

## FIYTA HOLDINGS LTD.

### 2019 Semi-annual Report, Summary

#### I. Important Notice

This summary of the Annual Report is quoted out of the full text of the Annual Report. Investors desirous to understand entirely the Company's operation results, financial position and future development planning are advised to carefully read the full text of the Annual Report which is published in the medium designated by CSRC.

Huang Yongfeng, the Company leader, Chen Zhuo, chief financial officer, and Tian Hui, the manager of the accounting department (treasurer) hereby confirm the authenticity and completeness of the financial report enclosed in this Annual Report.

All the directors attended the board meeting for reviewing the Annual Report.

Indication of qualified audit opinion

Inapplicable

The profit distribution preplan or the preplan for conversion of reserve into capital for the reporting period reviewed by the Board of Directors

The Company intends neither to distribute any cash dividend or bonus shares nor to convert any reserve into share capital.

Profit Distribution Preplan for Preferred Shares during the Reporting Period Approved by the Resolution of the Board of Directors

Inapplicable

#### II. Company Profile

##### 1. Company Information

Short form of the stock:	FIYTAA, FIYTA B	Stock Codes:	000026 and 200026
Stock Exchange Listed with	Shenzhen Stock Exchange		

Liaison Persons and Communication Information	Secretary of the Board	Securities Affairs Representative
Name	Lu Wanjun	Zhang Yong
Office Address	20th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen	20th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen
Tel.	0755-86013669	0755-86013669
Email	investor@fiyta.com.cn	investor@fiyta.com.cn

## 2. Summary of Accounting/Financial Data

Does the Company need to make retroactive adjustment or restatement of the accounting data of the previous years

No

	Reporting period	Same period of the previous year	Year-on-year increase/decrease in the reporting period
Revenue in CNY	1,785,036,020.23	1,695,891,432.72	5.26%
Net profit attributable to the Company's shareholders, in CNY	123,495,460.90	112,367,921.44	9.90%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	113,627,146.69	99,759,371.16	13.90%
Net cash flows arising from operating activities, in CNY	159,014,650.37	224,672,274.09	-29.22%
Basic earning per share (CNY/share)	0.2788	0.2561	8.86%
Diluted earning per share (CNY/share)	0.2788	0.2561	8.86%
Return on equity, weighted average	4.69%	4.45%	0.24%
	End of the reporting period	End of the previous year	Increase/decrease at the end of the year over the end of the previous year
Total assets (in CNY)	3,660,456,223.27	3,599,691,650.26	1.69%
Net profit attributable to the Company's shareholders, in CNY	2,683,297,649.42	2,570,134,782.90	4.40%

## 3. Number of Shareholders and Shareholding

In shares

Total common shareholders at the end of the reporting period	33,105	Total preference shareholders with the voting power recovered	0
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				at the end of the reporting period (if any)		
Shareholding by top 10 shareholders						
Names of the Shareholders	Nature of the shareholder	Shareholding proportion	Shareholding quantity	Number of the restricted shares held	Pledging or freezing	
					Status of the shares	Quantity
AVIC International Holding Limited	State corporate	36.79%	162,977,327	0		
#Yang Zugui	Domestic natural persons	3.32%	14,709,417	0		
National Social Security Fund 114 Portfolio	State-owned legal person	1.92%	8,483,232	0		
BANK OF COMMUNICATIONS CO.,LTD - CHANGXIN QUANTIFIED PIONEER EQUITY FUND	Domestic non-state-owned corporate	0.62%	2,741,301	0		
Shenzhen Heli Fengyuan Commerce & Trade Co., Ltd.	Domestic non-state-owned corporate	0.61%	2,704,000	0		
Xizang Investment Co., Ltd.	State-owned legal person	0.51%	2,271,251	0		
Li Changqiang	Domestic natural persons	0.32%	1,398,000	0		
# Chen Chu	Domestic natural persons	0.31%	1,365,219	0		
Zeng Yanhong	Domestic natural persons	0.30%	1,350,000	0		
Vanguard Investment Australia Ltd. - Vanguard Emerging Market Stock Index Fund (Stock Exchange)	Domestic non-state-owned corporate	0.27%	1,190,485	0		

Explanation on associated relationship or consistent action of the above shareholders	Inapplicable
Note to the shareholder(s) involved in the securities margin trading (if any)	Inapplicable

#### **4. Change of the Controlling Shareholder or Actual Controller**

Inapplicable

#### **5. Total preferred shareholders and the shareholding by the top 10 preferred shareholders**

Inapplicable

#### **6. Company Bonds**

Did there exist any company bonds which were issued to the public and listed with the stock exchange for trading and was due by the date when the Semi-annual Report was approved for issuing or failed to be fully cashed by the end of the reporting period.

No

### **III. Discussion and Analysis on the Operation**

#### **1. Operation Summary in the Reporting Period**

Does the Company need to comply with the disclosure requirements of special industry

No

In the first half of 2019, the domestic economy still faced a quite high downward pressure due to the complexity of the external political and economic environment and depressed consumption, and the watch industry was also confronted with big growth pressure. During the reporting period, facing the severe market pressure, the Company seized the opportunity of consumption upgrading, continued to promote upgrading of brand improvement and better customer services, further strengthened the refined management and professional operation capabilities; the Company still achieved steady growth in operating performance, and continuous improvement of the operational efficiency. In the first half of 2019, the Company realized revenue amounting to CNY 1,785.036 million with year-on-year growth of 5.26% and realized total profit amounting to CNY 164.1106 million with a year-on-year growth of 12.53%.

During the reporting period, the Company carried out the following key work.

##### **I. Continuing to carry forward “FIYTA” Brand upgrading and operation efficiency improvement**

During the reporting period, the Company took the customers’ demand as the origin and continued to carry forward “FIYTA” Brand upgrading centering on the operation work, including product, channel, marketing, etc. During the first half of 2019, “FIYTA” Brand continued to enhance the professional watch-making spirit and the independent aesthetic design brand conception, launched in succession a

number of new products, including the Master Series DUNHUANG Themed wristwatches, MACH Series “J-20” jointly limited wristwatch and “Heartstrings” series wristwatches, etc. and achieved breakthrough in application of new materials, such as Damascus steel, Grade 5 titanium, etc.; continued to reinforce improvement of whole-channel operation ability, promoted off-line channel structure optimization and identity upgrading; promoted adjustment of e-commerce operation pattern, quickened on-line business development; continued to participate in such important activities of the industry, including Baselworld 2019, Watch & Clock Fair China, China Brand Day, etc. and improved the brand identity and industry influence, additionally appointed “Feng Shaofeng” as brand spokesman and increased the interaction of the brand, consumers and new media. At the same time, the Company spared no efforts to improve the efficiency of brand business operations. In the first half of 2019, the Company achieved positive results in its brand business in terms of product quality, inventory turnover rate, cost control, channel operation quality, etc.

## **II. Continuing to carry forward retail service network optimization and customer service improvement**

During the reporting period, although the overall watch market was under pressure, yet the medium - and high-end brand watches with unit price exceeding CNY 10,000 were still favored by more consumers and a high growth rate and a favorable trend were achieved. Harmony World Watches retail services grasped the growth opportunity of mid-to-high-end watch brands, strengthened resource integration and operation improvement, continued to strengthen cooperation with international brands and mid-to-high-end retail channels, promoted brand upgrading and channel upgrading, and continuously increased customer unit prices; at the same time, continued to obtain international on-line watch brand authorization, newly set up Tissot and Mido JD franchise houses, Mido Tmall franchise house, and enriched on-line watch retail service network. During the reporting period, Harmony World Watches Retail Service continued to deepen the improvement of customer service segmentation, accelerated the promotion of smart retail projects, and continued to promote the business development of technical services.

## **III. Insisting on Innovation Development and Maintaining Quick Development of New Businesses**

During the reporting period, under the macro background of industrial upgrading and intelligent manufacturing, the Company continued to promote the rapid growth of precision manufacturing business by vigorously developing markets such as laser devices and electronic circuits, relying on national high-tech enterprises and more mature precision manufacturing industry bases. In the first half of 2019, revenue from precision manufacturing business increased by 41% year-on-year. At the same time, the Company continued to accelerate the layout of smart wear business. In the first half of 2019, the Company continued to integrate resources for its "Jeep" brand smart watches, deepened technical cooperation, and quickly deployed serialized iterative products, and continued to maintain a good sales situation for its smart watches.

## **IV. Implementing the “Repurchase” Program and Improving the Value for the Shareholders**

During the reporting period, the Company continued to increase its interaction with the capital market in multiple dimensions, convey the intrinsic value of the Company, promoted the annual distribution of equity, and continued to keep high rate of distribution to investors. The accumulative cash dividend distributed took 151.39% of the annual average net profit in the past three years. At the same time, in order to boost confidence in the capital market and realized maximization of the value for shareholders, based on the confidence in the Company's future development prospects and recognition of the Company's value, the Company initiated the repurchase of some domestically listed foreign shares (B shares) in April 2019. In the first half of 2019, the Company successfully carried out the “repurchase”

program and applied approximately HK\$16 million to repurchase 2.7 million shares of B shares through centralized bidding.

## **2. Matters in Connection with the Financial Report**

### **(1) Explanation on the Changes in the Accounting Policy, Accounting Estimate, and Accounting Method in Comparison with the Financial Report of the Previous Year**

Inapplicable

### **(2) Explanation on Serious Accounting Errors Occurred during the Reporting Period Necessary to be Restated Retrospectively**

Inapplicable

### **(3) Explanation on the Changes in the Scope of the Consolidated Statements in Comparison with the Financial Report of the Previous Accounting Period**

Inapplicable

FIYTA HOLDINGS LTD.

Board of Directors

August 15, 2019