SHENZHEN FIYTA HOLDINGS LTD.
2005 Semi-Annual Report, Summary

§ 1 Important

1.1 The Board of Directors and directors of the Company hereby individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

This annual report is prepared in both Chinese and English. Should there be any difference in understanding of the two versions, the Chinese version shall prevail.

This summary of the Semi-annual Report is taken from the full text of 2005 Semi-annual Report and is published together with it on the CSRC designated website. Investors are advised to read carefully the full text of the semi-annual report if they want to know the detailed information.

1.2 No director has ever made any statement expressing that he/she cannot make sure of or has different opinion on the correctness, accuracy or completeness of this semi-annual report.

1.3 Independent director Mr. Hua Xiaoning failed to attend the Board meeting for business reason and authorized Independent director Mr. Guo Wanda to exercise voting at the meeting on behalf.

1.4 This semi-annual report has not been audited.

1.5 Mr. Wu Guangquan, the Chairman of the Board, Mr. Xu Dongsheng, Managing Director, Mr. Li Dehua, the Deputy General Manager and Chief Accountant, and Mr. Liu Biao, the Financial Manager hereby guarantee the correctness and completeness of the financial report enclosed in this semi-annual report.

§ 2 Company Information

2.1. Basic Data

Short form of the stock	FIYTA A, FIYTA B	
Stock code	000026, 200026	
Stock exchange listed with	Shenzhen Stock Exchange	
	Secretary of the Board of Directors	Securities Affairs Representative:
Names	Hao Huiwen	Chen Zhuo
Liaison Address	20th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen	

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2.2 Financial Data Summary

2.2.1 Financial Highlights

In RMB

	End of the report period	End of the previous year	Increase/decrease at the end of the report period vs the beginning of the year (%)
Current assets	318,338,061.05	343,493,968.00	-7.32%
Current liabilities	72,882,140.84	99,836,728.00	-27.00%
Total assets	605,862,813.58	627,537,297.00	-3.45%
Shareholders' equity (excluding minority equity)	522,573,879.21	517,364,242.00	1.01%
Net assets per share	2.096	2.075	1.01%
Net assets per share after adjustment	2.026	2.030	-0.19%
	Report period (Jan. to Jun.)	Same period of the previous year	Increase/decrease of the report period vs the same period of the previous year (%)
Net profit	5,209,639.04	1,562,895.14	233.33%
Net profit, less the non-recurring gains and loss	7,396,174.29	424,801.16	1,641.09%
Earnings per share	0.021	0.006	233.33%
Earnings per share (In case capital stock changes, calculation is based on the new capital stock)		-	-
Net assets-income ratio	1.00%	0.30%	0.70%
Net cash flows arising from operating activities	-8,722,830.88	-35,957,512.59	75.74%

2.2.2. Non-recurring gains and loss items

√ applicable ☐ inapplicable

In RMB

Non-recurring gain and loss items	Amount
	-2,648,072.04

	75,677.63
Affect from income tax	385,859.16
Total	-2,186,535.25

2.2.3 Differences between Domestic and International Accounting Standards
☐ applicable √ inapplicable

§3. Change in Capital Stock and Particulars about Shareholders

3.1 Change in the Company's Shares
☐ applicable √ inapplicable

3.2 Shares held by the top ten shareholders

In Shares

Total shareholders at the end of the report period			17,845			
Shares held by the top ten shareholders						
Shareholders (in full name)	Increase/decrease in the report period	Number of shares held at end of the period	proportion (%)	Type (negotiable/non-negotiable	Shares pledged or frozen	Kind of shareholders (state owned shareholders or foreign shareholders)
CATIC SHENZHEN HOLDINGS LTDS.	0	130,248,000	52.24%	non-negotiable	0	domestic legal person
Zeng Ying	+635,490	890,490	0.36%	negotiable	unknown	foreign capital shareholders
CHAN KEUNG	+100	769,083	0.31%	negotiable	unknown	foreign capital shareholders
KUNG NGAI HIN	+562,200	669,820	0.27%	negotiable	unknown	foreign capital shareholders
Ou Yanping	+49,157	500,458	0.20%	negotiable	unknown	foreign capital shareholders
Lin Hongbo	0	362,880	0.15%	negotiable	unknown	foreign capital shareholders
China Pingan Insurance (Hong Kong)	0	359,070	0.14%	negotiable	unknown	foreign capital shareholders
Xue Peiping	0	336,800	0.14%	negotiable	unknown	foreign capital shareholders
Lin Zhihua	0	330,000	0.13%	negotiable	unknown	foreign capital shareholders
Du Jun	Unknown	323,731	0.13%	negotiable	unknown	Negotiable A-shares

Shares held by the top ten shareholders		
Shareholders (in full name)	Quantity of negotiable shares held at the end of the period	Types (A-, B- or H-shares, or others)
Zeng Ying	890,490	Negotiable B-shares
CHAN KEUNG	769,083	Negotiable B-shares
KUNG NGAI HIN	669,820	Negotiable B-shares
Ou Yanping	500,458	Negotiable B-shares
Lin Hongbo	362,880	Negotiable B-shares
China Pingan (Hong Kong)	359,070	Negotiable B-shares

Xue Peiming	336,800	Negotiable B-shares
Lin Zhihua	330,000	Negotiable B-shares
Du Jun	323,731	Negotiable A-shares
Yang Yuanzhou	285,900	Negotiable B-shares
Relationship/concerted action among the above shareholders	The Company has never found any business relations among them or they belong to the persons of concerted action as specified in the Measures on Listed Companies on Disclosing the Shareholding Information.	

3.3 Change in Controlling Shareholder and the Actual Controller

☐ applicable √ inapplicable

§ 4 Directors, Supervisors and Senior Executives

4.1 Change in Shares Held by Directors, Supervisors and Senior Executives

☐ applicable √ inapplicable

§ 5 Discussion and Analysis of the Management

5.1 Sectors and Products of the Principal Business

In RMB 10 Thousand Yuan

Sectors	Income from principal businesses	principal business cost	gross profit rate (%)	Increase/decrease of revenue from principal businesses over the previous year (%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year
Timepiece manufacture	5,340.12	2,695.62	49.52%	-19.39%	-17.95%	-0.89
Retail	8,716.46	7,020.02	19.46%	43.72%	40.09%	2.09
Lease services	1,959.02	416.91	78.72%	169.70%	504.34%	-11.78
Incl.: related transactions	0.00	0.00	0.00%	0.00%	0.00%	0.00

Products	Income from principal businesses	principal business cost	gross profit rate (%)	Increase/decrease of revenue from principal businesses over the previous year (%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous

						year
manufacture and sales of FIYTA watches	5,178.48	2,586.32	50.06%	-21.62%	-20.23%	-0.87
Retail	8,716.46	7,020.02	19.46%	43.72%	40.09%	2.09
Including: Related transactions	0.00	0.00	0.00%	0.00%	0.00%	0.00
Principle of pricing of the related transactions	based on principle of fair market pricing					

5.2 Principal Businesses Based on Regions

In RMB 10 Thousand Yuan

Regions	Income from principal businesses	Increase/decrease of revenue from principal businesses over the previous year (%)
Northeast China	2,154.43	15.88%
North China	1,327.06	-28.66%
Northwest China	3,218.56	26.38%
East China	1,863.41	4.87%
Southwest China	616.85	-27.51%
East China	4,714.62	24.81%

5.3. Other businesses significantly affecting the net profit in the report period

□ applicable √ inapplicable

5.4 Associates (applicable to the investment income taking over 10% of the net profit)

□ applicable √ inapplicable

5.5 Material Changes in the Principal Business or its Structure

□ applicable √ inapplicable

5.6 Material Changes in the Earning Capacity (Gross Profit Rate) of the Principal Business over the Previous Year

□ applicable √ inapplicable

5.7 Reasons of Big Change in the Profit Composition over the Previous Year

√ applicable □ non-applicable

As the Company put FIYTA Technology Building into full application in the previous second half year, thus the income from the property took bigger proportion in the total income and profit from the Company's principal business.

5.8 Application of the Proceeds Raised through Share Offering

5.8.1 Application of the proceeds raised through share offering

☐ applicable √ inapplicable

5.8.2 Change of Projects

☐ applicable √ inapplicable

5.9 Plan of the Board of Directors to Update the Business Plan of the Second Half Year

☐ applicable √ inapplicable

5.10 Prediction of the possibility of the accumulated net profit from the year beginning to the end of the next report period being of loss; or warning for big changes in the net profit in comparison with the same period of the previous year and the reasons

☐ applicable √ inapplicable

5.11 Explanation of the Management to the "Non-standard Opinion" Presented by the Certified Public Accountants

☐ applicable √ inapplicable

5.12 Explanation of the Management on Improvement and Treatment of the Issues Involved in the "Non-standard Opinion" Presented by the Certified Public Accountants

☐ applicable √ inapplicable

§ 6 Important Events

6.1 Assets Acquisition and Sales and Assets Reorganization

6.1.1 Assets Acquisition or Transferred In

☐ applicable √ inapplicable

6.1.2 Assets Sold or Replaced Out

☐ applicable √ inapplicable

6.1.3 Progress of the assets reorganization or assets acquisition/sale activities after the assets reorganization report or notice on assets acquisition/sale was published and the impact of such activities upon the Company's operation result and information position in the report period.

☐ applicable √ inapplicable

6.2. Guarantees

☐ applicable √ inapplicable

6.3 Related Credits and Debts

√ applicable ☐ non-applicable

In RMB '000

Related party	Relationship with the Related Parties	Fund provided to related parties		Fund provided to the company	
		Amount incurred to the debit side	ending balance	Amount incurred to the credit side	ending balance
CATIC Shenzhen Corporation	Actual controller	0.00	1,500.00	0.00	0.00
Total		0.00	1,500.00	0.00	0.00

Where: The total amount of the funds the Company provided to the controlling shareholder and its subsidiaries was RMB 0.00 thousand and the balance was RMB 1,500 thousand in the report period.

6.4 Material Lawsuits and Arbitration

☐ applicable √ inapplicable

6.5 Other Significant Events, its Impacts and the Solutions

☐ applicable √ inapplicable

§ 7 Financial Report

7.1 Auditors' Opinions

Financial Report	√ unaudited ☐ audited

7.2 Statement of Profit and Profit Distribution

In RMB

Items	This Period		Same Period of the Previous Year	
	Consolidated	Parent company:	Consolidated	Parent company:
I. Income from principal businesses	160,156,032.82	72,863,280.09	134,155,051.11	73,331,187.24
Less: Costs of principal business	101,325,518.66	38,055,541.39	83,653,395.26	44,133,099.10
Taxes and surcharges of principal business	1,465,583.32	1,309,719.27	758,541.14	509,764.23
II. Profit from principal businesses (loss is stated with "-")	57,364,930.84	33,498,019.43	49,743,114.71	28,688,323.91
Add: Profit from other businesses (loss is stated with "-")	295,669.51	-239,357.32	1,162,293.14	561,270.08
Less: Operation costs	25,032,769.21	16,341,024.44	27,380,170.96	21,977,901.35
Overheads	23,208,250.09	12,748,855.98	19,936,829.79	12,124,234.73
Financial expenses	502,556.44	282,645.75	-200,585.98	-272,629.83
III. Operating Profit (loss is stated with "-")	8,917,024.61	3,886,135.94	3,788,993.08	-4,579,912.26

Add: Investment income (loss is stated with "-")	-2,648,072.04	1,848,614.14	-2,440,618.45	4,986,884.11
Subsidy income				
Non-operating income	112,315.21	81,357.33	1,165,442.60	1,162,917.00
Less: Non-operating expenses	36,637.58	6,468.37	27,150.73	8,388.12
IV. Total profit (total loss is stated with "-")	6,344,630.20	5,809,639.04	2,486,666.50	1,561,500.73
Less: Income tax	1,064,534.63	600,000.00	923,771.36	-1,394.41
Less: Minority shareholders' equity	70,456.53			
V. Net Profit (loss is stated with "-")	5,209,639.04	5,209,639.04	1,562,895.14	1,562,895.14
Add: undistributed profit at year beginning	-54,268,783.00	-54,268,783.00	-56,176,663.00	-56,176,663.00
Other transfer-in				
VI. Distributable profit	-49,059,143.96	-49,059,143.96	-54,613,767.86	-54,613,767.86
Less: Allotting statutory surplus public reserve				
Allotting statutory public welfare fund				
Allotting staff's reward and welfare fund				
Allotting reserve fund				
Allotting enterprise development fund				
Investment returned with profit				
VII. The profit distributable to the investors	-49,059,143.96	-49,059,143.96	-54,613,767.86	-54,613,767.86
Less: Dividends of preferential shares payable				
Provision of discretionary surplus public reserve				
Dividend payable for common shares				
Dividends of common shares converted into capital/capital stock				
VIII. Undistributed profit	-49,059,143.96	-49,059,143.96	-54,613,767.86	-54,613,767.86
Additional information:				
1. Income from sales and disposal of subsidiaries or investees	-	-	-	-

2. Loss from natural disaster	-	-	-	-
3. Increase/decrease of the total profit due to change of accounting policy	-	-	-	-
4. Increase/decrease of the total profit due to change of accounting estimation	-	-	-	-
5. Loss from debts reorganization	-	-	-	-
6. Others	-	-	-	-

7.3 Notes to the Accounting Statements

7.3.1Changing of accounting policies , accounting estimations or correcting of accounting errors.

☐ applicable √ inapplicable

7.3.2 Major change in the consolidation range of financial report.

☐ applicable √ inapplicable

7.3.3 If the certified public accountants has issued a non-standard qualified opinion auditor's report, list the relevant notes notes to the issues involved in the report.

☐ applicable √ inapplicable

SHENZHEN FIYTA HOLDINGS LTD.
Board of Directors

August 10, 2005