Stock Codes: 000026 200026 Short form of the Stocks: FIYTA A and FIYTA B Announcement No: 2016-028

FIYTA Holdings Ltd.

2016 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 details of the Semi-annual Report are advised to read carefully the full text of the Semi-annual Report which is publised in http://www.cninfo.com.cn and the official website of Shenzhen Stock Exchange, the websites designated by CSRC.

Company Information

Short form of the stocks	FIYTA A, FIYTA B	Stock Codes	000026, 200026
Stock Exchange Listed with	Shenzhen Stock Exchange		
Liaison Persons and the Way of Contact	Secretary of the Board	Securities Affairs Representative	
Names	Lu Wanjun	Zhang Yong	
Tel.	0755－86013198	0755－86013669	
Fax	0755－83348369	0755－83348369	
E-mail	investor@fiyta.com.cn	investor@fiyta.com.cn	

2. Financial Data Summary and Change of Shareholders

(1) Financial Data Summary

May the Company make retroactive adjustment or restatement of the accounting data of the previous years due to change of the accounting policy and correction of accounting errors

No

	Reporting period	Same Period of the Previous Year	Increase/decrease in the reporting period vs the corresponding period of the previous year (%)
Revenues in CNY	1,479,527,783.18	1,683,793,247.59	-12.13%
Net profit attributable to the Company's shareholders, in CNY	60,513,019.44	73,109,419.73	-17.23%
Net profit attributable to the Company's shareholders less the non-recurring gains/losses, in CNY	59,792,409.84	71,958,085.27	-16.91%
Net cash flows arising from operating activities, in CNY	217,609,732.54	172,253,778.56	26.33%
Basic earning per share (CNY/share)	0.1379	0.1861	-25.90%
Diluted earning per share (CNY/share)	0.1379	0.1861	-25.90%
Net assets-income ratio, weighted average (%)	2.59%	4.36%	-1.77%
	End of the reporting period	End of the previous year	Increase/decrease of the report period vs the same period of the previous year (%)

Total assets, in CNY	4,012,803,246.93	4,246,670,045.02	-5.51%
Net assets attributable to the Company's shareholders, in CNY	2,325,432,058.26	2,299,215,650.21	1.14%

(2) Sharesholding of the Top 10 Shareholders of Common Shares

In Shares

Total shareholders of common shares at the end of the reporting period						35,906
Shareholding of the top 10 shareholders of common shares						
Shareholder's Names	Nature	Shareholding proportion (%)	Number of shares held	Number of restricted shares held by them	Pledging or freezing	
					Status of the shares	Number
AVIC International Holdings Limited	State corporate shareholder	37.15%	162,977,327	0		
Golden Eagle-Minsheng Bank-Golden Eagle-Wens – Junye Flexible Configuration No. 3 Assets Management Plan	Domestic non-state corporate shareholder	2.08%	9,131,232	4,674,329		
Manulife Teda Fund – Minsheng Bank - Manulife Teda Value Growth Oriented additional issuance No. 351 Asset Management Plan	Domestic non-state corporate shareholder	2.07%	9,093,259	9,093,259		
Sws Mu Assets-China Merchants Bank – China Resources Szitic Trust – Ruihua Fixed Growth Hedge Fund No. 2 Assembled Funds Trust Plan	Domestic non-state corporate shareholder	1.92%	8,429,118	8,429,118		
Tibet Autonomous Region Investment Co., Ltd.	State corporate shareholder	1.13%	4,976,551	4,976,551		
Manulife Teda Fund – ICBC – Manulife Teda International Trade Orient Dingzengbao No. 1 Assets Management Plan	Domestic non-state corporate shareholder	1.04%	4,546,630	4,546,630		
China Life Insurance Company Ltd. – Dividend – Personal Dividend - 005L-FH002 Shen	Domestic non-state corporate shareholder	0.80%	3,500,000	0		
China Life Insurance(Group)	Domestic non-state	0.63%	2,773,800	0		

Company – Traditional – General Insurance Product	corporate shareholder					
Dai Wen	Domestic natural person	0.46%	2,009,321	0		
Essence International Securities (Hong Kong) Limited	Overseas corporate	0.46%	2,000,000	0		
Explanation on associated relationship or consistent action of the above shareholders		Of the top ten shareholders, both Manulife Teda Fund – Minsheng Bank - Manulife Teda Value Growth Oriented Additional Issuance No. 351 Asset Management Plan and Manulife Teda Fund – ICBC – Manulife Teda International Trade Orient Dingzengbao No. 1 Assets Management Plan are subsidiaries of Manulife Teda Fund Management Co., Ltd. and the total 13,639,889 shares held by them were restricted shares issued by the Company in a non-public way. Both China Life Insurance Company Ltd. – Dividend – Personal Dividend - 005L-FH002 Shen and China Life Insurance(Group) Company – Traditional – General Insurance Product are subsidiaries of China Life Insurance(Group) Company and the total 6,273,800 shares held by them were outstanding Renminbi common shares.				
Note to the shareholders involved in securities margin trading (if any)		Inapplicable				

(3) Fact Sheet of the Top 10 Shareholders of Preferred Shares

Inapplicable

(4) Change in Controlling Shareholder or Actual Controller

Inapplicable

3. Discussion and Analysis of the Management

During the reporting period, the environment of the macroeconomy and the retail consumption industry were still confronted with bigger pressure of growth. The situation of the domestic watch retail market was still not optimistic. Under such background, the Company faced the environment pressure with the attitudes of innovation and progressiveness, working hard for prosperity, and facing challenges, continued to stick to its own philosophy and brand development strategy, constantly improved the business operation in the Chinese market with “deep ploughing, fusion, innovation and improving efficiency” as its strategic theme of the year, constantly improved the business in the Chinese market and kept a close watch on the Chinese people’s market; with customers’ demand as the original point, carefully studied the trend of the industry, accurately identified the customers’ demands, kept creating excellent own brand ethnic group and high efficiency famous watch retail comprehensive service supplier, focused on brand construction, customer study, business model innovation and new business exploration, etc. and tried every means to realized good performance result. In the reporting period, the Company realized operating revenue amounting to RMB 1,479,527,783.18, a 12.13% year-on-year drop; realized net profit amounting to RMB 60,513,019.44, a 17.23% year-on-year drop. In the second quarter, the comprehensive growth on moving base of the net profit realized by the Company was 22.06% over the first quarter.

During the reporting period, HARMONY carried out the operation work in series in in a deep-going way with all the work centering the customers, strove to improve output of individual shops, continuously optimized the inventory structure, shop-front structure, vitalized the low efficiency assets, energetically developed repairing services, kept carrying forward rapid development of e-commerce. During the reporting period, HARMONY continued to enhance transformation and upgrading of the business model, realized operating revenue amouting to RMB 929,986,317.85, a 17.76% year-on-year drop but the operating profit got improved mildly.

During the reporting period, the Company implemented the customer study in full operation for the own brand business with FIYTA as the core, looked into and grasped the trend of demand of different consumer groups, further refined and enriched the DNA of the own brand, optimized the progress of launching new products, reinforced the cost control ability; accelerated increase of investment in accurate marketing through the Internet, enhanced the exposure of the brand and improved the brand influence and reputation; enhanced the construction of shopping guide ability, improved the capability of channel operation. In the reporting period, the Company kept carrying forward newly-developng businesses, and realized good development in smart watches, e-commerce, ONAS&VERUS and overseas business

During the reporting period, the Company kept steady growth in income from properties and realized revenue amounting to RMB 49,145,205.51, a 3.70% year-on-year growth.

4. Relevant Matters in Connection with Financial Report

(1) Change in accounting policy, accounting estimate and way of accounting in comparison with the financial report of the previous year

Inapplicable

(2) Retrospective restatement necessary for correction of significant accounting errors during the reporting period

Inapplicable

(3) Note to changes in the range of the consolidated statements in comparison with the financial report of the previous year

Inapplicable

(4) Explanation of the Board of Directions and the Supervisory Committee on the Qualified Auditor’s Report Issued by the CPAs

Inapplicable