

Stock Code: 000026 200026

Short Form of Stock: FIYTA, FIYTAB

Announcement No: 2020-022

FIYTA Precision Technology Co., Ltd.

2020 First 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, 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 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 years

No

	Reporting period	Same period of the previous year	Year-on-year increase/decrease in the reporting period
Revenue in CNY	588,361,057.06	893,389,751.73	-34.14%
Net profit attributable to the Company's shareholders, in CNY	-12,974,795.53	64,359,084.45	-120.16%
Net profit attributable to the Company's shareholders less the non-recurring items, in CNY	-13,738,773.72	61,517,359.28	-122.33%
Net cash flows arising from operating activities, in CNY	-106,747,751.88	10,730,388.47	-1,094.82%
Basic earning per share (CNY/share)	-0.0294	0.1467	-120.04%
Diluted earning per share (CNY/share)	-0.0294	0.1453	-120.23%
Return on equity, weighted average	-0.49%	2.47%	-2.96%
	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)	3,651,180,885.03	3,760,923,285.37	-2.92%
Net profit attributable to the Company's shareholders, in CNY	2,635,350,676.43	2,654,533,766.99	-0.72%

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.	-62,305.15	
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)	742,609.63	

Other non-operating income and expenses other than the aforesaid items	268,428.02	
Less: Amount affected by the income tax	184,754.31	
Total	763,978.19	--

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 shareholders and preferred shareholders whose voting rights are restored and statement of shareholding by the top 10 shareholders

In shares

Total common shareholders at the end of the reporting period	37,827	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	36.79%	162,977,327	0		
#Yang Zugui	Domestic natural person	3.84%	17,018,806	0		
Yang Sancai	Domestic natural person	1.17%	5,202,700	0		
ZHONGYIN FUND - ICBC - Shanghai Haitong Securities & Assets Management Co., Ltd.	Domestic non-state-owned legal person	0.23%	999,200	0		
Zhang Xuewei	Domestic natural person	0.22%	958,000	0		

Penghua Fund - Minsheng Bank - Penghua Fund - Huili No. 1 Assets Management Plan	Domestic non-state-owned legal person	0.21%	951,700	0	
Ma Xinting	Domestic natural person	0.20%	900,000	0	
# Li Enhai	Domestic natural person	0.20%	883,500	0	
# Shen Xuewen	Domestic natural person	0.20%	883,420	0	
Liang Shaoyun	Domestic natural person	0.18%	781,312	0	
Shares held by top 10 shareholders of unrestricted shares					
Names of the Shareholders	Quantity of unrestricted shares held a	Share type			
		Share type	Quantity		
AVIC International Holding Limited	162,977,327	CNY ordinary shares	162,977,327		
#Yang Zugui	17,018,806	CNY ordinary shares	17,018,806		
Yang Sancai	5,202,700	CNY ordinary shares	5,202,700		
ZHONGYIN FUND - ICBC - Shanghai Haitong Securities & Assets Management Co., Ltd.	999,200	CNY ordinary shares	999,200		
Zhang Xuewei	958,000	CNY ordinary shares	958,000		
Penghua Fund - Minsheng Bank - Penghua Fund - Huili No. 1 Assets Management Plan	951,700	CNY ordinary shares	951,700		
Ma Xinting	900,000	CNY ordinary shares	900,000		
# Li Enhai	883,500	CNY ordinary shares	883,500		
# Shen Xuewen	883,420	CNY ordinary shares	883,420		
Liang Shaoyun	781,312	CNY ordinary shares	781,312		

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	Amount at the end of the reporting period	Amount at the year beginning	Variation proportion (%)	Cause of the movement
Advance payments	17,670,023.88	10,847,962.28	62.89%	It was mainly due to increase of the advance payment during the reporting period over the year beginning
Accounts payable	109,655,368.72	279,772,787.37	-60.81%	It was mainly due to partial payment for goods procured during the reporting period
Advance receipts	11,669,963.64	23,433,463.57	-50.20%	It was mainly due to decrease of the advances on sales during the reporting period over the year beginning
Payroll payable	43,225,454.85	82,602,845.67	-47.67%	Mainly consists of the commissions of the previous year, the year-end bonus, etc. payable to employees during the reporting period

(II) Profit Statement Items

Items	Reporting period	Same period of the previous year	Variation proportion (%)	Cause of the movement
Operating revenue	588,361,057.06	893,389,751.73	-34.14%	Mainly due to the impact of COVID-19 epidemic upon the revenue from the watch industry
Taxes and surcharges	3,674,419.66	7,967,226.11	-53.88%	Decrease of VAT, etc. was mainly due to the impact from the decline of the operation revenue during the reporting period
Other income	742,609.63	3,807,765.25	-80.50%	Mainly due to decrease of the government subsidy received during the reporting period
Operation profit	-18,792,471.52	82,187,315.46	-122.87%	Mainly due to decrease of the operation revenue during the reporting period

(III) Items of Cash Flow Statement

Items	Reporting period	Same period of the previous year	Variation proportion (%)	Cause of the movement
Net cash flows arising from operating activities	-106,747,751.88	10,730,388.47	-1094.82%	It mainly refers to the decrease of sales revenue collection during the reporting period affected by the decline in operation revenue
Net cash flow arising from investment activities	-24,341,946.96	-50,729,730.85	-52.02%	It mainly refers to the decrease of the capital input for store improvement during the reporting period compared with the same period of last year and the project payment paid for FIYTA Clock Building in the same period of the previous year.
Net cash flow arising from capital-raising activities	82,992,799.27	22,731,443.97	265.10%	It was mainly due to the mild increase of the bank loans over the same period of the previous year during the reporting period
Net increase of cash and cash equivalents	-48,188,978.55	-17,400,331.36	176.94%	It mainly refers to the decrease of sales revenue collection during the reporting period affected by the decline in operation revenue

FIYTA's principal business activities are watch brand management and watch retails. The sudden outbreak of COVID-19 at the beginning of 2020 resulted in a serious negative impact on the offline consumption. During the reporting period, the company launched the "War System", strictly in accordance with the deployment of the central government and superiors, and did its best to prevent and control the epidemic. In order to cope with the impact of the epidemic on the business, the Company quickly adjusted its business strategy, made full efforts to promote cost control, and strengthened cash flow management. While carrying forward the resumption of work and production of offline channels, the Company also accelerated the investment in online platforms, and actively expanded community marketing and social marketing through WeChat, live show, etc. Judging from the performance of the operating data in each month of the first quarter, the Company showed a robust market recovery ability and strong adaptability to the adjustment. In February, the month worst affected by the epidemic, the Company's business revenue fell by more than 70% year on year and recorded a substantial loss. In March, with the operating environment still extremely difficult, the Company's revenue returned to about 70% of the level of the same period last year with only a slight deficit. It is expected that the Company as a whole may achieve monthly profit in April and gradually turn to normal in the second quarter. After the baptism with the epidemic, our team shall be further enhanced in its combat capability.

At present, it is still uncertain about the development trend of the epidemic both at home and abroad and its subsequent impact on the consumer market. The Company shall pay close attention to and actively cope with the situation. 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. At present, the Company has restored its production and operation basically to normal, the rate of employees' return to work has exceeded 96%, and there is no confirmed COVID-19 case; the Company's offline sales channels have been basically restored to operation, and the sales have been improved day by day. The order delivery of the Company's precision technology and smart watches and other innovative business as well as the launch of new smart watches are being carried out in an planned way and the Company is maintaining a good momentum of growth in its business. The Company shall continue to take "brand power, product power and channel power" as the core, speed up the digital transformation, strengthen the competitive superiority; shall increase investment in precision technology to build hard core strength; accelerate innovation-driven development, and promote the Company's overall business to smart retail and high-end precision technology transformation and upgrading. The Company believes that all the above work shall provide the Company with continuous impetus to meet market opportunities and sustainable development in the future.

II. Progress of significant events, their effects and analysis on the solutions

Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase 1)

The 3rd session of the Ninth Board of Directors held on November 12, 2018 and 2019 1st Extraordinary General Meeting held on January 11, 2019 decided to start 2018 A-Share Restricted Stock Incentive Program (Phase I), which was later on reviewed and approved at the 5th session of the Ninth Board of Directors held on January 11, 2019, and the Company eventually granted 4.224 million restricted A-shares to 128 persons eligible for the incentive. For the detail, refer to the relevant announcement disclosed in the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on January 12, 2019. This part of A-share restricted shares was all granted and registered for listing by January 30, 2019.

As three original incentive objects of the above incentive plan, namely Wu Yue (27,000 shares granted), Yang Shuzhi (20,000 shares granted), Lin Yichao (20,000 shares granted) have resigned, according to the 2018 A-Share Restricted Stock Incentive Plan (Phase I) (Draft Revision), they have no longer met the incentive conditions. The 15th session of the Ninth Board of Directors held on January 10, 2020 and the 16th Session of the Board of Directors held on March 18, 2020 reviewed and approved the "Proposal on the Repurchase and Cancellation of Partial Restricted Shares in the 2018 A-Share Restricted Stock Incentive Plan (Phase I), according to which the Company was going to repurchase and cancel 67,000 A-share restricted shares held by the aforesaid three incentive objects, already granted but not yet lifted. The said proposal is still necessary to be submitted to 2020 1st Extraordinary General Meeting for approval before implementation.

General on Significant Events	Date of disclosure	Inquiry index of the provisional reports disclosed in the website.
Announcement on the Resolution of the 15th Session of the Ninth Board of Directors, 2020-003	January 11, 2020	www.cninfo.com.cn
Announcement on Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase I) 2020-005	January 11, 2020	www.cninfo.com.cn

Announcement on the Resolution of the 16th Session of the Ninth Board of Directors, 2020-011	March 20, 2020	www.cninfo.com.cn
Announcement on Repurchase and Cancellation of the Partially Restricted Shares Involved in 2018 A Share Restricted Stock Incentive Plan (Phase I) 2020-016	March 20, 2020	www.cninfo.com.cn
Notice on Holding 2020 1st Extraordinary General Meeting 2020-018	March 27, 2020	www.cninfo.com.cn

Progress of implementation of the stock repurchase

The 7th session of the Ninth Board of Directors held on April 4, 2019 and 2019 2nd Extraordinary General Meeting held on April 23, 2019, reviewed and approved the "Proposal for the Repurchase of Partial Domestically Listed Foreign Shares (B-shares) in the Company, and subsequently the Company disclosed the repurchase report and published a series of announcements on the progress in accordance with relevant regulations. For detail of the above, please refer to the relevant announcements disclosed by the Company in the Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn.

As of the end of the reporting period, the Company repurchased 13,730,000 shares in the Company by way of centralized bidding, accounting for 3.10% of the Company's total capital stock; the highest transaction price of the repurchased shares was HK\$6.56 per share, and the lowest transaction price was HK\$5.55/share, the total amount paid has been HK\$83,367,947.33 (excluding stamp duty, commission, and other transaction expenses.) The Company's repurchase of the shares was in compliance with the relevant laws and regulations and in line with the Company's established repurchase program.

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

Inapplicable

V. Entrusted financial management

Inapplicable

VI. Investment in derivatives

Inapplicable

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

Time of Reception	Way of Reception	Types of Visitors Received	Index of Basic Information on the Investigation and Survey
January 08, 2020	Field survey	Institution	http://irm.cninfo.com.cn/ircs/company/companyDetail?stockcode=000026&orgId=gssz0000026

VIII. Outward guarantee against regulations

Inapplicable

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

Inapplicable

FIYTA Precision Technology Co., Ltd.

Board of Directors

April 10, 2020