

Stock Code: 000026 200026 Short Form of Stock: FIYTA , FIYTA B Announcement No.: 2020-048

FIYTA Precision Technology Co., Ltd.

2020 Semi-annual Report, Summary

1. Important Notice

This summary of the Semi-annual Report is quoted out of the full text of the Semi-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 Semi-annual Report which is published in the medium designated by CSRC.

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
Inapplicable

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

III. Company Profile

I. Company Information

Short form of the stock:	FIYTA and FIYTA B	Stock Code	000026 and 200026
Stock Exchange Listed with	Shenzhen Stock Exchange		
Short form of the stock before the change (if any)	FIYTAA		
Liaison Persons and Communication Information	Secretary of the Board	Securities Affairs Representative	
Name	Pan Bo	Zhang Yong	
Office Address	18th 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	
E-mail	investor@fiyta.com.cn	investor@fiyta.com.cn	

2. Financial Highlights

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	1,581,834,715.03	1,785,036,020.23	-11.38%
Net profit attributable to the Company's shareholders, in CNY	77,738,906.30	123,495,460.90	-37.05%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	68,669,477.45	113,627,146.69	-39.57%

Net cash flows arising from operating activities, in CNY	103,645,235.27	159,014,650.37	-34.82%
Basic earning per share (CNY/share)	0.1775	0.2788	-36.33%
Diluted earning per share (CNY/share)	0.1775	0.2788	-36.33%
Return on equity, weighted average	2.91%	4.69%	-1.78%
	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)	3,837,627,638.42	3,760,923,285.37	2.04%
Net profit attributable to the Company's shareholders, in CNY	2,628,145,112.24	2,654,533,766.99	-0.99%

3. Number of Shareholders and Shareholding

In shares

Total common shareholders at the end of the reporting period		34,122	Total preference shareholders with the voting power recovered at the end of the reporting period (if any)		0	
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	38.06%	162,977,327	0		
#Yang Zugui	Domestic natural person	4.47%	19,144,621	0		
Yang Sancai	Domestic natural person	2.34%	9,999,933	0		
Zhang Sufen	Domestic natural person	0.80%	3,420,000	0		
Zhang Huaming	Domestic natural person	0.44%	1,873,800	0		
Qiu Hong	Domestic natural person	0.35%	1,500,000	0		
Na Zhizhong	Domestic natural person	0.35%	1,480,163	0		
# Li Yue	Domestic natural person	0.23%	1,000,000	0		
Penghua Fund - Minsheng Bank - Penghua Fund - Huili No. 1 Assets Management Plan	Domestic non-state-owned legal person	0.22%	951,700	0		
# Shen Xuewen	Domestic natural person	0.21%	883,920	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 Bond

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

At the beginning of 2020, a sudden outbreak of COVID-19 brought about an unprecedented impact on the economy. Being confronted with the severe challenge of the market situation, the Company resolutely implemented the strategic deployment of the CPC Central Committee and the superior, started the wartime combat system, comprehensively promoted the epidemic prevention and control work, and ensured employees to be "zero suspected and zero confirmed" for the disease. At the same time, the Company actively carried forward the resumption of work and production; through strict cost control, seized the market opportunity; through WeChat, live broadcast and other ways, actively expanded community marketing, social marketing and through continuous innovation, adapted to the market situation and competitive situation after the epidemic. In the first half of the year, in response to the progress of the epidemic, the Company successively planned and promoted the "epidemic prevention and control war", "market recovery war" and "operation counterattack war", which have demonstrated the Company's strong market recovery and adjustment and adaptation ability. Having experienced the test of the epidemic, the Company has continuously improved its team fighting ability and profitability.

During the first half year, the Company achieved operating revenue amounting to CNY 1,581,834,700, a year-on-year decrease of 11.38%, and realized net profit attributable to the shareholders of the listed company amounting to CNY 77,738,900, a year-on-year decrease of 37.05%. Where, the operating revenue in the second quarter was CNY 993.4737 million, a year-on-year increase of 11.42%, and the net profit attributable to shareholders of the listed company was CNY 90.7137 million, a year-on-year increase of 53.40%, which set a new record in the single-quarter operating revenue and net profit attributable to the shareholders of the listed company. During the reporting period, the Company achieved a deep V-shaped rebound trend in its business. This February was the month in which the Company was affected worst by the COVID-19 - its revenue dropped by more than 70% year on year and recorded a significant loss in a single month. Since March, the operating revenue and profit rebounded rapidly, although the recovery of the offline customer volume was still below that as expected. Since May and June, the Company has achieved a significant growth in its operating revenue and profit.

In terms of different businesses, the current revenue from the self-owned brands has recovered to more than 90% in the same period of last year, and the current profit has achieved a sharp year-on-year growth in the second quarter. In terms of the business of the world brand watches, especially high-end Swiss watch brands, benefited from overseas consumption backflow and the Company's continuous optimization of the channels and brands in recent years, the Company realized a high-speed growth in revenue and profit in the second quarter which have stimulated the Company in quick improvement of overall income and profitability. The Company has also a good performance in the growth of precision technology, has achieved an outstanding progress in accumulation of the technology and products of smart wears. The Company is optimistic about the follow-up business development and performance growth on overall basis.

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

I. Having started the "wartime" command system and launched the "epidemic prevention and control war"

During the reporting period, the Company launched a "wartime system" and strictly followed the deployment of the central government and authorities of higher levels to do its best to prevent and control the epidemic. The Company's current production and operations have returned to normal, and the employees' operation and production resumption rate was 100%, and there was no suspected or confirmed case. To cope with the impact of the epidemic on its business, the Company quickly adjusted its business strategy, centered on supporting current sales, strictly controlled all non-essential expenses, and strengthened cash flow management. In the first half of 2020, the Company's overall expenses fell by 9.07% on year-on-year basis and a significant result was achieved.

II. Seizing the market opportunities and quickly launching the "market recovery war" and "market counterattack"

Under the personal direction of General Secretary Xi Jinping, China has brought the epidemic under fundamental control. The Chinese government is trying every means to support the whole people to get through this tough time with various policies and promote the economy recovery. The Company quickly adjusted its status in various businesses and carried out the "market recovery war" and "operation counterattack", and achieved rapid revenue rebound and profit overtaking, and further enhanced the competitive advantage of the principal businesses. During the reporting period, the new image of the "FIYTA" brand channel was gradually spread across the country, and the special work of excellent channel operation and sales excellence continued to be implemented; the Four-leaf Clover and Xtreme Series of new products

were launched as scheduled, and the Company won the 2020 IF Design Award for its "FIYTA" brand dual visual display customization concept watch; the memorial watch of FIYTA fighting against the "epidemic" to pay tribute to the "heroes in harm's way" in the battle against COVID-19; the brand-new image blockbuster of "FIYTA" Brand spokesperson Gao Yuanyuan was officially released. The free public welfare promotion activities with "we always believe in love and the power of time" as the promotion theme were launched in all regions of the country. The performance of HARMONY World Watches exceeded the expectations. Meanwhile, HARMONY World Watches is continuously carrying forward the improvement of operational efficiency and keeping continuous improvement in gross margin, expense ratio, inventory turnover and other indicators; and the profit growth is significantly higher than revenue growth.

III. Implementing innovation-driven development, and continuing to enhance the Company's new growth momentum

During the reporting period, the Company continued to promote business innovation and development, and supported to constantly strengthen the new driving forces of the Company's future development. While carrying forward recovery and growth of the offline channel in the Company's brand cluster and Harmony World Watches business, the Company at the same time also speeded up investment in the online platform, accelerated the exploration of the new retail formats including "live webcasting", "community marketing", etc. , by using informatization means, continuously innovated new retail formats and service models. Invited by the Ministry of Commerce, "FIYTA" was elected as the only clock brand as a "Made-in-China" brand of the Ministry of Commerce to participate in the first live events at Alibaba "Dual-brand Online Shopping Festival" the Chinese first live events and achieved an extraordinary success; the Company accelerated the digital transformation and continuously built a customer-oriented digital operation system. The construction of the CRM system of brand cluster business and the digital retail system of HARMONY watch business has been successfully carried forward.

During the reporting period, the Company enjoyed a favorable growth trend in its precision technology innovation business, continued to consolidate the optical communication and laser device market, constantly strengthened the opportunity recognition of military, medical and other fields, FIYTA Technology Co. participated in LASER World of PHOTONICS CHINA and exhibited its powerful technology strength in precision parts and components with high dimensional accuracy and high design standard, and continuously developed new customer areas; the brand "Jeep" has accurately targeted urban women, and launched smart women's watch with fashionable appearance design and female-exclusive and body temperature monitoring features.

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

On July 5, 2017, the Ministry of Finance revised and promulgated the Accounting Standards for Enterprises No. 14 - Revenues, which, in accordance with the requirements of the Ministry of Finance, began to take effect from January 1, 2020 for domestic listed enterprises. According to the regulations, the Company would implement the aforesaid new rules and make change of the corresponding accounting policies. However, this would produce no significant impact on the Company's current and previous net profit, total assets and net assets. For details, please refer to the "Announcement on Change of the Accounting Policies 2020-015" disclosed by the Company on the Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn/> on Friday, March 20, 2020.

(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 Precision Technology Co., Ltd.
Board of Directors
July 30, 2020