783)	\$ (5,095,361)	\$ (3,798,249)	\$ 9,552,261
Income (loss) per share:				
Basic income (loss) per share from continued operations	(0.49)	0.12	(1.12)	(0.18)
Basic income (loss) per share	(0.01)	-	(0.02)	-



from discontinued operations				
Basic income (loss) per share from net income	<u>(0.50)</u>	<u>0.12</u>	<u>(1.14)</u>	<u>(0.18)</u>
Diluted income (loss) per share:				
Diluted income (loss) per share from continued operations	(0.49)	0.12	(1.11)	(0.18)
Diluted income (loss) per share from discontinued operations	<u>(0.01)</u>	<u>-</u>	<u>(0.02)</u>	<u>-</u>
Diluted income (loss) per share from net income	<u>(0.50)</u>	<u>0.12</u>	<u>(1.12)</u>	<u>(0.18)</u>
Weighted average number of shares outstanding				
Basic	4,537,240	3,807,611	4,537,240	3,807,611
Diluted	4,599,740	3,807,611	4,599,740	3,807,611

The accompanying notes in the 2017 second quarter 10-Q as filed with the SEC are an integral part of these consolidated financial statements.

FUTURE FINTECH GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the six months ended	
	June 30,	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (5,185,929)	\$ (918,733)
Adjustments to reconcile net income to net cash provided by operating activities		
Minority Interest	(203,821)	(237,464)
Depreciation and amortization	1,581,819	2,513,321
Changes in operating assets and liabilities	-	-
Accounts receivable	6,954,731	19,139,955
Other receivable	(1,176,722)	(2,976,550)
Advances to suppliers and other current assets	2,946,991	(11,265,461)
Inventories	(606,137)	(233,562)
Accounts payable	(4,706,261)	1,116,836
Accrued expenses	1,254,603	284,774
Income tax payable	(796,119)	(1,146,977)
Advances from customers	23,322	41,843
Net cash provided by (used in) operating activities	<u>86,477</u>	<u>6,555,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(990,799)	(10,125)
Proceeds from disposal of plant, property and equipment	-	190,185
Prepayment for other assets	(197,956)	(1,336,259)
Prepayments for deposit on equipment	-	(31,163,680)
Net cash used in investing activities	<u>(1,188,755)</u>	<u>(32,319,879)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of common stock	2,679,779	16,641,291
Proceeds from short-term notes	-	61,267
(Repayment) proceed of related party loans	263,020	(87,267)
Repayment of short-term bank loans	-	(594,290)
(Repayment) proceed of long term debt	2,021,142	(1,229,949)
Payment for capital lease	-	7,982,400
Net cash provided by financing activities	<u>4,963,941</u>	<u>22,773,452</u>
Effect of change in exchange rate	(587,459)	(6,272,151)
NET (DECREASE) INCREASE IN CASH AND CASH	3,274,204	(9,263,132)



EQUIVALENTS

Cash and cash equivalents, beginning of period	1,143,585	50,006,914
Cash and cash equivalents, end of period	<u>\$ 4,417,789</u>	<u>\$ 40,743,782</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ 562,761	\$ 208,665
Cash paid for income taxes	\$ 260,085	\$ 1,259,559

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION

Transferred from other assets to property, plant and equipment and construction in process	\$ 197,956	\$ 2,342,127
Equipment acquired by capital lease	\$ -	\$ -

The accompanying notes in the 2017 second quarter 10-Q as filed with the SEC are an integral part of these consolidated financial statements

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