

Future FinTech Reports Third Quarter 2017 Financial Results

XI'AN, China, Nov. 20, 2017 /PRNewswire/ -- Future FinTech Fruit 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 third quarter ended September 30, 2017.

"We experienced continued challenging market conditions in the third quarter of 2017 in our fruit processing business that resulted in a decline in customer demand attributable to a scarcity of raw materials, intense market competition and a contraction in our pricing power," said Mr. Hongke Xue, Chief Executive Officer of Future FinTech. "In order to transition away from some of these structural issues, we have begun to execute upon our strategic plan to transition from a heavy asset agricultural company into a lighter asset fintech company."

"We announced a corporate name change earlier this year to reflect our commitment to fintech that we believe will drive fintech solutions through the entire agricultural value chain as well as offer opportunities for us in other sectors. Consistent with this plan, we have made substantial investments in commodities trading online platforms, developed strategic partnership with online marketing entities and entered into a potentially lucrative distribution agreement to market a men's healthcare product," continued Mr. Xue.

"We have also entered into a joint venture to form an asset management company to purchase non-performing assets of financial and non-financial institutions and entered into a series of agreements to acquire financial assets. In relatively short order, we are transforming our company into a leaner enterprise to capitalize upon opportunities in the fintech sector that we believe offer potentially strong returns on invested capital. Our goal is to develop a world-class enterprise with a diversified revenue stream that maximizes returns to our corporate shareholders," Mr. Hongke Xue concluded.

Third Quarter 2017 Financial Results

Revenue. Revenue for the three months ended September 30, 2017 was \$4.4 million, a decrease of 58% as compared to \$10.6 million for the same period in 2016.

Third Quarter 2017 and 2016 Revenue by
Segment
(In \$000's)



	Three Months Ended September 30,		
	2017	2016	% of change
Concentrated apple juice and apple aroma	562	348	61.5%
Concentrated kiwifruit juice and kiwi puree	184	107	72.0%
Concentrated pear juice	13	4,897	(99.7%)
Fruit juice beverages	3,670	4,624	(20.6%)
Other	14	615	(97.7%)
Total	4,443	10,591	(58.0%)

Revenue by Segment.

Sales from apple-related products were \$0.6 million for the three months ended September 30, 2017, as compared to sales of \$0.3 million for the same period of 2016. During the third quarter of 2017, the Company sold approximately 738 tons of concentrated apple juice and apple aroma as compared to 472 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 2016 and for the nine months ended September 30, 2017. This 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 \$0.2 million for the third quarter of 2017, as compared to sales of \$0.1 million for the same period of 2016. The increase was due to higher demand and an increase in products sold in the current quarter as compared to the same period of 2016.

Sales of concentrated pear juice were \$0.01 million for the third quarter of 2017, as compared to sales of \$4.9 million for the same period of 2016. The decline was due to a decrease in sales volume due to lower demand. The Company sold 16 and 5,967 tons of concentrated pear juice during the third quarters of 2017 and 2016, respectively.

Sales from our fruit juice beverages segment were \$3.7 million for the third quarter of 2017, as compared to sales of \$4.6 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 third quarter of 2017, as compared to sales of \$0.6 million for the same period of 2016. The Company does not expect continued sales from the other products segment as customers' orders related to this segment are currently small and unpredictable.

Gross Loss. Consolidated gross loss was \$0.08 million for the third quarter of 2017, as compared to gross profit of \$3.1million for the same period of 2016. The consolidated gross loss margin was 2% for the third quarter of 2017 as compared to a gross profit margin 29% for the same period of 2016. The gross loss margin of the concentrated apple juice segment for the third quarter of 2017 was 5% as compared to a gross profit margin of 3% for the same period of 2016. The decrease in gross profit 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 third quarters of 2017 and 2016 were 24% and 4%, respectively, with the period-to-period increase primarily due to an increase in the 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 third quarters of 2017 and 2016 were 8% and 28%, respectively, with the period-to-period decrease primarily due to the higher costs of raw materials. The gross loss margin of the fruit juice beverages segment for the third quarter of 2017 was 3% as compared to a gross profit margin of 29% for the same period of 2016. The decrease in profit margin was primarily due to lower production during the third quarter of 2017, which resulted in a higher ratio of fixed expenses to the unit cost of our products. In addition, the unit selling prices of our products decreased in the third quarter of 2017 as compared to the same period of 2016 as a result of heavy market competition. The gross profit margin of the other products segment for the third quarters of 2017 and 2016 was 50% and 53%, respectively.

Third Quarter 2017 and 2016 Gross Profit by Segment (In \$000's) Three Months Ended September 30,			
2017		2016	
Gross profit/loss	Gross margin	Gross profit/loss	Gross margin
Concentrated apple juice and apple	(30)	10	3%



aroma				
Concentrated kiwifruit juice and kiwi puree	45	24%	4	4%
Concentrated pear juice	1	8%	1,367	28%
Fruit juice beverages	(99)	(3%)	1,360	29%
Other	7	50%	324	53%
Total	(76)	(2%)	3,065	29%

Operating Expenses. Operating expenses for the three months ended September 30, 2017 were \$8.9 million as compared to \$2.1 million for the same period of 2016.

General and administrative (G&A) expenses increased to \$8.7 million for the third quarter of 2017 as compared to \$1.0 million for the same period of 2016, primarily attributable to expenses of \$6.0 million recorded in the third quarter of 2017 that are a result of legal proceedings with China Cinda Asset Management Co., Ltd. Shaanxi Branch ("Cinda Shaanxi Branch") associated with loan guarantees that the Company entered into for two of its fruit suppliers. As the Company is in the process of settlement discussions as to this matter, the Company withdrew its non-enforcement request with the Xi'an Intermediate People's Court without prejudice, although it can refile the non-enforcement request at any time. Since the Company may still be liable for what it deems to be loans from Cinda Shaanxi Branch, it recorded expenses of \$6.0 million as part of G&A expenses resulting from the judicial enforcement proceedings in the third quarter of 2017. The current quarter's G&A expenses also increased due to the amortization of leasing expenses associated with the kiwi orchard that the Company leased in Mei County and Yidu City. The Company has amortized \$0.7 million as leasing expenses for the three months ended September 30, 2017.

Selling expenses decreased to \$0.2 million for the third quarter of 2017, as compared to \$1.1 million for the same period of in 2016, mainly due to a decrease in shipping and handling expenses due to the decrease in sales volume in the current quarter.

Net Loss and Loss per Share. Net loss attributable to Future FinTech shareholders for the third quarter of 2017 was \$9.3 million, as compared to a net loss of \$0.4 million for the same period of 2016. Diluted loss per share from continued operations was \$1.86 for the third quarter of 2017 as compared to diluted loss per share from continued operations of \$0.28 for the same period of 2016.

Financial Condition

As of September 30, 2017, the Company had \$4.5 million in cash and cash equivalents, up from \$1.1 million as of fiscal year end 2016. The Company's working capital was \$15.2 million. As of September 30, 2017, the Company had total liabilities of \$100.7 million which included \$30.8 million in short-term bank loans and \$17.3 million in capital lease obligations. As of September 30, 2017, stockholders' equity attributable to Future FinTech was \$129.6 million as of September 30, 2017 compared to \$135.0 million as of December 31, 2016.

During the nine months ended September 30, 2017, net cash provided by the Company's operating activities was \$1.5 million, as compared to net cash provided by operating activities of \$34.1 million for the same period of 2016. During the nine months ended September 30, 2017 and September 30, 2016, the Company's investing activities used net cash of \$0.2 million and \$92.9 million, respectively. During the nine months ended September 30, 2017, we made a refundable deposit of about \$30 million pursuant to a letter of intent to purchase the kiwifruits orchard, \$37.4 million for the lease of kiwifruits orchard in Mei County and \$24 million for the lease of an orange orchard in Yidu City. During the nine months ended September 30, 2017 and September 30, 2016, the Company's financing activities generated net cash inflows of \$6.4 million and \$24.0 million, respectively. The decrease in cash inflow from financing activities was mainly due to a decrease in capital contributions of \$11.5 million.

Project Updates

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 environmental 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 second quarter of 2018. Although the schedule for completion

could change, the distribution center is currently planned to be completed by the second quarter of 2018, and the orange plantation is currently planned to be operational in 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, the Company 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.



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, a dormitory, a refrigeration storage facility and a warehouse. However, due to heavy competition in the concentrated apple juice business in China, the Company's Huludao Wonder and Yingkou facilities in Liaoning have had no production over the past two years, and construction work on this project is currently suspended.

Recent Events

On November 6, 2017, the Company announced that on November 2, 2017, one of its wholly owned subsidiaries, Hedetang Foods (China) Co., Ltd. ("Hedetang"), entered into a series of agreements to acquire financial assets (collectively, the "Acquisition Agreements"). The financial assets have been assessed by an appraisal firm, and three of four of the financial assets are either guaranteed by a third-party company or secured by land use rights. After the consummation of the purchases, the Company has the option to hold, collect or resell these assets at any time. The aggregate capital cost of the four separate transfer agreements total RMB 181,006,980 (or approximately \$27,344,096), of which RMB 108,604,188 (or approximately \$16,437,248) will be paid in cash and RMB 72,402,792 (or approximately \$10,937,638) will be paid in shares of common stock of the Company (the "Share Payment") of the Company.

In connection with the Acquisition Agreements and to provide funding for their consummation, on November 3, 2017, Future FinTech entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Zeyao Xue pursuant to which Future FinTech agreed to sell 11,362,159 shares of its common stock to Zeyao Xue for an aggregate purchase price of \$16,437,248.50. Zeyao Xue currently beneficially owns 2,337,155 shares, or 45.2% of Future FinTech's issued and outstanding common stock and Yongke Xue, a member of the Board of Directors of Future FinTech, is Zeyao Xue's father. Additional details of the Share Purchase Agreement can be accessed via Form 8-K as filed with the Securities and Exchange Commission ("SEC") on its website (www.sec.gov) on November 6, 2017.

The Share Payment associated with the Acquisition Agreements is contingent on Future FinTech receiving shareholder approval at a Special Shareholders Meeting to increase its authorized common stock to 60,000,000 shares and to approve the Share Payment issuance under the Acquisition Agreements. Additional details of the Acquisition Agreements can be accessed via Form 8-K as filed with the SEC on its website on November 6, 2017.



FUTURE FINTECH GROUP INC.

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On November 6, 2017, the Company filed a Schedule 14A to solicit shareholders' proxies for a special meeting of the Company's shareholders for the consideration of a corporate restructuring as disclosed in a preliminary proxy statement that would entail a spin-off the Company's wholly-owned subsidiaries, SkyPeople Foods Holdings Limited (BVI) ("SkyPeople BVI") and FullMart Holdings Limited (BVI) ("FullMart"), through a pro rata distribution of the ordinary shares of each of SkyPeople BVI and FullMart to holders of the Company's common stock at the close of business on December 11, 2017, the record date. The Special Shareholders Meeting is expected to be held on January 30, 2018. This information can be accessed via the SEC website as well.

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,"



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"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, 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**

	September 30, 2017	December 31, 2016
	(Unaudited)	(Audited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,545,501	\$ 1,143,585
Accounts receivable, net of allowance of \$111,942 as of September 30, 2017 and December 31, 2016, respectively	506,149	7,325,773
Other receivables	31,493,950	28,417,194
Inventories	4,236,014	3,041,300
Deferred tax assets	3,566,442	3,566,442
Advances to suppliers and other current assets	54,230,726	58,132,189
TOTAL CURRENT ASSETS	98,578,782	101,626,483
PROPERTY, PLANT AND EQUIPMENT, NET	85,356,432	81,523,569
LAND USE RIGHT, NET	32,912,504	31,854,360
LONG TERM ASSETS	2,915,518	2,789,390
DEPOSITS	44,969,613	43,867,228
TOTAL ASSETS	\$ 264,732,849	\$ 261,661,030
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 22,108,242	\$ 16,569,988
Accrued expenses	29,985,762	27,449,664
Income tax payable	-	3,590,084
Advances from customers	470,230	696
Short-term bank loans	30,836,535	29,364,279
TOTAL CURRENT LIABILITIES	83,400,769	76,974,711
NON-CURRENT LIABILITIES		
Obligations under capital leases	17,301,683	14,494,003
TOTAL NON-CURRENT LIABILITIES	17,301,683	14,494,003
TOTAL LIABILITIES	100,702,452	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 September 30, 2017 and December 31, 2016, respectively	-	-
Common stock, \$0.001 par value; 8,333,333 shares authorized; 5,173,187 and 4,061,090 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	5,173	4,061
Additional paid-in capital	108,020,656	105,366,887

Retained earnings	85,776,599	100,237,011
Accumulated other comprehensive loss	(64,240,263)	(70,579,747)
Total Future FinTech Group Inc. stockholders' equity	<u>129,562,165</u>	<u>135,028,212</u>
Non-controlling interests	34,468,232	35,164,104
TOTAL EQUITY	<u>170,925,778</u>	<u>170,192,316</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 264,732,849</u>	<u>\$ 261,661,030</u>

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenue	4,443,7	10,590,9	10,179,4	26,256,5
	\$ 10	\$ 73	\$ 16	\$ 79
Cost of goods sold	4,519,5	7,525,56	8,427,93	19,937,3
	87	1	6	71
Gross profit	(75,877)	3,065,41	1,751,48	6,319,20
Operating Expenses				
General and administrative expenses	8,660,7	1,009,52	14,593,0	2,696,57
Selling expenses	10	0	52	7
		1,107,67		2,719,50
	221,684	7	727,641	7
Total operating expenses	8,882,3	2,117,19	15,320,6	5,416,08
	94	7	93	4
Income (loss) from operations	(8,958,2	71)	(13,569,2	903,124
Other income (expense)				
Interest income	-	13,747	2,032	160,370
Subsidy income	573,040	(8,916)	915,164	541,230
Interest expenses	(112,743	(688,904	(738,705)	(1,688,2
))	63)	
	2,238,3		2,098,17	
Other income (expenses)	82	(69,557)	3	(6,780)
Total other income (expenses)	2,698,6	(753,630	2,276,66	(993,443
	79)	4)
Income (loss) before income tax	(6,259,5	92)	(11,292,5	(90,319)
Income tax provision	(1,825)	250,453	258,260	884,282
	(6,257,7		(11,550,8	(974,601
Net loss	67)	(55,868)	09))
Less: Net loss attributable to non-controlling interests	(2,971,2	(364,742	(2,767,47	(127,278
	98))	7))
NET LOSS ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.	(9,229,0	(420,610	(14,318,2	(1,101,8
	65))	86)	79)
Discontinued Operations				



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(Note 11)

Loss from discontinued operations	(45,418)	-	(142,126)	-
NET LOSS ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.	(9,274,483)	(420,610)	(14,460,412)	(1,101,879)
Other comprehensive income (loss)				
Foreign currency translation adjustment	9,435,919	228,830	11,674,155	1,215,660
	3,132,734	172,962	(18,780)	241,059
Comprehensive income (loss) attributable to non-controlling interests	1,195,760	(24,844)	452,317	8,613,955
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO FUTURE FINTECH GROUP, INC.	\$ 4,328,494	\$ 148,119	\$ 433,537	\$ 8,855,014
Loss per share:				
Basic loss per share from continued operations	(1.89)	(0.28)	(3.01)	(0.28)
Basic loss per share from discontinued operations	(0.01)	-	(0.03)	-
Basic loss per share from net income	<u>(1.90)</u>	<u>(0.28)</u>	<u>(3.04)</u>	<u>(0.28)</u>
Diluted loss per share:				
Diluted loss per share from continued operations	(1.86)	(0.28)	(2.97)	(0.28)
Diluted loss per share from discontinued operations	(0.01)	-	(0.03)	-
Diluted loss per share from net income	<u>(1.87)</u>	<u>(0.28)</u>	<u>(3.00)</u>	<u>(0.28)</u>
Weighted average number of shares outstanding				
Basic	4,751,552	3,887,435	4,751,552	3,887,435
Diluted	4,814,052	3,887,435	4,814,052	3,887,435

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

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

	For the nine months ended	
	September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (14,460,412)	\$ (1,101,879)
Adjustments to reconcile net income to net cash provided by operating activities		
Minority interest	2,767,477	127,278
Depreciation and amortization	2,341,178	3,739,607
Changes in operating assets and liabilities		
Accounts receivable	6,908,544	42,466,850
Notes receivable	-	(986,502)
Other receivable	(1,248,917)	(2,643,904)
Advances to suppliers and other current assets	5,384,278	(15,639,125)
Inventories	(1,021,369)	(1,398,802)
Accounts payable	(115,060)	10,522,211
Accrued expenses	1,250,827	347,377
Income tax payable	(796,119))	(1,134,706)
Advances from customers	453,592	(187,952)
Net cash provided by (used in) operating activities	<u>1,464,019</u>	<u>34,110,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,042,191)	(28,386)
Proceeds from disposal of plant, property and equipment	-	334,236
Prepayment for other assets	851,294	(91,914,922)
Purchase of intangible assets	-	(1,321,964)
Net cash used in investing activities	<u>(190,897)</u>	<u>(92,931,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of common stock	4,880,921	16,377,868
Decrease in restricted cash	-	3,030,579
Proceeds from short-term notes	139,599	136,376
Repayment of short-term bank loans	(690,739)	(2,103,222)
Repayment of long term debt	-	(1,216,791)
(Repayment) proceeds from related party loan	2,079,369	(239,928)
Payment for capital lease	-	7,982,400
Net cash provided by financing activities	<u>6,409,150</u>	<u>23,967,282</u>
Effect of change in exchange rate	(4,280,356)	(12,621,060)
NET INCREASE (DECREASE) IN CASH AND CASH	3,401,916	(47,474,361)

EQUIVALENTS

Cash and cash equivalents, beginning of period	1,143,585	50,006,914
Cash and cash equivalents, end of period	<u>\$ 4,545,501</u>	<u>\$ 2,532,553</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ 737,651	\$ 1,176,401
Cash paid for income taxes	\$ 258,260	\$ 884,282

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION

Transferred from other assets to property, plant and equipment and construction in process	\$ 851,294	\$ 91,914,922
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The accompanying notes in the third quarter 10-Q as filed with the SEC are an integral part of these condensed consolidated financial statements.

For more information, please contact:

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