

Stock Code: 000026 200026

Short Form of Stock: FIYTA, FIYTA B

Announcement No: 2020 - 065

**FIYTA Precision Technology Co., Ltd.**

**2020 Third Quarter Report, Summary**

## **Section 1 Important Notice**

**The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives hereby individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are neither material omissions nor errors which would render any statement misleading.**

**All the directors attended the board meeting for reviewing the Quarter Report.**

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

## Section 2 Company Profile

### I. Summary of Accounting/Financial Data

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

No

	End of the reporting period	End of the previous year	Year-on-year increase/decrease in the reporting period	
Total assets, in CNY	4,028,147,973.14	3,760,923,285.37	7.11%	
Net assets attributable to the Company's shareholders, in CNY	2,747,088,050.30	2,654,533,766.99	3.49%	
	Reporting period	Increase/decrease as of the reporting period over the same period of the previous year	From the year beginning to the end of the reporting period	Year-on-year increase/decrease from the year beginning to the end of the reporting period
Revenue in CNY	1,362,598,720.97	42.73%	2,944,433,436.00	7.47%
Net profit attributable to the Company's shareholders, in CNY	137,048,377.83	148.12%	214,787,284.13	20.17%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	129,723,577.01	133.96%	198,393,054.46	17.34%
Net cash flows arising from operating activities, in CNY	112,503,592.52	-22.79%	216,148,827.79	-29.07%
Basic earning per share, in CNY/share	0.3165	153.00%	0.4940	22.31%
Diluted earning per share, in CNY/share	0.3165	153.00%	0.4940	22.31%
Return on equity, weighted average	4.99%	2.94%	7.91%	1.17%

Non-recurring gain/loss items and the amount involved

In CNY

Items	Amount from the year beginning to the end of the reporting period	Note
Gain/loss from disposal of non-current assets, including the part offset from the provision for impairment of assets.	-376,069.86	
The government subsidies included in the profits and losses of the current period (excluding government grants which are closely related to the Company's business and conform with the national standard amount or quantity)	20,135,145.46	
Accounts receivable separately tested for impairment and reversal of the impairment provision of contract assets	134,236.87	
Other non-operating income and expenses other than the aforesaid items	1,288,291.48	
Less: Amount affected by the income tax	4,787,374.28	
Total	16,394,229.67	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Inapplicable

## II. Statement of total shareholders and shares held by the top 10 shareholders by the end of the reporting period

### 1. Quantity of the shares held by the common and preferred shareholders whose voting rights are recovered and statement of shareholding by the top 10 shareholders

In shares

Total common shareholders at the end of the reporting period		23,854		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	38.07%	162,977,327	0			
China Construction Bank Corporation - Penghua Value Advantage Hybrid Securities Investment Fund (LOF)	Domestic non-state-owned legal person	1.25%	5,331,735	0			
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	Overseas legal person	1.07%	4,598,412	0			
# Huang Xuhua	Domestic natural person	0.93%	3,998,594	0			
Song Jianbo	Domestic natural person	0.65%	2,790,000	0			
China Construction Bank Corporation - Rongtong Internet Media Flexible Configuration Hybrid Securities Investment Fund	Domestic non-state-owned legal person	0.58%	2,470,000	0			
# Zheng Zhenhong	Domestic natural person	0.58%	2,467,500	0			
# Jin Xiaojing	Domestic natural person	0.50%	2,159,900	0			
Hua An Fund - Fujian Shengfu Tian Ying Plan A, Issue S1601 - 01 - Hua An Fund - Jiangnan Rural Commercial Bank	Domestic non-state-owned legal person	0.47%	2,000,500	0			

Single Asset Management Plan						
# Zhu Kaisheng	Domestic natural person	0.42%	1,784,126	0		
Shares held by top 10 shareholders of unrestricted shares						
Names of the Shareholders	Quantity of unrestricted shares held	Share type				
		Share type	Quantity			
AVIC International Holding Limited	162,977,327	CNY ordinary shares	162,977,327			
China Construction Bank Corporation - Penghua Value Advantage Hybrid Securities Investment Fund (LOF)	5,331,735	CNY ordinary shares	5,331,735			
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	4,598,412	CNY ordinary shares	4,598,412			
# Huang Xuhua	3,998,594	CNY ordinary shares	3,998,594			
Song Jianbo	2,790,000	CNY ordinary shares	2,790,000			
China Construction Bank Corporation - Rongtong Internet Media Flexible Configuration Hybrid Securities Investment Fund	2,470,000	CNY ordinary shares	2,470,000			
# Zheng Zhenhong	2,467,500	CNY ordinary shares	2,467,500			
# Jin Xiaojing	2,159,900	CNY ordinary shares	2,159,900			
Hua An Fund - Fujiangnan Shengfu Tian Ying Plan A, Issue S1601 - 01 - Hua An Fund - Jiangnan Rural Commercial Bank Single Asset Management Plan	2,000,500	CNY ordinary shares	2,000,500			
# Zhu Kaisheng	1,784,126	CNY ordinary shares	1,784,126			
Explanation on associated relationship or consistent action of the above shareholders	Inapplicable					
Note to the top 10 shareholders involved in margin financing & securities lending (if any)	Inapplicable					

Did the top ten common shareholders or top ten shareholders of unrestricted common shares conduct contractual repurchase during the reporting period?

No

## 2. Total preferred shareholders and the shareholding by the top 10 preferred shareholders

Inapplicable

### Section 3 Significant Events

#### I. Changes of the major financial data and financial indicators during the reporting period and the causes

##### (I) Balance sheet items

Items	Ending balance	Opening balance	Variation proportion	Cause of the movement
Monetary capital	440,841,813.69	316,668,565.09	39.21%	Mainly due to increase of the net flow-in from operating activities
Notes receivable	31,643,491.93	10,596,431.31	198.62%	Mainly due to growth of the income from the business of precision technology.
Accounts receivable	517,102,018.23	397,471,106.98	30.10%	Mainly due to growth of the income from the watch business and income from the business of precision technology.
Other current assets	42,265,897.66	68,858,096.74	-38.62%	Mainly due to decrease of the excess VAT credit over the beginning of the year.
Other non-current assets	20,641,356.90	7,373,248.48	179.95%	Mainly due to increase of the advance payment for refurbishment and equipment over the year beginning.
Advance receipts	7,603,874.94	23,433,463.57	-67.55%	Mainly due to the influence from the reclassification in compliance with the new income code.
Contract liabilities	17,765,957.61	-	-	Mainly due to the influence from the reclassification in compliance with the new income code.
Tax payable	88,754,288.51	24,064,803.00	268.81%	Mainly due to increase of the VAT and business income tax payable over the year beginning.
Other payables	161,123,219.49	119,616,721.63	34.70%	Mainly due to increase of the shopping mall expenses, rent, etc. arising from the revenue growth.
Treasury stock	34,143,512.92	71,267,118.78	-52.09%	Mainly due to repurchase of the B-shares written-off in the current year.

##### (II) Items of the Statement of Profit in the Reporting Period

Items	Amount incurred in the reporting period	Amount incurred in the same period of the previous year	Variation proportion	Cause of the movement
Operating revenue	1,362,598,720.97	954,666,662.24	42.73%	Mainly due to the growth of income from the watch business during the reporting period.
Operating costs	843,233,284.52	564,943,912.45	49.26%	Mainly due to the increase of the operating costs arising from the growth of income from the watch business during the reporting period.
Other income	9,981,129.79	321,181.31	3007.63%	Mainly due to the increase of the governmental subsidies received during the reporting period.
Loss from impairment of credit	-2,704,695.51	-5,221,223.17	48.20%	Mainly due to further enhancement of control over the accounts receivable during the reporting period.
Income from disposal of assets	-175,929.69	-671,226.52	73.79%	Mainly due to relatively big amount from disposal of equipment in the same period of the previous year.
Non-operating expenses	289,010.70	159,270.28	81.46%	Mainly due to the influence from the donation of anti-epidemic supplies during the reporting period.
Total profit	170,897,842.43	72,234,639.73	136.59%	Mainly due to growth of revenue in the reporting period.

Income tax expense	33,842,369.19	16,999,335.26	99.08%	Mainly due to growth of the total profit in the reporting period.
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## (III) Items of the Statement of Profit from the Year Beginning to the End of the Reporting Period

Items	Amount incurred in the reporting period	Amount incurred in the same period of the previous year	Variation proportion	Cause of the movement
Taxes and surcharges	14,676,717.58	22,031,072.60	-33.38%	Mainly due to the impact from the increase of inventories and procurements.
Other income	20,135,145.46	13,366,923.67	50.63%	Mainly due to the increase of the governmental subsidies received during the reporting period.
Return on investment	2,160,911.92	1,531,310.06	41.12%	Mainly due to increase of the profit of Shanghai Watch Industry, a shareholding enterprise in the reporting period.
Loss from impairment of credit	-5,172,056.86	-8,302,992.06	37.71%	Mainly due to further enhancement of control over the accounts receivable during the reporting period.
Income from disposal of assets	-376,069.86	-883,236.65	57.42%	Mainly due to big amount from disposal of equipment in the same period of the previous year.

## (IV) Items of the Cash Flow Statement from the Year Beginning to the End of the Reporting Period

Items	Amount incurred in the reporting period	Amount incurred in the same period of the previous year	Variation proportion	Cause of the movement
Rebated tax received	1,592,055.84	5,027,853.96	-68.34%	Mainly due to decrease of the rebated export tax and duties arising from the drop of the overseas business income in the current year affected by COVID-19
Various taxes and duties paid	121,220,554.66	187,144,694.13	-35.23%	Mainly due to the impact from the difference in the input VAT and output VAT in the current year.
Net cash recovered from disposal of the fixed assets, intangible assets and other long-term assets	84,522.81	203,980.63	-58.56%	Mainly due to decrease in disposal of fixed assets in the current year
Cash received from absorption of investment	-	18,585,600.00	100.00%	Mainly due to the equity incentive implemented in the same period of the previous year.
Influence of the change of the exchange rate upon cash and cash equivalent	-598,916.46	335,308.39	-278.62%	Mainly due to influence on the change of exchange rate.

During the third quarter, benefited from the resumption of overseas consumption of famous brand watches and recovery of the market of the own proprietary brand as well as continuous carrying forward of quality improvement & efficiency improvement and transformation & upgrading, the Company achieved a historical high in operating performance in single quarter in the third quarter; the year-on-year growth rate of revenue was 42.73% and the year-on-year growth rate of total profit was 136.59%. During the reporting period, the Company continuously kept "war footing", seized the opportunity, controlled the cost, promoted transformation, the Company realized a positive growth on year-on-year basis in its own proprietary brand business in a single quarter, the total profit boosted enormously, continuously carried forward channel upgrading in the retail of world watch retails and the superiority of the channels was further consolidated, and kept high-speed growth in revenue and total profit; achieved a further breakthrough in digital transformation, provided effective support for breakthrough in business performance as the customer-centered digital operation system became further matured and; also made a new breakthrough in exploration of new retail models, such as "live video streaming by web celebrity", and made a highest record in a single live broadcasting for sale of watches on the live streaming platform jointly hosted by Wei Ya and Gao Yuanyuan; in precision technology business, the Company was persistently carrying forward

customer deep ploughing and development of the new market field with the revenue growth rate exceeding 50% and smoothly boosted the technology reserve for the smart watch business and product development.

During the reporting period, the Company was rated as one of the "Top Ten Enterprises of the Watch Sector of China's Light Industry", ranking the first for many consecutive years. Our Chairman was awarded the honorary title of "Tribute to the 40th Anniversary of the Establishment of the Shenzhen Special Economic Zone and Saluting 40 Persons of Brands" on behalf of the Company. At the 40th Anniversary Celebration of the Establishment of Shenzhen Special Economic Zone dated October 14, Sun Lei, the chief designer of the Company, was awarded the honorary title of "Innovative and Pioneering Figure and Advanced Model Figure" as the only representative of the watch industry.

Looking forward to the future, the Company is optimistic about the huge potential of the domestic consumption market under the new development pattern of the "Dual Circulation", shall still pay close attention to the potential impact of the global epidemic situation and the changes in the competition pattern in the Chinese market, and continue to strengthen the advantages of our core competition based on "Brand Power, Product Power and Channel Power"; insist on science and technology leading and innovation driving, speed up digital transformation, increase investment in key fields and strength creation of the hard core of precision technology and carry forward transformation upgrading and new breakthrough.

## II. Progress of Significant Events and their Impacts and Analysis and Explanation of Solutions

### 1. Repurchase of Partial Domestically Listed Foreign Shares (B-shares)

The Company held the 19th Session of the Ninth Board of Directors on July 6, 2020 and 2020 2nd Extraordinary General Meeting on July 23, 2020. The two meetings examined and approved the "Proposal for Repurchase of Partial Domestically Listed Foreign Shares (B-shares)", and published the repurchase report and a series of announcements on the progress according to relevant regulations subsequently. For the detail, please refer to the relevant announcements disclosed by the Company in [www.cninfo.com.cn](http://www.cninfo.com.cn), the Securities Times and Hong Kong Commercial Daily.

### 2. Capital Increment in Wholly-owned Subsidiaries

The Company held the 20th session of the Ninth Board of Directors on July 28, 2020. The meeting reviewed and approved the Proposal on Increasing Capital in Shenzhen FIYTA Precision Technology Ltd., One of the Company's Wholly-owned Subsidiaries, the Proposal on Increasing Capital in Shenzhen FIYTA Technology Development Ltd., One of the Company's Wholly-owned Subsidiaries, and the Proposal on Increasing Capital in Shenzhen HARMONY E-Commerce Ltd., One of the Company's Wholly-owned Subsidiaries. The capital increment in the said three wholly-owned subsidiaries amounted to CNY 90 million, CNY 40 million and CNY 9.50 million respectively. For the detail, please refer to the relevant announcements disclosed by the Company in [www.cninfo.com.cn](http://www.cninfo.com.cn), the Securities Times and Hong Kong Commercial Daily.

Summary of significant events	Date of disclosure	Inquiry index of the provisional reports disclosed in the website
Announcement on the Resolution of the 19th Session of the Ninth Board of Directors, 2020-036	July 7, 2020	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Proposal for Repurchase of Partial Domestically Listed Foreign Shares (B-shares), 2020-038		<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement on the Resolution of 2020 2nd Extraordinary General Meeting, 2020-044	July 24, 2020	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Report on Repurchase of Partial Domestically Listed Foreign Shares (B-shares), 2020-045		<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement on the Resolution of the 20th Session of the Ninth Board of Directors, 2020-049	July 30, 2020	<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement on Capital Increment in Shenzhen FIYTA Precision Technology Ltd., One of the Company's Wholly-owned Subsidiaries, 2020-051		<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement on Capital Increment in Shenzhen FIYTA Technology Development Ltd., One of the Company's Wholly-owned Subsidiaries, 2020-052		<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Announcement on Capital Increment in Shenzhen HARMONY E-Commerce Ltd., One of the Company's Wholly-owned Subsidiaries,		<a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>



2020-053

## Progress of Implementation of the Stock Repurchase

The Company held the 19th Session of the Ninth Board of Directors on July 6, 2020 and 2020 2nd Extraordinary General Meeting on July 23, 2020. The two meetings examined and approved the "Proposal for Repurchase of Partial Domestically Listed Foreign Shares (B-shares)", and published the repurchase report and a series of announcements on the progress according to relevant regulations subsequently. For the detail, please refer to the relevant announcements disclosed by the Company in [www.cninfo.com.cn](http://www.cninfo.com.cn), the Securities Times and Hong Kong Commercial Daily.

By the end of the reporting period, the Company accumulatively repurchased 3,414,697 shares in the Company by means of centralized bidding through the special securities account through repurchase, taking 0.80% of the Company's total capital stock; the highest transaction price of the shares repurchased is HK\$6.50/share and the lowest transaction price is HK\$5.93/share and the total amount paid was HK\$21,410,437.38 (with the transaction costs, such as the stamp duty, commission, etc. exclusive). The repurchase of the shares complied with the relevant law and regulations as well as the vested repurchase plan of the Company.

Progress of implementation of reduction of the holding size of the shares repurchased by centralized bidding

Inapplicable

**III. Commitments unfinished in implementation by the Company's actual controller, shareholders, related parties, acquirer and the Company, etc. in the reporting period**

Inapplicable

**IV. Portfolio investment**

**1. Investment in securities**

Inapplicable

**2. Investment in derivatives**

Inapplicable

**V. Progress of the projects invested with the raised capital**

Inapplicable

**VI. Prediction of the Operating Performance of 2020**

Inapplicable

**VII. Material Contracts in Day-to-Day Operations**

Inapplicable

**VIII. Entrusted Financing**

Inapplicable

**IX. Outward guarantee against regulations**

Inapplicable

**X. Non-operational Occupancy of the Company's Capital by the Controlling Shareholder and its Related Parties**

Inapplicable

**XI. Registration Form of Activities of Reception for Investigation and Survey, Communications, Interviews, etc. in the Reporting Period**

Time of Reception	Place of Reception	Way of Reception	Types of Visitors Received	Visitors Received	Main Content of Discussion and Materials Provided	Index of Basic Information on the Investigation and Survey
August 19, 2020	Company	Field survey	Institution	Changjiang Securities Company Limited, Hunan Yuancheng Investment Management Co., Ltd., Shenzhen Zhongna Bojin Investment Management Co., Ltd., CITIC Securities Company Limited, Shenzhen Hengyingfuda Asset Management Limited, Zhuhai Hengqin Changle Hui Capital Management Co., Ltd., Infore Capital Management Co., Ltd., Zhongrong Fund Management Co., Ltd., Shenzhen Hillstone Fund Management Co., Ltd., Truvalue Asset Management Co., Ltd., Jinxin Fund Management Co., Ltd., Shenzhen Minsen Investment Co., Ltd. and Zhongrong Fund Management Company.	The Company communicated with investors on the businesses of watch brands, watch retail service, precision technology, new business development of smart watch, etc.	<a href="http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026">http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026</a>
August 21, 2020	Company	Field survey	Institution	China Merchants Fund Management Co., Ltd., Ping An Fund Management Company Limited, Shanghai Chongshan Investment Co., Ltd., Shenzhen Upright Asset Management Co., Ltd., Shenzhen KWT Investment Company, Shanghai Huahong Asset Management Co., Ltd., Shenzhen Qianhai Yunxi Fund Management Co. Ltd., Shenzhen Haifuling Capital Management Co., Ltd., Shanghai Tai Yang Asset Management Ltd., Penghua Fund Management Co., Ltd., Bosera Asset Management Co., Ltd., Shenzhen Qianhai Shengbeile Investment Management Co., Ltd. and Tonsin Financial	The Company communicated with investors on the businesses of watch brands, watch retail service, precision technology, new business development of smart watch, etc.	<a href="http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026">http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026</a>

				International Holdings Limited		
August 25, 2020	Company	Field survey	Institution	Shenzhen Upright Asset Management Co., Ltd., Shanghai Huahong Asset Management Co., Ltd., China Southern Asset Management Co., Ltd.	The Company communicated with investors on the businesses of watch brands, watch retail service, precision technology, new business development of smart watch, etc.	<a href="http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026">http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&amp;orgId=gssz0000026</a>

Board of Directors of  
FIYTA Precision Technology Co., Ltd.  
October 22, 2020