联想控股

LEGEND HOLDINGS

BUILDING GREAT COMPANIES

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 3396

2017 Interim Report

Contents

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"ABS"	asset backed securitization, a kind of tradable security based on basic assets (specific asset portfolio or cash flows), which is issued in the form of similar bonds
"associate(s)"	for the purpose of this report, all entities over which the Group has significant influence. Significant influence represents the power to participate in the financial and operational policy decision of the investees, but without control or joint control rights over these policies
"Board"	board of directors of the Company
"Bybo Dental"	Bybo Dental Group Co., Ltd. (拜博醫療集團有限公司) (formerly known as Guangdong Bybo Dental Investment Management Co., Ltd. (廣州拜博口腔醫療投資管理有限公司)), a limited liability company incorporated on June 30, 1999 under the laws of the PRC, and our subsidiary
"Capespan"	Capespan Group Limited, incorporated in South Africa, invests in and manages a portfolio of companies offering a range of quality products, value-added products and related services in fresh produce and logistics internationally
"CAR"	CAR Inc., an exempted company incorporated in the Cayman Islands on April 25, 2014 with limited liability and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 699), and our associate
"CAS Holdings"	Chinese Academy of Sciences Holdings Co, Ltd. (中國科學院控股有限公司), a limited liability company incorporated on April 12, 2002 under the laws of the PRC
"Company", "our Company" or "Legend Holdings"	Legend Holdings Corporation (聯想控股股份有限公司) (formerly known as "Chinese Academy of Sciences Computer Technology Research Institute New Technology Development Company" (中國科學院計算技術研究所新技術發展公司), "Beijing Legend Computer New Technology Development Company" (北京聯想計算機新技術發展公司), "Legend Group Holdings Company" (聯想集團控股公司) and "Legend Holdings Limited" (聯想控股有限公司), a joint stock limited liability company incorporated on February 18, 2014 under the laws of PRC and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 3396)
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in RMB
"EAL"	Eastern Air Logistics Co., Ltd., a limited liability company incorporated on August 23, 2004 under the laws of the PRC, and our associate
"Eloancn.com"	Beijing Tongcheng Eloancn Network Co., Ltd. (北京同城翼龍網絡科技有限公司), a limited liability company incorporated on April 12, 2005 under the laws of the PRC, and our associate

"EUR"	Euro, the official currency of the Eurozone which consists of certain state members of the European Union
"Funglian Group"	Funglian Holdings Co., Ltd. (豐聯酒業控股集團有限公司), a limited liability company incorporated on July 16, 2012 under the laws of the PRC, and a subsidiary of Joyvio Group
"Golden Wing Mau"	Golden Wing Mau Agricultural Produce Corporation (深圳市鑫榮懋農產品股份有限公司), a large fruit supply chain enterprise in China, an associate of Joyvio Group
"Group", "our", "we" or "us"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hankou Bank"	Hankou Bank Co., Ltd. (漢口銀行股份有限公司), a joint stock limited liability company incorporated on December 15, 1997 under the laws of the PRC, and our associate
"HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hony Capital" or "Hony"	a series of private equity investment funds, together with their respective management companies/general partner
"Internet"	a global network of interconnected, separately administered public and private computer networks that uses the Transmission Control Protocol/Internet Protocol for communications
"IT"	information technology
"JC Finance & Leasing"	JC International Finance & Leasing Company Limited (君創國際融資租賃有限公司), a limited liability company incorporated on November 2, 2015 under the laws of the PRC, and our wholly-owned subsidiary
"Joyvio Agriculture"	Joyvio Agriculture Development Co., Ltd. (佳沃農業開發股份有限公司) (formerly known as Wanfu Shengke (Hunan) Agriculture Development Co., Ltd (萬福生科(湖南)農業開發股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Group, the shares of which are listed on Shenzhen's ChiNext board (A share Stock Code: 300268)
"Joyvio Group" or "Joyvio"	Joyvio Group Co., Ltd. (佳沃集團有限公司), a limited liability company incorporated on May 18, 2012 under the laws of the PRC, and our wholly-owned subsidiary

"Kaola Technology"	Tibet Kaola Science & Technology Development Co., Ltd. (西藏考拉科技發展有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"KB Food"	KB Food International Holding (Pte.) Limited, a limited liability company established under the laws of Singapore, and our subsidiary
"KB Seafoods"	KB Seafoods Pty Ltd (formerly known as Emgekay Investments Pty Ltd), a limited liability company incorporated under the laws of Australia, and a wholly-owned subsidiary of KB Food
"Lakala Payment"	Lakala Payment Corporation (拉卡拉支付股份有限公司) (formerly known as Lakala Payment Co., Ltd. (拉卡拉支付有限公司)), a joint stock limited liability company incorporated on January 6, 2005 under the laws of the PRC, and our associate
"Legend Capital"	a series of venture capital funds, together with their respective management companies/partners
"Legend Star"	Beijing Legend Star Investment Management Limited (北京聯想之星投資管理有限公司), a wholly-owned subsidiary of the Company which is an investment institution and manages certain angel investment funds
"Lenovo"	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated on October 5, 1993 under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 992), and our subsidiary
"Levima Group" or "Levima"	Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated on April 12, 2012 under the laws of the PRC, and our wholly-owned subsidiary
"Levima New Materials"	Levima New Materials Limited (聯泓新材料有限公司) (formerly known as Shandong Shenda Chemicals Co., Ltd. (山東神達化工有限公司)), a subsidiary of Levima Group and our connected subsidiary
"Liquor Easy"	Henan Liquor Easy Commercial Corporation (河南酒便利商業股份有限公司), a joint stock limited liability company incorporated on April 2, 2010 under the laws of the PRC, and our associate
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Longguan Company"	Hangzhou Longguan Industrial Co., Ltd. (杭州龍冠實業有限公司), a limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Group
"N/A"	not applicable

"NEEQS"	National Equities Exchange and Quotations System (全國中小企業股份轉讓系統), a platform established on September 20, 2012 for the sale of existing shares or private placing of new shares by SMEs
"neurology specialist"	the collective term of the clinical discipline studying organic and functional diseases of central nervous system (brain, spinal cord). Clinically, the correspondent branch is neurosurgery and neurology depending on the types of disease and treatment methods
"NTUC-FairPrice"	a supermarket chain based in Singapore and the largest in the country. The company is a co-operative of the National Trades Union Congress ("NTUC"). The group has 100 supermarkets across the island, with over 50 outlets of cheers convenience stores island-wide
"PARKnSHOP"	PARKnSHOP Supermarket HK, the largest supermarket chain group in Hong Kong and currently has over 260 stores in Hong Kong, Macau and Mainland China, 50 of which are superstores and megastores
"PE"	private equity
"Phylion Battery"	Phylion Battery Co., Ltd. (星恒電源股份有限公司), a joint stock limited liability company incorporated on December 18, 2003 under the laws of the PRC
"PIPE"	Private Investment in Public Equity
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus dated June 16, 2015 being issued in connection with first listing of the shares of the Company on the Hong Kong Stock Exchange
"Raycom Property"	Raycom Property Investment Co., Ltd. (融科物業投資有限公司), a limited liability company incorporated on July 10, 2006 under the laws of the PRC, and our subsidiary
"Raycom Real Estate"	Raycom Real Estate Development Co., Ltd. (融科智地房地產股份有限公司), a joint stock limited liability company incorporated on June 11, 2001 under the laws of the PRC, and our subsidiary
"reporting period"	for the six months ended June 30, 2017
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Shanghai Neuromedical Center"	Shanghai Neuromedical Center Co., Ltd. (上海德濟醫院有限公司), a limited liability company incorporated on May 15, 2012 under the laws of the PRC, and our subsidiary
"Shareholders"	holders of the shares of the Company
"SME(s)"	small- and medium-sized enterprise(s)
"Social Touch"	Social Touch (Beijing) Technology Development Co., Ltd. (時趣互動（北京）科技有限公司), a limited liability company incorporated on September 22, 2011 under the laws of the PRC, and our associate
"SOE(s)"	State-owned enterprise(s)
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Trust"	Suzhou Trust Co., Ltd. (蘇州信託有限公司), a limited liability company incorporated on September 18, 2002 under the laws of the PRC, and our associate
"TMT"	technology, media and telecom
"UCAR"	UCAR Inc. (神州優車股份有限公司), a joint stock limited liability company incorporated under the PRC law and listed on the NEEQS in 2016, and was held as to 7.42% equity interests by CAR as of June 30, 2017
"Union Insurance"	Union Insurance Broker Group Co., Ltd. (聯保投資集團有限公司), a limited liability company incorporated on September 5, 2012 under the laws of the PRC, and our associate
"USA"	The United States of America
"USD"	US dollar, the lawful currency of the USA
"XYWY.COM"	an online platform to provide one-stop Internet healthcare services which is operated by Wenkang Group Co., Ltd. (聞康集團股份有限公司)
"Zeny Supply Chain"	Zeny Supply Chain Co., Ltd. (增益供應鏈有限公司), a limited liability company incorporated on July 24, 2012 under the laws of the PRC, and our subsidiary
"Zhengqi Financial"	Zhengqi Anhui Financial Holdings Co., Ltd. (正奇安徽金融控股有限公司), a limited liability company incorporated on October 10, 2012 under the laws of the PRC, and our subsidiary
"%"	percentage

Corporate Information

Board of Directors

Executive Directors
Mr. LIU Chuanzhi
Mr. ZHU Linan
Mr. ZHAO John Huan

Non-executive Directors
Mr. WU Lebin
Mr. WANG Jin
Mr. LU Zhiqiang

Independent Non-executive Directors
Mr. MA Weihua
Mr. ZHANG Xuebing
Ms. HAO Quan

Board of Supervisors

Supervisors
Mr. LI Qin *(Chairman)*
Mr. SUO Jishuan
Mr. QI Zixin

Nomination Committee

Mr. LIU Chuanzhi *(Chairman)*
Mr. MA Weihua
Mr. ZHANG Xuebing

Audit Committee

Ms. HAO Quan *(Chairperson)*
Mr. ZHANG Xuebing
Mr. WANG Jin

Remuneration Committee

Mr. MA Weihua *(Chairman)*
Mr. LU Zhiqiang
Ms. HAO Quan

Joint Company Secretaries

Mr. NING Min
Ms. YEUNG Yee Har

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Auditor

PricewaterhouseCoopers

Compliance Advisor

Somerley Capital Limited

Registered Office

Room 1701, 17/F, Block 1
Court No. 2, Ke Xue Yuan Nanlu
Haidian District
Beijing
PRC

Head Office in the PRC

Room 1701, 17/F, Block 1
Court No. 2, Ke Xue Yuan Nanlu
Haidian District
Beijing
PRC

Principal Banks

China Construction Bank, Beijing Zhongguancun Branch
Bank of China, Beijing Branch
Agricultural Bank of China, Head Office
Industrial and Commercial Bank of China, Beijing Branch

Principal Place of Business in Hong Kong

27/F, One Exchange Square, Central, Hong Kong

Company's Website

www.legendholdings.com.cn

Revenue contribution from the Group's businesses

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change %
Continuing operations	**142,482**	130,742	11,740	9%
Strategic investments	**142,178**	130,523	11,655	9%
IT	**134,672**	125,234	9,438	8%
Financial services	**1,688**	555	1,133	204%
Innovative consumption and services	**1,222**	941	281	30%
Agriculture and food	**2,008**	1,225	783	64%
New materials	**2,588**	2,568	20	1%
Financial investments	**324**	240	84	35%
Elimination	**(20)**	(21)	1	N/A
Discontinued operations	**–**	4,242	(4,242)	(100%)
Total	**142,482**	134,984	7,498	6%

Net profit attributable to equity holders of the Company contribution from the Group's businesses

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Change in amount	Change %
Continuing operations	**2,687**	2,470	217	9%
Strategic investments	**1,049**	1,849	(800)	(43%)
IT	**16**	718	(702)	(98%)
Financial services	**617**	1,071	(454)	(42%)
Innovative consumption and services	**(173)**	(91)	(82)	N/A
Agriculture and food	**125**	28	97	346%
New materials	**464**	123	341	277%
Financial investments	**2,133**	940	1,193	127%
Unallocated	**(495)**	(319)	(176)	N/A
Discontinued operations	**–**	114	(114)	(100%)
Total	**2,687**	2,584	103	4%

Asset allocation of businesses of the Group

Unit: RMB million

	As of June 30, 2017	As of December 31, 2016	Change in amount	Change %
Continuing operations	**317,434**	322,259	(4,825)	(1%)
Strategic investments	**240,328**	242,656	(2,328)	(1%)
IT	**170,034**	180,179	(10,145)	(6%)
Financial services	**44,686**	37,127	7,559	20%
Innovative consumption and services	**9,292**	8,727	565	6%
Agriculture and food	**7,992**	7,815	177	2%
New materials	**8,324**	8,808	(484)	(5%)
Financial investments	**67,800**	70,585	(2,785)	(4%)
Unallocated	**15,049**	15,822	(773)	(5%)
Elimination	**(5,743)**	(6,804)	1,061	N/A
Total	**317,434**	322,259	(4,825)	(1%)

Business Review

For the first half of 2017, global economy showed signs of recovery. China's economy was steadily improving and GDP grew by 6.9% as compared with the corresponding period of last year. In particular, the government achieved impressive results in facilitating the supply-side structural reform and the SOE reform. In the first half of the year, 63.4% of the economic growth was contributed by consumption, which has become the key driver of economic growth. The mixed-ownership reform of central and local SOEs is in progress as well. Meanwhile, the government vigorously pushes forward "the Belt and Road" initiative, while its international influence and engagement continue to increase. Based on our strategy, Legend Holdings rode on China's economic growth momentum and served the real economy by direct investments. From seizing the rapid growth opportunities in consumption and services arising from the supply-side structural reform to participating in the SOE reform to assist in the promotion of market efficiency, Legend Holdings expands its layout through strategic investments and financial investments. "The Belt and Road" has particularly set up a huge arena for our overseas investments in the future. Rooted in China, Legend Holdings will focus on our strategic direction to capture the opportunities of the age.

Management Discussion and Analysis

For the six months ended June 30, 2017, Legend Holdings realised revenue of RMB142.482 billion, representing an increase of 6% as compared with the corresponding period of last year, net profit attributable to equity holders of the Company amounting to RMB2.687 billion, representing an increase of 4% as compared with the corresponding period of last year. Excluding the effect of discontinued operations in the corresponding period of last year, revenue and net profit attributable to equity holders of the Company both increased by 9%. The increase in revenue was mainly due to the overall increase in revenue from the strategic investments. During the reporting period, IT, financial services, innovative consumption and services, agriculture and food and new materials all recorded revenue growth. The movement in net profit attributable to company's equity holders was due to the combined effects include 1) financial investments recorded robust growth of net profit contribution; 2) net profit of the strategic investments decreased due to the decrease in fair value gain and the profit contribution of IT business.

During the reporting period, Legend Holdings' strategic investments became more focused. The existing business of strategic investments saw continued growth. Various capital operations were consecutively carried out. Meanwhile, financial investments recorded encouraging returns and new funds were raised successfully.

- Strategic investments became more focused. Our innovative consumption and services segment invested in EAL and strategically participated in the SOE reform. We continuously optimised the new materials segment, introduced strategic investor to Levima New Materials and disposed our entire equity interests in Phylion Battery;

- The existing business of strategic investments continued to grow. Financial services segment sustained its sound growth. JC Finance & Leasing and Kaola Technology maintained robust business development. Based on the industry trend and selected areas, we focused on developing the innovative consumption and services segment by expanding the market share of Bybo Dental and consolidating the leading position of CAR in China's car rental market. Regarding the agriculture and food segment, Golden Wing Mau's fruit business continued to make investments for overseas presence. KB Food's effort on integrating upstream resources has yielded satisfactory result;

- Capital operations were consecutively carried out. On March 3, 2017, Lakala Payment submitted to the China Securities Regulatory Commission the application for the initial public offering and listing its shares on the ChiNext board of the Shenzhen Stock Exchange. After Joyvio Group became the effective controller of A share ChiNext listed company Joyvio Agriculture (Shenzhen Stock Exchange Stock Code: 300268), Joyvio Group has commenced to accelerate the expansion in trading, processing and distributing business of high-end animal protein through mergers and acquisitions leveraging the listing platform;

- Financial investments recorded encouraging returns and new funds were raised successfully. During the reporting period, financial investments contributed profit of RMB2,133 million and cash flow of approximately RMB1,450 million; Legend Capital completed the raising of its seventh USD fund and launched the second RMB fund specialized in culture and sports sector. During the reporting period, the raised fund amounted to approximately RMB2,940 million. Hony Capital completed the raising of its second property value-added strategic fund, which totally amounted to RMB2,563 million, and launched the Haidian technology industry space optimization fund, with RMB1,075 million raised already.

Strategic Investment

IT

We engage in IT business through our subsidiary Lenovo. Lenovo is a Fortune 500 company which develops, manufactures and sells high-end technology products and provides related services to consumers and corporate customers. As of June 30, 2017, we held 31.48% equity interests in Lenovo.

In the first half of 2017, Lenovo continued its focus on striking a balance between growth and profitability in its PC and smart device business while executing its transformation strategy in its Mobile and Data Center businesses. The challenges arising from the combination of key component cost increase and supply constraints continued to impact its performance in the period under review. Despite the challenging market conditions, Lenovo remained a leading player in the PC plus Tablet market for the period under review and continued to focus on protecting profit. Lenovo's Mobile business achieved revenue growth driven by the continued strong growth in Latin America and Western Europe, while Lenovo continued to refine its strategy in China. For the Data Center business, Lenovo's transformation work under its new business leader started to show positive momentum, especially in mature markets, while it continued to transition its business model to balance between growth and profitability in China. Lenovo also continued to build its capabilities in "Device + Cloud" and "Infrastructure + Cloud". At the Lenovo Tech World event in Shanghai on July 20, 2017, Lenovo showcased several concept smart devices and artificial intelligence solutions to demonstrate such capabilities. Moreover, Lenovo's Capital and Incubator Group continued to actively invest in AI, internet of things, big data, and VR/AR (virtual reality/augmented reality) to support its "Device + Cloud" strategy, in which these added capabilities will both develop new businesses and strengthen existing ones.

During the reporting period, the revenue and net profit of the IT segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**134,672**	125,234
Net profit	**156**	2,243
Net profit attributable to equity holders of Legend Holdings	**16**	718

During the reporting period, the revenue of our IT sector reached RMB134,672 million, up 8% year-on-year. However, due to the combined effects of component cost increase and the disposal gain on non-core property recorded in the same period last year, net profit reduced to RMB156 million.

PC and Smart Device Business Group (PCSD)

During the reporting period, despite challenges in the slower PC market growth, currency volatility, supply constraints and key components cost increase, Lenovo remained a leading player in the PC plus Tablet market as it executed its strategy to capture market consolidation opportunities, and focused innovation for fast-growing product segments.

During the reporting period, Lenovo continued to strike a balance between growth and profitability. As such, the PCSD revenue growth exceeded the shipment growth in the second quarter of 2017 on better average selling price driven by innovative products and better product mix. Lenovo's worldwide PC market share dropped 0.6% year-on-year to 20.4% in the second quarter of 2017 according to industry estimates.

Mobile Business Group (MBG)

During the reporting period, Lenovo's Mobile business started showing signs of strengthening, leading to a strong performance in ROW (rest of the world/outside China) markets, while Lenovo continued to refine its strategy in China. Lenovo continued to have an extensive global operation and recorded strong shipments growth in Latin America and Western Europe. As a result, Lenovo's worldwide smartphone shipments grew against a flattish market and its worldwide smartphone market share was 3.2% as of the second quarter of 2017. Lenovo's innovative, differentiated premium products like Moto Z, Moto Mods, and the fifth generation of Moto G continued to receive encouraging customer response and increased activation rates. In China, Lenovo continued to record a decline in both revenue and shipments as it continues to refine strategy to build a solid foundation for future growth.

Data Center Business Group (DCG)

Lenovo continued to execute its transformation plan with investments in building direct sales capability, strengthening the distribution channel and product solution capabilities to drive future sustainable profitable growth. However, its performance was under pressure due to the competitive industry landscape and increased component costs. The new business leader has been on board since last November and is leading the transformation. As a result of these efforts, Lenovo started to show positive momentum in its operations in ROW. In the High Performance Computing (HPC) business, Lenovo was ranked number 2 on the HPC Top 500 List, and number 1 in China. Lenovo was named the fastest growing HPC provider in the world by IDC. Lenovo, during the reporting period, launched the largest product portfolio in history under two brands: ThinkSystem and ThinkAgile. At the same time, Lenovo continued to leverage strategic partnerships in bringing next-generation IT solutions to customers. Lenovo attained 43 world record benchmarks on its new ThinkSystems, the most in the industry compared to competitors. Lenovo also maintained its worldwide number one ranking in x86 server reliability and customer satisfaction according to the latest industry survey. Lenovo continued to transition business model to strike a balance between growth and profitability.

Lenovo Capital and Incubator Group (LCIG) and Others

Lenovo's Capital and Incubator Group continued to invest and build its capability in AI (artificial intelligence), internet of things, Big Data and VR/AR (virtual reality/augmented reality) across various sectors such as manufacturing, healthcare, smart car, etc. Lenovo also made progress in expanding its ecosystem with 225 million cumulative Lenovo ID users by June 30, 2017.

Looking forward, Lenovo will continue to strike a balance between growth and profitability in its core PC business. In the Mobile business, it will continue to build and expand the Moto brand across more regions. In the Data Center business, Lenovo has been executing its transformation strategy since last November, and as a result the business started to see positive momentum, it has a clear strategic path to transform its business. Furthermore, Lenovo will continue to invest in AI, IoT, Big Data and VR/AR to build capabilities in "Device + Cloud" and "Infrastructure + Cloud" in order to capture the growth in the Personalised Computing era.

Market conditions remain challenging in the short term, notably the component supply shortage and cost hike are expected to continue pressuring business operations. However, Lenovo now has a stronger organization with sharper customer focus and more compelling product portfolio. Coupled with strong execution, Lenovo remains confident it can build leading positions in every business it enters and drive profitable growth that, in turn, creates better value for shareholders.

Financial Services

Overview

We conduct financial services business mainly through diversified subsidiaries and associates:

- Zhengqi Financial, our subsidiary, mainly provides SMEs with comprehensive financial solutions such as direct loans, financial leasing, commercial factoring and equity investments;
- JC Finance & Leasing, our subsidiary, mainly provides financial leasing services;
- Kaola Technology, our subsidiary, mainly provides innovative financial services;
- Lakala Payment, our associate, mainly provides third-party payment and value-added services;
- Hankou Bank, our associate, mainly engages in commercial banking services;
- Union Insurance, our associate, mainly provides insurance brokerage and related services;
- Eloancn.com, our associate, mainly engages in internet financial services; and
- Suzhou Trust, our associate, mainly engages in the trust business.

Legend Holdings has established a broad presence in the financial services business. Our subsidiaries and associates have obtained various financial licenses and permits. Legend Holdings will facilitate the long-term development of our portfolio companies in the financial industry with all-round supports. Leveraging on a large pool of portfolio companies and customer resources, we promote synergic development of our financial businesses, including business alignment and consolidation, intelligence sharing and big data analysis etc. for the enhancement of overall competitiveness.

In the meantime, we carry out in-depth studies on the impact of China's economic restructuring on financial institutions and business presence, and pay attention to portfolio companies' risks of development strategies, credit risks, operation risks and investment risks etc. so as to help them improve the risk management system and enhance their overall risk management capacity.

Based on our industrial resources and technology advantages, Legend Holdings will on one hand strengthen our current edge in credit loan related business, and on the other hand keep close attention to and invest in other financial services business both at home and abroad, mainly focusing on insurance, banking, securities and Fintech, etc.

During the reporting period, the revenue and net profit of the financial services segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**1,688**	555
Net profit	**694**	1,122
Net profit attributable to equity holders of Legend Holdings	**617**	1,071

During the reporting period, revenue of Legend Holdings' financial services segment was RMB1,688 million, representing an increase of approximately 204% as compared with RMB555 million in the corresponding period of last year. This was mainly due to greater contributions from financial leasing business, loan business and innovative financial services. The net profit of financial services segment decreased from RMB1,122 million in the corresponding period of last year to RMB694 million, representing a decrease of 38%, mainly due to the decrease in the investment income and fair value gain.

Operating Highlights

- Our subsidiary Kaola Technology mainly provides innovative financial services to small and micro enterprises and individuals through internet. During the reporting period, Kaola Technology realised robust business growth and recorded revenue of RMB796 million and net profit of RMB142 million.

- Our wholly-owned subsidiary JC Finance & Leasing realised a sound and rapid development since its incorporation in November 2015. As of June 30, 2017, the remaining balance of interest-bearing assets of JC Finance & Leasing amounted to RMB7,962 million, representing a growth of 41% as compared to the end of 2016. Revenue and net profit amounted to RMB302 million and RMB85 million, representing a growth of 193% and 183%, respectively, as compared with the corresponding period of 2016.

- On March 3, 2017, Lakala Payment submitted to the China Securities Regulatory Commission the application for the initial public offering and listing its shares on the ChiNext board of the Shenzhen Stock Exchange.

Zhengqi Financial

Zhengqi Financial was established in 2012 and has successfully completed the introduction of strategic investors in the first half of 2017. As of June 30, 2017, we held 82.52% equity interests in Zhengqi Financial. Zhengqi Financial mainly provides financial services to SMEs with nine major business units consisting of credit guarantee, micro loans, pawn loans, financial leasing, commercial factoring, equity investments, capital market business, asset management and internet-based finance. In the first half of 2017, Zhengqi Financial continued to expand its markets across provinces on the basis of its leading position in SME financial services in Anhui Province and successfully obtained business licenses and established subsidiaries in Beijing, Shanghai and Wuhan. After development over four years, Zhengqi Financial has evolved gradually from a regional alternative financial service provider to SMEs to a cross-province comprehensive financial services provider to SMEs with considerable influence in China.

In the first half of 2017, Zhengqi Financial continued to optimise business structure, continued to consolidate and implement the strategic position based on "overall plans" of financing to provide customers with the optimised resource allocation and develop the advantages of brand differentiation. In terms of internal management, Zhengqi Financial has, on one hand, through refined management, enhanced the headquarters' capability on dynamic resource allocation towards various business segments to respond to rapidly changing market conditions. On the other hand, under continuous improvement of capability of risk management, Zhengqi Financial enhanced the collection of non-performing assets and thus improved the return and liquidity of its assets. During the reporting period, businesses such as micro loans, credit guarantee and financial leasing sustained their steady growth, while commercial factoring business grew rapidly. As of June 30, 2017, outstanding balance of loans amounted to RMB6,623 million, and outstanding balance of leasing amounted to RMB4,261 million. Outstanding guarantee balance was RMB3,934 million and outstanding commercial factoring balance amounted to RMB1,232 million.

During the reporting period, Zhengqi Financial continued to develop its own credit and expand funding channels and the independent financing abilities for each business unit have been recognized in the capital market. In June 2017, Anhui Zhengqi Financial Leasing Co., Ltd. completed its first tranche of issuance of ABS. The issuance of ABS was guaranteed by Zhengqi Financial.

During the reporting period, the revenue and net profit of Zhengqi Financial are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**590**	452
Net profit	**317**	578

During the reporting period, revenue grew by approximately 31% from RMB452 million in the corresponding period of last year to RMB590 million, mainly due to the net impact of the growth of commercial factoring and financial leasing businesses, and further spread tightening of Zhengqi Financial's loan business resulting from the adjustments to the interest rate policy in China. Net profit decreased by approximately 45% from RMB578 million in the corresponding period of last year to RMB317 million, mainly due to the decrease in profit contributions from its investment business.

JC Finance & Leasing

JC Finance & Leasing was established in November 2015 and is a professional company specializing in financial leasing and relevant financial businesses under Legend Holdings. As of June 30, 2017, we held 100% equity interests in JC Finance & Leasing. Backed by the brand of Legend Holdings and the expertise of its management team, JC Finance & Leasing has initiated cooperation with both domestic and international well-known equipment manufacturers, focused on industry and industrial chain, and commenced financial leasing business relating to areas that reflect new economic trends in China, such as medical services, advanced manufacturing, energy saving and environmental protection, agri-food, tourism and consumption, electronic information, public services and transportation logistics, in turn developing into a leading enterprise in the financial leasing industry.

During the reporting period, JC Finance & Leasing expanded the market with its established strategies, completed the feasibility assessments on tourism and consumption, and small and micro healthcare businesses, and established two new offices in Beijing and Zhengzhou. Currently, the number of headquarter and affiliated agencies in China was eight. The business presence was established throughout all provinces, municipalities and autonomous regions of China. The results maintained a strong growth momentum as well. As of June 30, 2017, the total asset of JC Finance & Leasing amounted to RMB9,229 million and the outstanding balance of interest-bearing assets amounted to RMB7,962 million, representing a growth of 56% and 41%, respectively, as compared with the end of 2016. During the reporting period, JC Finance & Leasing recorded revenue of RMB302 million with net profit attributable to equity holders of the Company amounting to RMB85 million, representing a growth of 193% and 183%, respectively, as compared with the corresponding period of 2016.

During the reporting period, JC Finance & Leasing actively developed diversified financing channels. In the first half of 2017, JC Finance & Leasing successfully issued the first tranche of private publication notes (PPN) of RMB500 million and the second tranche of ABS of JC Finance & Leasing was successfully funded with a total issue size of RMB1.71 billion. As of June 30, 2017, direct financing in the capital market accounted for 36% of the company's outstanding balance of interest-bearing liabilities.

During the reporting period, the revenue and net profit of JC Finance & Leasing are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**302**	103
Net profit	**85**	30

Kaola Technology

Kaola Technology is China's leading platform for integrated internet financial services and is engaged in various business areas such as loans and wealth management. The big data generated daily on the integrated financial services platform, together with the well-developed credit risk identification and management models, safeguards various financial businesses including loans, thus promoting the rapid growth of the businesses. As of June 30, 2017, we held 67% equity interests in Kaola Technology.

Kaola Technology focuses on the fast-growing field of micro finance, featuring online loan products such as "Easy Installments" and "Repayment-for-You". It has established an institutional risk management system with advanced big data application technology, online anti-fraud technology and automated monitoring and control technology for risk management and decision making. As of June 30, 2017, the outstanding balance of loans amounted to RMB6.7 billion and the maximum single-day amount of individual credit loan business exceeded RMB100 million.

During the reporting period, the revenue and net profit of Kaola Technology are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017
Revenue	**796**
Net profit	**142**

Associates in Financial Services Segment

During the reporting period, total profits contributed by associates to the financial services segment were RMB150 million (RMB514 million in the corresponding period of last year). The decrease in profits was mainly due to the relevant income of RMB433 million recorded from Eloancn.com arising from the changes in fair value of the preferred shares in the corresponding period of last year. Excluding such factor, the increase in profits was mainly due to the continuing growth in profitability of Lakala Payment and Hankou Bank.

On March 3, 2017, Lakala Payment submitted to the China Securities Regulatory Commission the application for the initial public offering and listing its shares on ChiNext board of Shenzhen Stock Exchange. Currently, it is in the process of responding to the first round of feedback from China Securities Regulatory Commission. In the first half of 2017, Lakala Payment's profitability continued to grow and its business exposure covered over 4.5 million merchants and more than 10 million individual users in over 330 cities across China. The transaction amount for the first half of the year exceeded RMB800 billion. As of June 30, 2017, we held 31.38% equity interests in Lakala Payment.

Innovative Consumption and Services

Overview

Our subsidiaries and associates in the innovative consumption and services business include:

- Bybo Dental, our subsidiary, mainly provides dental healthcare services through chain operations;
- Shanghai Neuromedical Center (德濟醫院), our subsidiary, mainly provides "neurology specialist and other comprehensive" medical healthcare services;
- Zeny Supply Chain, our subsidiary, mainly provides logistics services;
- CAR, our associate, mainly provides comprehensive car rental services including car rentals, fleet rentals and financial leasing, as well as sales of used cars;
- EAL, our associate, is mainly engaged in air logistics related services;
- Social Touch, our associate, mainly provides enterprise-level digital marketing solutions; and
- XYWY.COM, our associate, mainly provides Internet healthcare services.

We adhere to the development in innovative consumption and services segment. On one hand, we continue to converge and develop the existing businesses and constantly build up our core competence. On the other hand, we continue to seek new investment opportunities to expand our presence. We put emphasis on the growth potential of "consumption + services" with brand-oriented services and service upgrading being the key focus. We have made researches and allocations on niche segments including mobility, medical services, supply chain, education and tourism to develop excellent enterprises and brands.

During the reporting period, Bybo Dental has substantially met our goal in its presence in China and established 207 clinics and hospitals. Bybo Dental paid attention to the development of business scale and medical technology. Shanghai Neuromedical Center, as a neurology specialist comprehensive hospital, recorded a year-on-year revenue growth of over 70% in the first half of the year. Legend Holdings continues to keep seizing other opportunities in healthcare sector.

Zeny Supply Chain continued to explore the business model of light asset operation and gradually developed innovative businesses such as financial businesses of supply chain. Return levels of the projects increased continuously through fine operation and loss continuously decreased.

In addition, during the reporting period, we have established our presence in air logistics sector by strategic investment in EAL. EAL is among the first batch of pilot enterprises under the mixed-ownership reform program for SOEs. It has nine whole cargo flights and exclusively operates bellyhold space of nearly 600 passenger aircrafts under Eastern Airlines series, representing over 20% of the domestic air cargo transportation market. It also operates the cargo terminal business of Shanghai Pudong Airport (the world's third largest cargo airport) and Hongqiao Airport. We believe that air cargo transportation has huge potential for development in China. In the future, we will seek cooperation with EAL in terms of areas such as cross-border e-commerce, air logistics and air freight of premium fresh food to further expand business and investment in the relevant sectors.

At the same time, we monitor the investment opportunities in niche segments of the education industry. In July 2017, we made investment in Better Sun Educational Group (三育教育集團股份有限公司) and became its controlling shareholder. Established in 2003, it is a leading kindergarten group with direct operation networks in China. We consider that the short-fall in supply of pre-school education, implementation of the Two-Child Policy and the increase in industrial concentration will all facilitate the rapid growth of the industry-leading enterprises. Legend Holdings will further participate in educational consumption upgrade by means of investment and expects to make contribution to the society with its enhanced value.

During the reporting period, the revenue and net loss of innovative consumption and services segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**1,222**	941
Net (loss)	**(365)**	(279)
Net (loss) attributable to equity holders of the Company	**(173)**	(91)

During the reporting period, the revenue from innovative consumption and services segment increased by 30% to RMB1,222 million as compared with the corresponding period of last year, mainly due to further expansion of Bybo Dental's clinics and business scale as well as continuous expansion of Zeny Supply Chain's cold chain and comprehensive logistics services businesses during the reporting period. Net loss increased to RMB365 million from RMB279 million in the corresponding period of last year, mainly due to the combined impact of the following factors: (1) during the reporting period, an increase in loss of approximately RMB39 million resulting from the expansion of Bybo Dental's business; (2) a decrease in net loss of RMB67 million as compared with the corresponding period of last year resulting from costs saving after Zeny Supply Chain suspended its conventional courier business; and (3) a decrease of profit contributed by CAR, because of its significant decline of net profit as compared with the corresponding period of last year.

Bybo Dental

Bybo Dental, our subsidiary, provides dental healthcare services. We made strategic investment in Bybo Dental in July 2014. As of June 30, 2017, we owned 54.90% equity interests in Bybo Dental.

Over the past two years, Bybo Dental has seized the opportunities arising from the rapid development of the industry, basically completed its nationwide layout by ways of self-built and acquisition of clinics and hospitals, established a strong brand recognition in various regions of China, as well as accumulating reliable medical skills, good service reputation and rich management experience. As of June 30, 2017, Bybo Dental had 207 outlets, comprising 55 hospitals and 152 clinics, representing a growth of 15% from 180 as of June 30, 2016, covering 25 direct-controlled municipalities or provinces. The number of Bybo Dental's dental chairs rose from 2,290 as of June 30, 2016 to 2,742 as of June 30, 2017.

The major business statistics of the dental operation of Bybo Dental as of June 30, 2017 and June 30, 2016 are set out as follows:

	As of June 30, 2017	As of June 30, 2016
Number of outlets	**207**	180
Area of outlets (square meter)	**277,314**	222,450
Number of dental chairs	**2,742**	2,290
Number of dentists	**1,278**	934

Based on its current business presence, Bybo Dental will put in more resources to further amplify its medical service quality and content. Meanwhile, the multi-fold strategy will be adopted to enhance its marketing, chain operations management, financial management, information management and human resources management. It will also continue to develop its management capability so as to constantly enhance the corporate medical service standard and branding effect.

During the reporting period, revenue and net loss of Bybo Dental are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**650**	573
Net (loss)	**(406)**	(367)

During the reporting period, Bybo Dental has basically established the strategic presence for its outlets, and focused on organic growth. With continuous upgrade of the requirements for high medical technological standard and quality, enhancement of services and customer loyalty as well as consolidation of market share, revenue increased from RMB573 million in the first half of 2016 to RMB650 million in the first half of 2017, representing a year-on-year growth rate of 13%. During the first half of 2017, Bybo Dental's operating loss slightly widened, with the net loss increased from RMB367 million in the first half of 2016 to RMB406 million in the first half of 2017. The main reasons for the increase in net loss include: the growth of established outlets tended to be sluggish, which was due to the industry competition, particularly from new outlets under other brands opened in same cities. In addition, the majority of its hospitals or clinics have been opened for less than one year with breakeven point yet to be reached and the financial cost burden increased during the ramp-up period. A growth cycle is common for the establishment and development of medical institutions. On one hand, Bybo Dental continued to consolidate the quality of medical services and management, on the other hand, it continued to explore areas of buzz marketing, new media and e-commerce platform. In addition, Bybo Dental served the established clients well, while continuing to explore new customer groups so as to strive to reach the breakeven point for the turnaround of financial performance.

Shanghai Neuromedical Center

Shanghai Neuromedical Center, our subsidiary medical institution, provides clinical neurology specialist medical service. In August 2016, we made investment in Shanghai Neuromedical Center. As of June 30, 2017, we held its 58% equity interests through our subsidiary, and Legend Capital, our venture capital vehicle, held its 15% equity interests.

Founded in 2013, Shanghai Neuromedical Center is a specialist hospital built according to the scale of tertiary specialized hospital standards and excels in clinical neuroscience and other comprehensive medical services. The key strategic development areas of Shanghai Neuromedical Center include neurosurgery, functional neurosurgery, internal neurology, epilepsy treatment center, cerebrovascular disease treatment center, cardiovascular disease treatment center, emergency intensive healthcare center, nerve electrophysiology center and neuro-rehabilitation with the support of the development of comprehensive subjects such as surgery and internal medicine.

Since the strategic investment made in Shanghai Neuromedical Center by Legend Holdings in 2016, Shanghai Neuromedical Center highly emphasized on the operating management, development of corporate culture, improvement in medical services and introduction of talents. During the reporting period, the above efforts were effective. The medical technological standard of Shanghai Neuromedical Center was further enhanced with the participation of certain renowned doctors from China leading to the substantial increase in medical business statistics such as outpatient visits and discharged patients. In addition, the increased number of beds in operation has created opportunities for the business growth.

The following table sets forth the number of beds in operation and key business statistics of Shanghai Neuromedical Center, respectively.

	As of June 30, 2017	As of June 30, 2016
Number of beds in operation	**300**	280
Outpatient visits (ten thousand persons)	**7.4**	5.4
Discharged patient (person)	**2,506**	1,881

During the reporting period, revenue and net loss of Shanghai Neuromedical Center are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017
Revenue	**105**
Net (loss)	**(13)**

During the reporting period, revenue from Shanghai Neuromedical Center substantially increased to RMB105 million, representing a growth of 70% as compared to the corresponding period of last year. The substantial increase in revenue was due to the significant increase in outpatient visits and discharged patients. Shanghai Neuromedical Center still suffered loss in the first half of 2017, but it has much improved as compared to the corresponding period of last year. With the continuous growth of the number of patients, we expected that the loss of Shanghai Neuromedical Center would be further reduced and a turnaround could be expected.

Zeny Supply Chain

We provided logistics services through Zeny Supply Chain, our subsidiary, endeavoring to develop it as a leading provider of comprehensive supply chain services. After the exit from the conventional courier business, Zeny Supply Chain mainly focuses on comprehensive cold chain operations. During the reporting period, Zeny Supply Chain continued its business model of light asset operation of Bai Sha Zhou, Wuhan project and brought higher return to shareholders gradually. In the meantime, derivatives and innovative businesses were actively developed through the Bai Sha Zhou, Wuhan project and Tianjin Dongjiang Harbor project. Return levels of the projects increased continuously through fine operation. As of June 30, 2017, we held 98.85% equity interests in Zeny Supply Chain.

Comprehensive cold chain operations: during the reporting period, Zeny Supply Chain further enhanced the profitability of Bai Sha Zhou, Wuhan project, and gradually launched the financial services of supply chain business catering to the commercial tenants of the wholesale market. Meanwhile, we continued to optimize the business structure of cold chain project of Tianjin Dongjiang Harbor by providing imported food inspection service, cold chain bonded storage service, declaration and inspection agent service, procurement agent service and financial service of supply chain to create an imported food comprehensive supply chain service platform.

Comprehensive logistics services: during the reporting period, Zeny Supply Chain continued to optimize the business model by strategically focusing on serving corporate clients in markets such as electronic production, motor accessories and cold chain food. Efforts were also made to adjust and optimize the business network which covers four major regions of northern, central, eastern and southern China so as to increase the overall operating efficiency.

Domestic courier services: as of the end of the reporting period, Zeny Supply Chain had closed or transferred courier business in other regions except those in Shandong.

During the reporting period, revenue and net loss of Zeny Supply Chain are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**467**	368
Net (loss)	**(31)**	(98)

During the reporting period, revenue from the logistics business increased by RMB99 million year-on-year, mainly due to the continuous development of comprehensive cold chain business and the optimization of comprehensive logistics services business. Net loss decreased by RMB67 million year-on-year, mainly due to huge reduction of costs and expenses after closing the conventional courier business as compared with the corresponding period of last year and the continuous positive trend in cold chain business.

Associates of Innovative Consumption and Service

CAR

CAR, our associate, provides comprehensive car rental services including car rental, fleet rental and financial leasing, and sales of used cars services. Through its strategic partner, UCAR, it provides an on-demand chauffeured car services based on mobile Internet technology and the strong brand of "UCAR". As of June 30, 2017, we held 24.78% equity interests in CAR.

Since 2017, CAR reclassified its rental revenue and operating fleet to better align with its latest development in business nature. The original business split of short-term rental and long-term rental was reclassified into car rental and fleet rental, which are defined as follows:

Car rental: CAR provides car rentals through its rental locations and delivery services. The car rental services are generally standard and mostly through online bookings. Cars are rented by individuals mostly to meet their leisure and business needs, as well as by corporations.

Fleet rental: CAR provides fleet management services to corporations. The fleet management services are generally customized to customer needs and requests, which include but not limited to long-term car rentals and car chauffeur services. The fleet is more diversified in terms of models, colors and brands.

CAR sees the prosperous growth in the auto mobility market, supported by the consumption upgrade and more developed transportation system. The car rental market is expected to expand rapidly and the growth potential remains significant as a result of the booming travel demand and increasing popularity of car rental as an attractive alternative to car ownership. Meanwhile, consumers have already become more receptive to ride-hailing as a high-end mobility solution. With the implementation of the new regulation, the industry development has become healthier and the business model has become clearer and widely proven. During the transition, the competition in the ride-hailing industry remains strong. Therefore, we expect to witness that the simultaneous growth of car rental business and market will be offset by the diminishing trend of UCAR rental fleet. CAR will continue to outpace the industry growth and consolidate its leading position. Through various business initiatives and technological innovations, it has a focused commitment of delivering best-in-class customer experience and achieving optimal cost structure, thereby establishing high standards for competitions.

During the reporting period, CAR continued to implement the strategy of enhancing customer experience and optimizing cost structure: various technological innovations and business initiatives, including innovative marketing initiatives and effective pricing strategy, were remained in place to accelerate the growth momentum; the coverage of business network was broadened to fulfil the growing customer demand; vehicle replacement was strategically expedited and fleet mix was optimised, with an aim to enhance fleet condition and attractiveness to customers.

As of June 30, 2017, the total size of operating fleet of CAR reached 88,301 cars, increasing by 0.8% as compared with the corresponding period of last year; the total size of fleet reached 100,029 cars, increasing by 0.3% as compared with the corresponding period of last year. CAR had 823 directly operating service spots in 104 cities of China, including 333 outlets and 490 pick-up points, covering all first-tier and second-tier cities and main tourist spots in the country. In addition, the franchisee network comprised of 239 service locations in 189 third and fourth tier cities.

The table below is the key business data of CAR as of June 30, 2017 and June 30, 2016:

	As of June 30, 2017	As of June 30, 2016
Fleet size		
Car rental	**71,872**	54,119
Fleet rental	**16,157**	29,505
Financial leasing	**272**	3,961
Total operating fleet	**88,301**	87,585
Retired vehicles for sale	**8,328**	11,203
Vehicles held for sale	**3,400**	939
Total fleet	**100,029**	99,727

For the first half of 2017, driven by a combined impact from the growth of the car rental business and the decrease of UCAR fleet size, car rental revenue remained steady. Among which, car rental days grew 71% year-on-year whereas revenue increased by 31% year-on-year; fleet rental revenue decreased by 36% year-on-year, mainly due to the introduction of the new regulation on ride-hailing services and UCAR's increased operating efficiency, resulting in a decreased demand for UCAR fleet rental.

In order to increase the return of the shareholders, CAR continued to carry out a series of repurchases during the first half of 2017 in order to enhance shareholder returns. As of June 30, 2017 the company repurchased 92,083,000 shares at a consideration of HKD662 million.

During the reporting period, the revenue and net profit of CAR are set forth as below:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**3,612**	2,969
Net profit	**379**	1,062

During the reporting period, the revenue of CAR increased by RMB643 million year-on-year, mainly due to the increase in the sales volume and amount of used cars. The net profit decreased by RMB683 million year-on-year, mainly due to the fair value gain of RMB826.7 million derived from investment in equity shares and redeemable preference shares for the first half of 2016. For the first half of 2017, there was a fair value loss of RMB32.4 million derived from investment in equity shares and redeemable preference shares. During the reporting period, the adjusted net profit after deducting non-recurring gain and loss amounted to RMB313.7 million, compared with RMB471.6 million for the corresponding period of last year. The decrease was mainly a combined result of the decreased UCAR rental fleet, reduced residue value of certain car models and increased financial costs.

EAL

On June 19, 2017, we entered into a capital increase agreement with Eastern Airlines Industry Investment Company Limited, Global Logistic Properties, Deppon Logistics, Greenland Financial and the employees' shareholding platform of EAL to subscribe for 25% equity interests in EAL at the price of RMB1.025 billion, with the corresponding post-investment valuation amounting to RMB4.1 billion. As of the end of the reporting period, the subscription of equity interests was completed.

EAL was established through the merging of Eastern Logistics and China Cargo Airlines under CEA Holding in 2012. Mainly engaging in air logistics related business, EAL has nine whole cargo flights and exclusively operates bellyhold space of nearly 600 passenger aircrafts under Eastern Airlines series, representing over 20% of the domestic air cargo transportation market. It also operates the cargo terminal business of Shanghai Pudong Airport (the world's third largest cargo airport) and Hongqiao Airport, which is exclusive. We believe that air cargo transportation has huge potential in China. The investment in EAL aligns with our strategies for the innovative consumption and services segment. In the future, we will seek cooperation with EAL in terms of areas such as cross-border e-commerce, air logistics and air freight of premium fresh food to further expand business and investment in the relevant sectors.

Agriculture and Food

Overview

Our subsidiaries and associates in the agriculture and food business include:

- Joyvio Group, our subsidiary, is mainly engaged in fruit business, animal protein-related business, branded drink business and processed food products business;

- KB Food, our subsidiary, is mainly engaged in the regional businesses of fishing, procurement, processing and sales of premium seafood in Australia; and

- Liquor Easy, our associate, mainly develops and operates liquor direct selling networks.

There are significant opportunities in the agriculture and food industry in China: (1) upgrading of consumption: with China's increased per capita disposable income and consequential changes in spending concepts and patterns, we believe that China is now in a stage of upsurge in food consumption, (2) upgrading of industry: in China, the industrial chains are segmented in agricultural and food industry with unreasonable profits distribution mechanisms. Through synergistic network across the industrial chains, product quality, food safety and operating efficiency will be significantly enhanced, (3) overseas resources: with remarkable advantages in resources, species and technology, overseas market has the potential synergy with the consumption market of China intrinsically. We will actively look for investment opportunities amidst the aforesaid circumstances.

With the aim of improving food qualities for Chinese consumers, we have developed two supply chains of fresh fruits and fresh seafood. In 2017, in view of the supply chain of fresh fruits, through the merger and acquisition of the Asian business of Capespan, we have achieved to cover Hong Kong, Southeast Asia, Japan and Korea markets, marking the commencement of the global presence of our fruit business channel. As for the seafood supply chain, we own KB Food, a leading Australian seafood supplier, based on which the expansion and integration of global seafood supply chain system will be launched. We look forward to providing products and services of enhanced safety and quality to Chinese consumers through the industrial integration and a global presence in the future. By enhancing the effectiveness of investment and operating efficiency, we have developed Joyvio Group into a professional investment holding vehicle of the agricultural and food business of the Company, thereby achieving the corporate and professional investment and operation of the agricultural and food business.

Operating highlights

- For the fruit business, during the reporting period, Golden Wing Mau continued its overseas presence and carried out in-depth integration of the upstream and downstream of fruit business at the same time. During the reporting period, the revenue and net profit increased by 43% and 52% year-on-year respectively.

- As its products portfolio continuously optimised and the differentiated competitive model became more developed, Funglian Group recorded significant improvement in its overall operating efficiency and operating profit. During the reporting period, operating profit increased by 299% year-on-year.

- KB Food's business integration progressed well. During the reporting period, KB Food proactively implemented its upstream resource integration strategy, further consolidating its competitive advantage in Australia.

- On March 6, 2017, we completed the acquisition of Joyvio Agriculture (Shenzhen Stock Exchange Stock Code: 300268) (formerly known as "Wanfu Shengke (Hunan) Agriculture Development Co., Ltd (萬福生科（湖南）農業開發股份有限公司)"), a ChiNext listed company of China, and became its controlling shareholder. As a strategic industrial platform under Joyvio, the company will accelerate the expansion of domestic trading, processing and sale of seafood and other animal protein-related products. It will also continue to expand its portfolio of high quality assets, facilitating a more efficient launch of our business layout and industrial integration with the advantage of China capital market in future.

During the reporting period, revenue and net profit of agriculture and food segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**2,008**	1,225
Net profit	**141**	25
Net profit attributable to equity holders of Legend Holdings	**125**	28

During the reporting period, revenue of the agriculture and food segment increased from RMB1,225 million in the corresponding period of last year to RMB2,008 million, mainly due to an addition of three months to the period of consolidation with KB Food as compared to the corresponding period of last year. Net profit increased from RMB25 million in the corresponding period of last year to RMB141 million, mainly due to (1) the rise in profit attributable to the improvement of the business of Funglian Group (a subsidiary of Joyvio Group) for the period as well as the increase in gains contributed by Golden Wing Mau (an associate) resulting from a significant rise of its net profit as compared with the corresponding period of last year; (2) an addition of three months to the period of consolidation with KB Food as compared to the corresponding period of last year whereas KB Food recorded an increase in its operating profit at the same time.

Joyvio Group

During the reporting period, Joyvio Group received a capital increase from the Company in order to enhance investment and operation efficiency as well as to develop a professional investment holding platform for the agriculture and food sector. Currently, it is engaged in multiple business areas such as fruit, animal proteins, branded drinks, processed food products. As of June 30, 2017, we held 100% equity interests in Joyvio Group.

Fruit business

Golden Wing Mau, an associate of Joyvio Group, is the industrial operation platform for the fruit business of Joyvio Group. During the reporting period, the blueberries planted by Golden Wing Mau reached a record-high production volume once again, leading to further enhancement in the brand awareness and consolidation of Joyvio blueberry being the NO.1 domestic brand. We exerted greater efforts in expanding products in the Southeast Asia to improve the advantages of products such as durians from Thailand and dragon fruits from Vietnam. Meanwhile, wholesale channels recorded rapid development, resulting in a more reasonable channel structure.

Golden Wing Mau continued with its business integration across the world and achieved controlling stake in the Asian business of Capespan by way of capital increase. Such business had access to quality supermarkets and hypermarkets such as NTUC-FairPrice in Singapore and PARKnSHOP in Hong Kong, which held a leading position in fruit distribution in the markets of Southeast Asia, Japan, Korea and Hong Kong, while establishing long-term cooperation with leading suppliers in quality fruit producing areas, including South Africa, USA and Mexico. Upon completion of the capital increase, Golden Wing Mau established its presence in the fruit business via channels in Asia, supplementing its ability in procurement in quality fruit producing areas, including South Africa, USA and Mexico, thereby laying a solid foundation for Golden Wing Mau to deploy its business across the world.

Animal protein-related business

Joyvio Agriculture, a subsidiary of Joyvio Group, is the industrial operation platform for the animal protein-related business (including seafood) of Joyvio Group. On March 6, 2017, Joyvio Group completed the share transfer registration of Wanfu Shengke (Hunan) Agriculture Development Co., Ltd (Shenzhen Stock Exchange Stock Code: 300268), a ChiNext listed company of China, with China Securities Depository and Clearing Corporation Limited. The company name of Wanfu Shengke (Hunan) Agriculture Development Co., Ltd was changed to "Joyvio Agriculture Development Co., Ltd" and its stock short name was changed from "Wanfu Biotechnology" to "Joyvio Agriculture" on June 27, 2017 and June 29, 2017, respectively. On March 21, 2017, Joyvio Agriculture carried out material asset restructuring and trading of its shares suspended. It intended to acquire 55% of equity interests in Qingdao Starfish Food Co., Ltd by way of capital increase and equity transfer. On July 31, 2017, the transaction was approved by voting at a shareholders' meeting of the listed company. Joyvio Agriculture has completed the transfer of the subject asset on August 10, 2017.

As a strategic platform under Joyvio Group, Joyvio Agriculture will accelerate the expansion of domestic trading, processing and sale of seafood and other animal protein-related products. It will also expand its portfolio of high quality assets, facilitating a more efficient launch of our business layout and service with the advantage of China capital market. As of June 30, 2017, we held 26.57% of equity interests in Joyvio Agriculture.

Branded drinks business

Joyvio Group's branded drinks business includes Chinese liquor (Funglian Group), tea leaves (Longguan Company) and wine.

Funglian Group has four regional Chinese liquor enterprises including Bancheng, Wenwang, Confucius Family and Wuling. During the first half of 2017, Funglian Group continuously strengthened mainstream products delivery and promoted product differentiation in marketing, leading to a steady growth of operating revenue and a significant increase in operating profit in the first half of the year. In April 2017, Hebei Hengshui Laobaigan Liquor Co., Ltd (Shanghai Stock Exchange Stock Code: 600559), a Chinese company with its A shares listed on the main board of Shanghai Stock Exchange, announced its proposal of restructuring, pursuant to which it intended to acquire 79.71% of equity interests in Funglian Group held by us from Joyvio Group by way of non-public issuance of shares and cash payment. To date, the transaction was in progress. For details, please refer to the announcement of Hebei Hengshui Laobaigan Liquor Co., Ltd.

Longguan Company's Longjing under the "Longguan" brand is the No.1 Longjing tea brand in China. Apart from the G20 Hangzhou Summit 2016, Longjing under the "Longguan" brand was selected as the appointed tea for the Belt and Road Forum for International Cooperation during the first half of 2017, hence constantly improving the company's brand and influence. During the reporting period, benefiting from the advantage in technological standards, brand effect as well as the continuous improvement in operation and management capability, the net profit of Longguan Company recorded a growth of 51% as compared with the corresponding period of last year.

Processed food products business

Joyvio Group tapped into the field of processed food products through the investment in Hua Wen Food, which is a leading manufacturing enterprise of snack food in China and owns various snack food brands such as Jinzai and Bo Wei Yuan. Its products involve two major series, namely marine fish snack food and dried bean curd products, and each of them enjoys the leading position in their respective market segment. Relying on the leading capability in research and development and automated production as well as the strong brand operation and distribution network, the company has become a leading enterprise in the snack food industry in China. During the first half of 2017, the company exerted great efforts in optimizing the distribution and sales channels and expanding the sales channels relentlessly, with a view to expand the market share of the company's products in the snack market in second, third or lower-tier cities. Along with the optimization of channels, the company actively contributed to brand marketing by launching a few commercials featuring the brand spokesman Wang Han, and commencing innovative marketing with third party marketing companies, with a view to enhance the company's brand awareness.

During the reporting period, the revenue and net profit of Joyvio Group are set out below:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**684**	633
Net profit	**104**	55

During the reporting period, Joyvio Group's revenue increased from RMB633 million in the corresponding period of last year to RMB684 million. Net profit increased from a profit of RMB55 million in the corresponding period of last year to RMB104 million, mainly due to the relatively significant rise in profits attributable to the improvement of the business of Funglian Group as well as the increase in profits contributed by Golden Wing Mau resulting from a significant rise of its net profit as compared with the corresponding period of last year.

KB Food

During the reporting period, the overall business growth of KB Food was in line with expectations. The specific performance of which included: (1) significant effect of capital expenditures in 2016 resulting in great improvement in the operating efficiency of fresh food processing business in Western Australia; and (2) KB Food becoming the best supplier of seafood of the year of Woolworths, the largest operator of chain supermarkets in Australia.

We took active initiative in helping KB Food to identify and capitalize on the opportunities of upstream resources integration. In May 2017, Australian Seafood Investment Pty Ltd (ASI), a new wholly-owned subsidiary established by KB Food, completed the acquisition of 100% and 40% interests in Carnavan No.1 Fishing Trust (CNFT) and Darwin Fishing Trust (DFT), respectively. Through the acquisition, KB Food will own two large purse seine fishing vessels in Shark Bay, Western Australia, which are mainly for fishing prawns, tiger prawns, scallops and other wild seafood. Such transaction will enable KB Food to further consolidating the control over upstream resources and act as a platform for more merger, acquisition and integration of upstream resources in Australia, with a view to enhance integration of the company's industrial chain, thereby strengthening the comprehensive competitiveness in the market. The transaction was approved by Foreign Investment Review Board of Australia.

Legend Holdings started to consolidate the financial information of KB Food in April 2016, and the revenue and net profit of KB Food during the reporting period are set forth below:

Unit: RMB million

	For the six months ended June 30, 2017
Revenue	1,324
Net profit	39

New Materials

Overview

The new materials segment of Legend Holdings consists of new chemical materials business, which focuses on innovative products with growth potential emerging during the transformation of China's chemical industry. Through Levima Group, our subsidiary, we are engaged in the production of fine chemical and new chemical materials.

During the reporting period, we disposed the entire equity interest of Phylion Battery held by us (33.21%). The overall valuation was RMB2.8 billion and the consideration was approximately RMB930 million. The disposal is based on our core strategy: strategic investments fully focused on three major segments, namely financial services, innovative consumption and services as well as agriculture and food. It is an important move to optimize investment portfolio and push forward the strategic investments becoming more focused. Through the disposal, we received a satisfactory financial return.

During the reporting period, the revenue and net profit of the new materials segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**2,588**	2,568
Net profit	**492**	129
Net profit attributable to equity holders of the Company	**464**	123

During the reporting period, new materials segment realised revenue of RMB2,588 million and net profit of RMB492 million, representing a growth of 1% and 281% year-on-year respectively. Among the segment, Levima Group performed steadily with a year-on-year increase of 1% in revenue and consistent net profit. In connection with the Company's adjustment of investment portfolio, optimization of asset allocation and further pushing forward the strategic convergence plan, we transferred the entire equity interest of 33.21% held to an independent third party strategic investor during the reporting period. The consideration was approximately RMB930 million and the recognised gain from such disposal after tax amounted to RMB386 million.

Operating Highlights

- CAS Holdings strategically invested RMB850 million in Levima New Materials. The investment realised the access to intensive base of accumulated technology and innovative resources of Chinese Academy of Sciences by Levima New Materials and optimized the capital structure, introduced more resources for ongoing development and enhanced the competitiveness of business.

- Levima continued to optimize its product portfolio. In the first half of the year, the product proportion of PP special material, EVA with high VA content and special EOD increased to 80%, 75% and 67% respectively. We developed innovatively and completed the trial production and sales of the new generation of high-end blue base thin-walled polypropylene injection molding product which attracted purchases from downstream customers.

Levima Group

During the reporting period, Levima New Materials, subsidiary of Levima Group successfully introduced RMB850 million strategic investment from CAS Holdings. The investment enhanced its capital structure and at the same time, strengthened the accumulated technology in innovative research and development in the new materials and fine chemical sector and development potential of the company. Since 2016, by means such as capital injection, the shareholding of the management and introducing strategic investment from CAS holdings, we laid a solid foundation for Levima New Materials to develop independently into an outstanding enterprise in the new materials sector and have the capital market access. As of June 30, 2017, we held 60.44% of the equity interest of Levima New Materials through our wholly-owned subsidiary Levima Group.

Chinese Academy of Sciences is the most supreme institution in China's scientific research field, with a large talent pool in the fine chemical sector and the cutting edge of new materials sector. As the external investment vehicle and asset management institution of Chinese Academy of Sciences, CAS Holdings invested in Levima New Materials on behalf of Chinese Academy of Sciences. It not only introduces top-notch research and development resources and innovation ability of Chinese Academy of Sciences into Levima New Materials, but also provides powerful technological support for the expansion of Levima's business into the high-end new materials sector, which would facilitate the development of Levima New Materials' own competitive advantages in the industry and speed up the realization of the strategy and vision of becoming an outstanding enterprise in the new materials sector of China.

In respect of operations, the company continued to optimize its product portfolio. The product of eutectic polypropylene copolymer which was successfully developed last year ranked top in the market share of related segment. Since then, our special surfactant products also ranked number one in the market share in the downstream textile chemical auxiliary industry. In the first half of 2017, the product proportion of Levima New Materials' PP special material, EVA with high VA content as well as EOD-differentiated polycarboxylate macromonomer and special surfactant reached 80%, 75% and 67% respectively, which effectively optimized the competitiveness and influence of the company in the market and enhanced the risk resistance of the company on the basis of increasing the company's profitability.

During the reporting period, driven by the implementation of the national policies of reducing capacity, the coal market continued to prosper. The profitability of the coal business under Levima Group was further enhanced accordingly.

During the reporting period, the revenue and net profit of Levima Group are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**2,588**	2,568
Net profit	**81**	54

Financial Investments

Overview

We are a pioneer in China's alternative investment sector, seeking to capture investment opportunities at various stages of a company's development. We achieve growth by leveraging various financial investment platforms, which include angel investment, venture capital, private equity investment and other investments. In our financial investments business, we also seek synergies and share resources with our strategic investments business. Each of our investment arms has a different specialization and focus, which allows us to target a broad range of investments. Through Legend Star, Legend Capital and Hony Capital, we have obtained a deep understanding of the financial investment industry, which provides us with access to numerous investment opportunities. Through investments in our associate funds in various asset classes, we are able to build a wide network in the investment community, expand information sources, capture more investment opportunities and diversify our investment risks.

Other investments including direct financial investments also provide us with continuous growth in value. We continue to promote the realisation of asset value and carry out direct investments in primary and secondary markets with high liquidity so as to create sound cash return. We also place great importance to cooperating with our associate funds and sharing information and related resources to maximise the efficiency of financial investments.

We selectively hold office buildings as investment properties to seek long-term returns. Our properties held for investment mainly include Raycom Info Tech Park Tower A, Tower B and Tower C in Zhongguancun area, Beijing.

During the reporting period, the revenue and net profit of financial investment segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Revenue	**324**	240
Investment income and gains	**2,800**	415
Share of profit of associates and joint ventures accounted for using the equity method	**110**	156
Net profit	**2,368**	1,081
Net profit attributable to equity holders of Legend Holdings	**2,133**	940

During the reporting period, the investment income and gains from the financial investments increased to RMB2,800 million from RMB415 million for the corresponding period of last year, the net profit increased to RMB2,368 million from RMB1,081 million for the corresponding period of last year, which was mainly due to the appreciation in the overall valuation of fund portfolio as well as the increase in distribution of income and exit yield during the reporting period.

Legend Star

Founded in 2008, Legend Star is one of China's leading angel investment institutions. As the early investment platform of the parent company, Legend Star focuses on three major areas, namely TMT, healthcare and intelligent technologies. As of June 30, 2017, Legend Star totally managed four funds, of which the size amounted to approximately RMB1.5 billion with an aggregate of over 190 onshore or offshore investment projects.

During the reporting period, Legend Star newly launched the third RMB fund and the third USD fund, which further expanded the asset under management. As of June 30, 2017, the newly raised fund amounted to RMB357 million. In the second half of 2017, Legend Star plans to complete the final closing of the third RMB fund and the third USD fund.

During the reporting period, Legend Star had over 30 onshore or offshore investment projects covering frontier fields such as aerospace technology, intelligent vehicle, big data, artificial intelligence and quantum technology. Among the projects under management, 29 projects have finished another round of financing; Beijing Youxinhongke Electronic Technology Co., Ltd (北京友信宏科電子科技股份有限公司) (Stock Code: 871189) has successfully listed on the NEEQS while the exit of three projects have been carried out.

Leveraging the unique brand advantage and resources, Legend Star has been systematically deploying its business in three major areas since its inception. It promoted the establishment of Comet Labs at the end of 2015, the artificial intelligent accelerator, with the global presence in the artificial intelligent industry. During the reporting period, there were 11 invested projects.

Since 2014, Legend Star was ranked as top tier of the Annual Angel Investment Institution/Early Stage Investment Institutions in successive years by the professional institutions in the industry, namely Zero2IPO Group and China Venture Group.

Legend Capital

Legend Capital is one of the leading venture capital institutions in China. As of June 30, 2017, Legend Capital totally managed seven USD funds, four RMB funds, two early-staged RMB funds, one USD fund specialised in healthcare sector, one RMB fund specialised in healthcare sector, two RMB funds specialised in culture and sports sector and one fund in red-chip return concept. In the first half of 2017, Legend Capital launched one new RMB fund, namely Suzhou JunJunde Equity Investment, L.P. (蘇州君駿德股權投資合夥企業(有限合夥)) ("2nd culture and sports fund") and also completed the final closing of one USD fund LC Fund VII, L.P. ("7th USD fund"), which further expanded the asset under management. During the reporting period, the raised fund amounted to RMB2.94 billion, including a total of RMB859 million raised from the 2nd culture and sports fund.

In the second half of 2017, Legend Capital plans to complete the final closing of the 4th RMB Fund and the 2nd culture and sports fund. Legend Capital's newly raised funds will focus on Chinese enterprises and cross-border opportunities at the start-up stage and growing stage in TMT, innovative consumption, modern services and intelligent manufacturing, healthcare, and culture and sports sectors. In addition, in the second half of 2017, Legend Capital will continue to carry out the exit of projects under management to ensure better return for investors.

During the reporting period, Legend Capital accumulatively completed 25 new project investments, covering startup stage and growing stage enterprises in TMT, innovative consumption, modern services and intelligent manufacturing, healthcare, and culture and sports sectors.

During the reporting period, Legend Capital fully or partially exited 10 projects, contributing cash inflow of RMB310 million for Legend Holdings to ensure better cash return. Among its portfolio companies, three enterprises were listed on the domestic and overseas capital markets through IPO, namely Fullhan Microelectronics (富瀚微), Tanyuan Technology (碳元科技) and WuXi Biologics (藥明生物). As of June 30, 2017, a total of 42 of Legend Capital's portfolio companies have been successfully listed and 13 are listed on the NEEQS. As of June 30, 2017, Legend Capital achieved an average internal rate of return for their exit projects ranging between 35% and 40%.

The following table sets forth the information of Legend Capital's funds in which Legend Holdings and its subsidiaries held direct interests in their capacity as a limited partner as of June 30, 2017:

Name of Fund	Fund Term Commencement Date (month/day/year)	End Date (month/day/year)	Total Commitment	Investment Sector	Interests held by Legend Holdings as a limited partner (%)
USD Funds (in USD million)					
LC Fund I	N/A	N/A	35	IT and related sectors	Note (3)
LC Fund II	N/A	N/A	60	IT and related sectors	63.46%
LC Fund III, L.P.	4/27/2006	N/A	170	IT and related sectors (Investment in extension period refers to non-IT sector)	65.70%
LC Fund IV, L.P.	4/15/2008	4/14/2018	350	TMT, healthcare, consumer goods, modern services, clean technology and advanced manufacture	29.77%
LC Fund V, L.P.	5/31/2011	5/30/2021	515	TMT, healthcare, consumer goods, modern services, etc.	19.42%
LC Fund VI, L.P.	1/30/2014	4/17/2024	500	TMT, healthcare, modern services, etc.	23.20%
LC Healthcare Fund I, L.P.	9/29/2015	2/4/2025	250	Healthcare	20.00%
LC Fund VII, L.P.	2/5/2016	2/4/2024	448	TMT, innovative consumption, modern services, intelligent manufacture	22.31%
RMB Funds (in RMB million)					
Beijing Legend Capital Ruizhi Venture Investment Center, L.P. (北京君聯睿智創業投資中心(有限合夥))	9/18/2009	9/17/2017	1,000	TMT, healthcare, consumer goods, modern services, clean technology and advanced manufacture	31.00%
Tianjin Junruiqi Equity Investment, L.P. (天津君睿祺股權投資合夥企業(有限合夥))	3/31/2011	3/30/2019	3,632	TMT, healthcare, consumer goods, modern services, clean technology and advanced manufacture	31.67%
Beijing Legend Capital Maolin Equity Investment, L.P. (北京君聯茂林股權投資合夥企業(有限合夥))	9/9/2014	9/8/2022	3,204	Consumer goods, modern services, TMT, healthcare, etc.	31.21%
Shanghai Qiji Venture Investment, L.P. (上海祺跡創業投資合夥企業(有限合夥))	5/30/2015	5/29/2023	500	TMT and innovative consumer service sector	16.00%
Beijing Legend Capital Mingde Equity Investment, L.P. (北京君聯名德股權投資合夥企業(有限合夥))	7/31/2015	7/30/2021	1,272	Culture entertainment, sports	19.65%
Beijing Legend Capital Xinhai Equity Investment, L.P. (北京君聯新海股權投資合夥企業(有限合夥))	8/11/2015	8/10/2020	1,698	Return of red-chip, cross-border investment and other high-growth projects	17.67%
Beijing Legend Capital Yikang Equity Investment, L.P. (北京君聯益康股權投資合夥企業(有限合夥))	2/5/2016	2/4/2024	1,621	Healthcare	18.50%
Beijing Legend Capital Huicheng Equity Investment, L.P. (北京君聯慧誠股權投資合夥企業(有限合夥))	8/30/2016	8/29/2024	4,321	TMT, innovative consumption, modern services and advanced manufacture	23.15%
Suzhou JunJunde Equity Investment, L.P. (蘇州君駿德股權投資合夥企業(有限合夥))	6/30/2017	6/29/2025	859	Culture, sports, entertainment and innovative consumption services	43.65%

Notes:

(1) The end date is extendable in accordance with the relevant limited partnership agreement.

(2) Total commitment represents the aggregate capital commitment by partners of limited partnerships or investors for the funds in the form of limited liability companies, if applicable, as of the final closing date.

(3) LC Fund I comprises two limited liability companies, namely Legend Capital Limited, which focused on investments in China, and Legend New-Tech Investment Limited, which focused on overseas investments.

(4) LC Fund II is a limited liability company. It is our subsidiary and its financial data is consolidated in our consolidated financial statements.

(5) Beijing Legend Capital Huicheng Equity Investment L.P. (北京君聯慧誠股權投資合夥企業(有限合夥)) and Suzhou JunJunde Equity Investment, L.P. (蘇州君駿德股權投資合夥企業(有限合夥)) have not completed the final closing yet during the reporting period.

Hony Capital

Hony Capital is one of the leading equity investment and management institutions in China. As of the first half of 2017, Hony Capital managed eight equity investment funds, as well as two mezzanine funds and two property funds in total. During the reporting period, Hony Capital raised the second property value-added strategic fund with a size of RMB2.56 billion. Meanwhile, the raising of the Haidian technology industry space optimization fund under the strategic cooperation between Hony property fund and a SOE of Beijing Haidian district commenced, with RMB1.075 billion raised during the reporting period. Currently the fund raising is still underway and the size is expected to be further expanded.

Hony Capital's PE funds focus on SOE reforms, development of private enterprises and cross-border mergers and acquisitions. It persistently carries out investment practice with specific industry concentration in consumption, services, general healthcare, advanced manufacturing and mobile Internet.

Hony Capital's mezzanine funds' risks and returns are categorised between senior bonds and equity. The investment strategies of Hony Capital's mezzanine funds mainly focuses on mergers and acquisitions financing, asset securitization financing and special opportunity financing (e.g. corporate bridge facility, secured-asset financing and asset restructuring opportunities, etc.) etc.

The property fund focuses strategically on the domain of office buildings in first-tier cities to create excess return over the market average, by applying various value-added means such as renovation, enhanced operation and functional adjustment to the office buildings in first-tier cities or other commercial buildings with potential of conversion into office buildings.

During the reporting period, Hony PE funds completed six new projects or additional investment on existing projects, covering start-up stage and growing stage in enterprises in healthcare, consumption, services and so on. Hony mezzanine funds completed four new investments or additional investments and more than three new investment projects under Hony property funds were in progress and currently up to the delivery stage.

During the reporting period, Hony PE funds fully or partially exited eight projects, while Hony mezzanine funds fully or partially exited five projects. During the reporting period, Hony Capital contributed cash inflow over RMB860 million for Legend Holdings in total. Meanwhile, one of its portfolio companies was listed in Hong Kong's capital market in the first half of 2017, namely Hospital Corporation of China Limited. As of June 30, 2017, 40 of Hony's portfolio companies have been successfully listed onshore or offshore (including PIPE investment) and another three are listed on NEEQS. As of June 30, 2017, Hony Capital has fully exited its investments in 36 companies. The median of the internal rate of return on these investments was above 17%.

The following table sets forth the information of Hony Capital's funds in which Legend Holdings and its subsidiaries held direct interests in their capacity as a limited partner as of June 30, 2017:

Name of Fund	Fund Term: Commencement Date (month/day/year)	Fund Term: End Date (month/day/year)	Total Commitment	Investment Sector	Interests held by Legend Holdings as a limited partner (%)
USD Funds (in USD million)					
Hony International Limited	N/A	N/A	29	In view of China's economic environment and the direction of policies, Hony's equity investment funds strategically focus on the opportunities of SOE reforms, mergers and acquisitions of private enterprises and cross-border mergers and acquisitions sectors. In terms of industry selection, it focuses on industries directly benefiting from China's macro trends, including consumer industry, health industry, service industry and high-end manufacturing industry, as well as opportunities for transformation brought by the mobile Internet.	40%
Hony Capital II, L.P.	7/26/2004	8/31/2014	87		41%
Hony Capital Fund III, L.P.	9/19/2006	11/10/2016	580		34%
Hony Capital Fund 2008, L.P.	5/27/2008	6/26/2018	1,398		14%
Hony Capital Fund V, L.P.	8/10/2011	12/15/2021	2,368		11%
Hony Capital Fund VIII (Cayman), L.P.	8/18/2015	10/30/2025	1,647		16%
RMB Funds (in RMB million)					
Hony Capital RMB I, L.P. (弘毅投資產業一期基金(天津)(有限合夥))	4/24/2008	4/23/2018	5,026		30%
Hony Capital RMB Fund 2010, L.P. (北京弘毅貳零壹零股權投資中心(有限合夥))	10/13/2010	10/12/2018	9,965		20%
Hony Capital Fund 2015, L.P. (弘毅貳零壹伍(深圳)股權投資基金中心(有限合夥))	10/13/2015	10/12/2025	3,596		23%
Hony Capital Mezzanine RMB Fund I, L.P. (弘毅一期(深圳)夾層投資中心(有限合夥))	5/17/2013	9/2/2017	1,040	Hony Capital's mezzanine funds focus mainly on investment opportunities of mergers and acquisitions financing, ABS financing and special opportunity investing, etc.	10%
Tibet Dazi Hony Phase II Mezzanine Fund Partnership (Limited Partnership) (西藏達孜弘毅二期夾層基金合夥企業(有限合夥))	3/19/2015	10/15/2018	2,050		10%
Hony Capital Real Estate Fund 2015, L.P. (弘毅貳零壹伍(深圳)地產投資中心(有限合夥))	9/28/2016	9/27/2021	2,563	The property fund focuses strategically on the domain of office buildings in first-tier cities to create excess return over the market average, by applying various value-added means such as renovation, enhanced operation and functional adjustment to the office buildings in first-tier cities or other commercial buildings with potential of conversion into office buildings.	20%
Beijing Haidian Technology Industry Space Optimization Fund, L.P. (北京海淀科技產業空間優化基金中心(有限合夥))	12/8/2016	6/30/2022	1,075		5%

Notes:

(1) The end date is extendable in accordance with the relevant limited partnership agreement.

(2) Total commitment represents the aggregate capital commitment by partners of limited partnerships or investors for the funds in the form of limited liability companies, as applicable, as of the final closing date.

(3) HONY CAPITAL FUND VIII (CAYMAN), L.P. and Hony Capital Fund 2015, L.P. (弘毅貳零壹伍(深圳)股權投資基金中心(有限合夥)) were collectively named as "Hony RMB Fund VIII" in the above table.

(4) Beijing Haidian Technology Industry Space Optimization Fund, L.P. (北京海淀科技產業空間優化基金中心(有限合夥)) has not completed the final closing yet during the reporting period.

Investment Properties

The investment properties that we hold mainly include the high-end office buildings, i.e. Raycom Info Tech Park Tower A, Tower B and Tower C in Zhongguancun, Beijing. As of June 30, 2017, the average occupancy rate was about 95%. We hold Tower A and Tower C of Raycom Info Tech Park through Raycom Property, a wholly-owned subsidiary of the Company and hold Tower B through Raycom Real Estate, a subsidiary. As of June 30, 2017, the fair value of our investment properties amounted to RMB10.353 billion (exclusive of self-use portions).

Financial Review

Net interest expense

Our net interest expenses after deducting capitalized amounts increased from RMB1,576 million (restated) for the six months ended June 30, 2016 to RMB2,274 million for the six months ended June 30, 2017. Increase in the net interest expenses was mainly due to the increase in the average total borrowings during the period.

Taxation

Our taxation changed from income tax expense of RMB515 million (restated) for the six months ended June 30, 2016 to income tax gain of RMB39 million for the six months ended June 30, 2017. Decrease in the amount of taxation was mainly due to the increase in deferred income tax assets recognised.

Capital expenditures and capital commitments

Our capital expenditures mainly arise from purchases of property, plant and equipment, new construction in progress and intangible assets, and payment for investment. Capital expenditures were mainly funded by internally generated resources and external borrowings.

As of June 30, 2017, we had RMB5,827 million of capital expenditures contracted but not yet generated. Such capital commitments were mainly used for purchases of property, plant and equipment, and investment. Details of capital commitments are set out in Note 25 to the financial statements.

Liquidity and financial resources

Our principal sources of funds have been, and we expect to continue to utilise, cash generated from operations, various short-term and long-term bank borrowings, facilities and debt financing including corporate bonds and private placement bonds, to satisfy our future funding needs.

Cash and cash equivalents

As of June 30, 2017, our cash and cash equivalents include RMB21,600 million of cash at bank and in hand and money market funds, among which, RMB, USD, EUR and other currencies accounted for 49%, 31%, 5% and 15%, respectively, while the amount as of December 31, 2016 was RMB30,059 million, among which, RMB, USD, HKD, EUR and other currencies accounted for 51%, 26%, 10%, 4% and 9%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits with reputable PRC and foreign banks.

Due to our business nature, we have relied on bank loans, other loans and the issuance of corporate bonds to fund a substantial portion of our capital requirements and we expect to continue to finance portions of our capital expenditures with raised capital, bank loans, other loans and corporate bonds at a proper scale in the foreseeable future.

Indebtedness

The following table sets forth our outstanding bank loans, other loans and corporate bonds as of the dates indicated:

Unit: RMB million

	As of June 30, 2017	As of December 31, 2016
Bank loans		
– Unsecured loans	**17,007**	21,032
– Guaranteed loans	**18,274**	15,663
– Collateralised loans	**3,163**	3,215
Other loans		
– Unsecured loans	**–**	30
– Guaranteed loans	**7,282**	7,954
– Collateralised loans	**3,629**	1,043
Corporate bonds		
– Unsecured	**35,729**	32,948
– Guaranteed	**489**	784
	85,573	82,669
Less: non-current portion	**(61,344)**	(56,516)
Current portion	**24,229**	26,153

As of June 30, 2017, among our total borrowings, 82% was denominated in RMB (December 31, 2016: 74%), 17% was denominated in USD (December 31, 2016: 25%) and 1% was denominated in other currencies (December 31, 2016: 1%). If categorised by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 71% and 29% of our total borrowings, respectively, while as of December 31, 2016 accounted for 89% and 11%, respectively. Increase in our indebtedness was mainly due to growth and expansion of our strategic investment business.

The following table sets forth the maturity profile of our indebtedness as of each of the dates indicated:

Unit: RMB million

	As of June 30, 2017	As of December 31, 2016
Within 1 year	**24,229**	26,153
After 1 year but within 2 years	**32,327**	15,269
After 2 years but within 5 years	**24,255**	36,307
After 5 years	**4,762**	4,940
	85,573	82,669

As of June 30, 2017, we had the following corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount	As of June 30, 2017
The Company	Corporate bonds	RMB	October 31, 2011	7 years	RMB2,900 million	RMB2,894 million
The Company	Corporate bonds	RMB	November 30, 2012	10 years	RMB2,300 million	RMB2,288 million
The Company	Private placement bonds	RMB	March 21, 2014	5 years	RMB2,000 million	RMB1,988 million
The Company	Private placement bonds	RMB	March 27, 2014	5 years	RMB740 million	RMB737 million
The Company	Private placement bonds	RMB	October 29, 2015	3 years	RMB1,000 million	RMB996 million
The Company	Corporate bonds	RMB	July 6, 2016	5 years	RMB1,500 million	RMB1,496 million
The Company	Corporate bonds	RMB	July 6, 2016	10 years	RMB2,000 million	RMB1,992 million
The Company	Private placement bonds	RMB	November 28, 2016	3 years	RMB3,000 million	RMB2,993 million
Lenovo	Long term notes	USD	May 8, 2014	5 years	USD1,500 million	RMB10,132 million
Lenovo	Long term notes	RMB	June 10, 2015	5 years	RMB4,000 million	RMB3,980 million
Lenovo	Long term notes	USD	March 16, 2017	5 years	USD500 million	RMB3,360 million
Zhengqi Financial	Guaranteed bonds	RMB	September 16, 2015	3 years	RMB500 million	RMB490 million
Zhengqi Financial	Corporate bonds	RMB	March 3, 2016	3 years	RMB400 million	RMB398 million
JC Finance & Leasing	Asset backed securities	RMB	November 17, 2016	1-3 years	RMB830 million	RMB649 million
JC Finance & Leasing	Private placement bonds	RMB	March 28, 2017	3 years	RMB500 million	RMB505 million
JC Finance & Leasing	Asset backed securities	RMB	June 23, 2017	3-4 years	RMB1,318 million	RMB1,320 million

The annual interest rates of our bonds listed above as of June 30, 2017 ranged from 3.30% to 7.00%.

As of June 30, 2017, the Company had undrawn banking facilities of RMB83.0 billion. The Company has entered into formal or informal cooperation agreements with various major banks in China. According to these agreements, the banks granted the Company general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities.

Current ratio and debt to equity ratio

	As of June 30, 2017	As of December 31, 2016
Current ratio (Times)	**1.0**	1.0
Debt to equity ratio	**83.1%**	76.3%

Current ratio
Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the reporting period remained stable compared with December 31, 2016.

Debt to equity ratio
Debt to equity ratio is calculated by dividing our net debt (total borrowings less cash and cash equivalents) as a percentage of total equity at the end of each financial period. The increase in the debt to equity ratio at the end of the reporting period as compared with that as of December 31, 2016 was mainly due to the increase in our net debt (before deducting term deposits over three months and wealth management products of RMB17.7 billion).

Pledged assets
As of June 30, 2017, we pledged the assets of RMB17.7 billion (December 31, 2016: RMB13 billion) for obtaining borrowings.

Contingent liabilities
Our contingent liabilities primarily comprise (i) shareholder's guarantees we provided in respect of the borrowings provided by commercial banks and other financial institutions to associates and third parties for their business expansion; and (ii) financial guarantees provided by our subsidiaries in the financial services business to SMEs for their borrowings from certain banks.

We evaluated the financial position of financial guarantees provided in connection with our financial services business periodically and made provision accordingly. As of June 30, 2017 and December 31, 2016, the provision made by us was RMB107 million and RMB108 million respectively.

The table below sets forth our total contingent liabilities as of the dates indicated:

Unit: RMB million

	As of June 30, 2017	As of December 31, 2016
Financial guarantee of guarantee business	**3,934**	3,751
Other guarantee		
– Related parties	**2,025**	2,022
– Unrelated parties	**13,551**	6,507

Fluctuations in exchange rates and any relevant hedging

We operate internationally and are exposed to foreign currency risk arising from various currency exposures, primarily with respect to RMB, USD and EUR. Foreign currency risks arise from the future commercial transactions, recognized assets and liabilities and net investment in foreign operations denominated in a currency other than the functional currency of our subsidiaries. Each of our subsidiaries monitors the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimize the foreign exchange risk and enters into forward exchange contracts to mitigate the foreign currency risk as appropriate.

Use of proceeds from the initial public offering

The Company's net proceeds from the initial public offering amounted to approximately HKD14.75 billion (equivalent to approximately RMB11.64 billion, including the proceeds from the partial exercise of over-allotment option), which are intended to be applied in the manner disclosed in the prospectus of the Company.

As of June 30, 2017, the Company applied RMB2 billion for the repayment of partial amount of the corporate bonds due in 2015, RMB342 million as ordinary working capital and the remaining balance has been deposited with Hong Kong licensed bank.

Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2017 (six months ended June 30, 2016: Nil).

Subsequent events

On July 7, 2017, the issue of the corporate bonds for the year 2017 (tranche 1) of Legend Holdings to qualified investors in the PRC was completed, which are 5-year bonds with actual issue size of RMB2.5 billion and a final coupon rate of 5.05%.

Details about the number of employees, remuneration policy, bonus
As of June 30, 2017, the Group had 64,899 employees.

The Company truly understands that a professional team with high efficiency in the area of investment holdings companies is vital to a first-class investment holdings company for fully supporting the Company's strategic and business development. To attract and retain top-notch talents, the overall remuneration level has to be fairly competitive in the market. Therefore, the Company established a comprehensive remuneration system for senior management and employees with market competitiveness which is compatible with the business features of the Company:

1. The overall remuneration of the Company's senior management ("senior management") including the President, Executive Vice President, Senior Vice President, financial officers and the secretary of the Board of the Company comprises annual remuneration, mid-term to long-term incentives and benefits. Annual remuneration as well as mid-term to long-term incentives of senior management of the Company is determined by the Board of the Company, based on the overall performance of the Company and duties undertaken by the senior management and their performance. The Company will then determine performance results according to the Company's performance and the performance appraisal of senior management. The annual remuneration comprises annual basic salaries (determined based on the duties undertaken by senior management) and target bonus (calculated based on a certain proportion of the basic salaries of senior management with reference to the overall performance of the Company and performance appraisal of senior management), and benefits include basic social benefits and supplemental benefits of the Company.

2. Annual remuneration of the employees of the Company comprises basic salaries and target bonus. Basic salaries represent post salaries, and duties undertaken by the employees and their performance and capabilities; and target bonus is determined based on a certain proportion of the employees' basic salaries and calculated based on the annual operating results of the Company and the annual performance appraisal of employees. In addition, the Company also established the basic social benefits and supplemental benefits for the employees.

3. In order to attract and motivate talents to create values for the sustainable development of the Company, thereby fostering the achievement of the Company's strategic objectives, the design framework of mid-term to long-term share incentive scheme was approved by the Board and the general meeting of the Company in March 2016 and June 2016, respectively. The Company completed the mid-term to long-term share incentive scheme at the end of 2016.

Pursuant to the relevant laws and regulations of China and other overseas jurisdictions, we provide various benefits to our employees, including pension insurance, medical insurance, employment injury insurance, unemployment insurance, and maternity insurance and housing provident fund.

Corporate Governance and Other Information

Compliance with the Code of Corporate Governance

For the six months ended June 30, 2017, the Company has applied and complied with the code provisions of the Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Listing Rules. The Company reviews the compliance of the Corporate Governance Code and the Corporate Governance Report on a regular basis in order to ensure that the Company has complied with the code provisions. Efforts have been made to continuously enhance corporate governance with reference to the best recommended practices.

Model Code for Securities Transactions by Directors, Supervisors and Senior Management

The Board has adopted its own model code for securities transactions by directors, supervisors and senior management of the Company (as the "Model Code"), the terms of which are not less favorable than the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules. The Company has made specific inquiries and has received written confirmations from all the directors and supervisors that they had complied with the Model Code set out in Appendix 10 to the Listing Rules during the reporting period.

Change of Director's and Supervisor's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of director's and supervisor's information is as follows:

Mr. ZHAO John Huan, the Executive Director and Vice President of the Company was appointed as the deputy chairman and non-executive director of Shanghai Environment Group Co., Ltd. (上海環境集團股份有限公司) (Shanghai Stock Exchange Stock Code: 601200) in February 2017. He has resigned as the chairman but remains as the non-executive director of China Glass Holdings Limited (Hong Kong Stock Exchange Stock Code: 3300), and has resigned as the deputy chairman of Shanghai SMI Holding Co., Ltd. (上海城投控股股份有限公司) (Shanghai Stock Exchange Stock Code: 600649) in March 2017.

Mr. MA Weihua, the Independent Non-executive Director, has resigned as independent non-executive director of China Resources Land Limited (Hong Kong Stock Exchange Stock Code: 1109) in June 2017.

Mr. WANG Jin, the Non-executive Director, has resigned as the chairman but remains as the director of CAS Investment Management Co., Ltd. (中國科技產業投資管理有限公司) in March 2017.

Mr. QI Zixin, the supervisor of the Company has resigned as the director but remains as the vice president of Oceanwide Holdings Co., Ltd. (泛海控股股份有限公司) (Shenzhen Stock Exchange Stock Code: 000046) in February 2017, and has resigned as the vice chairman of the board of Minsheng Holdings Co., Ltd. (民生控股股份有限公司) (Shenzhen Stock Exchange Stock Code: 000416) in May 2017.

Review of Interim Results

The Chairperson of the Audit Committee is Ms. HAO Quan, an Independent Non-executive Director, and the other two members are Mr. WANG Jin, a Non-executive Director, and Mr. ZHANG Xuebing, an Independent Non-executive Director. The Chairperson of the Audit Committee has professional qualifications in accounting and has complied with the requirements of Rule 3.21 under the Listing Rules.

The unaudited interim financial information for the six months ended June 30, 2017 has been reviewed by the Audit Committee. The interim financial information was unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Purchase, Redemption or Disposal of the Listed Securities of the Company

During the reporting period, the Company entrusted a custodian to purchase a total of 3,151,300 shares of the Company by way of trust as an incentive subject of the restricted share incentive scheme of the Company (please refer to the Company's circular dated April 15, 2016 for details). Save for the above transaction, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the reporting period.

Directors' and Supervisors' Interests and Short Positions in Securities

As at June 30, 2017, the interests or short positions of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

(i) Interests in the shares of the Company

Name of director	Nature of interest	Class of shares	Number of shares held	Approximate percentage of shareholding in the relevant class of shares	Approximate percentage of shareholding in the total issued shares
LIU Chuanzhi	Beneficial owner	Domestic Shares	68,000,000	3.46%	2.88%
ZHU Linan	Beneficial owner	Domestic Shares	48,000,000	2.44%	2.03%
LU Zhiqiang*	Interest in controlled corporation	Domestic Shares	400,000,000	20.36%	16.97%

Note:

* Mr. LU Zhiqiang is deemed to be interested in the 400,000,000 Domestic Shares held by China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司) through companies controlled by him. Please refer to the section headed "Interests of the Substantial Shareholders" for details.

(ii) Interests in our associated corporation

Name of director/supervisor	Name of associated corporation	Nature of interest	Number of shares and underlying shares held	Approximate percentage of shareholding in the total issued shares
LIU Chuanzhi	Lenovo	Beneficial owner	4,184,960[(a)]	0.03%
ZHU Linan	Lenovo	Beneficial owner	4,647,047[(b)]	0.04%
ZHAO John Huan	Lenovo	Beneficial owner	2,610,634[(c)]	0.02%
LI Qin	Lenovo	Beneficial owner	1,724,000	0.01%

Notes:

(a) Mr. LIU Chuanzhi owns 1,397,984 ordinary shares directly and is deemed to be interested in 690,000 ordinary shares held by his spouse through a controlled corporation. He also holds 2,096,976 units of share awards which are convertible into ordinary shares.

(b) Mr. ZHU Linan owns 2,781,682 ordinary shares and 1,865,365 units of share awards which are convertible into ordinary shares.

(c) Mr. ZHAO John Huan owns 337,117 ordinary shares and 2,273,517 units of share awards which are convertible into ordinary shares.

Interests of the Substantial Shareholders

As at June 30, 2017, so far as our Directors are aware, the following persons or corporations had an interest and/or a short position in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and an interest and/or a short position as recorded by the Company in the register required to be kept under section 336 of the SFO:

Name of shareholder	Class of shares	Nature of interest	Number of shares held	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total issued shares[2]
Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司)	Domestic Shares	Beneficial owner	684,376,910	34.83%	29.04%
Beijing Lian Chi Zhi Yuan Management Consulting Center Limited Partnership (北京聯持志遠管理諮詢中心(有限合夥))	Domestic Shares	Beneficial owner	480,000,000	24.43%	20.37%
Beijing Lian Chi Zhi Tong Management Consulting Limited (北京聯持志同管理諮詢有限責任公司)[3]	Domestic Shares	Interest in controlled corporation	480,000,000	24.43%	20.37%
LU Zhiqiang[4]	Domestic Shares	Interest in controlled corporation	400,000,000	20.36%	16.97%
China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司)	Domestic Shares	Beneficial owner	400,000,000	20.36%	16.97%
Oceanwide Group Co., Ltd. (泛海集團有限公司)[4]	Domestic Shares	Interest in controlled corporation	400,000,000	20.36%	16.97%
Tohigh Holdings Co., Ltd. (通海控股有限公司)[4]	Domestic Shares	Interest in controlled corporation	400,000,000	20.36%	16.97%
Beijing Lian Heng Yong Xin Investment Center Limited Partnership (北京聯恒永信投資中心(有限合夥))	Domestic Shares	Beneficial owner	178,000,000	9.06%	7.55%
Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司)[5]	Domestic Shares	Interest in controlled corporation	178,000,000	9.06%	7.55%
National Council for Social Security Fund (全國社會保障基金理事會)	H Shares – long position	Beneficial owner	35,623,090	9.09%	1.51%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares of the Company as at June 30, 2017.

(2) The calculation is based on the total number of 2,356,230,900 shares in issue as at June 30, 2017.

(3) Beijing Lian Chi Zhi Tong Management Consulting Limited (北京聯持志同管理諮詢有限責任公司) is the sole general partner of Beijing Lian Chi Zhi Yuan Management Consulting Center Limited Partnership (北京聯持志遠管理諮詢中心(有限合夥)) and has de facto control on it. Accordingly, Beijing Lian Chi Zhi Tong Management Consulting Limited (北京聯持志同管理諮詢有限責任公司) is deemed to be interested in the 480,000,000 Domestic Shares.

(4) Oceanwide Group Co., Ltd. (泛海集團有限公司) and Tohigh Holdings Co., Ltd. (通海控股有限公司) are corporations controlled by Mr. LU Zhiqiang. Tohigh Holdings Co., Ltd. (通海控股有限公司) holds the entire equity interest in Oceanwide Group Co., Ltd. (泛海集團有限公司), which in turn holds 98% equity interest in China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司). Accordingly, Mr. LU Zhiqiang is deemed to be interested in the 400,000,000 Domestic Shares held by China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司).

(5) Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司) is the sole general partner of Beijing Lian Heng Yong Xin Investment Center Limited Partnership (北京聯恒永信投資中心(有限合夥)) and has de facto control on it. Accordingly, Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司) is deemed to be interested in the 178,000,000 Domestic Shares.

As of June 30, 2017, save as disclosed above, there was no other person or corporation who held interests and/or short positions in the shares or underlying shares of the Company which are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was a substantial shareholder of the Company.

Report on Review of Interim Financial Information

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF LEGEND HOLDINGS CORPORATION

(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 48 to 88, which comprises the condensed consolidated interim balance sheet of Legend Holdings Corporation (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 29, 2017

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Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2017

	Note	Unaudited Six months ended June 30, 2017 RMB'000	2016 Restated RMB'000
Continuing operations			
Sales of goods and services	6	**142,088,020**	130,486,684
Interest income		**731,400**	364,574
Interest expense		**(336,949)**	(109,310)
Net interest income		**394,451**	255,264
Total revenue	6	**142,482,471**	130,741,948
Cost of sales	8	**(121,242,675)**	(109,273,390)
Gross profit		**21,239,796**	21,468,558
Selling and distribution expenses	8	**(9,649,598)**	(7,779,971)
General and administrative expenses	8	**(12,444,386)**	(11,726,961)
Investment income and gains	7	**5,149,009**	1,444,796
Other income and gains (net)		**117,643**	1,885,895
Finance income	9	**391,044**	257,645
Finance costs	9	**(2,274,262)**	(1,576,301)
Share of profit of associates and joint ventures accounted for using the equity method		**422,236**	539,495
Profit before income tax		**2,951,482**	4,513,156
Income tax gain/(expense)	10	**39,237**	(515,440)
Profit from continuing operations for the period		**2,990,719**	3,997,716
Discontinued operations			
Profit from discontinued operations for the period		**–**	243,327
Profit for the period		**2,990,719**	4,241,043
Profit attributable to:			
– Equity holders of the Company		**2,687,069**	2,583,777
– Perpetual securities holders		**103,931**	–
– Non-controlling interests		**199,719**	1,657,266
		2,990,719	4,241,043
Profit attributable to the equity holders of the Company from:			
– Continuing operations		**2,687,069**	2,469,556
– Discontinued operations		**–**	114,221
		2,687,069	2,583,777

Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2017

	Note	Unaudited Six months ended June 30, 2017 RMB'000	 2016 Restated RMB'000
Earnings per share for the profit attributable to the equity holders of the Company			
(expressed in RMB per share)			
Basic earnings per share	11		
– Continuing operations		**1.15**	1.05
– Discontinued operations		**–**	0.05
		1.15	1.10
Diluted earnings per share	11		
– Continuing operations		**1.14**	1.05
– Discontinued operations		**–**	0.05
		1.14	1.10
Dividends	23	**570,208**	518,346

The notes on pages 57 to 88 form an integral part of this interim consolidated financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2017

	Unaudited Six months ended June 30, 2017 RMB'000	2016 Restated RMB'000
Profit for the period	**2,990,719**	4,241,043
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligation, net of taxes	**267,386**	(290,097)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	**93,545**	–
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(106,208)**	1,800,446
Share of other comprehensive income/(loss) of associates	**67,979**	(81,382)
Change in fair value of available-for-sale financial assets, net of taxes	**(300,380)**	(128,162)
Investment revaluation reserve reclassified to consolidated income statement on disposal of available-for-sale financial assets	**(1,147,601)**	(640,361)
Fair value change on cash flow hedges, net of taxes	**(781,601)**	(252,590)
Other comprehensive (loss)/income for the period, net of taxes	**(1,906,880)**	407,854
Total comprehensive income for the period	**1,083,839**	4,648,897
Attributable to:		
– Equity holders of the Company	**1,150,347**	2,515,721
– Perpetual securities holders	**103,931**	–
– Non-controlling interests	**(170,439)**	2,133,176
	1,083,839	4,648,897
Total comprehensive income attributable to the equity holders of the Company for the period from:		
– Continuing operations	**1,150,347**	2,405,407
– Discontinued operations	**–**	110,314
	1,150,347	2,515,721

The notes on pages 57 to 88 form an integral part of this interim consolidated financial information.

Condensed Consolidated Interim Balance Sheet

As at June 30, 2017

	Note	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**4,236,989**	3,022,885
Property, plant and equipment	12	**20,232,828**	19,607,015
Investment properties	13	**10,457,479**	10,111,584
Intangible assets	12	**59,771,928**	59,935,496
Associates and joint ventures using equity accounting		**14,078,202**	11,931,574
Associates measured at fair value through profit or loss		**16,375,989**	15,515,436
Available-for-sale financial assets		**9,896,988**	9,848,802
Financial assets at fair value through profit or loss		**1,696,993**	1,347,003
Loans to customers		**1,263,121**	769,988
Deferred income tax assets	21	**10,600,844**	9,059,680
Other non-current assets		**9,873,965**	7,642,883
		158,485,326	148,792,346
Current assets			
Inventories		**22,915,804**	20,996,965
Properties under development		**229,615**	183,669
Trade and notes receivables	14	**36,721,547**	41,158,176
Prepayments, other receivables and other current assets	15	**42,702,691**	52,621,172
Available-for-sale financial assets		**6,300,541**	30,000
Loans to customers		**11,269,554**	10,660,810
Derivative financial instruments		**352,072**	964,752
Financial assets at fair value through profit or loss		**3,998,175**	4,016,651
Restricted deposits		**1,417,297**	1,874,463
Bank deposits		**11,441,666**	10,900,422
Cash and cash equivalents		**21,599,643**	30,059,402
		158,948,605	173,466,482
Total assets		**317,433,931**	322,258,828
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**2,356,231**	2,356,231
Reserves		**50,372,979**	49,909,925
Total equity attributable to equity holders of the Company		**52,729,210**	52,266,156
Non-controlling interests		**18,718,495**	18,069,455
Perpetual securities		**6,919,219**	–
Put option written on non-controlling interests	18(iv)	**(1,343,399)**	(1,343,399)
Total equity		**77,023,525**	68,992,212

Condensed Consolidated Interim Balance Sheet

As at June 30, 2017

	Note	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**61,343,992**	56,516,221
Deferred revenue		**3,866,882**	3,798,833
Retirement benefit obligations		**2,613,774**	2,790,929
Provisions	22	**1,865,019**	2,075,099
Financial liabilities at fair value through profit or loss		**801,000**	–
Deferred income tax liabilities	21	**4,535,309**	4,676,491
Other non-current liabilities	19	**3,931,576**	4,100,046
		78,957,552	73,957,619
Current liabilities			
Trade and notes payables	17	**49,217,116**	49,233,992
Other payables and accruals	18	**73,309,720**	87,788,354
Derivative financial instruments		**819,005**	367,619
Provisions	22	**5,702,244**	6,831,179
Advance from customers		**2,776,668**	2,870,695
Deferred revenue		**4,008,487**	3,894,168
Income tax payables		**1,390,429**	2,169,581
Borrowings	20	**24,229,185**	26,153,409
		161,452,854	179,308,997
Total liabilities		**240,410,406**	253,266,616
Total equity and liabilities		**317,433,931**	322,258,828
Net current assets		**(2,504,249)**	(5,842,515)
Total assets less current liabilities		**155,981,077**	142,949,831

The notes on pages 57 to 88 form an integral part of this interim consolidated financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2017

	Unaudited													
	Attributable to the equity holders of the Company													
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for restricted share scheme RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Perpetual securities RMB'000	Non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000	Total RMB'000
As at January 1, 2017	2,356,231	11,281,940	311,807	1,718,251	1,724,078	(269,831)	155,659	(1,681,059)	3,888,806	32,780,274	-	18,069,455	(1,343,399)	68,992,212
Profit for the period	-	-	-	-	-	-	-	-	-	2,687,069	103,931	199,719	-	2,990,719
Other comprehensive (loss)/income														
Fair value changes on available-for-sale financial assets	-	-	-	(317,070)	-	-	-	-	-	-	-	16,690	-	(300,380)
Reclassified to income statement on disposal of available-for-sale financial assets	-	-	-	(914,004)	-	-	-	-	-	-	-	(233,597)	-	(1,147,601)
Share of other comprehensive income of associates using equity accounting	-	-	-	67,979	-	-	-	-	-	-	-	-	-	67,979
Fair value change on forward foreign exchange contracts	-	-	-	-	-	-	(321,375)	-	-	-	-	(677,663)	-	(999,038)
Reclassified to income statement on forward foreign exchange contracts	-	-	-	-	-	-	68,440	-	-	-	-	148,997	-	217,437
Currency translation differences	-	-	-	-	-	-	-	(298,399)	-	-	-	192,191	-	(106,208)
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	-	84,162	-	-	183,224	-	267,386
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	93,545	-	-	-	-	-	-	-	-	-	93,545
Total comprehensive (loss)/income for the period	-	-	-	(1,069,550)	-	-	(252,935)	(298,399)	84,162	2,687,069	103,931	(170,439)	-	1,083,839
Total transactions with owners, recognised directly in equity														
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	154,329	-	154,329
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	8,364	-	8,364
Transaction with non-controlling interests	-	-	-	-	-	-	-	-	(229,514)	-	-	(135,405)	-	(364,919)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	495,434	-	495,434
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	-	6,815,288	-	-	6,815,288
Transfer to reserve	-	-	-	-	-	-	-	-	(104)	-	-	1,838	-	1,734
Share of share option reserve of an associate	-	-	-	-	1,133	-	-	-	-	-	-	-	-	1,133
Share of other reserve of associates	-	-	-	-	-	-	-	-	(13,414)	-	-	-	-	(13,414)
Share-based compensation	-	-	-	-	183,305	-	-	-	-	-	-	326,846	-	510,151
Purchase of restricted shares under share scheme	-	-	-	-	-	(58,491)	-	-	-	-	-	-	-	(58,491)
Dividend declared	-	-	-	-	-	-	-	-	-	(570,208)	-	(31,927)	-	(602,135)
Total transactions with owners, recognised directly in equity	-	-	-	-	184,438	(58,491)	-	-	(243,032)	(570,208)	6,815,288	819,479	-	6,947,474
As at June 30, 2017	2,356,231	11,281,940	311,807	648,701	1,908,516	(328,322)	(97,276)	(1,979,458)	3,729,936	34,897,135	6,919,219	18,718,495	(1,343,399)	77,023,525

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2017

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital	Share premium	Statutory surplus reserve	Revaluation reserve	Share-based compensation reserve	Hedging reserve	Exchange reserve	Other reserve	Retained earnings	Non-controlling interests	Put option written on non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2016	2,356,231	11,281,940	191,599	2,755,586	1,372,899	74,202	(2,606,523)	4,888,927	28,581,654	17,513,967	(1,343,399)	65,067,083
Profit for the period	–	–	–	–	–	–	–	–	2,583,777	1,657,266	–	4,241,043
Other comprehensive (loss)/income												
Fair value changes on available-for-sale financial assets	–	–	–	(60,316)	–	–	–	–	–	(67,846)	–	(128,162)
Reclassified to income statement on disposal of available-for-sale financial assets	–	–	–	(471,890)	–	–	–	–	–	(168,471)	–	(640,361)
Share of other comprehensive loss of associates using equity accounting	–	–	–	(81,382)	–	–	–	–	–	–	–	(81,382)
Fair value change on forward foreign exchange contracts	–	–	–	–	–	(226,855)	–	–	–	(507,932)	–	(734,787)
Reclassified to income statement on forward foreign exchange contracts	–	–	–	–	–	151,574	–	–	–	330,623	–	482,197
Currency translation differences	–	–	–	–	–	–	710,465	–	–	1,089,981	–	1,800,446
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	–	(89,652)	–	(200,445)	–	(290,097)
Total comprehensive (loss)/income for the period	–	–	–	(613,588)	–	(75,281)	710,465	(89,652)	2,583,777	2,133,176	–	4,648,897
Total transactions with owners, recognised directly in equity												
Acquisition of subsidiaries	–	–	–	–	–	–	–	6,974	–	4,189	–	11,163
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(311,392)	–	(311,392)
Transaction with non-controlling interests	–	–	–	–	–	–	–	(738,837)	–	(229,858)	–	(968,695)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	60,181	–	60,181
Transfer to reserve	–	–	–	–	–	–	–	10,960	–	2,161	–	13,121
Share-based compensation	–	–	–	–	135,745	–	–	–	–	300,049	–	435,794
Dividend paid	–	–	–	–	–	–	–	–	(518,346)	(477,497)	–	(995,843)
Total transactions with owners, recognised directly in equity	–	–	–	–	135,745	–	–	(720,903)	(518,346)	(652,167)	–	(1,755,671)
As at June 30, 2016	2,356,231	11,281,940	191,599	2,141,998	1,508,644	(1,079)	(1,896,058)	4,078,372	30,647,085	18,994,976	(1,343,399)	67,960,309

The notes on pages 57 to 88 form an integral part of this interim consolidated financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2017

	Unaudited Six months ended June 30, 2017 RMB'000	2016 Restated RMB'000
Cash flows from operating activities		
Cash used in operations	**(7,237,593)**	(2,915,648)
Income tax paid	**(2,644,912)**	(1,799,073)
Net cash used in operating activities of continuing operations	**(9,882,505)**	(4,714,721)
Net cash generated from operating activities of discontinued operations	**–**	3,305,070
Net cash used in operating activities	**(9,882,505)**	(1,409,651)
Cash flows from investing activities		
Purchases of property, plant and equipment, and intangible assets	**(3,763,677)**	(3,639,107)
Proceeds from sale of property, plant and equipment, and intangible assets	**18,008**	1,114,585
Purchase of financial assets at fair value through profit or loss	**(1,057,203)**	(708,015)
Proceeds from the disposal of financial assets at fair value through profit or loss	**687,909**	206,606
Distributions from financial assets at fair value through profit or loss	**188,720**	149,909
Capital injection in associates measured at fair value through profit or loss	**(1,045,906)**	(1,069,982)
Distributions from associates measured at fair value through profit or loss	**1,065,445**	793,093
Acquisition of and capital injection in associates and joint ventures using equity accounting	**(1,278,478)**	(24,801)
Proceeds from partial disposal of associates using equity accounting	**1,824,963**	14,163
Dividends from associates using equity accounting	**76,460**	21,014
Purchase of available-for-sale financial assets	**(7,155,904)**	(3,162,003)
Proceeds from disposal of available-for-sale financial assets	**775,242**	1,095,981
Dividends from available-for-sale financial assets	**163,384**	209,877
Acquisition of subsidiaries, net of cash acquired	**(354,646)**	(998,112)
Proceeds from disposal of discontinued operations and subsidiaries, net of cash disposed	**11,528,799**	351,056
Repayment of contingent consideration and deferred consideration	**(9,873,418)**	–
Interest received	**204,321**	218,657
Increase in bank deposits over 3 months	**(814,005)**	(3,833,375)
Net cash used in investing activities of continuing operations	**(8,809,986)**	(9,260,454)
Net cash used in investing activities of discontinued operations	**–**	(48,656)
Net cash used in investing activities	**(8,809,986)**	(9,309,110)

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2017

	Unaudited Six months ended June 30, 2017 RMB'000	2016 Restated RMB'000
Cash flows from financing activities		
Proceeds from borrowings	**35,810,157**	32,842,770
Repayments of borrowings	**(37,101,640)**	(26,719,481)
Payment of expense on issuance of new shares	**–**	(240,883)
Repurchase of shares	**(58,491)**	–
Issue of perpetual securities	**6,815,288**	–
Issue of financial liabilities at fair value through profit or loss	**801,000**	–
Capital contributions from non-controlling interests	**652,074**	7,000
Distribution to non-controlling interests	**–**	(476,373)
Transactions with non-controlling interests	**(218,979)**	(1,051,192)
Cash proceeds from issuance of bonds, net of issuance costs	**5,230,895**	2,396,000
Interest paid	**(1,937,895)**	(1,251,113)
Net cash generated from financing activities of continuing operations	**9,992,409**	5,506,728
Net cash generated from financing activities of discontinued operations	**–**	2,577,652
Net cash generated from financing activities	**9,992,409**	8,084,380
Net decrease in cash and cash equivalents of continuing operations	**(8,700,082)**	(8,468,447)
Net increase in cash and cash equivalents of discontinued operations	**–**	5,834,066
Net decrease in cash and cash equivalents	**(8,700,082)**	(2,634,381)
Cash and cash equivalents at beginning of the period	**30,059,402**	34,802,953
Exchange income on cash and cash equivalents	**240,323**	168,418
Cash and cash equivalents at the end of the period	**21,599,643**	32,336,990

The notes on pages 57 to 88 form an integral part of this interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1. General information

The Company is a joint stock company with limited liability under Company Law of the PRC. It was incorporated in November 1984 under the name of Chinese Academy of Sciences Computer Technology Research Institute New Technology Development Company (中國科學院計算技術研究所新技術發展公司), as an enterprise owned by the whole people (全民所有制企業). Since then, the Company has completed a series of reorganizations and was converted into a joint stock limited liability company on February 18, 2014. The registered capital is RMB2,356 million. The Company's shares have been listed on the Main Board of the Hong Kong Stock Exchange since June 29, 2015.

The address of the Company's registered office is Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan Nanlu, Hai Dian District, Beijing 100190, PRC.

The Company operates businesses through two principal business platforms, strategic investments and financial investments.

The strategic investments consist of operations in (a) IT industry, which is primarily engaged in the development, manufacturing and marketing high-quality and easy-to-use technology products and services for customers and enterprises; (b) financial services industry, which offers services including short-term financing, credit guarantees, entrusted loans, financial leasing, banking, insurance brokerage services, payment and internet finance and trusts, customised financial solutions to customers; (c) innovative consumption and services industry, which operates mainly to provide comprehensive medical and health services, logistics, car rental business, digital marketing solutions of enterprises and internet healthcare services; (d) agriculture and food industry, which is mainly engaged in planting and sales of premium fruit and tea products in agriculture business, and producing and selling various brands of Chinese liquor, supplying seafood and accessory products, agriculture-oriented e-commerce platform and liquor direct sales chain; (e) new materials industry, which includes the fine chemicals and energy materials production services.

The Company's subsidiaries operates in property industry, mainly in the office rental service, business of development and sale of residential properties and office buildings and property management services to projects that the Group developed. The business of development and sale of residential properties and office buildings and property management service to projects was disposed to Sunac Real Estate Group Co., Ltd. and minority shareholders of several subsidiaries. The comparative figures have been restated to conform with the current period's presentation.

The financial investments platform conducts investment in private equity and venture capital funds as a limited partner and holds interest in the general partners of certain funds. The Group also makes early stage or "angel" investments in technology start-ups and minority investments in other entities.

2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2017 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2016 which has been prepared in accordance with International Financial Reporting Standards ("IFRS") by the Group.

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements of the Group for the year ended December 31, 2016.

The Group has adopted the following amendments and interpretation which are mandatory for the accounting period beginning on January 1, 2017:

IAS 12 (Amendment)	Income Tax
IAS 7 (Amendment)	Cashflow Statement
IFRS 12 (Amendment)	Disclosure of Interest of Other Entities

The adoption of above amendments and interpretation does not have any significant financial effect on this condensed consolidated interim financial information.

The following are new standards and amendments to standards that have been issued but are not yet effective for the financial year beginning after January 1, 2017 and have not been early adopted.

IFRS 15	Revenue from Contracts with Customers(1)
IFRS 9	Financial Instruments(1)
IFRS 16	Lease(2)

(1) Effective for the accounting period beginning on January 1, 2018
(2) Effective for the accounting period beginning on January 1, 2019

The Group will apply the above new standards and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards.

4. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2016.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required for the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended December 31, 2016.

There have been no changes in the Group's risk management department or in any risk management policies since December 31, 2016.

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at June 30, 2017 and December 31, 2016.

	Unaudited			
	As at June 30, 2017			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Associates measured at fair value through profit or loss	–	–	16,375,989	16,375,989
Financial assets at fair value through profit or loss				
– Listed securities	778,208	–	–	778,208
– Unlisted securities	–	–	4,687,784	4,687,784
– Listed corporate bond	229,176	–	–	229,176
Derivative financial assets (i)	–	352,072	–	352,072
Available-for-sale financial assets				
– Listed securities	1,882,513	2,741,669	–	4,624,182
– Unlisted securities	–	–	5,004,008	5,004,008
– Listed corporate bond	268,798	–	–	268,798
– Bank's wealth management product	–	–	6,300,541	6,300,541
	3,158,695	3,093,741	32,368,322	38,620,758
Liabilities				
Financial liabilities at fair value through profit or loss	–	–	801,000	801,000
Derivative financial liabilities (i)	–	819,005	–	819,005
Written put option liability	–	–	1,519,498	1,519,498
	–	819,005	2,320,498	3,139,503

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

	Audited As at December 31, 2016			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Associates measured at fair value through profit or loss	–	–	15,515,436	15,515,436
Financial assets at fair value through profit or loss				
– Listed securities	1,098,072	–	–	1,098,072
– Unlisted securities	–	–	4,046,279	4,046,279
– Listed corporate bond	219,303	–	–	219,303
Derivative financial assets (i)	–	964,752	–	964,752
Available-for-sale financial assets				
– Listed securities	2,116,969	3,816,505	–	5,933,474
– Unlisted securities	–	–	3,642,459	3,642,459
– Listed corporate bond	272,869	–	–	272,869
– Bank's wealth management product	–	–	30,000	30,000
	3,707,213	4,781,257	23,234,174	31,722,644
Liabilities				
Derivative financial liabilities (i)	–	367,619	–	367,619
Written put option liability	–	–	1,547,992	1,547,992
	–	367,619	1,547,992	1,915,611

(i) Derivatives primarily related to foreign currency forward contracts that are designated as hedges for the fair value of recognized assets or liabilities or a firm commitment, or of highly probable forecast transactions from IT business of the Group.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swap is calculated as the present value of estimated future cash flow based on observable yield curves.

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As at June 30, 2017 and December 31, 2016, associates measured at fair value through profit or loss comprise investments in venture capital funds (“VC Funds”) and private equity funds (“PE Funds”) which are subject to the terms and conditions of the respective fund’s offering documentation. The investments in VC Funds and PE Funds are primarily valued based on the latest available financial information provided by their General Partners. The VC Funds and PE Funds are not publicly traded; prior to maturity, an exit can only be made by the Group through a sale of its investment and commitment in a fund through a secondary market. The Group’s objective is to invest in VC Funds and PE Funds with the intention to recover the capital invested through distributions funded through realisation of their private equity and venture capital investment portfolios. As a result, the carrying values of VC Funds and PE Funds may be significantly different from the values ultimately realised through an exit via a secondary market sale.

All of the VC Funds and PE Funds in the investment portfolio are managed by investment managers who are compensated by the respective funds for their services. Such compensation generally consists of a commitment/investment-based management fee and a performance based incentive fee which is accounted for at VC Funds and PE Funds level. Such compensation is reflected in the valuation of the Group’s investment in each of the funds.

If the Group is aware of reasons that such a valuation may not be the best approximation of fair value, the Group may make adjustments to the value based on considerations such as: the underlying investments of each fund, the value date of the net asset value provided, cash flows since the latest value date, geographic and sector exposures, market movements and the basis of accounting of the underlying funds. The unobservable inputs which significantly impact the fair value are the net asset value advised by the fund’s General Partner. No adjustment has been made by the Group on such value.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications during this period.

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

The following table presents the changes in level 3 financial assets for the six months ended June 30, 2017 and June 30, 2016.

	Unaudited			
	Associates measured at fair value through profit or loss RMB'000	Financial assets measured at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At January 1, 2017	**15,515,436**	**4,046,279**	**3,672,459**	**23,234,174**
Additions/capital contributions	**1,269,785**	**390,607**	**7,838,731**	**9,499,123**
Disposals/return of capital	**(320,637)**	**(37,287)**	**(195,015)**	**(552,939)**
Exchange adjustment	**(261,447)**	**(32,035)**	**(5,678)**	**(299,160)**
Transfers out from level 3 to level 1/level 2	**–**	**–**	**(6,400)**	**(6,400)**
Gains recognised in income statement	**172,852**	**320,220**	**–**	**493,072**
Gains recognised in other comprehensive income	**–**	**–**	**452**	**452**
At June 30, 2017	**16,375,989**	**4,687,784**	**11,304,549**	**32,368,322**
At January 1, 2016	13,132,653	2,500,976	1,479,834	17,113,463
Additions/capital contributions	1,069,982	734,291	2,203,350	4,007,623
Disposals/return of capital	(142,018)	(23,034)	(217,555)	(382,607)
Exchange adjustment	145,279	13,060	41,540	199,879
Transfers out from level 3 to level 1/level 2	–	–	(27,704)	(27,704)
(Losses)/gains recognised in income statement	(764,389)	168,330	–	(596,059)
Gains recognised in other comprehensive income	–	–	49,116	49,116
At June 30, 2016	13,441,507	3,393,623	3,528,581	20,363,711

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

The following table presents the changes in level 3 financial liabilities of the Group for the six months ended June 30, 2017 and June 30, 2016.

	Unaudited Amounts RMB'000
At January 1, 2017	**1,547,992**
Additions	**801,000**
Exchange adjustment	**(42,805)**
Recognized in condensed consolidated interim income statement	**14,311**
At June 30, 2017	**2,320,498**
At January 1, 2016	3,379,698
De-recognition	(1,954,755)
Exchange adjustment	24,425
Recognized in condensed consolidated interim income statement	23,077
At June 30, 2016	1,472,445

6. Segment information

The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purpose of allocating resources and assessing performance.

For management purpose, the Group is organized into business units based on their products and services. Different businesses require different technologies and marketing strategies. The Group, therefore, separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identifies 6 reportable segments as follows:

– Information technology segment ("IT" segment), which is mainly engaged in the development, manufacturing and marketing high-quality and easy-to-use for technology products and services for customers and enterprises;

– Financial services segment, which offers services including short-term financing, credit guarantees, entrusted loans, financial leasing, banking, insurance brokerage services, payment and internet finance and trusts, customised financial solutions to customer;

– Innovative consumption and services segment, which operates mainly to provide comprehensive medical and health services, logistics, car rental business, digital marketing solutions of enterprises and Internet healthcare services;

– Agriculture and food segment, which are mainly engaged in planting and sales of premium fruit and tea products in agriculture business, and produce and sell various of Chinese liquor brands; provide seafoods and accessory products, agriculture-oriented e-commerce platform and liquor direct sales chain;

– New materials segment, which includes the fine chemicals and energy materials production services;

– Financial investments segment, which is engaged in investment in the private equity and venture capital funds as a limited partner and holds interest in the general partners of certain funds. It also makes early stage or "angel" investments in technology start-ups and minority investments in other entities. It also provides office rental services to consumers and enterprises.

The unallocated amounts primarily represent corporate expenses that are not directly allocated to one of the aforementioned operating segments. The unallocated amounts also include other income statement items such as employee benefit expenses, finance income and finance costs, which cannot be directly identified to specific operating segments. Segment assets consist, primarily of land use rights, investment properties, property, plant and equipment, intangible assets, inventories, receivables and cash and cash equivalents. Segment liabilities primarily comprise operating liabilities.

The Board of Directors assesses the performance of the operating segments based on a measure of profit before tax.

6. Segment information (Continued)

Revenue and Profit

Six months ended June 30, 2017

	Unaudited								
	Continuing operations								
	Strategic investments								
	IT RMB'000	Financial services RMB'000	Innovative consumption and services RMB'000	Agriculture and food RMB'000	New materials RMB'000	Financial investment RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue									
Sales/rendering services to external customers	134,671,854	1,277,305	1,222,483	2,008,177	2,588,423	319,778	–	–	142,088,020
Net interest income	–	394,451	–	–	–	–	–	–	394,451
Inter-segment sales/rendering services	–	15,887	–	–	–	3,958	–	(19,845)	–
Total	134,671,854	1,687,643	1,222,483	2,008,177	2,588,423	323,736	–	(19,845)	142,482,471
Segment results									
(Loss)/profit before income tax	(371,792)	882,018	(355,647)	159,176	692,263	2,605,649	(660,185)	–	2,951,482
Income tax gain/(expense)	527,511	(187,802)	(9,287)	(17,786)	(200,338)	(238,107)	165,046	–	39,237
Profit/(loss) for the period	155,719	694,216	(364,934)	141,390	491,925	2,367,542	(495,139)	–	2,990,719
Other segment information:									
Depreciation and amortisation	(2,414,445)	(6,487)	(123,107)	(54,731)	(182,693)	(43,592)	(8,365)	–	(2,833,420)
Impairment loss for non-current assets	(81,879)	–	–	(27,352)	–	–	–	–	(109,231)
Investment income and gains	1,601,008	157,651	4,866	22,425	563,513	2,799,546	–	–	5,149,009
Finance income	132,383	12,259	6,426	5,064	1,093	(400)	304,711	(70,492)	391,044
Finance costs	(958,483)	(82,473)	(124,673)	(27,499)	(97,633)	(226,678)	(843,202)	86,379	(2,274,262)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(11,329)	147,199	91,740	55,574	28,580	110,472	–	–	422,236
Material non-cash items other than depreciation and amortisation	(614,381)	–	–	–	–	(33,170)	–	–	(647,551)
Capital expenditure	3,571,133	10,975	184,344	95,457	37,282	37,899	16,297	–	3,953,387

6. Segment information (Continued)

Revenue and Profit (Continued)

Six months ended June 30, 2016 (Restated)

	Unaudited											
	Continuing operations									Discontinued operations	Elimination	Total
	Strategic investments											
	IT	Financial services	Innovative consumption and services	Agriculture and food	New materials	Financial investment	Unallocated	Elimination	Subtotal	Property		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue												
Sales/rendering services to external customers	125,234,030	281,705	940,651	1,224,838	2,568,537	236,923	–	–	130,486,684	4,241,966	–	134,728,650
Net interest income	–	255,264	–	–	–	–	–	–	255,264	–	–	255,264
Inter-segment sales/rendering services	–	17,581	–	–	–	2,733	–	(20,314)	–	–	–	–
Total	125,234,030	554,550	940,651	1,224,838	2,568,537	239,656	–	(20,314)	130,741,948	4,241,966	–	134,983,914
Segment results												
Profit/(loss) before income tax	2,602,884	1,310,412	(275,989)	40,189	128,813	1,136,035	(425,157)	(4,031)	4,513,156	716,924	(66,785)	5,163,295
Income tax (expense)/gain	(359,907)	(187,968)	(3,233)	(15,167)	–	(55,454)	106,289	–	(515,440)	(406,812)	–	(922,252)
Profit/(loss) for the period	2,242,977	1,122,444	(279,222)	25,022	128,813	1,080,581	(318,868)	(4,031)	3,997,716	310,112	(66,785)	4,241,043
Other segment information:												
Depreciation and amortisation	(2,455,322)	(3,700)	(80,697)	(27,251)	(172,354)	(4,074)	(2,439)	–	(2,745,837)	(7,532)	–	(2,753,369)
Investment income and gains	–	993,397	(13,671)	6,662	47,457	414,982	–	(4,031)	1,444,796	(3,421)	–	1,441,375
Finance income	92,172	4,073	1,313	1,102	6,556	356	329,813	(177,740)	257,645	38,289	–	295,934
Finance costs	(740,838)	(36,184)	(104,356)	(28,621)	(132,492)	(30,936)	(698,195)	195,321	(1,576,301)	(143,525)	–	(1,719,826)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	33,833	81,128	212,597	26,854	28,642	156,441	–	–	539,495	(1,205)	(66,785)	471,505
Material non-cash items other than depreciation and amortisation	(550,534)	–	–	–	–	–	–	–	(550,534)	–	–	(550,534)
Capital expenditure	3,235,892	12,987	346,480	42,619	23,029	3,887	33,746	–	3,698,640	6,530	–	3,705,170

6. Segment information (Continued)

Assets and liabilities

As at June 30, 2017

	Unaudited								
	Continuing operations								
	Strategic investments								
	IT RMB'000	Financial services RMB'000	Innovative consumption and services RMB'000	Agriculture and food RMB'000	New materials RMB'000	Financial investment RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	170,033,667	44,686,450	9,292,027	7,992,173	8,324,207	67,799,519	15,048,817	(5,742,929)	317,433,931
Segment liabilities	150,538,204	30,878,578	4,662,927	3,369,092	5,823,009	10,751,503	40,130,022	(5,742,929)	240,410,406
Investments in associates and joint ventures using equity accounting	175,477	5,521,208	4,084,748	1,913,904	-	2,382,865	-	-	14,078,202
Investments in associates measured at fair value through profit or loss	-	-	-	-	-	16,375,989	-	-	16,375,989

As at December 31, 2016

	Audited								
	Continuing operations								
	Strategic investments								
	IT RMB'000	Financial services RMB'000	Innovative consumption and services RMB'000	Agriculture and food RMB'000	New materials RMB'000	Financial investment RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	180,178,870	37,126,517	8,727,463	7,815,411	8,808,065	70,585,125	15,821,770	(6,804,393)	322,258,828
Segment liabilities	166,090,476	23,925,051	6,229,855	2,900,051	6,905,768	10,480,369	43,539,439	(6,804,393)	253,266,616
Investments in associates and joint ventures using equity accounting	483,668	5,342,943	2,974,222	1,853,253	337,846	939,642	–	–	11,931,574
Investments in associates measured at fair value through profit or loss	–	–	–	–	–	15,515,436	–	–	15,515,436

6. Segment information (Continued)

(a) Revenue from external customers/Net interest income

	Unaudited Six months ended June 30, 2017 RMB'000	2016 RMB'000
China	**39,454,171**	43,718,550
Overseas countries and regions	**103,028,300**	91,265,364
Total	**142,482,471**	134,983,914

(b) Non-current assets

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
China	**51,609,100**	49,144,162
Overseas countries and regions	**43,471,315**	44,435,497
Total	**95,080,415**	93,579,659

The non-current assets information above is based on the locations of the assets and excludes financial assets, investment in associates and joint ventures and deferred income tax assets.

7. Investment income and gains

	Unaudited Six months ended June 30, 2017 RMB'000	2016 (Restated) RMB'000
Gains on disposal/dilution of associates	**2,198,440**	470,755
Gains on disposal of available for sale financial assets	**1,393,976**	667,023
Gains on disposal of subsidiaries	**6,852**	6,308
Dividend income from available-for-sale financial assets	**154,062**	208,931
Fair value gains/(losses) and dividend income from associates measured at fair value through profit or loss	**958,678**	(96,632)
Fair value gains and dividend income from financial assets at fair value through profit or loss	**423,846**	183,621
Others	**13,155**	4,790
	5,149,009	1,444,796

8. Expenses by nature

	Unaudited Six months ended June 30, 2017 RMB'000	2016 (Restated) RMB'000
Cost of inventories sold	**112,518,709**	101,947,588
Employee benefit expense	**13,077,553**	11,883,454
Office and administrative expense	**2,640,871**	2,751,466
Advertising costs	**3,196,540**	2,507,853
Depreciation and amortisation	**2,833,420**	2,745,837
Impairment loss for non-current assets	**109,231**	–
Customer support service	**1,070,361**	867,242
Consultancy and professional fees	**982,031**	783,456
Labs and testing	**118,759**	189,038
Operating lease payments	**578,029**	468,208
Business tax and surcharge and other taxes	**357,357**	420,969
Transportation expense	**249,250**	297,404
Inventory write-down	**199,870**	19,246
Other expenses (i)	**5,404,678**	3,898,561
	143,336,659	128,780,322

(i) Other expenses mainly include non-base manufacturing costs from IT business, which are costs that are periodic in nature as opposed to product specific. They are typically incurred after the physical completion of the product and include items such as outbound freight for in-country finished goods shipments, warranty costs, engineering charges, storage and warehousing costs. Non-base manufacturing costs are included in the calculation of gross margin but not inventoriable costs.

9. Finance income and costs

	Unaudited Six months ended June 30,	
	2017	2016
		(Restated)
	RMB'000	RMB'000
Interests:		
– Bank loans and overdrafts	**976,014**	591,176
– Other loans	**299,899**	184,630
– Bonds	**801,328**	663,440
Factoring costs	**179,425**	108,832
Interest costs on contingent considerations and put option liability	**14,311**	23,077
Commitment fee	**3,285**	5,146
Finance costs	**2,274,262**	1,576,301
Finance income:		
– Interest income on bank deposits and money market funds	**(374,144)**	(184,452)
– Interest income on loans to related parties	**(16,900)**	(73,193)
Finance income	**(391,044)**	(257,645)
Net finance costs	**1,883,218**	1,318,656

10. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% while the income tax provision for group entities operating in Mainland China is based on a statutory rate of 25%. Income tax of other group entities operating in overseas countries and regions are calculated at the rates applicable in the respective jurisdictions.

	Unaudited Six months ended June 30,	
	2017	2016
		(Restated)
	RMB'000	RMB'000
Current income tax	**1,512,265**	1,303,592
Deferred income tax	**(1,551,502)**	(788,152)
Income tax (gain)/expense	**(39,237)**	515,440

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group entities as follows:

	Unaudited Six months ended June 30,	
	2017	2016
		(Restated)
	RMB'000	RMB'000
Profit before tax	**2,951,482**	4,513,157
Tax effects of:		
Tax calculated at domestic rates applicable in countries concerned	**795,033**	1,151,700
Income not subject to tax	**(720,854)**	(1,574,255)
Expenses not deductible for tax purposes	**29,836**	283,082
Utilisation of previously unrecognised tax losses	**(506,395)**	(18,274)
Deferred income tax assets not recognised	**363,143**	478,327
Others	**–**	194,860
Income tax (gain)/expense	**(39,237)**	515,440

11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding shares held for the restricted share incentive scheme.

	Unaudited Six months ended June 30, 2017	2016 (Restate)
Weighted average number of issued ordinary shares (thousands)	**2,356,231**	2,356,231
Less shares held for restricted share scheme (thousands)	**(18,022)**	–
Weighted average number of issued ordinary shares for calculating basic earnings per share (thousands)	**2,338,209**	2,356,231
Basic earnings attributable to equity holders of the Company (RMB'000)		
– Continuing operations	**2,687,069**	2,469,556
– Discontinued operations	**–**	114,221
	2,687,069	2,583,777
Diluted impact on earnings (RMB'000) (i)	**(1,743)**	(5,322)
Potential dilutive effect arising from restricted shares (thousands)(ii)	**18,022**	–
Diluted earnings attributable to the equity holders of the Company (RMB'000)		
– Continuing operations	**2,685,326**	2,464,234
– Discontinued operations	**–**	114,221
	2,685,326	2,578,455
Weighted average number of issued ordinary shares for calculating diluted earnings per share (thousands) (ii)	**2,356,231**	2,356,231
Earnings per share		
– Basic (RMB per share)		
– Continuing operations	**1.15**	1.05
– Discontinued operations	**–**	0.05
	1.15	1.10
– Diluted (RMB per share)		
– Continuing operations	**1.14**	1.05
– Discontinued operations	**–**	0.05
	1.14	1.10

(i) Diluted impact on earnings is due to the effect of two categories of dilutive instruments, namely share options and long-term incentive awards.

(ii) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares issued under the restricted share incentive scheme. A calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unvested awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per share.

12. Property, plant and equipment and intangible assets

	Unaudited For the six months ended June 30, 2017	
	Property, plant and equipment RMB'000	**Intangible assets RMB'000**
At January 1, 2017	**19,607,015**	**59,935,496**
Additions	**2,041,830**	**612,148**
Transfers to intangible assets	**(46,800)**	**46,800**
Acquisition of subsidiaries	**80,301**	**1,130,170**
Disposals/transfer to investment properties	**(69,454)**	**(5)**
Depreciation/amortisation charge	**(1,176,200)**	**(1,568,530)**
Impairment loss	**(109,231)**	**–**
Exchange adjustment	**(90,600)**	**(384,151)**
Disposal of a subsidiary	**(4,033)**	**–**
At June 30, 2017	**20,232,828**	**59,771,928**

	Unaudited For the six months ended June 30, 2016	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
At January 1, 2016	20,732,944	56,940,565
Additions	1,908,244	609,555
Transfers to intangible assets	(348,314)	348,314
Transfers to leasehold land and land use rights	(644,475)	–
Acquisition of subsidiaries	145,358	684,069
Disposals	(453,645)	(4,879)
Depreciation/amortisation charge	(1,166,270)	(1,565,307)
Exchange adjustment	292,745	2,439,926
Disposal of a subsidiary	(672,653)	(184)
At June 30, 2016	19,793,934	59,452,059

13. Investment properties

	Unaudited Six months ended June 30,	
	2017	2016
		(Restated)
	RMB'000	RMB'000
At beginning of the period	**10,111,584**	10,219,472
Additions	**25,168**	–
Fair value gains	**186,676**	192,091
– Continuing operations	**186,676**	202,245
– Discontinued operations	**–**	(10,154)
Transfer to owner occupied property	**–**	(43,069)
Fair value of investment properties transferred from owner occupied property	**134,051**	–
At the end of the period	**10,457,479**	10,368,494

Investment properties held by the group as at June 30, 2017 and December 31, 2016 were revalued based on valuations performed by independent qualified valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"). JLL is an industry specialist in investment property valuation, who has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

The valuations are derived using the income capitalisation method. There have been no changes in the valuation technique since December 31, 2016.

As at June 30, 2017 and December 31, 2016, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs.

Fair value gains on investment properties are recorded in "other income and gains" in the condensed consolidated interim income statement.

14. Trade and notes receivables

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Trade receivables	**33,224,606**	37,640,837
Notes receivables	**690,850**	1,383,867
Receivables arising from finance leases	**3,634,464**	2,863,537
Less: provision for impairment	**(828,373)**	(730,065)
Trade and notes receivables – net	**36,721,547**	41,158,176

Credit terms of IT segment granted to the customers is around 0-120 days while other segments do not have specific credit terms.

As at June 30, 2017 and December 31, 2016, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Up to 3 months	**30,503,306**	34,213,481
3 to 6 months	**959,981**	2,218,385
6 months to 1 year	**974,571**	905,399
1 to 2 years	**607,795**	216,924
2 to 3 years	**126,978**	41,917
Over 3 years	**51,975**	44,731
	33,224,606	37,640,837

Notes receivables of the Group are bank accepted notes mainly with maturity dates within six months.

15. Prepayments, other receivables and other current assets

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
Receivables from parts subcontractors	**13,474,859**	17,026,714
Prepayments	**12,220,630**	10,363,030
Prepaid tax	**7,723,364**	5,359,974
Amounts due from related parties (Note 27)	**1,734,477**	1,160,217
Advance to suppliers	**2,059,766**	1,395,915
Deposits receivable	**428,678**	446,047
Advance to employees	**82,890**	101,955
Adjustment for in-transit products	**187,930**	207,985
Insurance proceeds	**198,388**	22,431
Consideration receivable from disposal of discontinued operations	**1,516,393**	12,891,000
Receivables from share transfer price	**1,453,345**	332,676
Others	**1,702,437**	3,379,923
	42,783,157	52,687,867
Less: provision for bad debt	**(80,466)**	(66,695)
	42,702,691	52,621,172

16. Perpetual securities

During the period, the Lenovo Group Limited ("Lenovo Group") issued a total of US$1,000 million perpetual securities through its wholly owned subsidiary, Lenovo Perpetual Securities Limited ("the issuer"). The net proceed amounted to approximately US$991 million. The securities are perpetual, non-callable in the first 5 years and entitle the holders to receive distributions at a distribution rate of 5.375% per annum in the first 5 years, floating thereafter and with a fixed step up margin, payable semi-annually in arrears, cumulative and compounding. The distributions are at the Group's discretion, if the issuer and the Company, as guarantor of the securities, do not (a) declare or pay dividends to their shareholders or (b) cancel or reduce their share capital within each distribution payment period. As the perpetual securities do not contain any contractual obligation to pay cash or other financial assets, they are classified as equity.

17. Trade and notes payables

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
Trade payables	**43,098,192**	43,836,895
Notes payables	**6,118,924**	5,397,097
	49,217,116	49,233,992

As at June 30, 2017 and December 31, 2016, the ageing analyses of the trade payables based on invoice date were as follows:

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
0-30 days	**25,576,209**	24,303,028
31-60 days	**8,985,451**	12,169,486
61-90 days	**6,743,702**	5,444,328
91 days-1 year	**1,737,852**	1,879,918
Over 1 year	**54,978**	40,135
	43,098,192	43,836,895

Notes payables of the group are mainly repayable within three months.

18. Other payables and accruals

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
Payable to parts subcontractors	**30,686,444**	35,131,133
Allowance for billing adjustments (i)	**10,115,507**	11,699,646
Accrued expenses	**10,098,118**	10,230,639
Payroll payable	**2,146,502**	2,939,559
Other taxes payable	**1,800,481**	1,786,792
Amounts due to related parties (ii) (Note 27)	**154,347**	552,461
Deposits payable	**1,032,852**	477,747
Royalty payable	**835,819**	769,008
Social security payable	**794,505**	732,498
Deferred consideration (iii)	**314,120**	10,474,978
Written put option liability (iv)	**1,519,498**	1,547,992
Interest payable	**765,984**	605,760
Dividend payable (Note 23)	**569,879**	466
Transferred loans to be redeemed	**5,587,828**	5,584,850
Others	**6,887,836**	5,254,825
	73,309,720	87,788,354

(i) Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.

(ii) As at June 30, 2017, the amounts due to related parties are unsecured and uninterested. As at December 31, 2016, RMB281 million of amounts due to related parties was unsecured, bearing interest rate from 6.50% to 8.00%. The remaining balance is unsecured and interest-free payables.

(iii) In connection with completed business combinations, the Group is required to pay in cash to the respective sellers deferred consideration. Accordingly, current and non-current liabilities in respect of the present values of deferred considerations have been recognised as current and non-current liabilities. The deferred consideration to Google. Inc has been paid in this period.

(iv) Pursuant to the joint venture agreement entered into in 2012 between Lenovo and Compal Electronics, Inc. ("Compal") to establish a joint venture company ("JV Co") to manufacture notebook computer products and related parts, Lenovo and Compal are respectively granted call and put options which entitle Lenovo to purchase from Compal and Compal to sell to Lenovo the 49% Compal's interests in the JV Co. The call and put options will be exercisable at any time after October 1, 2019 and October 1, 2017, respectively. The maximum exercise price for the call and put options is approximately USD750 million.

The financial liability that may become payable under the put option is initially recognized at fair value within other non-current liabilities with a corresponding charge directly to equity, as a put option written on non-controlling interest with an amount of RMB1,343 million. The put option liability shall be re-measured at its fair value resulting from the change in the expected performance of the JV Co at each balance sheet date, with any resulting gain or loss recognized in the condensed consolidated interim income statement. In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

As the put options will be exercisable at any time after October 1, 2017, the entire balance has been reclassified to other payables and accruals during this period.

19. Other non-current liabilities

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Deferred considerations (i)	**169,848**	173,924
Government incentives and grants received in advance (ii)	**900,916**	1,164,597
Unfavourable lease contracts assumed	**478,171**	514,076
Long-term payables	**1,736,296**	1,577,309
Others	**646,345**	670,140
	3,931,576	4,100,046

(i) In connection with certain business combinations, the Group is required to pay in cash to the then respective shareholders/sellers contingent considerations with reference to certain performance indicators as written in the respective agreements with those then shareholders/sellers; and deferred consideration. Accordingly, non-current liabilities in respect of the present values of contingent and deferred considerations have been recognized. The contingent considerations are subsequently re-measured at their fair values as a result of change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the condensed consolidated interim income statement. Deferred consideration is subsequently measured at amortized cost.

As at June 30, 2017 and December 31, 2016, the potential undiscounted amounts of future payments in respect of the contingent and deferred considerations that the Group could be required to make to the respective shareholders/sellers under the arrangements are as follows:

	Unaudited As at June 30, 2017	Audited As at December 31, 2016
Joint venture with NEC Corporation	**USD25 million**	USD25 million
Google Inc.	**–**	USD1,448 million

(ii) Government incentives and grants received in advance by certain group companies included in other non-current liabilities are mainly related to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfil certain conditions under the terms of the government incentives and grants. Government incentives and grants are credited to the condensed consolidated interim income statement upon fulfilment of those conditions. Government incentives and grants relating to assets are credited to the condensed consolidated interim income statement on a straight-line basis over the expected lives of the related assets.

20. Borrowings

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Bank loans		
– Unsecured loans	**17,006,753**	21,032,644
– Guaranteed loans	**18,274,162**	15,663,020
– Collateralised loans	**3,162,523**	3,214,646
Other loans		
– Unsecured loans	**–**	30,000
– Guaranteed loans	**7,282,487**	7,954,505
– Collateralised loans	**3,628,784**	1,042,651
Corporate bonds		
– Unsecured	**35,728,775**	32,948,267
– Guaranteed	**489,693**	783,897
	85,573,177	82,669,630
Less: non-current portion	**(61,343,992)**	(56,516,221)
Current portion	**24,229,185**	26,153,409

Borrowings are repayable as follows:

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Within 1 year	**24,229,185**	26,153,409
After 1 year but within 2 years	**32,326,532**	15,269,157
After 2 years but within 5 years	**24,254,854**	36,306,545
After 5 years	**4,762,606**	4,940,519
	85,573,177	82,669,630

21. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
Deferred tax assets	**10,600,844**	9,059,680
Deferred tax liabilities	**(4,535,309)**	(4,676,491)
Deferred tax assets – net	**6,065,535**	4,383,189

The gross movement on the deferred income tax account is as follows:

	Unaudited	
	Six months ended June 30,	
	2017	2016
	RMB'000	RMB'000
At beginning of the period	**4,383,189**	1,813,110
Credited to the income statement	**1,551,502**	788,887
– Continuing operations	**1,551,502**	788,152
– Discontinued operations	**–**	735
Credited to other comprehensive income	**306,068**	235,911
Acquisition of subsidiaries	**–**	7,463
Disposal of subsidiaries	**12,279**	–
Exchange adjustment	**(187,503)**	84,825
At end of the period	**6,065,535**	2,930,196

22. Provisions

	Unaudited				
	Warranties RMB'000	Environmental restoration RMB'000	Restructuring RMB'000	Provision on guarantee RMB'000	Total RMB'000
At January 1, 2017	**7,878,539**	**57,348**	**861,929**	**108,462**	**8,906,278**
Provision made	**2,420,096**	**30,343**	**99,628**	**–**	**2,550,067**
Amount utilised/Unused amounts reversed	**(3,175,138)**	**(31,181)**	**(558,563)**	**(1,460)**	**(3,766,342)**
Exchange adjustment	**(118,821)**	**4,554**	**(8,473)**	**–**	**(122,740)**
At end of the period	**7,004,676**	**61,064**	**394,521**	**107,002**	**7,567,263**
Less: Non-current portion	**(1,820,667)**	**(44,352)**	**–**	**–**	**(1,865,019)**
At June 30, 2017	**5,184,009**	**16,712**	**394,521**	**107,002**	**5,702,244**
At January 1, 2016	9,429,065	54,968	1,204,764	134,558	10,823,355
Provision made	2,213,715	38,514	–	–	2,252,229
Amount utilised/Unused amounts reversed	(3,651,990)	(38,452)	(700,896)	(10,278)	(4,401,616)
Exchange adjustment	242,555	7,396	40,885	–	290,836
At end of the period	8,233,345	62,426	544,753	124,280	8,964,804
Less: Non-current portion	(1,922,756)	(44,097)	–	–	(1,966,853)
At June 30, 2016	6,310,589	18,329	544,753	124,280	6,997,951

The Group records its warranty liability at the time of sales based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty accrual is reviewed quarterly to verify it properly reflects the outstanding obligation over the warranty period. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangement with them.

23. Dividends

The directors did not recommend the payment of any interim dividend in respect of the six month ended June 30, 2017 (six months ended June 30, 2016: Nil).

On June 16, 2017, the 2016 annual general meeting considered and approved the profit distribution plan of the Company for the year ended December 31, 2016, which is to distribute a final dividend of RMB0.242 (before tax) per ordinary share, totally approximately RMB570 million. On June 30, 2017, the dividend is not paid. The dividend is paid on July 13, 2017.

24. Contingencies

	Unaudited	Audited
	As at June 30, 2017	As at December 31, 2016
	RMB'000	RMB'000
Financial guarantee of guarantee business (a)	**3,933,693**	3,750,843
Other guarantee (b)		
– Related parties (Note 27)	**2,024,685**	2,021,580
– Unrelated parties	**13,551,180**	6,506,500
	19,509,558	12,278,923

(a) Financial guarantee of guarantee business

Subsidiaries in financial service segment of the Group provide financial guarantees to small and medium-sized entities for their borrowings from certain banks and charge them guarantee fees accordingly. As at June 30, 2017 and December 31, 2016, the outstanding guarantee balance was RMB3,934 million and RMB3,751 million respectively. The Directors evaluate the financial position of the guaranteed entities and make provision accordingly. As at June 30, 2017 and December 31, 2016, the provision made by the Group was RMB107 million and RMB108 million respectively, which were included in "Provision" in the condensed consolidated interim balance sheet.

(b) Other guarantee

As at June 30, 2017 and December 31, 2016, of the total guarantee balances provided to related parties and unrelated parties, approximately RMB15,576 million and RMB8,528 million had been withdrawn. The guarantee balances to unrelated parties are mainly related to real estate business, which was disposed in historic period, and the guaranteed companies provided counter guarantee correspondingly. The Board reviews the financial conditions of the guaranteed companies periodically and records provision when necessary. As at June 30, 2017 and December 31, 2016, no provision was recorded in relevant to the preceding guarantee.

25. Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Property, plant and equipment	**1,717,074**	2,606,562
Intangible assets	**27,170**	11,465
Investments (i)	**4,083,171**	5,325,437
Total	**5,827,415**	7,943,464

(i) The Group has commitments in respect of investments in certain funds. Investment commitments represent the portion of committed capital not yet called for payment.

26. Business Combination

In this period, the major business combination activities are as follows:

On March 16, 2017, Joyvio Group Limited ("Joyvio Group"), wholly-owned subsidiary of the Group, acquired 26.57% equity interests of Joyvio Agriculture Development Co.,Ltd ("Joyvio Corporation", formerly known as "Wanfu Biotechnology (Hunan) Agricultural Development Co., Ltd."), Joyvio Corporation is engaged in domestic trading, processing and sale of seafood and other animal protein-related products.

Joyvio Group has de facto control over Joyvio Corporation even though it has less than 50% of the voting rights based on the following factors: 1) as of June 30, 2017, the Joyvio Group is the single largest shareholder of Joyvio Corporation; 2) the rest of the voting rights of Joyvio Corporation is dispersed and according to the recent general meetings of shareholders, there has been no history of any other shareholders collaborating to exercise their vote collectively or to out vote the Joyvio Group. 3) Joyvio Group has the rights to nominate four directors of the board of Joyvio Corporation, which have been exercise, more than half of the board; 4) Joyvio Group will provide a significant financial support arrangement to Joyvio Corporation.

26. Business Combination (Continued)

(a) Set forth below is the calculation of goodwill:

	Unaudited For the six months ended June 30, 2017 RMB'000
Purchase consideration	
– Prepaid cash	1,100,000
– Present value of contingent consideration	33,470
Total purchase consideration	1,133,470
Less: fair value of net assets purchased	(55,843)
Goodwill	1,077,627

(b) The relevant fair values of major components of assets and liabilities arising from the business combination are on a provision basis as follows:

	Unaudited For the six months ended June 30, 2017 RMB'000
Cash and cash equivalents	46,413
Property, plant and equipment	138,506
Other non-current assets	31,835
Intangible assets	16,389
Net operating cash (excluding cash and cash equivalents)	(6,491)
Non-current liabilities	(16,480)
Non-controlling interest	(154,329)
Fair value of net assets purchased	55,843

26. Business Combination (Continued)

(c) Net cash inflow from acquisition of subsidiaries

	Unaudited For the six months ended June 30, 2017 RMB'000
Purchase consideration settled in cash	–
Add: cash and cash equivalents in subsidiary acquired	**46,413**
Cash inflow for acquisition	**46,413**

(d) Impact of acquisitions on the results of the Group

The operation results of other newly acquired business does not have significant impact on the consolidated financial information for the period ended June 30, 2017.

27. Related party transactions

(a) Significant related party transactions

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the six months ended June 30, 2017 and 2016, respectively.

	Unaudited Six months ended June 30, 2017 RMB'000	 2016 RMB'000
Purchase of goods from		
– Associates	**439,519**	307,773
Services received from		
– Associates	**–**	10,049
Rendering of services to		
– Associates	**28,958**	12,739
Loan provided by		
– Associates	**2,000**	232,622
Loan provided to		
– Associates	**1,134,753**	420,570
Interest income from		
– Associates	**22,024**	73,193
Interest expenses to		
– Associates	**7,887**	50,508

27. Related party transactions (Continued)

(b) Period-end balances due from/to related parties

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Trade and notes receivables		
– Associates	**35**	–
Prepayment, other receivables and other current assets		
– Associates	**1,734,477**	1,160,217
Borrowings		
– Associates	**55,610**	173,692
Current portion of non-current liabilities		
– Associates	**196,775**	99,275
Advance from customers		
– Associates	**2,075**	960
Other payables and accruals		
– Associates	**154,347**	552,461

(c) Guarantee provided to related parties

	Unaudited As at June 30, 2017 RMB'000	Audited As at December 31, 2016 RMB'000
Associates	**2,024,685**	2,021,580

28. Subsequent events

On July 7, 2017, the issue of the corporate bonds for the year 2017 (tranche 1) of Legend Holdings Corporation to qualified investors in the PRC was completed, which are 5-year bonds with actual issue size of RMB2.5 billion and a final coupon rate of 5.05%.

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