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: 03396

2019
INTERIM REPORT

CONTENTS

Definitions

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

"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
"Audit Committee"	Audit Committee under the Board
"Better Education"	Better Education Group Corporation (三育教育集團股份有限公司), an exempted limited liability company incorporated under the laws of Cayman Islands, and our subsidiary
"BIL"	Banque Internationale à Luxembourg S.A., a credit institution in the form of a Luxembourg limited liability company (société anonyme) and our subsidiary
"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. (廣東拜博口腔醫療投資管理有限公司), a limited liability company incorporated under the laws of the PRC, and our associate
"CAR"	CAR Inc., an exempted company incorporated in the Cayman Islands 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 substantial Shareholder
"China Oceanwide"	China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司), a substantial Shareholder
"Company", "our Company" or "Legend Holdings"	Legend Holdings Corporation (聯想控股股份有限公司), a joint stock limited liability company incorporated under the laws of PRC and its overseas listed shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 03396)
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"DMTO"	the technique for using coal or natural gas instead of oil for production of ethylene and propene
"Domestic Shares"	domestic share(s) in the ordinary share capital of the Company with the nominal value of RMB1.00 each
"EAL"	Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate

"EOD"	ethylene oxide derivatives
"EVA"	ethylene-vinylacetate copolymer
"Funglian Group"	Funglian Holdings Co., Ltd. (豐聯酒業控股集團有限公司), a limited liability company incorporated under the laws of the PRC
"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. It is a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary 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
"H Share(s)"	overseas listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the main board of the Hong Kong Stock Exchange and trade in HKD
"Hankou Bank"	Hankou Bank Co., Ltd. (漢口銀行股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate
"Hebei Hengshui Laobaigan"	Hebei Hengshui Laobaigan Liquor Co., Ltd. (河北衡水老白干酒業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (A Share Stock Code: 600559)
"Hong Kong" or "HK"	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
"Hortifrut"	Hortifrut S.A., a limited liability company incorporated under the laws of Chile
"Huawen Food"	Huawen Food Co., Ltd. (華文食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate
"Internet"	a global network of interconnected, separately administered public and private computer networks that uses the Transmission Control Protocol/Internet Protocol for communications
"IPO"	Initial Public Offering
"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 under the laws of the PRC, and our 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, listed on the ChiNext board on Shenzhen Stock Exchange (A Share Stock Code: 300268), and a subsidiary of Joyvio Group
"Joyvio Group" or "Joyvio"	Joyvio Group Co., Ltd. (佳沃集團有限公司), a limited liability company incorporated under the laws of the PRC, and our 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
"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 under the laws of the PRC, and our associate, listed on the ChiNext Board of the Shenzhen Stock Exchange (A share stock code: 300773)
"Legend Capital"	a series of venture capital funds, together with their respective management companies/partners
"Legend Star"	a series of angel investment funds, together with their respective management companies/partners
"Lenovo"	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 992), and our subsidiary
"Lenovo Finance"	Beijing Lenovo Finance Co., Ltd. (北京聯想金服科技有限公司), a limited liability company incorporated under the law of the PRC, and our subsidiary
"Levima Group"	Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"Levima Advanced Materials"	Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司) (formerly known as Levima New Materials Limited (聯泓新材料有限公司)), a joint stock limited liability company incorporated under the laws of the PRC, a subsidiary of Levima Group and our 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 under the laws of the PRC, and our associate, listed on the NEEQS in 2016

"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 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
"Nine Masters"	Nine Masters (Shanghai) Catering Service Co., Ltd. (九橙(上海)餐飲服務有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Joyvio Group
"Oceanwide Group"	Oceanwide Group Co., Ltd. (泛海集團有限公司), a substantial Shareholder
"ordinary shares" or "shares"	ordinary shares issued by the Company
"PE"	private equity
"PIC"	Pension Insurance Corporation
"PIPE"	Private Investment in Public Equity
"PP"	polypropylene
"Qingdao Starfish"	China Starfish Co., Ltd. (青島國星食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Agriculture
"Raycom Property"	Raycom Property Investment Co., Ltd. (融科物業投資有限公司), a limited liability company incorporated 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 under the laws of the PRC, and our subsidiary
"Reporting Period"	for the six months ended June 30, 2019

"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 under the laws of the PRC, and our subsidiary
"Shanghai Stock Exchange"	Shanghai Stock Exchange
"Shareholders"	holders of the shares of the Company
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange
"SME(s)"	small and medium-sized enterprise(s)
"SOE"	State-owned enterprise
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Taikang Life Insurance"	Taikang Life Insurance Co.,Ltd.
"TMT"	technology, media and telecom
"Tohigh"	Tohigh Holdings Co., Ltd. (通海控股有限公司), a substantial Shareholder
"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
"Union Insurance"	Union Insurance Broker Group Co., Ltd. (聯保投資集團有限公司), a limited liability company incorporated under the laws of the PRC, and our associate
"VA"	vinyl acetate
"Xinguojiayuan"	Shenzhen Xinguojiayuan Modern Agriculture Co., Ltd. (深圳市鑫果佳源現代農業有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Joyvio Group
"Zeny Supply Chain"	Zeny Supply Chain Co., Ltd. (增益供應鏈有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"Zhengqi Financial"	Zhengqi Financial Holdings Corporation (正奇金融控股股份有限公司) (formerly known as Zhengqi Anhui Financial Holdings Co., Ltd. (正奇安徽金融控股有限公司)), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary

Revenue contributions from the Group's businesses

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018	Change in amount	Change %
Strategic investments	**178,986**	156,255	22,731	15%
IT	**163,998**	143,878	20,120	14%
Financial services	**4,342**	1,980	2,362	119%
Innovative consumption and services	**429**	886	(457)	(52%)
Agriculture and Food	**7,491**	6,387	1,104	17%
Advanced manufacturing and professional services	**2,726**	3,124	(398)	(13%)
Financial investments	**325**	304	21	7%
Elimination	**–**	(10)	10	N/A
Total	**179,311**	156,549	22,762	15%

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

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018	Change in amount	Change %
Strategic investments	**1,975**	2,998	(1,023)	(34%)
IT	**598**	231	367	159%
Financial services	**1,043**	1,101	(58)	(5%)
Innovative consumption and services	**(14)**	1,139	(1,153)	(101%)
Agriculture and Food	**112**	379	(267)	(70%)
Advanced manufacturing and professional services	**236**	148	88	59%
Financial investments	**1,350**	470	880	187%
Unallocated	**(660)**	(640)	(20)	N/A
Elimination	**–**	2	(2)	(100%)
Total	**2,665**	2,830	(165)	(6%)

Asset allocation of the Group's businesses

Unit: RMB million

	As of June 30, 2019	As of December 31, 2018	Change in amount	Change %
Strategic investments	**508,826**	484,418	24,408	5%
IT	**209,784**	202,593	7,191	4%
Financial services	**260,549**	250,982	9,567	4%
Innovative consumption and services	**7,410**	6,335	1,075	17%
Agriculture and Food	**20,226**	13,221	7,005	53%
Advanced manufacturing and professional services	**10,857**	11,287	(430)	(4%)
Financial investments	**62,692**	60,833	1,859	3%
Unallocated	**19,373**	17,969	1,404	8%
Elimination	**(4,692)**	(4,953)	261	N/A
Total	**586,199**	558,267	27,932	5%

BUSINESS REVIEW

During the Reporting Period, the uncertainties of the macro-environment and economic downward pressure imposed impacts on the development of international businesses and the trend in foreign exchange and capital markets. Despite all these challenges, the development of overall businesses of Legend Holdings maintained stable. For the six months ended June 30, 2019, Legend Holdings realized revenue of RMB179.311 billion, representing a year-over-year increase of 15% and recording growth for the fifth consecutive reporting period since 2017. In particular, strategic investments including IT, financial services and agriculture and food segments recorded steady growth in revenue: the revenue from IT segment recorded a year-over-year increase of 14% during the Reporting Period since Lenovo made full use of its continuously increasing market share in terms of personal computer and smart devices (PCSD) business and the growth momentum of new Intelligent Transformation strategies; the revenue from financial services segment increased by 119% year over year, benefiting from the new consolidation of BIL and the development of financial leasing business during the Reporting Period; as for agricultural and food segment, the revenue of fruit and animal protein businesses of Joyvio Group both increased, leading to an overall revenue growth of 17% year over year; in addition, the revenue from the innovative consumption and services segment decreased, which was attributable to the deconsolidation of Bybo Dental during the Reporting Period, the shrink in Zeny Supply Chain's business of the advanced manufacturing and professional services segment, and the price reduction of downstream products of Levima Group.

The profitability of our strategic investments faced more challenges given the changes in the external environment, especially the domestic financing environment, interest rate fluctuations, and trade conflicts arising from the China-US trade. To ensure the stability of business infrastructure and operating safety of the Company, Legend Holdings not only proactively strengthened risk prevention and control, but also continued to promote the capital operations of its portfolio companies to establish their diversified financing capacities. Our financial investment segment managed to capture market opportunities amidst the fluctuating environment by strengthening portfolio management and recycling resources, thus contributing to the sound cash inflow and increase in fair value to Legend Holdings. During the Reporting Period, the net profit attributable to equity holders of the Company amounted to RMB2.665 billion, down by 6% year over year. The net profit from strategic investments attributable to equity holders of the Company dropped by 34% year over year to RMB1.975 billion, mainly due to the decrease in gains from capital operations during the Reporting Period, while the IT, agriculture and food, advanced manufacturing and professional services, and innovative consumption and services segments improved their profitability at operational level with upbeat fundamentals; the net profit from financial investments attributable to equity holders of the Company increased by 187% year over year to RMB1.350 billion, with growth in distributable income and fair value. During the Reporting Period, 7 portfolio companies of both strategic investments and financial investments of Legend Holdings completed their initial public offering, 1 portfolio company completed a major asset acquisition and 2 portfolio companies were consolidated into public companies through major asset restructuring. To elaborate, the changes in the net profit attributable to equity holders of the Company were compounded by the following factors: 1) the significant increase in Lenovo's net profit attributable to equity holders of the Company, which was mainly due to the robust growth of the Intelligent Devices Group; 2) the decrease in the net profit attributable to equity holders of the Company from financial services segment, which was mainly due to the strategic downsizing of capital-based businesses as a result of more stringent regulatory policies; 3) the decrease in the net profit attributable to equity holders of the Company from innovative consumption and services segment, which was mainly due to the investment gains generated from the strategic introduction of Taikang Life Insurance as the controlling shareholder of Bybo Dental in the corresponding period of last year; 4) the decrease in the net profit attributable to equity holders of the Company from agriculture and food segment, which was mainly due to the gains generated from the shareholding restructuring of Funglian Group in the corresponding period of last year; 5) the increase in the net profit attributable to equity holders of the Company from advanced manufacturing and professional services, which was mainly due to the optimization of product mix and operational improvement of Levima Group; 6) the increase in the net profit attributable to equity holders of the Company from financial investments, which was mainly due to the significant recovery of the fair value of invested financial assets.

In the future, Legend Holdings will continue to enhance the fundamentals of its portfolio businesses and operational profitability, and assist portfolio companies in strengthening their capabilities of risk resistance and competitiveness through proactive and in-depth post-investment management and value-added services. Meanwhile, we will also continue to optimize investment portfolios and enhance resource recycling and efficiency improvement. With strategic investments' broader international presence in intelligent manufacturing, financial services, agriculture, air logistics and other industries and financial investments' layout at all stages focusing on the industrial chains along medical care and TMT, we will further conduct research on and promote the synergy of regional, business and fund resources of our portfolio companies and strive to improve the profitability and value of the Company.

Strategic Investments

IT

We engage in IT businesses mainly through our subsidiary Lenovo. Lenovo is a Fortune Global 500 company which develops, manufactures and sells high-end technology products and provides related services to corporate and individual consumers. As of June 30, 2019, we held 29.10% equity interest in Lenovo.

Lenovo strives to be the leader and the enabler of the global trend towards intelligent transformation. Lenovo has the vision of bringing smarter technology to all – through the 3S strategy, namely, Smart Infrastructure, Smart Verticals and Smart IoT. Specifically, Smart Infrastructure provides the computing, storage and networking power to support smart devices; Smart Verticals combine big data harnessed from smart devices and the computing power of smart infrastructure in order to provide more insights and improve processes for customers; and Smart IoT consists of a network of many touchpoints for the connected world, strengthening the core competence of Lenovo as an end-to-end solution provider.

Thanks to the execution of its intelligent transformation strategy, Lenovo saw a jump in its ranking by 28 spots on 2019 'FORTUNE Global 500' list. Since returning to the list in 2011, Lenovo has steadily advanced its ranking year-over-year by more than 200 spots. Among the three business groups, the PC and Smart Device (PCSD) business achieved a record PC market share to further strengthen its world's number one position and bolster its industry-leading profitability. Despite subdued demand in their respective sectors, the Mobile Business Group (MBG) and Data Center Group (DCG) businesses managed to enhance their profitability year-on-year.

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

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**163,998**	143,878
Net profit	**2,204**	853
Net profit attributable to equity holders of Legend Holdings	**598**	231

Lenovo has leveraged its continued market share gain in the PCSD Business, as well as momentum in the new Intelligent Transformation initiatives. In the first half of 2019, the IT segment's revenue increased by 14% year over year to RMB163,998 million, and net profit attributable to equity holders of Legend Holdings increased by 159% year over year to RMB598 million.

Intelligent Devices Group (IDG)

Through a strong focus on the ongoing commercial refresh cycle and penetration of the high-growth and premium segments, the PC business recorded its highest growth premium to market in more than five years. Reaping much benefit from operational synergies including the shared use of a common global supply chain and services, IDG achieved a much faster pre-tax profit growth than Lenovo's overall top-line growth.

Intelligent Devices Group – PC and Smart Device Business

According to industry data, in the second quarter of 2019, Lenovo realized a record-breaking market share of 25.1% and remained as the fastest-growing PC player among the top-five OEMs in the global market. In particular, the commercial, the premium and high-growth segments across Workstation, Visual, Thin & Light, Gaming PC, and Chromebook categories all registered double-digit growth. Leveraging a well-executed strategy in driving product mix and a higher attach rate for services, Lenovo further expanded its industry-leading profitability. The pre-tax profit margin of the PCSD business reached 5.4 percent in the second quarter of 2019.

Intelligent Devices Group – Mobile Business

The mobile business continued to improve its year-on-year profitability and remained profitable during the Reporting Period. A key positive driver for the profit expansion is the strategic focus in the core markets in Latin and North America. The business in Latin America has further enhanced its profitability. In North America, demand for MBG's smartphones has been solid across sales channels and maintained a strong growth momentum. The decline of mobile business's revenue was mainly due to the targeted investments only in countries with potential for profitable growth, which inevitably resulted in a smaller operating scale. The mobile business will continue with the localized strategy, streamline its portfolio, and invest in innovations including 5G technology.

Data Center Group (DCG)

Suffering from industry-wide sluggish demand, DCG's revenue was refrained. The primary challenge was the excessive inventory build-up by sizable hyperscale users after last year's aggressive growth. Another key sector challenge was the severe commodity price decline.

Lenovo will continue to invest in DCG to extend its leadership position as a full-stack data center provider and the most trusted data center partner, to grow high-margin storage, services and software defined infrastructure businesses, and to enhance its in-house design capability to develop the hyperscale business. DCG will focus on profitability management. With narrowing losses, DCG is building a sustainable and profitable business model.

Facing challenges arising from trade negotiations, import tariff changes implemented by countries and geopolitical uncertainties, the management of Lenovo will leverage its extensive experience in managing a multitude of macro risks, evaluate policy changes and adopt measures accordingly to strengthen its worldwide manufacturing capabilities and supply chain flexibility. Lenovo will also strive to be the industry leader in cost competitiveness leveraging its strength in in-house manufacturing and outsourcing.

Financial Services

Overview

Our subsidiaries and associates in the financial services business mainly include:

- BIL, our subsidiary, mainly provides comprehensive banking services, including retail banking, corporate banking, private banking, capital markets and other businesses;
- 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; and
- Union Insurance, our associate, mainly provides insurance brokerage and related services.

During the Reporting Period, the global economy underwent pressure; trade was exposed to frictions and uncertainties; and China's financial regulations kept tightening. In the face of the complex and ever-changing external environment, we will, on one hand, continue to facilitate the development of our portfolio companies in the financial industry with all-round supports, and, on the other hand, closely respond to economic and regulatory trends and monitor the portfolio companies' risks of their strategic development, credit risks, operation risks, market risks, investment risks, etc., so as to enhance their risk management system and overall risk management capacities.

Meanwhile, we actively searched for opportunities in insurance and securities, and facilitated our portfolio companies to go public. In particular, Lakala Payment successfully listed on the ChiNext Board of Shenzhen Stock Exchange.

In the future, based on our industrial resources and technological advantages, we will on one hand keep optimizing our investment portfolios and strengthen the current edge in existing business, and on the other hand closely follow new investment opportunities in other financial services both at home and abroad. Meanwhile, based on a large pool of our portfolio companies and customer resources, we will promote synergic development of our financial businesses, including business collaboration, cooperation on the industrial chain, intelligence sharing, big data analysis, etc., to consolidate our overall competitiveness.

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, 2019	For the six months ended June 30, 2018
Revenue	**4,342**	1,980
Net profit	**1,122**	1,251
Net profit attributable to equity holders of Legend Holdings	**1,043**	1,101

During the Reporting Period, the revenue from the financial services segment of Legend Holdings increased from RMB1,980 million in the corresponding period of last year to RMB4,342 million, representing a year-on-year increase of around 119%, which was, on one hand, due to the increase in revenue resulting from the consolidation of the financial statements of BIL and, on the other hand, due to the steady income growth of financial leasing and other businesses. Net profit of the financial services segment stood at RMB1,122 million, representing a decrease of RMB129 million compared with the corresponding period of last year, or down by about 10% year on year. The reasons for the net profit decline consisted of: 1) the shrink of net profit from quasi-finance and innovative finance due to changes of economic environment; 2) the investment value increment in PIC recorded in the corresponding period of last year; 3) the net profit growth recorded in JC Finance & Leasing, Lakala Payment and Hankou Bank; 4) the diluted earnings from Lakala Payment, our associate company, after its IPO; 5) the increment profit contribution from BIL since the consolidation of its financial statements.

Operating Highlights:

- BIL maintained stable growth with its Assets Under Management (AUM) reaching EUR41.9 billion as of June 30, 2019, representing an increase of 6.1% compared with the end of 2018. Customer deposit and loan balance reached EUR18.3 billion and EUR14.0 billion, respectively, representing a growth of 5.8% and 4.6%, respectively, as compared with the end of 2018.

- JC Finance & Leasing maintained a relatively rapid growth, with revenue and net profit increased year on year by 13.4% and 26.3%, respectively during the Reporting Period. While the traditional financial leasing business progressed steadily, the retail leasing business represented by heavy trucks and SMEs accelerated, the balance of which increased by over 90% compared with the end of last year.

- Lakala Payment completed its initial public offering and listing on the ChiNext Board of the Shenzhen Stock Exchange on April 25, 2019, contributing diluted earnings with an amount of RMB265 million.

BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has played an active role in the main stages of Luxembourg's economic development. It is the third-biggest bank in Luxembourg in terms of market share and is recognized as systemically important by the European Central Bank. We closed the transaction of purchasing 89.936% equity interest in BIL on July 2, 2018. As at June 30, 2019, the equity interest we held in BIL remained unchanged.

BIL has established retail banking, corporate banking and private banking as well as capital market businesses. The "Retail, Corporate and Wealth Management" business areas delivered a good performance during the Reporting Period:

- Assets Under Management (AUM) increased by 6.1% reaching EUR41.9 billion compared with EUR39.5 billion at the end of 2018. This increase resulted from new net inflows of EUR0.7 billion attributable to the three business areas and from a high positive market effect of EUR1.7 billion following the negative market conditions observed during the last quarter 2018;

- Customer deposits increased by 6.1% reaching EUR18.3 billion compared with EUR17.3 billion at year-end 2018;

- Customer loans increased by 4.6% to EUR14 billion mainly due to an increase in the commercial loans by EUR0.6 billion (up by 4.4% compared with year-end 2018 excluding impairment) and a slight increase of institutional banking clients' loans from financial markets;

- The revenue and net profit during the first half of 2019 reached EUR265 million and EUR45 million, respectively;

- CET-1 ratio stood at 11.73% as of the end of the first half of 2019;

- The high quality of BIL's products and services received positive feedback on the market on several occasions in early 2019. In April 2019, Global Finance named BIL the Best Bank in Luxembourg 2019 for the third year in a row;

- In June 2019, Fitch upgraded BIL's Short-Term (ST) Rating from F2 to F1 following the application of updated ST criteria and confirmed BIL's sound liquidity profile. In July 2019, Standard & Poor's affirmed BIL's ratings (A-/Stable/A-2) subsequent to the revised "Group Rating Methodology" criteria. Moody's ratings remain unchanged compared with 2018 (A2/stable/P-1).

During the Reporting Period, the revenue and net profit of BIL are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019
Revenue	**2,126**
Net profit	**309**

BIL's Board of Directors approved its next five-year strategic plan in July 2019 in the continuity of the BIL 2020 plan. This plan not only maps the overall strategic aims for BIL group but also defines the key priorities for the different business lines for the period from 2020 to 2025, in which expanding the Chinese market is one of the major priorities in the future. Both Legend Holdings and the government of the Grand Duchy of Luxembourg are committed to providing financial and operational support for the implementation of the plan.

Zhengqi Financial

Zhengqi Financial is a leading innovative provider of integrated financial services in China which helps SMEs to enhance their value. It operates with the core strategic theme of "investment bank thinking and integrated solutions ("投行思維，整體方案")" and provides a basket of services to grow SMEs throughout their life cycle. Under the guidance of "investment bank thinking", Zhengqi Financial has developed in-depth understanding of and closely monitored the development strategies and business models of its customers, and has analyzed their extensive needs in financing, operation and strategic expansion to offer measured services for them. At the same time, relying on a comprehensive product portfolio including loans, financial leasing, credit enhancement, equity and mezzanine investment, asset management, factoring, supply chain management, as well as start-up counseling and business incubator services, Zhengqi Financial provides customers with tailor-made "integrated solutions". As of June 30, 2019, the Company held 82.5% equity interest of Zhengqi Financial.

During the Reporting Period, based on its evaluation on the macro-environment, Zhengqi Financial reduced its scale of capital-based business and focused on high-tech, healthcare, high-end equipment manufacturing, new materials, new energy, energy conservation, environmental protection industries and relevant ecological chains. As of June 30, 2019, the loan business balance amounted to RMB5,418 million, representing a decrease of RMB997 million compared with the corresponding period of last year, or a year-on-year decrease of 15.5%; the balance of lease receivables of financial leasing at the period end amounted to RMB4,519 million, representing a decrease of RMB791 million compared with the corresponding period of last year, or a year-on-year decrease of 14.9%; and the balance of commercial factoring amounted to RMB1,395 million, representing a decrease of RMB514 million compared with the corresponding period of last year, or a year-on-year decrease of 26.9%.

During the Reporting Period, the guarantee business of Zhengqi Financial developed steadily, with continuous adjustments to the business mix. The financing business also developed steadily, and continuous growth was recorded for the non-financing guarantee business. As of June 30, 2019, the balance of guarantee business amounted to RMB3,762 million, representing a decrease of RMB438 million as compared to corresponding period of last year, or a year-on-year decrease of 10.4%.

During the Reporting Period, Zhengqi Financial thoroughly implemented the strategy of "investment bank thinking and investment-loan linkage ("投行思維，投貸聯動")" and adhered to the concepts of value investment and boutique investment. The scale of investment business remained stable. Among all the investment projects, two companies have applied for IPO on the ChiNext Board and STAR Market, respectively.

The Board and Zhengqi Financial, after prudent evaluation, have decided to postpone the original IPO plan. During the Reporting Period, Zhengqi Financial continued to strengthen direct financing from the capital markets by completing the issuance of Zhengqi Financial Tranche I Debt Financing Plan on CFAE, raising a sum of RMB500 million to promote the factoring asset securitization projects. Zhengqi Financial has various financing methods such as bank borrowings, trust loans, insurance fund financing, asset securitization and issuance of corporate bonds. In the meantime, it proactively explores and implements financing channels such as medium-term notes, short-term financing bills, debt financing plans and overseas financing. In general, Zhengqi Financial has smooth financing channels, controllable cost of capital, and comparative advantages in financing among its peers.

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, 2019	For the six months ended June 30, 2018
Revenue	**736**	637
Net Profit	**152**	396

During the Reporting Period, Zhengqi Financial achieved a revenue of RMB736 million, representing an increase of RMB99 million compared with the corresponding period of last year or a year-on-year increase of 15.5%, mainly because the revenue recorded was net of interest expenses for the corresponding period of 2018; adjusted for this factor, the revenue of this period decreased by approximately 27% year over year; the net profit stood at RMB152 million, representing a decrease of RMB244 million compared with the corresponding period of last year or a year-over-year decrease of 61.6%, mainly due to the downsizing of capital-based businesses as well as the drop in the fair value gain from equity investments as a result of the capital market fluctuations.

JC Finance & Leasing

JC Finance & Leasing specializes in financial leasing and relevant financial businesses under Legend Holdings. Backed by the brand and the management expertise of Legend Holdings, JC Finance & Leasing has initiated cooperation with both domestic and international well-known equipment manufacturers, focused on industries and industrial chains, and conducted financial leasing business relating to sectors that reflect new economic trends in China, such as medical services, advanced manufacturing, energy conservation and environmental protection, agri-food, electronic information, public services and transportation, aiming to develop itself into a leading enterprise in the financial leasing industry. As of June 30, 2019, the Company held 99.01% equity interest in JC Finance & Leasing.

During the Reporting Period, JC Finance & Leasing maintained rapid growth. As of June 30, 2019, the total assets of JC Finance & Leasing and the closing balance of receivables of its financial leasing business amounted to RMB12,957 million and RMB12,274 million, respectively, representing a year-on-year increase of 10.5% and 15.7%, respectively. The revenue and net profit in the first half of 2019 amounted to RMB500 million and RMB120 million, representing an increase of 13.4% and 26.3%, respectively, compared with the corresponding period of last year.

JC Finance & Leasing continued to reinforce its business layout and market expansion. During the Reporting Period, traditional financial leasing business maintained steady growth. The balance of retail financial leasing business represented by heavy truck and SME leasing increased by over 90% as compared to the end of last year and has become an important growth driver. At the same time, JC Finance & Leasing continued to proactively explore external financing, establish cooperation with a number of financial institutions, and opened up new cooperations on bond investment with various commercial banks and securities companies, further diversifying its financing channels.

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, 2019	For the six months ended June 30, 2018
Revenue	**500**	441
Net Profit	**120**	95

Kaola Technology

During the Reporting Period, Kaola Technology further consolidated its leading position in the financial technology sector and continued to provide services for personal consumption, SMEs, community finance and other customer bases of inclusive finance in compliance with its licenses. As of June 30, 2019, the Company held 51% equity interests in Kaola Technology.

Thanks to the technology advantages in the Internet technology and big data, as of June 30, 2019, Kaola Technology has received over tens of millions of loan applications for its inclusive finance business, and the credit balance maintained at approximately RMB6,000 million. Besides, Kaola Technology has accumulated advantages in risk management model and data-based crediting model, extended the technology-empowered credit business from a few successful cases to a broader range. It accelerated the export of full-life cycle credit technology products and services, including standard products such as Tianqiong Anti-fraud (天穹反欺詐) and Hawkeye Risk Management (鷹眼風險管理) and diversified tailor-made product and service portfolios, to small and medium-sized banks, consumer finance companies and other licensed financial institutions, and facilitated inclusive finance by innovative technologies. During the Reporting Period, revenue from the financial technology business recorded a year-over-year growth of 343.16%.

In the future, with the development of new technology-driven credit business, Kaola Technology will continue to deepen inclusive financial services. Meanwhile, it will further expand and strengthen cooperation with various types of financial institutions with the aim of contributing to the industry.

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, 2019	For the six months ended June 30, 2018
Revenue	**927**	881
Net Profit	**68**	249

During the Reporting Period, the revenue increased year on year by 5.2%, mainly due to the presentation of net amount of the revenue recorded in the corresponding period of 2018 upon deduction of the interest expenses, but the revenue was recorded a decrease of approximately 10% after adjusting for such factor. The year-on-year profit decrease was primarily due to compressed loan balance and optimized product mix as a result of regulatory restrictions and affected by gains or losses on investments.

Associates in Financial Services Segment

During the Reporting Period, the profit contributed by associates and other investments to the financial services segment reached RMB473 million in total, representing a decrease of RMB42 million compared with the corresponding period of last year, which was mainly caused by the following factors: 1) the investment value increment of RMB315 million in PIC as calculated by fair value in the corresponding period of last year; 2) the diluted earnings from Lakala Payment's successful IPO this year; 3) the steady growth of Lakala Payment and Hankou Bank.

Lakala Payment

Lakala is a renowned comprehensive financial technology company in the PRC. It regards payment as an initial penetration, consolidates information technology, serves offline entities, and empowers the operation of medium and small enterprises in an all-round manner. Lakala Payment was duly listed on the ChiNext of the Shenzhen Stock Exchange (stock abbreviation: "Lakala", stock code: 300773). Prior to listing, we held 31.38% equity interests of Lakala Payment, and the shareholding ratio was diluted to 28.24% upon listing. Meanwhile, we obtained equity dilution gains of RMB265 million.

During the Reporting Period, as a result of the slackened macro-economy, Lakala Payment achieved a trading amount of RMB1.7 trillion, representing a year-over-year decrease of 11%. However, the QR-code-scanning transaction maintained its fast growth, with the trading amount and the number of deals up by 82% and 84%, respectively. In the first half of 2019, the proportions of the trading amount and number of deals of QR-code-scanning transactions increased by 8 percentage points, respectively, as compared to the corresponding period of last year. The reasons for the growth mentioned above included: 1) the optimization of the mix of Lakala Payment's merchants, channels and income of the payment business; 2) deepened merchant operations, with improved capabilities and incomes of fintech, e-commerce and IT services offered to the merchants; 3) extension to the overseas market and broadened layout in distribution and new retail cloud services by investments in the industrial Internet. All these have laid a solid foundation for Lakala Payment to comprehensively carry out its Strategy 4.0. During the Reporting Period, the revenue of Lakala Payment stood at RMB2,496 million, down by around 10% year over year; the net profit attributable to shareholders of the listed company reached RMB366 million, up by 25% year over year. The net profit growth during this period was mainly due to the surge of QR-code-scanning transactions and the decline of the allocated marketing expenses.

Hankou Bank

During the Reporting Period, Hankou Bank's performance improved steadily, with all key indicators fulfilling the operation goals. In terms of business, it has successfully issued the first individual residential asset securities among banking institutions in Hubei Province, conducted the first independent lead bond underwriting, launched the comprehensive business system of inclusive finance, and innovated the "STAR Listing Loan" product. As of June 30, 2019, the net profit attributable to the equity holders of the Company from Hankou Bank achieved a year-on-year increase of 9.1%.

Innovative Consumption and Services

Overview

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

- Better Education, our subsidiary, mainly provides pre-school education services;

- Shanghai Neuromedical Center (德濟醫院), our subsidiary, mainly provides neurology specialist and other comprehensive medical healthcare services;

- CAR, our associate, mainly provides comprehensive vehicle rental services including car rentals, fleet rentals and financial leasing, as well as sales of used cars; and

- Bybo Dental, our associate, mainly provides dental healthcare services through chain operations.

During the Reporting Period, we continued to push forward the development and value creation of existing businesses while seeking new investment opportunities. On one hand, we placed more focus on niche segments; on the other hand, we strengthened the two-wheel drive with Legend Star, Legend Capital and Hony Capital under our financial investment segment. The portfolio companies in the segment developed steadily. Despite tightened regulations, Better Education, upholding the idea of "holistic education ("全人教育")", maintained its nationwide leading position as a middle-and-high-end kindergarten group with direct operation networks; Shanghai Neuromedical Center realized an interim profit for the first time; Bybo Dental and Taikang Life Insurance launched several dental insurance products, offered more diverse payment options and value-added services to customers, achieved double-digit revenue growth and further narrowed its loss year over year during the Reporting Period.

During the Reporting Period, the revenue and net (loss)/profit of the innovative consumption and services segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**429**	886
Net (loss)/profit	**(6)**	1,034
Net (loss)/profit attributable to equity holders of Legend Holdings	**(14)**	1,139

During the Reporting Period, the revenue of the innovative consumption and services segment decreased by 51.6% year over year mainly due to the deconsolidation of Bybo Dental's financial statement since April 2018. The net profit drop during this period was mainly due to the investment gain from the introduction of Taikang Life Insurance as a strategic investor of Bybo Dental during the corresponding period of last year.

Better Education

Better Education, our subsidiary, is a leading kindergarten group with direct operation networks of middle and high-end kindergartens in China and is mainly engaged in the pre-school education for kids. We made a strategic investment of approximately USD127.5 million in Better Education in July 2017. As of June 30, 2019, we held, through our subsidiaries, 51% equity interest in Better Education, and Hony Capital of our Group held another 29% of its equity interest.

After over a decade's operation, Better Education has established a standardized operation model and developed an operation team with extensive experience in management. At present, its kindergarten network has covered 39 cities in 16 provinces in China. As of June 30, 2019, Better Education directly ran 111 kindergartens, 9 early learning centers and training schools, and 14 new kindergartens in preparation in Shanghai, Suzhou, Nanjing, Chongqing, Changsha, Guangzhou and other cities with about 35,000 enrolled students and about 5,200 staff. It is a leading kindergarten group with direct operation networks of middle and high-end kindergartens and ranks among the top tier in respect of business scale in China.

The following table sets forth the main business information of Better Education:

	As of June 30, 2019	As of June 30, 2018
Number of kindergartens, early learning centers and training schools	**120**	110
Number of students enrolled	**about 35,000**	about 32,000
Number of teaching staff in-service	**about 5,200**	about 4,800

During the Reporting Period, the revenue and net profit of Better Education are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**291**	245
Net Profit	**15**	34

During the first half of 2019, local governments proactively implemented policies and regulations on pre-school education as promulgated by the Central Committee of the CPC, the State Council and the Ministry of Education, increased investment in the construction of public kindergartens, and strengthened the transformation from privately run kindergartens to kindergartens of inclusive education (民辦幼兒園轉普惠). Under the current policies and market environment, there are fewer market opportunities for newly operated privately run kindergartens, and the subsidy standards for privately run kindergartens of inclusive education in certain regions are still uncertain.

We believe the business of Better Education will be affected by the aforesaid policies to a certain extent, but the fundamentals are still solid with sound operation. There is a certain proportion of our kindergartens still at the stage of improvement or preparation, and the growth of tuition fees will continuously contribute to future results.

Shanghai Neuromedical Center

Shanghai Neuromedical Center, our subsidiary medical institution, provides mainly neurology specialist medical service. The Company invested in Shanghai Neuromedical Center in August, 2016. As of June 30, 2019, we held through our subsidiaries 58% equity interest in Shanghai Neuromedical Center, and Legend Capital of our Group held another 15% of its equity interest.

Founded in 2013, Shanghai Neuromedical Center is a specialist hospital built according to the scale of tertiary specialized hospital standards and excels in several comprehensive areas, especially clinical neuroscience. 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 center, with the support of comprehensive subjects such as surgery and internal medicine.

During the Reporting Period, Shanghai Neuromedical Center continued to introduce more medical talents and to develop medical technology. In neurology, orthopedics and cardiology, it either introduced expert talents or cooperated with outstanding force from public hospitals, further highlighting the characteristics of neurological specialty, increasing the proportion of surgical operations and optimizing business structure to constantly enhance the brand of the hospital and the ability to serve its patients.

The following table sets forth the number of hospital beds available and key business statistics:

	As of June 30, 2019	As of June 30, 2018
Number of hospital beds available	**324**	324
Outpatient visits *(10,000 visits)*	**7.4**	8.0
Discharged patients *(discharges)*	**3,479**	3,036

During the Reporting Period, the revenue and net profit/(loss) of Shanghai Neuromedical Center are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**138**	124
Net profit/(loss)	**5**	(16)

During the Reporting Period, the revenue of Shanghai Neuromedical Center steadily increased to RMB138 million, representing an increase of 11.3% as compared to the corresponding period of last year; net profit amounted to RMB5 million, achieving an interim profit for the first time, mainly because of the positive results from the inputs of technology and service in the early stage that promoted business progress and enhanced the hospital brand. Although recent health care reform policies may affect short-term results, we believe that with strengthened discipline construction of the hospital and enhancement of brand awareness, Shanghai Neuromedical Center is expected to achieve a long-term growth.

Associates of Innovative Consumption and Services

CAR

CAR, our associate, provides comprehensive car rental services including car rental, fleet rental and financial leasing, and sales of used car services. Through its strategic partner, UCAR Inc., it provides an on-demand chauffeured cars services based on mobile Internet technology and the strong brand of "UCAR". As of June 30, 2019, the Company held 26.59% equity interest in CAR.

In the first half of 2019, CAR focused on its core business and strengthened the application of advanced technologies. During the Reporting Period, the car rental revenue accounted for 87% of total rental revenue, representing a further concentration on the core business. The extensive applications of its self-service technology and smart assistant system has started to pay off, as they improved the operational efficiency, reduced direct operational cost per unit, and created better customer experience. The sales of used cars continued to recover, and CAR will strike a healthy balance between the cost of depreciation and the vehicles' condition to preserve its competitiveness.

As of June 30, 2019, the total size of CAR's fleet reached 147,388, and the number of used cars sold stood at 10,473 in the first half of 2019. During the Reporting Period, car rental days increased by 24% year over year; the revenue of car rental business increased by 21% year over year to RMB2,504 million; and the revenue of fleet rental and other businesses reached RMB373 million. The net profit increased by 106% year over year to RMB279 million.

During the Reporting Period, the revenue and net profit of CAR are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**3,741**	3,075
Net Profit	**279**	135

During the Reporting Period, the revenue of CAR reached RMB3,741 million, up 22% year over year, mainly attributable to the growth of car rental business. The net profit hit RMB279 million, up 106% year over year, mainly due to the reduced fair value loss of the USD-denominated bonds resulting from RMB's exchange rate fluctuation as compared to the corresponding period of last year. The adjusted net profit stood at RMB348 million, up 4% year over year.

Bybo Dental

Bybo Dental, our associate, provides dental healthcare services. We made a strategic investment in Bybo Dental in July 2014 and became its controlling shareholder. In January 2018, in order to support the development of Bybo Dental, Taikang Life Insurance was strategically introduced to the investment in Bybo Dental. As of June 30, 2019, we held 36.469% equity interest in Bybo Dental.

During the Reporting Period, Bybo Dental continued to refine its medical system and management. Through the systematic training of employees and the establishment of standard dental service system, key nodes of reservation, reception, medical treatment, settlement and return visits are standardized, so that customers may enjoy consistent high-quality services in stores all over the country. In addition, while continuing to strengthen the medical team, through training and nurturing by its discipline leaders, as well as forming teams of medical talents from within, Bybo Dental comprehensively enhanced the competency of the dentists, improved overall healthcare performance, and established long-term core competitive advantages in healthcare.

Meanwhile, Bybo Dental continued to promote the collaboration with insurance resources. While carrying out customer interactions nationwide to broaden marketing channels, Bybo Dental also cooperated with Taikang Life Insurance and launched several dental insurance products to offer a variety of payment options and value-added services to customers. In the future, Bybo Dental will also work towards stronger synergy between oral healthcare and insurance services.

In the first half of 2019, the revenue of Bybo Dental amounted to RMB936 million, representing an increase of RMB143 million as compared to the corresponding period of last year, or a year-on-year increase of 18.0%. With emphasis on standardization and refinement of its management, losses were further reduced, and the overall operating condition was improved.

Bybo Dental will continue to improve its medical technology and quality, and focus on service quality while creating greater synergy with insurance, so as to enhance customer loyalty and market share. It will strive to deliver better financial performance while providing high-quality dental medical services.

Agriculture and Food

Overview

Joyvio Group, our subsidiary, is an agricultural and food industry group specially established by us to pursue Legend Holdings' vision in agriculture and food. Joyvio Group categorizes fruit and high-end animal protein as its two main business lines, and actively plans its business layout in fresh semi-finished products and agro-food technology. As of June 30, 2019, the Company held 95% equity interest in Joyvio Group.

We believe there are vast development opportunities in the agriculture and food industry in China: with China's increasing per capita disposable income and consequential changes in spending concepts and habits, China has entered a stage of quick upgrading of food consumption; since the agricultural and food industrial chains in China only have traditional models with relatively low level of professional division of labor, the product quality, food safety, operating efficiency, profitability and sustainability of the agricultural and food industry can be significantly enhanced by overall design and synergistic network across the industrial chains. Joyvio Group has seized the abovementioned opportunities, and utilized the advantages in resources, product varieties and technologies to source investment opportunities and connect them with the consumer market in China.

Joyvio Group is committed to the construction of a resource integration platform, focusing on two supply chain systems of fruits and animal proteins. In respect of the supply chain of fresh fruits, Golden Wing Mau continued to deploy its resources in the global supply chain and its all-channel distribution network. "Joyvio", its high-end fruit brand, has gained broader influence and achieved categories upgraded and diversification, leading to the rapid year-over-year growth of supermarket delivery and distribution channel business. In respect of the animal protein supply chain, domestically, we have acquired Joyvio Agriculture, an A-share listed company with controlling shareholding in Qingdao Starfish, a leading Chinese enterprise engaged in animal proteins; overseas, we own KB Food, a leading Australian animal protein supplier, based on which the expansion and integration of global animal protein supply chain system will be carried out.

We hope to develop Joyvio Group into an agricultural and food industry group under Legend Holdings. We will continue to improve the operational efficiency and provide consumers with products and services of better quality through industrial integration and our global presence.

Operating highlights:

- In the fruit business, during the Reporting Period, benefiting from the upgrade of consumption and rapid development of new retail, Golden Wing Mau achieved rapid growth year over year in both revenue and net profit. Joyvio Group remained optimistic on Golden Wing Mau's growth prospects and continued to increase its shareholdings. This further enhances the strategic value of Golden Wing Mau as a fruit business platform of Joyvio Group and reinforces the determination of Joyvio Group to focus its resources to develop Golden Wing Mau into a world-leading fruit industry company.

- In the animal protein business, Joyvio Agriculture completed in July the delivery of the control in Australis Seafoods S.A. a leading salmon company in Chile, the first successful project involving cross-border merger and acquisition of upstream high-quality salmon resources overseas by a Chinese enterprise, which further consolidated and substantially enhanced its ability to control scarce and high-quality upstream resources.

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

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**7,491**	6,387
Net profit	**241**	478
Net profit attributable to equity holders of Legend Holdings	**112**	379

During the Reporting Period, the revenue of the agriculture and food segment increased from RMB6,387 million in the corresponding period of last year to RMB7,491 million, mainly attributable to the year-over-year revenue growth of Golden Wing Mau. Net profit decreased from RMB478 million to RMB241 million year over year, mainly due to the combined effect of the RMB270 million gain recognized from the shareholding restructuring of Funglian Group and the goodwill impairment of Joyvio Agriculture in the corresponding period of last year.

(1) Fruit business

During the Reporting Period, benefiting from the upbeat trend of fruit consumption and the fruit price hike caused by the reduced yield of domestic fruit in China, the consumer's demand for imported quality fruits remained robust, which accelerated the revenue growth of Golden Wing Mau whose main products are quality fruits. Golden Wing Mau persistently pursued product quality, continued to carry out marketing campaigns for "Joyvio", and gradually achieved consumers' recognition for the brand, hence a steady increase of the market premium rates of Joyvio blueberry and Joyvio durian. At the same time, Golden Wing Mau continued to deploy its resources in the global supply chain and a all-channel sales network. In respect of plantation, Gold Wing Mau cooperated with HORTIFRUT, a world-leading blueberry company, in new varieties and plantation technologies of blueberry, and achieved production in early spring, so that domestic blueberries were available on the market during the Chinese New Year. In respect of supermarket and retailer service, the retail industry exerted greater efforts to sell fresh, quality and standardized food, demanding greater quality from suppliers and causing small suppliers to rapidly withdraw from the market, and that enabled Golden Wing Mau to gain further market share. In respect of distribution, Golden Wing Mau has achieved layout in 15 first-class and second-class fruit markets in China and has become the largest importer and distributor of kiwifruits, apples, blueberries, cherries and grapes in China. As the growth of the fruit industry and the prospects of Golden Wing Mau and Xinguojiayuan continues to be optimistic, Joyvio Group has further increased its shareholdings in both Golden Wing Mau and Xinguojiayuan during this period. As of June 30, 2019, the Company held 44.37% equity interest in Gold Wing Mau.

(2) Animal protein business

During the Reporting Period, the "global resources + China's market ("全球資源+中國市場")" strategy of Joyvio Agriculture has made a major breakthrough by officially issuing a public acquisition offer (OPA) to all shareholders of Australis Seafoods S.A., a leading salmon company of Chile, and the delivery of control was completed in July, which successfully materialized the first project involving cross-border merger and acquisition of upstream high-quality salmon resources overseas by a Chinese enterprise. This acquisition helps to consolidate and substantially enhance its ability to control scarce and high-quality upstream resources, stabilizing Joyvio Agriculture's existing businesses while preserving its leading positions as China's largest pandalus borealis importer and distributor, the largest pollock processor and supplier, and a brand importer of animal proteins with all-channel layout.

KB Food has been awarded the title of Best Seafood Supplier by Woolworths, Australia's largest supermarket chain operator, for three consecutive years. During the Reporting Period, both parties entered into the largest domestic shrimp contract in history. In respect of the catering industry, KB Food covers more than 90% of the seafood wholesale channels on the east coast of Australia and entered into a long-term contract with Compass, the world's largest food and beverage service provider, on the west coast of Australia while supplying fast food giants Domino's and Nandos. Takari, the deep-sea shrimp trapping boat acquired by KB Food at the end of last year, was in steady and sound operation in deep sea shrimp trapping. As of June 30, 2019, the Company held 90% equity interest in KB Food.

(3) Ready-to-Cook (RTC) business

During the Reporting Period, the sales revenue of Nine Masters grew steadily on a year-on-year basis, while product research and development, channel expansion and operational management capabilities were further enhanced. On the one hand, Nine Masters continued to expand its group customers, enhance its refined management of group meal business and consolidate its market position; on the other hand, it has exerted more efforts in research and development, introduced best-selling products such as bullfrogs, further expanded its sales channels and customer base, and strengthened the leading position of Nine Masters in the domestic RTC industry. As of June 30, 2019, the Company held 68.58% equity interest in Nine Masters.

(4) Drinks business

Joyvio Group's drinks business includes tea leaves (Longguan Company), as well as investment in wine and liquor chain retail (Liquor Easy), Chinese liquor (Hebei Hengshui Laobaigan) and wine.

As the designated tea leaves' provider for a number of significant international conferences, Longguan Company continued to promote the high-end longjing ("dragon well") tea brand, realizing the aspiration to be the promoter of longjing tea. Its e-commerce and sales channels have been extended, thereby constantly enhancing brand awareness and social influence.

During the Reporting Period, Liquor Easy's sales revenue grew steadily as compared to the corresponding period of last year. By further tapping the market potential to increase customer loyalty, Liquor Easy enhanced the sales volume in Henan's market, leading to a higher market share. Liquor Easy optimized the layout of outlets and distribution stations, strengthened internal management and improved customer satisfaction, sustaining its profitability during the Reporting Period. As of June 30, 2019, the Company held 26.80% equity interest in Liquor Easy.

(5) Packaged food business

Joyvio Group invested in Hunan Huawen Food, a well-known enterprise in China. During the Reporting Period, Huawen Food actively promoted the construction of terminal channels, optimized market-end product spectrum, extended the sales channels to second and third-tier cities and below, and expanded its share in the snack food market there. Meanwhile, Huawen Food attached great importance to the investment in brand building to enhance the brand recognition. As of June 30, 2019, the Company held 19.80% equity interest in Huawen Food. Having completed the IPO counseling and inspection, Huawen Food formally submitted its A-share market IPO application on June 12, 2019. The application has been accepted.

Advanced Manufacturing and Professional Services

Overview

Our subsidiaries and associates in the advanced manufacturing and professional services include:

- Levima Group, our subsidiary, mainly engages in the research and development and production of advanced polymer materials and special chemicals;

- Zeny Supply Chain, our subsidiary, mainly provides logistics services; and

- EAL, our associate, mainly engages in air logistics related businesses.

Legend Holdings is committed to developing China's leading manufacturing and related professional services, and has completed staged layout in advanced materials and high-end logistics. Legend Holdings will continue to explore related fields, focus on materials, technologies, manufacturing and services that are in short supply in China, keep expanding frontier businesses while facilitating existing industrial development, and forge efficient coordination among our portfolio companies, striving to become a world-leading enterprise in advanced manufacturing and professional services.

During the Reporting Period, the revenue and net profit of advanced manufacturing and professional services segment are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**2,726**	3,124
Net profit	**338**	196
Net profit attributable to equity holders of Legend Holdings	**236**	148

During the Reporting Period, the revenue of advanced manufacturing and professional services segment decreased year over year, mainly because Zeny Supply Chain suspended its supply chain financial business during this period to control risks. The net profit increased from RMB196 million in the corresponding period of last year to RMB338 million, mainly due to the profit growth of Levima Group.

Operating highlights:

- Benefiting from the safe and stable operation, continuous reduction in material and energy consumption of its device, continuous optimization of its product mix, and strong market demand for products, Levima Group achieved a year-on-year increase of net profit by 98% in the first half of 2019;

- During the Reporting Period, Levima Advanced Materials (a subsidiary of Levima Group) and EAL respectively submitted the formal IPO applications to CSRC, and the applications were accepted.

Levima Group

Through Levima Group, our subsidiary, we are engaged in the research and development and production of chemical new materials, such as advanced polymer materials and special chemicals. During the Reporting Period, benefiting from the further optimization of its product mix and continuous improvement in operation, Levima Group recorded an excellent performance with a net profit of RMB242 million in the first half of 2019, representing a year-on-year increase of 98%. As of June 30, 2019, we held 60.44% equity interest in Levima Advanced Materials through Levima Group, our wholly-owned subsidiary.

In respect of operation, the DMTO integrated device of Levima Advanced Materials maintained safe and stable operation; key consumption indexes, such as methanol consumption per unit of DMTO device, kept decreasing, realizing the best level since the operation of the device; and various operational indicators continued to improve and maintained the leading level in the industry.

In respect of market, by strengthening product development and market channel expansion, Levima Advanced Materials optimized its product mix. In particular, its market share continued to rank first in China in terms of PP, EVA, EOD and other product segments. During the Reporting Period, benefiting from the rapid growth in meal boxes for take-away service, and fresh food package, the proportion of thin-walled polypropylene injection molding products accounted for 100% in PP products of Levima Advanced Materials, which allowed Levima Advanced Materials to maintain its leading market share in China. At the same time, the new special polypropylene products developed by Levima Advanced Materials have been applied to new products such as milk tea cup, winning praises from customers. EVA products with a high content of VA reached 100%. The market share of cable material products continued to rank first in China. The proportion of special EOD products further increased, and the influence of the products in the field of water reducing agents for construction purposes and special surfactants was continuously improved.

In respect of innovation, Levima Advanced Materials has made positive progress in scientific and technological innovation. Two projects were recognized as Selected Projects of Shandong New and Old Kinetic Energy Conversion Major Project Repository, while one of the projects was included in the Shandong Province Major Science and Technology Innovation Project, and the 2018 Shandong Province Key Research and Development Projects. At the same time, Levima Advanced Materials was awarded the honorary titles of Shandong Province New Materials Leading Enterprise, 2019 Shandong Top 100 Private Enterprises, 2019 Shandong Top 10 New Energy and New Materials Industry Leading Private Enterprises, etc.

In addition, Levima Advanced Materials is actively preparing for its A-share listing. The counselling and inspection by Shandong Provincial Securities Regulatory Bureau was completed in May 2019. On June 10, 2019, Levima Advanced Materials received from CSRC the notice of accepting its IPO and Listing application.

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, 2019	For the six months ended June 30, 2018
Revenue	**2,672**	2,838
Net Profit	**242**	122

During the Reporting Period, the net profit of Levima Group reached RMB242 million, up by 98% year over year, mainly due to the optimized product mix and improved operation.

Zeny Supply Chain

Zeny Supply Chain endeavors to be an industry-leading company of frozen foods supply chain business for consumers. The company currently manages 300,000 tonnes of cold-chain storage infrastructure in Wuhan and Zhengzhou, the two cities where wholesale markets are located, and strives to use the e-commerce platform to promote online transactions and cold-chain storage services. In 2019, the macro-economic deleveraging significantly increased the cost of capital. In order to control risks, Zeny Supply Chain suspended its supply chain financial business, downsizing its heavy assets to recover funds while enhancing the operation of frozen storage. During the Reporting Period, Zeny Supply Chain turned losses into profits, mainly attributable to gains from its optimization of heavy assets, while the frozen products wholesale markets in Baishazhou, Wuhan, maintained an occupancy rate of 93%.

During the Reporting Period, the revenue and net profit/(loss) of Zeny Supply Chain are set out as follows:

Unit: RMB million

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	**54**	286
Net profit/(loss)	**31**	(38)

During the Reporting Period, the revenue of Zeny Supply Chain declined by RMB232 million as compared to the corresponding period of last year, mainly due to revenue drop caused by the suspension of supply chain financial business for risk control; net profit stood at RMB31 million, mainly attributable to the loss-to-profit reversal enabled by the optimization of its heavy assets.

Associates of advanced manufacturing and professional services

EAL

We are mainly engaged in air logistics business through EAL, our associate. Impacted by the intensified Sino-U.S. trade friction, early release of the import and export trade demand of China and other factors, the cargo and mail throughputs of major airports in China recorded declines during the Reporting Period. In addition, the depreciation of RMB and maintenance of high aviation fuel prices in the first half of 2019 also posed challenges to domestic air cargo market.

Despite the challenges in the air cargo market in the first half of the year, EAL actively explored and diversified customer demands at each level, and provided efficient and customized solutions by consolidating its advantageous resources. In terms of air express delivery, EAL successfully launched the "Shanghai-Los Angeles" and "Guangzhou-Shanghai-Los Angeles" port-to-port time-limited products in the first half of the year, and the transportation time was greatly reduced, which in turn maximized the customer experience. In terms of ground integrated services, in response to China's development strategy of "Yangtze River Delta Integration" to enhance integration of air transportation and trade convenience in the Yangtze River Delta region, EAL and Suzhou Industrial Park officially launched the air freight direct access port project in the first half of 2019 with the aim of transporting freight station services of Shanghai Pudong Airport to Suzhou Industrial Park and of the integration of customs clearance in the industrial parks. The direct access port mode has accelerated logistics by several hours, saving a certain percentage of the logistics costs for the import and export enterprises in Suzhou Industrial Park, thereby providing more convenience for the trading flows in the Yangtze River Delta region. In terms of integrated logistics solutions, the scale of cross-border fresh food logistics business of EAL has continued to grow rapidly, providing efficient and high-quality services to cross-border fresh-food-selling customers while further satisfying the demand of domestic consumers of global fresh produce.

In terms of strategic layout, EAL actively created key logistics connections in national strategic regions such as Beijing-Tianjin-Hebei Region and the "Belt and Road". During the Reporting Period, EAL took the initiative to participate in such projects as Beijing Daxing International Airport and Xi'an Xixian New Area Airport Logistics Park, and entered into strategic cooperation agreements with Langfang Airport Economic Zone and Xi'an Xixian New Area, respectively. According to the agreements, EAL will develop airport industrial parks in Langfang Zone of Daxing International Airport Economic Zone and Airport New City of Xi'an Xixian New Area to promote the development and construction of Beijing Daxing International Airport and Xi'an Xianyang International Airport, and to advance the development of key functions of aviation logistics in the Airport Economic Zone.

In terms of capital market, during the Reporting Period, EAL submitted to CSRC the official IPO application, which was accepted on June 28.

Financial Investments

Overview

We are a pioneer in China's assets management sector, seeking equity investment opportunities at various stages of a company's development. We seek for financial returns by leveraging on various financial investment platforms, which include angel investment, venture capital, private equity investment and other types of investments. Each of our investment platforms has a specialized focus and risk appetite, which allows us to target a broad range of investments. In our financial investments business, we also seek synergies and share resources with our strategic investments business. Through Legend Star, Legend Capital and Hony Capital, we have obtained a deep understanding of the financial investment industry, which allows us to have 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.

In addition to investing in the abovementioned investment platforms, we also made other types of investments, in particular, our own direct financial investments. Through the minority equity investments in primary and secondary markets, we have achieved sound cash returns. During such processes, 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 investments mainly include Raycom Info Tech Park Tower A, Tower B and Tower C located 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, 2019	For the six months ended June 30, 2018
Revenue	**325**	304
Investment income and gains	**1,290**	469
Share of profits/(loss) of associates and joint ventures accounted for using the equity method	**121**	(66)
Net profit	**1,362**	429
Net profit attributable to equity holders of Legend Holdings	**1,350**	470

During the Reporting Period, investment income and gains from the financial investment segment increased from RMB469 million for the corresponding period of last year to RMB1,290 million, and net profit attributable to equity holders of the Company increased from RMB470 million to RMB1,350 million, which was mainly due to the significant recovery of the fair value of the financial assets invested during the Reporting Period.

Legend Star

Founded in 2008, Legend Star is one of China's leading angel investment institutions and focuses on three major areas, namely, artificial intelligence, TMT and healthcare.

As of June 30, 2019, Legend Star managed five funds, of which the total AUM exceeded RMB2 billion with an aggregate of over 250 onshore or offshore investment projects including iDreamsky Games, Megvii, AISpeech, Loock.cn, Homework Box, Pony.AI, Surestar, Burning Rock Dx, Kintor Pharmaceuticals, PegBio, Conmed Biosciences, Axonixs, and other high quality projects. During the Reporting Period, Legend Star had nearly 20 onshore or offshore investment projects covering different niche segments such as artificial intelligence, biotechnology, new medical services, and new consumption. Among the projects under management, over 30 projects had follow-on financing, while 5 projects were exited.

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

Legend Capital

Legend Capital is one of the leading venture capital institutions in China. As of June 30, 2019, Legend Capital totally managed eight USD general funds (two of which were settled), five RMB general funds, three RMB early-stage funds (one of which was the sub-fund of Junruiqi, and was not listed separately in the list below.), two USD funds specialised in healthcare sector, two RMB funds specialised in healthcare sector, two RMB funds specialized in the culture and sports sector and one fund specialized in the red-chip return concept. In the first half of 2019, Legend Capital launched two new USD funds and one new RMB fund, namely LC Fund VIII, L.P. ("8th USD general fund"), LC Healthcare Fund II, L.P. ("2nd USD medical fund") and Shanghai Legend Shenghao Venture Investment, L.P. (上海君聯晟灝創業投資合夥企業(有限合夥)) ("TMT RMB innovation fund"). As of June 30, 2019, the raised fund amounted to RMB7.877 billion during the Reporting Period, including an equivalent of RMB1,715 million raised from the new 8th USD general fund, an equivalent of RMB984 million raised from the 2nd USD medical fund and a total of RMB782 million raised from the TMT RMB innovation fund.

In 2019, Legend Capital plans to complete the final closing of the 5th RMB growth fund, TMT innovative RMB fund and 2nd RMB medical fund. The newly raised funds will basically maintain the continuity of the investment strategy, focus on Chinese enterprises and cross-border opportunities at the start-up stage and growing stage in TMT, innovative consumption, intelligent manufacturing, professional services, healthcare, and culture and sports sectors. In addition, in 2019, Legend Capital will promote the exit from projects under management to ensure better return in cash for investors.

During the Reporting Period, Legend Capital accumulatively completed 13 new project investments, covering start-up and growing stage enterprises in TMT and innovative consumption, healthcare, corporate services and intelligent manufacturing sectors.

During the Reporting Period, Legend Capital fully or partially exited 22 projects, contributing a cash inflow of over RMB600 million, contributing good cash returns to Legend Holdings. Among its portfolio companies, 6 enterprises were listed on the domestic and overseas capital markets through IPO, namely Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), Jiangsu Lihua Animal Husbandry Co., Ltd. (江蘇立華牧業股份有限公司), Maoyan Entertainment, Ruhnn Holding Limited, Luckin Coffee Inc. and Qingdao Huicheng Environmental Technology Co., Ltd. (青島惠城環保科技股份有限公司). The application for the listing of A shares of Shenzhen Colibri Technologies Co., Ltd. (深圳科瑞技術股份有限公司) has been approved. As of June 30, 2019, a total of 64 of Legend Capital's portfolio companies have been successfully listed (excluding the number of NEEQS companies).

The following table sets forth the information of Legend Capital's funds in which Legend Holdings and its subsidiaries held direct or indirect interests in their capacity as a limited partner as of June 30, 2019:

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 III, L.P.	4/27/2006	N/A	170	IT and related sectors (Investment in extension period involves the non-IT sector)	68.64%
LC Fund IV, L.P.	4/15/2008	4/15/2020	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%

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 *(%)*
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%
LC Healthcare Fund II, L.P.	10/11/2018	n.a.*	143	Healthcare	42.09%
LC Fund VIII, L.P.	10/11/2018	2/14/2029	249	TMT and innovative consumption, 2B enterprise services, hard & core technology	36.21%
Great Unity Fund I, L.P.	6/7/2018	n.a.*	600	Investment in LC Fund VIII, LC Healthcare Fund II, etc.	50.00%
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	9/18/2019	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	3/31/2021	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	1,247	Culture entertainment, sports	20.05%
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	4,500	TMT and innovative consumption, intelligent manufacturing, professional services and healthcare services	22.22%
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	1,315	Culture entertainment, sports	28.52%
Suzhou Junlian Xinkang Venture Investment, L.P. (蘇州君聯欣康創業投資合夥企業(有限合夥))	4/16/2018	4/15/2026	1,375	Healthcare	29.09%
Beijing Junlian Shengyuan Equity Investment, L.P. (北京君聯晟源股權投資合夥企業(有限合夥))	7/9/2018	7/8/2026	6,421	TMT, innovative consumption, intelligent manufacturing, professional services and healthcare services	20.25%
Shanghai Junlian Shenghao Venture Investment, L.P. (上海君聯晟灝創業投資合夥企業(有限合夥))	12/18/2018	12/17/2026	782	Enterprise IT services and cutting-edge technology, smart hardware and new technology, internet and innovative consumption	35.17%

* The termination date of the fund is 10 years from the final delivery date, as of June 30, 2019, the final delivery of the fund has yet to be completed.

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.

Hony Capital

Hony Capital is one of the leading investment and management institutions in China and now covers PE, real estate, public fund management, hedge fund and innovative investment businesses. As of June 30, 2019, Hony Capital mainly invested in and managed eight equity investment funds, two property funds and one cultural industry fund in total. During the Reporting Period, the cultural industry fund completed a new round of closing with a size of RMB970 million upon closing. Hony Horizon Fund Management Co., Ltd., a public fund management company specializing in secondary market investment and management business under Hony Capital, completed the subscription of a new fund during the Reporting Period – Hony Horizon consumption and upgrading hybrid fund (fund code: 006644). A total of 4,674 investors participated in the effective subscription, with a net subscription amount of RMB404 million. The AUM of the two public funds in management amounted to an aggregate of RMB610 million.

Hony Capital's PE funds focus on digital economy, cross-border mergers and acquisitions, SOE reforms, development of large-scale private enterprises with specific industry concentration on consumption, services, healthcare, advanced manufacturing, mobile Internet, etc.

The property funds focus strategically on the 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 these office buildings and other commercial buildings with potential to be converted into office ones.

The cultural industry fund will focus on the integrated investment, cross-border investment and investment in early stage projects in the new trend sectors in the cultural industry. It will prioritize the investment in film and television industry, entertainment and sports industry, and keep close eyes on online games and new media businesses driven by new technologies.

Hony Capital's public fund management company will focus on leveraging Hony Capital's expertise in consumer services, catering, medical and other industries, as well as in SOE reforms and cross-border investments, focusing on value investment and committed to creating public fund products with distinctive characteristics and excellent performance.

Hony Capital's overseas secondary market investment platform, Goldstream Investment, focused on liquid assets investment. Currently, it operates a variety of strategies including Greater China long and short position fund, Greater China long position fund, global macro, global healthcare industry stocks, bonds and asset securitizations, CTA/quantitative strategies and special opportunity securities. Goldstream Investment made capital injection to International Elite (stock code: 01328), a Hong Kong listed company, in November, 2018. In June 2019, International Elite was renamed as "Goldstream Investment".

During the Reporting Period, Hony PE funds completed additional investment in one existing project. Hony property funds completed additional investment in five existing projects. Hony Horizon SOE transformation and upgrading hybrid fund established its position and is now in operation, while Hony Horizon consumption upgrading hybrid fund is still building its position.

During the Reporting Period, Hony PE funds fully or partially exited from twelve projects, Hony mezzanine funds fully exited from one project, and Hony property funds fully exited from one project, all of which contributed a continuous and stable cash inflow to Legend Holdings. Meanwhile, two of its portfolio companies got listed in China's capital market (Zhongyuan Special Steel and Wanda Film). As of June 30, 2019, 45 of Hony Capital's portfolio companies were successfully listed onshore or offshore (including PIPE investment) and another three were listed on NEEQS. As of June 30, 2019, Hony Capital fully exited from 51 investment projects. The median of the internal rate of return on these investments stood at about 12%.

The following table sets forth the main information of the funds managed by Hony Capital in which Legend Holdings and its subsidiaries held direct interests in their capacity as of June 30, 2019:

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)					
Hony International Limited	N/A	N/A	29	In view of China's economic environment and policy direction, Hony Capital's equity investment funds strategically focus on the opportunities of SOE reforms, private enterprise and cross-border M&As. In terms of industry selection, the funds focus on industries directly benefiting from China's macro trends, including consumption, health, services and high-end manufacturing, as well as transformation from mobile Internet.	40%
Honey 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	6/26/2020	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%
Goldstream Capital Master Fund I	1/12/2017	N/A	48	Goldstream Greater China long and short position fund starts from the fundamentals, systematically covering a group of industries and enterprises with Hony's cognitive advantages. It seeks opportunities for value and growth investment in line with its requirements for investment risks and returns, by in-depth, careful, timely, comprehensive research, to build a long and short position combination and create excellent long-term risk-adjusted returns for investors.	54%

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 *(%)*
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	4/23/2019	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))	8/12/2010	8/11/2019	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		9%
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	Focusing strategically on office buildings in first-tier cities.	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	2,157	To crease excess return over the market average by applying various value-added means such as renovation, enhanced operation and functional adjustment to theses office buildings and other commercial buildings with potential to be converted into office ones.	2%
Hony Horizon SOE transformation and upgrading hybrid securities investment fund (弘毅遠方國企轉型升級混合型發起式證券投資基金)	10/31/2018	N/A	318	Focusing on opportunities in transformation and upgrading of China's SOEs to pursue long-term appreciation of the fund's assets based on the strict control over investment risks.	31%
Hony Horizon consumption upgrading hybrid fund (弘毅遠方消費升級混合型發起式證券投資基金)	1/30/2019	N/A	235	Finding opportunities in the consumption upgrade driven by per capita income and demographic features, and to pursue stable and sustainable value growth of the fund's assets on the premise of strictly controlled risks of the portfolio.	21%

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) 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)) are collectively named as "Hony RMB Fund VIII" in the above table.

(4) Goldstream Capital Master Fund I, Hony Horizon state-owned enterprise transformation and upgrading hybrid securities investment fund (弘毅遠方國企轉型升級混合型發起式證券投資基金) and Hony Horizon consumption upgrading hybrid fund (弘毅遠方消費升級混合型發起式證券投資基金) in the above table are both public fund. The total commitment is presented as the total share of the fund, and the proportion of the share of the fund held by Legend Holdings is the ratio of the share held by Legend Holdings to the total share of the fund.

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[(Note)]. As of June 30, 2019, the occupancy rate was about 97.6%. We hold Tower A and Tower C of Raycom Info Tech Park through Raycom Property, a subsidiary of the Company and hold Tower B through Raycom Real Estate, a subsidiary. Tower A, B and C are mainly used for rent as premium offices and shops, as well as self-occupied offices. As of June 30, 2019, the fair value of our investment properties amounted to RMB11.33 billion (excluding the self-use portions).

Financial Review

Finance costs

Finance costs after deducting capitalized amounts increased from RMB2,539 million for the six months ended June 30, 2018 to RMB3,180 million for the six months ended June 30, 2019. Increase in finance costs was mainly due to the increase in the average total borrowings during the Reporting Period.

Taxation

Our taxation increased from RMB53 million for the six months ended June 30, 2018 to RMB980 million for the six months ended June 30, 2019. Increase in the amount of taxation was mainly due to the increase in profit before tax as compared to the corresponding period of last year.

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, 2019, we had RMB3,944 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 27 to the financial statements.

Liquidity and financial resources

Our principal sources of funds have been, and we expect to continue to utilize, cash generated from operations, various short-term and long-term bank borrowings, credit 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, 2019, our cash and cash equivalents were RMB59,252 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 27%, 38%, 17%, 4%, 6% and 8%, respectively, while the amount as of December 31, 2018 was RMB60,023 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 35%, 28%, 14%, 13%, 5% and 5%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits in 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 maintain finance portions of our capital expenditures with bank loans, other loans and corporate bonds at a proper scale in the foreseeable future.

Note: Tower A, B and C are located at Court No. 2 Ke Xue Yuan Nanlu, Haidian District, Beijing, Postal Code: 100190. The terms of land use rights of these properties will expire in the years of 2051, 2057 and 2053, respectively.

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, 2019	As of December 31, 2018
Bank loans		
– Unsecured loans	**31,347**	35,198
– Guaranteed loans	**24,018**	17,154
– Collateralised loans	**8,061**	5,486
Other loans		
– Unsecured loans	**3,471**	3,125
– Guaranteed loans	**7,593**	7,791
– Collateralised loans	**1,163**	2,112
Corporate bonds		
– Unsecured	**52,416**	57,256
– Guaranteed	**103**	103
– Convertible bonds	**4,943**	–
	133,115	128,225
Less: non-current portion	**(79,495)**	(68,548)
Current portion	**53,620**	59,677

As of June 30, 2019, among our total borrowings, 55% was denominated in RMB (December 31, 2018: 58%), 29% was denominated in USD (December 31, 2018: 26%) and 16% was denominated in other currencies (December 31, 2018: 16%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 74% and 26% of our total borrowings, respectively, while as of December 31, 2018 accounted for 93% and 7%, 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, 2019	As of December 31, 2018
Within 1 year	**53,620**	59,677
After 1 year but within 2 years	**17,812**	19,813
After 2 years but within 5 years	**54,423**	42,055
After 5 years	**7,260**	6,680
	133,115	128,225

As of June 30, 2019, we had the following major corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
The Company	Corporate bonds	RMB	November 30, 2012	10 years	RMB2,300 million
The Company	Corporate bonds	RMB	July 6, 2016	5 years	RMB1,500 million
The Company	Corporate bonds	RMB	July 6, 2016	10 years	RMB2,000 million
The Company	Private placement bonds	RMB	November 28, 2016	3 years	RMB3,000 million
The Company	Corporate bonds	RMB	July 5, 2017	5 years	RMB2,500 million
The Company	Corporate bonds	RMB	January 31, 2018	5 years	RMB1,000 million
The Company	Corporate bonds	RMB	June 29, 2018	3 years	RMB1,600 million
The Company	Corporate bonds	RMB	December 3, 2018	5 years	RMB1,500 million
The Company	Corporate bonds	RMB	January 15, 2019	3 years	RMB2,000 million
The Company	Corporate bonds	RMB	January 15, 2019	5 years	RMB1,000 million
The Company	Corporate bonds	RMB	June 21, 2019	5 years	RMB2,000 million
Lenovo	Long term notes	RMB	June 10, 2015	5 years	RMB4,000 million
Lenovo	Medium term notes	USD	March 16, 2017	5 years	USD500 million
Lenovo	Medium term notes	USD	March 29, 2018	5 years	USD750 million
Lenovo	Convertible bonds	USD	January 24, 2019	5 years	USD675 million
Zhengqi Financial	Corporate bonds	RMB	September 22, 2017	3 years	RMB300 million
JC Finance & Leasing	Asset backed securities	RMB	November 17, 2016	3-4 years	RMB144 million
JC Finance & Leasing	Private placement bonds	RMB	March 28, 2017	3 years	RMB500 million
JC Finance & Leasing	Asset backed securities	RMB	June 23, 2017	3-4 years	RMB564 million
JC Finance & Leasing	Private placement bonds	RMB	December 22, 2017	2 years	RMB100 million
JC Finance & Leasing	Private placement bonds	RMB	January 5, 2018	2 years	RMB300 million
JC Finance & Leasing	Asset backed securities	RMB	January 30, 2018	1-3 years	RMB218 million
JC Finance & Leasing	Asset backed Notes	RMB	June 27, 2018	2-3 years	RMB280 million
JC Finance & Leasing	Asset backed securities	RMB	November 27, 2018	1-3 years	RMB416 million
BIL	Subordinate bonds	EUR	June 30, 2014	25.5 years	EUR150 million
BIL	Subordinate bonds	EUR	June 8, 2016	12 years	EUR50 million
BIL	Subordinate bonds	USD	October 18, 2016	12 years	USD100 million
BIL	Medium term notes	JPY	December 19, 2002	20 years	JPY500 million
BIL	Medium term notes	EUR	2013 to 2019	1-20 years	EUR1,689 million
BIL	Medium term notes	USD	2018 to 2019	1-5 years	USD27 million
BIL	Medium term notes	CHF	April 11, 2016	6.5 years	CHF100 million
Lenovo Finance	Asset backed securities	RMB	September 26, 2018	1.5 years	RMB103 million
Joyvio Agriculture	Convertible bonds	USD	June 14, 2019	5 years	USD125 million

The annual interest rates of our bonds listed above as of June 30, 2019 ranged from 0% to 7.50%.

As of June 30, 2019, the Company had undrawn banking facilities of RMB88.2 billion. The Company has entered into formal or informal cooperation agreements with various major banks in China. According to these agreements, those 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 with respect to the use of these banking facilities.

Current ratio and net debt to equity ratio

	As of June 30, 2019	As of December 31, 2018
Current ratio *(times)*	**0.7**	0.7
Net debt to equity ratio	**83.6%**	82.2%

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 as compared with December 31, 2018. Current ratio of less than 1 was mainly due to the effect of acquisition of BIL. The measures used to gauge liquidity risk in the banking industry differ from those commonly used in other non-banking industries. BIL is not required to classify and present separately the current and non-current portion of its assets and liabilities on its standalone statement of financial position. Nonetheless, such classification was effected to the extent that uniform accounting policies on consolidated accounts are required, which may not reflect the underlying liquidity characteristics of the banking business of the Company. As at the end of the Reporting Period, the Core Equity Tier 1 ratio of BIL stood at 11.73%, bespeaking robust business stability. Moreover, despite of a current ratio of less than 1, we have confidence to honor maturing debts when they fall due in consideration of our operating cash flow forecast, undrawn credit facilities of the Company and its subsidiaries.

Net debt to equity ratio

Net 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 net debt to equity ratio at the end of the Reporting Period as compared with that as of December 31, 2018 was mainly due to the increase in our net debt.

Pledged assets

As of June 30, 2019, we pledged the assets of RMB16.0 billion (December 31, 2018: RMB16.5 billion) for obtaining borrowings.

Contingent liabilities

Our contingent liabilities primarily comprise (i) 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 third parties for their borrowings from certain financial institutions.

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, 2019 and December 31, 2018, the provision made by us was RMB28 million and RMB26 million respectively.

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

Unit: RMB million

	As of June 30, 2019	As of December 31, 2018
Financial guarantee of guarantee business	**10,968**	10,468
Other guarantee		
– Related parties	**3,715**	3,720
– Unrelated parties	**4,243**	6,376

The guarantee balances to unrelated parties are mainly related to real estate business, which was disposed in historic period during the validity period of the guarantee. The guaranteed companies provided counter guarantee correspondingly.

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 USD, RMB, EUR and CHF. 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 the Company and its subsidiaries. We and each subsidiary monitor the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimize the foreign exchange risk, and, when necessary, enter into forward exchange contracts to mitigate the foreign currency risk as appropriate.

Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2019 (six months ended June 30, 2018: Nil).

Subsequent events

At June 27, 2019, Joyvio Agriculture Development Co., Ltd (佳沃農業開發股份有限公司), a subsidiary of the Group, has announced an acquisition offer ("Offer") to all of the shareholders of Australis Seafoods S.A. ("Target Company") to acquire 100% issued shares of Target Company by cash, through its subsidiary Food Investment SpA. Target Company is a public company registered in Santiago, Chile and listed on the Santiago Stock Exchange, mainly engaged in the production and marketing of salmon. As of July 2, 2019, approximately 6,501 million shares of Target Company, approximately 95.26% of the issued shares, accepted the Offer and has been transferred. After the transfer of shares, Food Investment SpA becomes the controlling shareholder of Target Company.

As at August 1, 2019, the total shares of the Target Company that accept the Offer were 6,815 million shares, approximately 99.838% of the total issued shares of the Target Company. The total consideration of the Offer is approximately USD920 million, which has been paid. As of the date of this report, the valuation of the identifiable assets and liabilities of Australis Seafoods S.A. is not finished, so the related information is not disclosed.

Details about the number of employees, remuneration policy and bonus and remuneration standards for Directors.

As of June 30, 2019, the Group had approximately 74,000 employees.

The Company acknowledges that a top-notch professional team with high efficiency 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 general remuneration system for its core management members and general employees taking into consideration market competitiveness which is compatible with the business features of the Company:

In respect of the Company's core management members ("senior management"), the overall remuneration 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 based on the overall performance of the Company and the 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. Annual remuneration comprises annual basic salaries (determined based on the duties undertaken by senior management) and target bonus (calculated on the basis of 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). Benefits include basic social benefits and supplemental benefits of the Company.

In respect of the general employees of the Company, the overall remuneration consists of annual remuneration, mid-term to long-term incentives and benefits. Annual remuneration comprises basic salaries and target bonus. Basic salaries represent salaries determined based on duties undertaken by the employees, their performance appraisals and the level of their capabilities. Target bonus is determined based on a certain proportion of the employees' basic salaries and taking into consideration the annual operating results of the Company and the annual performance appraisal of employees. Meanwhile, in order to attract and motivate talents to create values for the sustainable development of the Company, the 2016 and 2019 mid-term to long-term incentive schemes were approved by the general meetings of the Company respectively, and all matters in relation to the implementations of such schemes were delegated to the Board and the remuneration committee of the Board (as the case may be) or their delegated representatives. In addition, the Company also establishes a system of basic social benefits and supplemental benefits as a complementary with a view to enhance its benefits level.

The remuneration for independent non-executive Directors is determined based on the time devoted, workload, duties undertaken thereby and prevailing market level. The remuneration committee reviews the remuneration for independent non-executive directors on a regular basis.

In accordance with the relevant regulations of China, the Company provides various statutory benefits to our employees, including basic pension insurance, basic medical insurance, employment injury insurance, unemployment insurance, maternity insurance and housing provident fund. In addition, in order to provide our employees with more comprehensive benefits, the Company also provides supplemental benefits on its own, including supplement to pension insurance, medical insurance and housing provident fund as well as physical medical examination.

Compliance with the Code of Governance

For the six months ended June 30, 2019, the Company has applied and complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Company reviews the compliance of the Corporate Governance Code on a regular basis in order to ensure that the Company has complied with the code provisions.

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 (hereinafter referred to 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 have complied with the Model Code set out in Appendix 10 to the Listing Rules during the reporting period.

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. SUO Jishuan, 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, 2019 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 Sale of the Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Directors' Interests and Short Positions in Securities

As at June 30, 2019, 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 corporations (within the meaning of Part XV of the SFO) as notified to our 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 our Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules, 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(i)	Approximate percentage of shareholding in the total issued Shares(ii)
LIU Chuanzhi	Beneficial owner	H Shares-Long Position	68,000,000	5.34%	2.88%
ZHU Linan	Beneficial owner	H Shares-Long Position	48,000,000	3.77%	2.03%
NING Min	Beneficial owner	H Shares-Long Position	36,000,000	2.83%	1.52%

Notes:

(i) The calculation is based on the percentage of shareholding in H Shares as at June 30, 2019. As of June 30, 2019 the Company has issued 1,271,853,990 H Shares.

(ii) The calculation is based on the total number of 2,356,230,900 Shares in issue as at June 30, 2019.

(ii) Interests in our associated corporations

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[d]
LIU Chuanzhi	Lenovo	Beneficial owner	4,184,960[a]	0.03%
ZHU Linan	Lenovo	Beneficial owner	5,827,151[b]	0.04%
ZHAO John Huan	Lenovo	Beneficial owner	4,680,566[c]	0.03%
NING Min	Lenovo	Beneficial owner	1,370,401	0.01%
LI Qin	Lenovo	Beneficial owner	1,724,000	0.01%

Notes:

(a) Mr. LIU Chuanzhi owns 3,494,960 ordinary shares directly and is deemed to be interested in 690,000 ordinary shares held by his spouse through a trust.

(b) Mr. ZHU Linan owns 2,600,330 ordinary shares and 3,226,821 units of share awards which are convertible into ordinary shares.

(c) Mr. ZHAO John Huan owns 603,437 ordinary shares and 4,077,129 units of share awards which are convertible into ordinary shares.

(d) The calculation is based on the total number of 12,014,791,614 shares issued by Lenovo as at June 30, 2019.

Interests of the Substantial Shareholders

As at June 30, 2019, so far as the 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 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]
CAS Holdings	Domestic Shares	Beneficial owner	684,376,910	63.11%	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)) ("Lian Chi Zhi Yuan")	H Shares-Long Position	Beneficial owner	480,000,000	37.74%	20.37%

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]
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] ("Lian Chi Zhi Tong")	H Shares-Long Position	Interest in controlled corporation	480,000,000	37.74%	20.37%
LU Zhiqiang[4]	Domestic Shares	Interest in controlled corporation	400,000,000	36.88%	16.97%
China Oceanwide	Domestic Shares	Beneficial owner	400,000,000	36.88%	16.97%
Oceanwide Group[4]	Domestic Shares	Interest in controlled corporation	400,000,000	36.88%	16.97%
Tohigh[4]	Domestic Shares	Interest in controlled corporation	400,000,000	36.88%	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)) ("Lian Heng Yong Xin")	H Shares-Long Position	Beneficial owner	123,910,000	9.74%	5.25%
Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司)[5] ("Lian Heng Yong Kang")	H Shares-Long Position	Interest in controlled corporation	123,910,000	9.74%	5.25%
LIU Chuanzhi	H Shares-Long Position	Beneficial owner	68,000,000	5.34%	2.88%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares as at June 30, 2019. As of June 30, 2019, the Company issued 1,271,853,990 H Shares and 1,084,376,910 Domestic Shares.

(2) The calculation is based on the total number of 2,356,230,900 Shares in issue as at June 30, 2019.

(3) Lian Chi Zhi Tong is the sole general partner of Lian Chi Zhi Yuan and has de facto control over it. Accordingly, Lian Chi Zhi Tong is deemed to be interested in the 480,000,000 H Shares.

(4) Oceanwide Group and Tohigh are corporations controlled by Mr. LU Zhiqiang. Tohigh holds the entire equity interest in Oceanwide Group which in turn holds 98% equity interest in China Oceanwide. Accordingly, Mr. LU Zhiqiang is deemed to be interested in the 400,000,000 Domestic Shares held by China Oceanwide.

(5) Lian Heng Yong Kang is the sole general partner of Lian Heng Yong Xin and has de facto control over it. Accordingly, Lian Heng Yong Kang is deemed to be interested in the 123,910,000 H Shares held by Lian Heng Yong Xin.

As at June 30, 2019, save as disclosed above, there was no other persons or corporations who held interests and/or short positions in the Shares or underlying Shares which was required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was a substantial Shareholder.

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 44 to 91, which comprises the condensed consolidated interim balance sheet of Legend Holdings Corporation (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of 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 of the Group 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, 2019

Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2019

	Note	Unaudited Six months ended June 30, **2019** ***RMB'000***	 2018 *RMB'000*
Sales of goods and services	6	**176,965,946**	155,287,847
Interest income		**3,451,113**	1,777,607
Interest expense		**(1,106,259)**	(516,106)
Net interest income		**2,344,854**	1,261,501
Total revenue	6	**179,310,800**	156,549,348
Cost of sales and services	8	**(147,156,701)**	(132,770,697)
Gross profit		**32,154,099**	23,778,651
Selling and distribution expenses	8	**(10,158,941)**	(8,948,953)
General and administrative expenses	8	**(15,675,144)**	(11,675,273)
Impairment losses for financial assets	8	**(531,805)**	(478,896)
Investment income and gains	7	**2,057,784**	3,397,901
Other losses-net		**(21,471)**	(514,056)
Finance income	9	**536,154**	415,312
Finance costs	9	**(3,180,018)**	(2,538,684)
Share of profit of associates and joint ventures accounted for using the equity method		**401,788**	221,293
Profit before income tax		**5,582,446**	3,657,295
Income tax expense	10	**(980,494)**	(52,917)
Profit for the period		**4,601,952**	3,604,378
Profit attributable to:			
– Equity holders of the Company		**2,664,556**	2,830,116
– Perpetual securities holders		**181,991**	171,497
– Other non-controlling interests		**1,755,405**	602,765
		4,601,952	3,604,378
Earnings per share for the profit attributable to the equity holders of the Company *(expressed in RMB per share)*			
Basic earnings per share	11	**1.14**	1.21
Diluted earnings per share	11	**1.12**	1.20
Dividends	25	**706,869**	636,182

The notes on pages 53 to 91 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2019

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period	**4,601,952**	3,604,378
Other comprehensive income/(loss):		
Items that will not be reclassified to income statement		
Change in fair value of equity securities measured at fair value through other comprehensive income, net of taxes	**106,321**	(454,411)
Share of other comprehensive income/(loss) of associates using equity accounting, net of taxes	**65,219**	(154,988)
Remeasurements of post-employment benefit obligation, net of taxes	**(156,775)**	(126,307)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	**–**	35,650
Items that may be reclassified subsequently to income statement		
Change in fair value of debt securities measured at fair value through other comprehensive income, net of taxes	**15,239**	–
Currency translation differences	**381,273**	(866,160)
Share of other comprehensive loss of associates using equity accounting, net of taxes	**(71,979)**	(18,354)
Fair value change on cash flow hedges, net of taxes	**(175,356)**	623,419
Other comprehensive income/(loss) for the period, net of taxes	**163,942**	(961,151)
Total comprehensive income for the period	**4,765,894**	2,643,227
Attributable to:		
– Equity holders of the Company	**2,834,634**	2,412,754
– Perpetual securities holders	**181,991**	171,497
– Other non-controlling interests	**1,749,269**	58,976
	4,765,894	2,643,227

The notes on pages 53 to 91 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at June 30, 2019

	Note	Unaudited As at June 30, 2019 RMB'000	Audited As at December 31, 2018 RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**3,688,074**	3,802,332
Property, plant and equipment	12	**21,440,470**	21,212,687
Right-of-use assets	3.1(a)	**3,118,688**	–
Investment properties	13	**11,815,705**	11,707,510
Intangible assets	12	**65,099,145**	64,186,472
Associates and joint ventures using equity accounting		**18,228,339**	18,700,363
Associates measured at fair value through profit or loss		**18,593,545**	18,069,535
Financial assets at fair value through other comprehensive income		**10,584,825**	12,198,089
Financial assets at fair value through profit or loss		**8,807,876**	8,210,584
Loans to customers	16	**68,823,593**	66,877,679
Loans to credit institutions		**1,714,897**	2,598,660
Derivative financial assets		**442,194**	457,356
Financial assets at amortised cost		**43,738,947**	38,181,924
Deferred income tax assets	23	**15,662,008**	14,537,358
Other non-current assets		**15,489,015**	8,968,805
		307,247,321	289,709,354
Current assets			
Inventories		**26,460,731**	27,862,003
Properties under development		**528,268**	439,355
Accounts and notes receivables	14	**68,504,360**	54,189,146
Prepayments, other receivables and other current assets	15	**42,133,888**	43,656,633
Loans to customers	16	**54,934,736**	53,518,460
Loans to credit institutions		**5,195,060**	3,734,588
Derivative financial assets		**1,369,270**	2,147,800
Financial assets at fair value through profit or loss		**12,610,445**	12,393,559
Financial assets at fair value through other comprehensive income		**812,080**	693,949
Financial assets at amortised cost		**1,929,234**	1,712,559
Restricted deposits		**3,704,064**	6,504,353
Bank deposits		**170,837**	333,304
Cash and cash equivalents		**59,252,496**	60,023,193
		277,605,469	267,208,902
Completed properties held for sale		**1,346,677**	1,348,635
		278,952,146	268,557,537
Total assets		**586,199,467**	558,266,891

	Note	Unaudited As at June 30, 2019 RMB'000	Audited As at December 31, 2018 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**2,356,231**	2,356,231
Reserves		**57,063,140**	55,116,523
Total equity attributable to equity holders of the Company		**59,419,371**	57,472,754
Perpetual securities		**6,807,157**	6,807,157
Other non-controlling interests		**27,164,916**	23,762,430
Put option written on non-controlling interests	20(iii)	**(5,024,368)**	(5,024,368)
Total equity		**88,367,076**	83,017,973
LIABILITIES			
Non-current liabilities			
Borrowings	22	**79,495,544**	68,548,293
Lease liabilities	3.1(a)	**3,147,721**	–
Amounts due to credit institutions		**1,865,410**	6,275,997
Amounts due to customers	19	**3,207,561**	4,233,726
Derivative financial liabilities		**2,610,534**	1,965,909
Deferred revenue		**5,050,322**	4,667,751
Retirement benefit obligations		**3,090,725**	2,995,928
Provisions	24	**2,040,045**	2,045,103
Financial liabilities at fair value through profit or loss	21	**8,723,114**	5,221,173
Deferred income tax liabilities	23	**6,213,416**	6,044,310
Other non-current liabilities	20	**9,682,139**	10,106,305
		125,126,531	112,104,495

	Note	Unaudited As at June 30, 2019 RMB'000	Audited As at December 31, 2018 RMB'000
Current liabilities			
Trade and notes payables	17	**57,695,218**	59,786,285
Other payables and accruals	18	**81,474,181**	76,031,797
Amounts due to credit institutions		**20,718,173**	16,840,728
Amounts due to customers	19	**139,903,332**	131,201,865
Financial liabilities at fair value through profit or loss		**2,200,024**	2,112,274
Derivative financial liabilities		**1,888,722**	2,490,615
Provisions	24	**5,160,232**	5,591,777
Advance from customers		**2,155,120**	1,878,270
Deferred revenue		**5,479,404**	5,237,006
Income tax payables		**1,772,585**	2,297,002
Lease liabilities	3.1(a)	**639,036**	–
Borrowings	22	**53,619,833**	59,676,804
		372,705,860	363,144,423
Total liabilities		**497,832,391**	475,248,918
Total equity and liabilities		**586,199,467**	558,266,891
Net current liabilities		**(93,753,714)**	(94,586,886)
Total assets less current liabilities		**213,493,607**	195,122,468

The notes on pages 53 to 91 form an integral part of this unaudited condensed consolidated interim financial information.

	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*	Other non-controlling interests *RMB'000*	Put option written on non-controlling interests *RMB'000*	Total *RMB'000*
As at January 1, 2019	2,356,231	11,281,940	460,852	(134,422)	2,456,936	(196,352)	22,443	(2,241,850)	3,903,548	39,563,428	6,807,157	23,762,430	(5,024,368)	83,017,973
Profit for the period	–	–	–	–	–	–	–	–	–	2,664,556	181,991	1,755,405	–	4,601,952
Other comprehensive income/(loss)														
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	162,798	–	–	–	–	–	–	–	(41,238)	–	121,560
Share of other comprehensive income/(loss) of associates using equity accounting	–	–	–	538	–	–	–	–	–	–	–	(7,298)	–	(6,760)
Fair value change on cash flow hedges	–	–	–	–	–	–	(59,329)	–	–	–	–	(116,027)	–	(175,356)
Currency translation differences	–	–	–	–	–	–	–	112,588	–	–	–	268,685	–	381,273
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	–	–	(46,517)	–	–	(110,258)	–	(156,775)
Total comprehensive income/(loss) for the period	–	–	–	163,336	–	–	(59,329)	112,588	(46,517)	2,664,556	181,991	1,749,269	–	4,765,894
Transfer to retained earnings	–	–	–	9,089	–	–	–	–	–	(9,089)	–	–	–	–
Total transactions with owners, recognised directly in equity														
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	321,475	–	321,475
Disposal of subsidiaries	–	–	–	(526)	–	–	–	–	–	–	–	(70,007)	–	(70,533)
Transaction with other non-controlling interests	–	–	–	–	–	–	–	–	(391,219)	–	–	(303,975)	–	(695,194)
Contribution from other non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1,024,234	–	1,024,234
Issuance of convertible bonds	–	–	–	–	–	–	–	–	151,487	–	–	369,050	–	520,537
Transfer to reserve	–	–	–	–	–	–	–	–	(8,067)	9,577	–	196	–	1,706
Share of other reserve of associates	–	–	–	–	–	–	–	–	(52,471)	–	–	–	–	(52,471)
Share-based compensation	–	–	–	–	143,957	17,730	–	–	–	–	–	326,870	–	488,557
Interest on contingent convertible bond	–	–	–	–	–	–	–	–	–	(51,616)	–	(5,776)	–	(57,392)
Dividend declared	–	–	–	–	–	–	–	–	–	(706,869)	–	(8,850)	–	(715,719)
Distribution to perpetual securities holders	–	–	–	–	–	–	–	–	–	–	(181,991)	–	–	(181,991)
Total transactions with owners, recognised directly in equity	–	–	–	(526)	143,957	17,730	–	–	(300,270)	(748,908)	(181,991)	1,653,217	–	583,209
As at June 30, 2019	2,356,231	11,281,940	460,852	37,477	2,600,893	(178,622)	(36,886)	(2,129,262)	3,556,761	41,469,987	6,807,157	27,164,916	(5,024,368)	88,367,076

	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	Other non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000	Total RMB'000
As at January 1, 2018	2,356,231	11,281,940	385,655	299,875	2,075,511	(259,842)	(10,767)	(2,842,279)	4,215,903	36,311,554	6,807,157	18,977,732	(1,343,399)	78,255,271
Profit for the period	–	–	–	–	–	–	–	–	–	2,830,116	171,497	602,765	–	3,604,378
Other comprehensive (loss)/income														
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	(327,208)	–	–	–	–	–	–	–	(127,203)	–	(454,411)
Share of other comprehensive loss of associates using equity accounting	–	–	–	(158,308)	–	–	–	–	–	–	–	(15,034)	–	(173,342)
Fair value change on forward foreign exchange contracts	–	–	–	–	–	–	231,198	–	–	–	–	563,239	–	794,437
Reclassified to income statement on forward foreign exchange contracts	–	–	–	–	–	–	(49,770)	–	–	–	–	(121,248)	–	(171,018)
Currency translation differences	–	–	–	–	–	–	–	(112,166)	–	–	–	(753,994)	–	(866,160)
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	–	–	(36,758)	–	–	(89,549)	–	(126,307)
Revaluation of investment properties upon reclassification from property, plant and equipment	–	–	–	35,650	–	–	–	–	–	–	–	–	–	35,650
Total comprehensive (loss)/income for the period	–	–	–	(449,866)	–	–	181,428	(112,166)	(36,758)	2,830,116	171,497	58,976	–	2,643,227
Total transactions with owners, recognised directly in equity														
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	2,239,783	–	2,239,783
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	599,496	–	599,496
Transaction with other non-controlling interests	–	–	–	–	–	–	–	–	(315,656)	–	–	55,621	–	(260,035)
Contribution from other non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	134,294	–	134,294
Put option written on non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(964,052)	(964,052)
Transfer to reserve	–	–	–	–	–	–	–	–	18,119	(20,754)	–	2,211	–	(424)
Share of other reserve of associates	–	–	–	–	–	–	–	–	5,375	–	–	–	–	5,375
Share-based compensation	–	–	–	–	167,567	38,690	–	–	–	–	–	408,224	–	614,481
Dividend declared	–	–	–	–	–	–	–	–	–	(636,182)	–	–	–	(636,182)
Distribution to perpetual securities holders	–	–	–	–	–	–	–	–	–	–	(171,497)	–	–	(171,497)
Total transactions with owners, recognised directly in equity	–	–	–	–	167,567	38,690	–	–	(292,162)	(656,936)	(171,497)	3,439,629	(964,052)	1,561,239
As at June 30, 2018	2,356,231	11,281,940	385,655	(149,991)	2,243,078	(221,152)	170,661	(2,954,445)	3,886,983	38,484,734	6,807,157	22,476,337	(2,307,451)	82,459,737

The notes on pages 53 to 91 form an integral part of this unaudited condensed consolidated interim financial information.

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from/(used in) operations	**3,482,125**	(727,261)
Income tax paid	**(2,247,117)**	(2,102,674)
Net cash generated from/(used in) operating activities	**1,235,008**	(2,829,935)
Cash flows from investing activities		
Purchases of property, plant and equipment, and intangible assets	**(3,817,021)**	(2,172,794)
Proceeds from sale of property, plant and equipment, and intangible assets	**121,375**	46,143
Purchases of financial assets at fair value through profit or loss	**(2,926,154)**	(1,696,894)
Proceeds from the disposal of financial assets at fair value through profit or loss	**2,647,477**	869,303
Dividends from financial assets at fair value through profit or loss	**283,613**	49,773
Capital injection in associates measured at fair value through profit or loss	**(569,737)**	(799,503)
Distributions from associates measured at fair value through profit or loss	**827,704**	908,401
Acquisition of and capital injection in associates and joint ventures using equity accounting	**(79,138)**	(2,237,544)
Proceeds from disposal of associates using equity accounting	**835,906**	40,247
Dividends from associates using equity accounting	**156,114**	96,472
Purchase of financial assets at fair value through other comprehensive income	**(32,387)**	(92,646)
Proceeds from disposal financial assets at fair value through other comprehensive income	**22,064**	–
Dividends from financial assets at fair value through other comprehensive income	**532**	753
Acquisition of subsidiaries, net of cash acquired	**(294,997)**	(279,977)
Disposal of subsidiaries, net of cash disposed	**144,899**	209,321
Loans (granted to)/repaid from related parties and third parties	**(586,657)**	10,658
Repayment of contingent consideration and deferred consideration	**–**	(129,235)
Interest received	**180,751**	117,985
Decrease in bank deposits over 3 months	**380,623**	5,512,268
Prepayment to proposed transactions	**(6,337,546)**	(110,409)
Net cash (used in)/generated from investing activities	**(9,042,579)**	342,322

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Cash flows from financing activities		
Proceeds from borrowings	**53,610,019**	60,562,076
Repayments of borrowings	**(55,760,518)**	(46,433,721)
Issue of convertible bonds, net of issuance costs	**5,355,250**	–
Cash proceeds from issuance of other bonds,net of issuance costs	**5,511,261**	7,001,009
Issue of convertible preferred shares	**2,031,150**	–
Capital contributions from other non-controlling interests	**1,067,004**	597,251
Distributions to perpetual securities holders	**(181,991)**	(171,497)
Distributions to other non-controlling interests	**(2,023)**	–
Transactions with other non-controlling interests	**(1,001,128)**	(273,859)
Interest paid	**(3,649,655)**	(2,213,403)
Net cash generated from financing activities	**6,979,369**	19,067,856
Net (decrease)/increase in cash and cash equivalents	**(828,202)**	16,580,243
Cash and cash equivalents at beginning of the period	**60,023,193**	32,202,477
Exchange income/(loss) on cash and cash equivalents	**57,505**	(13,308)
Cash and cash equivalents at the end of the period	**59,252,496**	48,769,412

The notes on pages 53 to 91 form an integral part of this unaudited condensed consolidated interim financial information.

1. General information

Legend Holdings Corporation (the "Company") is a joint stock company with limited liability under Company Law of the People's Republic of China ("PRC"). It was incorporated in November 1984 under the name of Chinese Academy of Sciences Computer Technology Research Institute New Technology Development Company (中国科学院計算技術研究所新技術发展公司), as an enterprise owned by the whole people (全民所有制企业).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 now. The Company's H 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, PRC.

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

The strategic investments consist of operations in (a) information technology ("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 banking, short-term financing, credit guarantees, entrusted loans, financial leasing, insurance brokerage services, third party payment, internet finance, trusts and customised financial solutions to customers; (c) innovative consumption and services industry, which operates mainly to provide comprehensive medical and health services, car rental business, internet healthcare services and education for kids; (d) agriculture and food industry, which is mainly engaged in planting and sales of premium fruit and tea products in agriculture business, producing and selling Chinese liquor, supplying seafood and accessory products and liquor direct sales chain; and (e) advanced manufacturing and professional services industry, which includes fine chemicals, energy materials production services, logistics services and aviation logistics related business.

The financial investments platform conducts investment in private equity funds ("PE funds") and venture capital funds ("VC 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. It also provides office rental services.

2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2019 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, 2018 which has been prepared in accordance with International Financial Reporting Standards ("IFRS") by the Group, and all public announcements made by the Company during the interim reporting period.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2018, except as described below.

The following amended and annual improved standards are mandatory for the first time for the Group's financial year beginning on January 1, 2019 and are applicable for the Group:

- IFRS 16 "Leases"
- IFRS 9 (Amendment) "Prepayment Features with Negative Compensation"
- IAS 19 (Amendment) "Employee Benefits"
- International Financial Report interpretation ("IFRIC") 23 "Uncertainly over Income Tax Treatments"
- IAS 28 (Amendment) "Investments in Associates"
- Annual improvements 2015-2017 Cycle

Amendments to IFRS and IAS effective for the financial year beginning on January 1, 2019 do not have a material impact on the Group's Interim Financial Information other than IFRS 16, details of which is set out in note 3.1.

3.1 IFRS 16 "Leases"

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

(a) IFRS 16 "Leases" – Impact of adoption

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. Different lessee's incremental borrowing rate was applied to the lease liabilities on January 1, 2019 from 1% to 11%.

	RMB'000
Operating lease commitments disclosed as at December 31, 2018	4,071,056
(Less): discounted using the lessee's incremental borrowing rate of at the date of initial application	(540,967)
(Less): short-term leases recognised on a straight-line basis as expense	(56,830)
(Less): low-value leases recognised on a straight-line basis as expense	(20,741)
Lease liabilities recognised as at January 1, 2019	3,452,518
Of which are:	
Current lease liabilities	693,693
Non-current lease liabilities	2,758,825
	3,452,518

3. Accounting policies (Continued)

3.1 IFRS 16 "Leases"(Continued)

(a) IFRS 16 "Leases" – Impact of adoption (Continued)

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018.

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019 *RMB'000*	January 1, 2019 *RMB'000*
Land and buildings	**3,117,846**	2,838,524
Equipment	**842**	2,002
Total right-of-use assets	**3,118,688**	2,840,526

The following items affecting the balance sheet as at January 1, 2019:

- Right-of-use assets – increase RMB2,841 Million
- Deferred rent liabilities – decrease RMB612 Million
- Lease liabilities – increase RMB3,453 Million

Changes in accounting policy do not affect net retained earnings as at January 1, 2019.

(i) Impact on segment disclosures and earnings per share

Net profit, profit attributable to equity holders of the Company, segment assets and segment liabilities for the six months ended June 30, 2019 were all affected as a result of the changes in accounting policy. Assets and liabilities of following segments were increased by the changes in policy:

	Segment assets ***RMB'000***	**Segment liabilities** ***RMB'000***
IT	**2,059,694**	**2,094,854**
Financial services	**333,930**	**342,257**
Innovative consumption and services	**321,073**	**326,662**
Agriculture and food	**403,991**	**410,992**
	3,118,688	**3,174,765**

The adoption of IFRS 16 does not have a material impact on net profit, profit attributable to equity holders of the Company and earnings per share for the six months ended June 30, 2019.

3. Accounting policies (Continued)

3.1 IFRS 16 "Leases"(Continued)

(a) IFRS 16 "Leases" – Impact of adoption (Continued)

(ii) Adoption on practical expedients

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "Determining Whether an Arrangement contains a Lease".

(b) The Group's leasing activities and how these are accounted for

(i) As lessee:

The Group leases various offices, teaching sites and equipment, etc. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3. Accounting policies (Continued)

3.1 IFRS 16 "Leases" (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

(i) As lessee: (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(ii) As lessor:

The Group continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently which is same as IAS 17.

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, 2018.

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, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has implemented a unified and multi-tiered financial control management system. The Company guides and supervises major aspects of financial management of its subsidiaries and each subsidiary manages its financial risks locally.

(a) Market risk

(i) Currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to United States dollar ("USD"), Renminbi ("RMB"), Euro ("EUR") and Swiss Franc ("CHF"). Each subsidiary of the Group monitors the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimise the foreign exchange risk and enter into forward exchange contracts to mitigate the foreign currency risk as appropriate.

(ii) Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or repricing dates of interest-generating assets and interest-bearing liabilities. Each of the Group's operating entities has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of risks. The Group manages interest rate risk to control potential loss from interest rate risk at an acceptable level.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheets either at fair value through profit or loss or at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group's investments in equity of other entities that are publicly traded in the following capital markets: Hong Kong, China, Europe, US and Japan.

5. Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from exposure of loans to customers raised by the subsidiaries engaged in banking business and non-banking business of financial investments segment and credit risk exposure of receivables.

The Group adopts the "ECL model" on its impairment of debt instruments which are classified as financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, in accordance with the provisions of IFRS 9 "financial instrument".

(c) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group. The Group monitors its subsidiaries' rolling forecasts of short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that it does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

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, 2018.

There have been no changes in the Group's risk management department or in any risk management policies since December 31, 2018.

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, 2019 and December 31, 2018.

	Unaudited As at June 30, 2019			
	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	–	–	18,593,545	18,593,545
Financial assets at fair value through profit or loss				
– Listed equity securities	1,752,723	–	–	1,752,723
– Unlisted equity securities	–	–	15,218,648	15,218,648
– Listed debt securities	660,117	704,129	–	1,364,246
– Unlisted debt securities	–	–	3,082,704	3,082,704
Derivative financial assets	–	1,705,375	106,089	1,811,464
Financial assets at fair value through other comprehensive income				
– Listed equity securities	778,571	1,848	–	780,419
– Unlisted equity securities	–	–	878,097	878,097
– Listed debt securities	8,429,325	1,309,064	–	9,738,389
Trade receivables	–	57,952,813	–	57,952,813
	11,620,736	61,673,229	37,879,083	111,173,048
Liabilities				
Financial liabilities at fair value through profit or loss	–	5,555,611	5,367,527	10,923,138
Derivative financial liabilities	12,240	4,403,688	83,328	4,499,256
Contingent considerations	–	–	804,402	804,402
	12,240	9,959,299	6,255,257	16,226,796

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

	Audited As at December 31, 2018			
	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	–	–	18,069,535	18,069,535
Financial assets at fair value through profit or loss				
– Listed equity securities	2,812,824	8,553	–	2,821,377
– Unlisted equity securities	–	–	14,138,495	14,138,495
– Listed debt securities	562,981	646,014	–	1,208,995
– Unlisted debt securities	–	–	2,435,276	2,435,276
Derivative financial assets	–	2,512,794	92,362	2,605,156
Financial assets at fair value through other comprehensive income				
– Listed equity securities	550,484	76,002	–	626,486
– Unlisted equity securities	–	–	1,022,541	1,022,541
– Listed debt securities	9,764,426	1,478,585	–	11,243,011
Trade and notes receivables	–	45,085,342	–	45,085,342
	13,690,715	49,807,290	35,758,209	99,256,214
Liabilities				
Financial liabilities at fair value through profit or loss	–	5,148,831	2,184,616	7,333,447
Derivative financial liabilities	23,562	4,019,766	413,196	4,456,524
Contingent considerations	–	–	788,415	788,415
	23,562	9,168,597	3,386,227	12,578,386

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.

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

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

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, 2019 and December 31, 2018, associates measured at fair value through profit or loss comprise investments in VC Funds and 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.

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, 2019 and June 30, 2018.

	Unaudited				
	Associates measured at fair value through profit or loss *RMB'000*	Financial assets measured at fair value through profit or loss *RMB'000*	Financial assets measured at fair value through other comprehensive income *RMB'000*	Derivative financial assets *RMB'000*	Total *RMB'000*
At January 1, 2019	**18,069,535**	**16,573,771**	**1,022,541**	**92,362**	**35,758,209**
Additions/capital contributions	**1,411,986**	**9,326,925**	**27,512**	**56,124**	**10,822,547**
Disposals/return of capital	**(1,105,693)**	**(9,108,127)**	**(1,860)**	**–**	**(10,215,680)**
Exchange adjustment	**44,563**	**21,967**	**(752)**	**(1,009)**	**64,769**
Transfer out to/(in from) level 1/2 *(i)*	**–**	**518,079**	**(152,472)**	**–**	**365,607**
(Loss)/gains recognised in income statement	**173,154**	**968,737**	**–**	**(41,388)**	**1,100,503**
Loss recognised in other comprehensive income	**–**	**–**	**(16,872)**	**–**	**(16,872)**
At June 30, 2019	**18,593,545**	**18,301,352**	**878,097**	**106,089**	**37,879,083**
At January 1, 2018	17,970,881	10,851,183	940,785	–	29,762,849
Additions/capital contributions	799,503	1,161,748	21,123	–	1,982,374
Disposals/return of capital	(507,442)	(935,803)	(147,135)	–	(1,590,380)
Exchange adjustment	81,378	61,931	(684)	–	142,625
Transfers out from level 3 to level 1/2 *(i)*	–	(254,017)	–	–	(254,017)
(Loss)/gains recognised in income statement	(333,597)	1,193,940	–	–	860,343
Loss recognised in other comprehensive income	–	–	(44,779)	–	(44,779)
At June 30, 2018	18,010,723	12,078,982	769,310	–	30,859,015

(i) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event caused the transfer. As of June 30, 2019, several investments were no longer possible to determine the fair value of these investment using quoted prices or observable market data, they have been reclassified from level 1/2 into level 3. Reclassification from level 3 to level 1/2 was caused by the availability of the investments' quoted prices or observable market data. Other than the aforementioned transfer of equity securities among different levels, there were no transfers between the levels of the fair value hierarchy in the six months ended 30 June 2019 and 2018.

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, 2019 and June 30, 2018.

	Unaudited
	Amounts
	RMB'000
At January 1, 2019	**3,386,227**
Additions	**3,723,033**
Disposal	**(576,226)**
Exchange adjustment	**68,515**
Recognized in condensed consolidated interim income statement	**(346,292)**
At June 30, 2019	**6,255,257**
At January 1, 2018	2,269,973
Additions	125,253
Exchange adjustment	59,362
Acquisition of a subsidiary	1,376,404
Recognized in condensed consolidated interim income statement	10,640
At June 30, 2018	3,841,632

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.

6. Segment information (Continued)

The Group identifies 6 reportable segments as follows:

– 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 banking, short-term financing, credit guarantees, entrusted loans, financial leasing, insurance brokerage services, third party payment, internet finance, trusts and customised financial solutions to customers;

– Innovative consumption and services segment, which operates mainly to provide comprehensive medical and health services, car rental business, internet healthcare services and education for kids;

– Agriculture and food segment, which is mainly engaged in planting and sales of premium fruit and tea products in agriculture business, producing and selling Chinese liquor, supplying seafoods and accessory products and liquor direct sales chain;

– Advanced manufacturing and professional services segment, which includes the fine chemicals, energy materials production services, logistics services and aviation logistic related business services;

– Financial investments segment, which is engaged in investment in PE funds and VC 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 net profit and profit attributable to equity holders of the Company.

6. Segment information (Continued)

Revenue and Profit

Six months ended June 30, 2019

	Unaudited								
	Strategic investments								
	IT *RMB'000*	Financial services *RMB'000*	Innovative consumption and services *RMB'000*	Agriculture and food *RMB'000*	Advanced manufacturing and professional services *RMB'000*	Financial investments *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue									
Sales/provide services to external customers	163,997,976	1,997,635	429,063	7,491,125	2,725,932	324,215	–	–	176,965,946
Net interest income	–	2,344,854	–	–	–	–	–	–	2,344,854
Inter-segment sales/provide services	–	–	–	–	–	434	–	(434)	–
Total	163,997,976	4,342,489	429,063	7,491,125	2,725,932	324,649	–	(434)	179,310,800
Segment results									
Profit/(loss) before income tax	2,846,122	1,374,265	2,100	300,755	393,068	1,546,587	(880,823)	372	5,582,446
Income tax (expense)/credit	(642,276)	(251,997)	(7,775)	(59,852)	(54,699)	(184,101)	220,206	–	(980,494)
Profit/(loss) for the period	2,203,846	1,122,268	(5,675)	240,903	338,369	1,362,486	(660,617)	372	4,601,952
Profit/(loss) attributable to equity holders of the Company	598,192	1,042,514	(13,649)	112,273	235,806	1,349,665	(660,617)	372	2,664,556
Other segment information:									
Depreciation and amortisation	(3,003,730)	(224,475)	(31,202)	(83,741)	(181,366)	(28,862)	(10,742)	–	(3,564,118)
Investment income and gains *(Note 7)*	207,048	436,680	18,164	41,615	64,272	1,290,005	–	–	2,057,784
Finance income *(Note 9)*	161,111	14,142	175	17,679	8,673	(2,004)	422,841	(86,463)	536,154
Finance costs *(Note 9)*	(1,467,378)	(235,756)	(16,627)	(108,522)	(114,808)	(179,791)	(1,143,599)	86,463	(3,180,018)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(47,495)	264,747	(41,630)	34,306	70,659	120,829	–	372	401,788
Material non-cash items other than depreciation and amortisation	(798,052)	–	–	–	–	(17,730)	–	–	(815,782)
Capital expenditure	3,326,320	306,903	2,843	111,896	156,448	19,836	5,789	–	3,930,035

6. Segment information (Continued)

Revenue and Profit (Continued)

Six months ended June 30, 2018

	Unaudited								
	Strategic investments								
	IT *RMB'000*	Financial services *RMB'000*	Innovative consumption and services *RMB'000*	Agriculture and food *RMB'000*	Advanced manufacturing and professional services *RMB'000*	Financial investments *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue									
Sales/provide services to external customers	143,877,852	711,883	886,464	6,386,547	3,124,125	300,976	–	–	155,287,847
Net interest income	–	1,261,501	–	–	–	–	–	–	1,261,501
Inter-segment sales/provide services	–	6,920	–	–	–	3,430	–	(10,350)	–
Total	143,877,852	1,980,304	886,464	6,386,547	3,124,125	304,406	–	(10,350)	156,549,348
Segment results									
Profit/(loss) before income tax	954,680	1,411,429	1,034,808	455,699	219,545	430,824	(852,116)	2,426	3,657,295
Income tax (expense)/credit	(101,278)	(159,980)	(942)	22,263	(24,033)	(1,979)	213,032	–	(52,917)
Profit/(loss) for the period	853,402	1,251,449	1,033,866	477,962	195,512	428,845	(639,084)	2,426	3,604,378
Profit/(loss) attributable to equity holders of the Company	231,051	1,100,716	1,138,666	378,643	148,020	469,678	(639,084)	2,426	2,830,116
Other segment information:									
Depreciation and amortisation	(2,422,830)	(15,119)	(12,669)	(52,560)	(199,622)	(19,819)	(9,958)	–	(2,732,577)
Impairment loss for non-current assets	–	–	–	(269,209)	–	–	–	–	(269,209)
Investment income and gains *(Note 7)*	477,171	574,402	1,281,544	573,873	21,726	469,185	–	–	3,397,901
Finance income *(Note 9)*	82,144	31,191	394	7,652	4,841	87,712	366,432	(165,054)	415,312
Finance costs *(Note 9)*	(1,002,623)	(177,130)	(72,946)	(65,029)	(120,173)	(223,368)	(1,049,126)	171,711	(2,538,684)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(4,064)	184,186	(11,277)	4,434	111,755	(66,167)	–	2,426	221,293
Material non-cash items other than depreciation and amortisation	(631,722)	–	–	–	–	(38,690)	–	–	(670,412)
Capital expenditure	2,007,818	76,348	21,505	739,243	194,720	26,423	7,317	–	3,073,374

6. Segment information (Continued)

Assets and liabilities

As at June 30, 2019

	Unaudited								
	Strategic investments								
	IT	Financial services	Innovative consumption and services	Agriculture and food	Advanced manufacturing and professional services	Financial investments	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**209,784,006**	**260,548,595**	**7,409,948**	**20,226,241**	**10,856,888**	**62,691,935**	**19,373,454**	**(4,691,600)**	**586,199,467**
Segment liabilities	**191,058,003**	**229,300,838**	**855,990**	**11,678,594**	**6,313,392**	**10,564,383**	**52,717,324**	**(4,656,133)**	**497,832,391**
Investments in associates and joint ventures using equity accounting	**534,061**	**7,074,129**	**4,484,958**	**1,933,097**	**1,336,241**	**2,901,320**	**–**	**(35,467)**	**18,228,339**
Investments in associates measured at fair value through profit or loss	**–**	**308,472**	**–**	**–**	**–**	**18,285,073**	**–**	**–**	**18,593,545**

As at December 31, 2018

	Audited								
	Strategic investments								
	IT	Financial services	Innovative consumption and services	Agriculture and food	Advanced manufacturing and professional services	Financial investments	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	202,592,857	250,982,456	6,335,414	13,221,351	11,286,762	60,833,229	17,968,663	(4,953,841)	558,266,891
Segment liabilities	186,106,470	221,074,469	480,895	4,962,291	6,826,381	10,334,357	50,382,056	(4,918,001)	475,248,918
Investments in associates and joint ventures using equity accounting	502,942	6,710,668	4,528,247	1,932,360	1,307,867	3,754,119	–	(35,840)	18,700,363
Investments in associates measured at fair value through profit or loss	–	308,440	–	–	–	17,761,095	–	–	18,069,535

6. Segment information (Continued)

The amount of its revenue and non-current assets from external customers broken down by location of the customers is shown in the tables below:

(a) Revenue from external customers

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
China	**45,229,545**	45,611,055
Asia-Pacific region excluding China	**37,556,127**	26,737,293
Europe/Middle east/Africa	**41,008,500**	37,079,808
Americas	**55,516,628**	47,121,192
Total	**179,310,800**	156,549,348

(b) Non-current assets

	Unaudited	Audited
	As at June 30, 2019	As at December 31, 2018
	RMB'000	*RMB'000*
China	**54,669,602**	52,198,207
Asia-Pacific region excluding China	**14,504,240**	14,197,247
Europe/Middle east/Africa	**16,603,549**	14,025,582
Americas	**27,117,311**	21,553,310
Total	**112,894,702**	101,974,346

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, 2019 RMB'000	2018 RMB'000
Gains on disposal/dilution of associates	**145,155**	44,837
Gains on disposal of financial assets at amortised cost	**87,327**	–
Gains on disposal of subsidiaries	**151,174**	1,861,494
Fair value gains and dividend income from associates measured at fair value through profit or loss	**672,226**	78,627
Fair value gains and dividend income from financial assets at fair value through profit or loss	**946,037**	1,431,775
Others	**55,865**	(18,832)
	2,057,784	3,397,901

8. Expenses by nature

	Unaudited Six months ended June 30, 2019 RMB'000	2018 RMB'000
Cost of inventories sold	**138,612,344**	124,557,758
Employee benefit expense	**16,635,228**	13,929,469
Office and administrative expense	**2,664,414**	2,227,212
Advertising costs	**2,967,704**	2,188,113
Depreciation and amortisation	**3,564,118**	2,732,577
Impairment loss for loan to customers	**375,672**	456,363
Impairment loss for other financial assets	**156,133**	22,533
Impairment loss for non-current assets	**–**	269,209
Customer support service	**1,659,538**	1,119,784
Consultancy and professional fees	**887,247**	469,076
Labs and testing	**343,968**	91,494
Lease expense	**47,933**	518,688
Business tax and surcharge and other taxes	**422,416**	368,175
Transportation expense	**310,128**	277,216
Inventory write-down	**429,195**	326,742
Other expenses *(i)*	**4,446,553**	4,319,410
	173,522,591	153,873,819

(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,	
	2019	2018
	RMB'000	*RMB'000*
Interests:		
– Bank loans and overdrafts	**1,107,991**	949,226
– Other loans	**408,033**	334,049
– Bonds	**986,273**	1,002,845
– Lease liabilities	**79,466**	–
Factoring costs	**499,832**	238,941
Interest costs on put option liability	**95,024**	10,640
Commitment fee	**3,399**	2,983
Finance costs	**3,180,018**	2,538,684
Finance income:		
– Interest income on bank deposits and money market funds	**(288,697)**	(297,866)
– Interest income on loans to related parties	**(38,498)**	(55,825)
– Interest income on loans to unrelated parties	**(208,959)**	(61,621)
Finance income	**(536,154)**	(415,312)
Net finance costs	**2,643,864**	2,123,372

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,	
	2019	2018
	RMB'000	*RMB'000*
Current income tax	**1,913,927**	1,378,810
Deferred income tax	**(933,433)**	(1,325,893)
Income tax expense	**980,494**	52,917

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:

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**5,582,446**	3,657,295
Tax effects of:		
Tax calculated at domestic rates applicable in countries concerned	**1,399,695**	1,124,808
Income not subject to tax	**(893,808)**	(1,505,897)
Expenses not deductible for tax purposes	**419,631**	135,463
Recognition/utilisation of previously unrecognised tax losses	**(481,015)**	(404,217)
Deferred income tax assets not recognised	**364,287**	543,072
Others	**171,704**	159,688
Income tax expense	**980,494**	52,917

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.

	Unaudited Six months ended June 30,	
	2019	2018
Basic earnings attributable to equity holders of the Company *(RMB'000)*	**2,664,556**	2,830,116
Diluted impact on earnings *(RMB'000) (i)*	**(23,100)**	(569)
Diluted earnings attributable to the equity holders of the Company *(RMB'000)*	**2,641,456**	2,829,547
Weighted average number of issued ordinary shares *(thousands)*	**2,356,231**	2,356,231
Less shares held for restricted share scheme *(thousands)*	**(12,293)**	(19,200)
Weighted average number of issued ordinary shares for calculating basic earnings per share *(thousands)*	**2,343,938**	2,337,031
Potential dilutive effect arising from restricted shares *(thousands) (ii)*	**12,293**	19,200
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)*	**1.14**	1.21
– Diluted *(RMB per share)*	**1.12**	1.20

(i) Diluted impact on earnings is due to the effect of three categories of dilutive instruments, namely bonus warrants, long-term incentive awards and convertible bonds. Diluted earnings per share is calculated by adjusting earnings attributable to the equity holders of the Company.

(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, 2019	
	Property, plant and equipment *RMB'000*	**Intangible assets** *RMB'000*
At January 1, 2019	**21,212,687**	**64,186,472**
Additions	**2,416,963**	**1,535,662**
Transfers to intangible assets	**(437,963)**	**437,963**
Acquisition of subsidiaries	**15,598**	**498,799**
Disposals	**(162,331)**	**(12,539)**
Depreciation/amortisation charge	**(1,263,912)**	**(1,897,227)**
Exchange adjustment	**(106,468)**	**350,015**
Disposal of subsidiaries	**(234,104)**	**–**
At June 30, 2019	**21,440,470**	**65,099,145**

	Unaudited For the six months ended June 30, 2018	
	Property, plant and equipment *RMB'000*	Intangible assets *RMB'000*
At January 1, 2018	19,864,687	59,534,705
Additions	1,942,013	590,517
Transfers to intangible assets	(699,572)	699,572
Acquisition of subsidiaries	1,496,776	2,056,447
Transfer to investment properties/disposals	(120,984)	(599,611)
Depreciation/amortisation charge	(1,104,369)	(1,597,261)
Impairment loss	–	(269,209)
Exchange adjustment	(93,711)	(358,679)
Disposal of subsidiaries	(1,590,522)	(606,119)
At June 30, 2018	19,694,318	59,450,362

13. Investment properties

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
At beginning of the period	**11,707,510**	11,107,111
Additions	**5,941**	151,473
Fair value gains	**102,254**	37,425
Transferred from owner occupied property	**–**	66,487
At the end of the period	**11,815,705**	11,362,496

Investment properties held by the Group were revalued as at June 30, 2019 and December 31,2018 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 valuation are derived using the income capitalisation method. There were no changes to the valuation techniques.

As at June 30, 2019 and December 31, 2018, 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.

The fair value gains are recognised in other losses-net of condensed consolidated interim income statement.

14. Accounts and notes receivables

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Trade receivables	**63,605,799**	50,108,204
Notes receivables	**234,564**	343,619
Receivables arising from finance leases	**5,499,904**	4,520,196
Less: provision for impairment	**(835,907)**	(782,873)
Accounts and notes receivables – net	**68,504,360**	54,189,146

Credit terms of Lenovo Group Limited ("Lenovo"), a subsidiary of the Company granted to the customers is around 0-120 days while other segments do not have specific credit terms.

As at June 30, 2019 and December 31, 2018, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Up to 3 months	**57,854,998**	44,399,383
3 to 6 months	**3,419,460**	3,791,071
6 months to 1 year	**1,497,562**	1,380,745
1 to 2 years	**445,614**	224,844
2 to 3 years	**117,101**	54,601
Over 3 years	**271,064**	257,560
	63,605,799	50,108,204

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 As at June 30, 2019 RMB'000	Audited As at December 31, 2018 RMB'000
Receivables from parts subcontractors	**11,674,182**	14,489,453
Prepayments	**16,237,095**	16,631,352
Prepaid tax	**6,820,192**	6,134,809
Amounts due from related parties *(Note 28)*	**2,055,905**	1,516,283
Advance to suppliers	**1,734,279**	1,683,037
Deposits receivable	**448,389**	451,713
Advance to employees	**117,601**	80,513
Interest receivable	**410,798**	368,137
Share transfer receivables from third parties	**430,436**	337,891
Others	**2,462,921**	2,076,596
	42,391,798	43,769,784
Less: provision for impairment	**(257,910)**	(113,151)
	42,133,888	43,656,633

16. Loans to customers

Loan balances are loans derive from the subsidiaries of the Group which engages in the loans business.

	Unaudited As at June 30, 2019 RMB'000	Audited As at December 31, 2018 RMB'000
Banking service *(i)*	**111,920,737**	107,589,811
Other service *(ii)*	**14,875,167**	15,850,477
Total	**126,795,904**	123,440,288
Allowances for impairment loss	**(3,037,575)**	(3,044,149)
Net loan to customers	**123,758,329**	120,396,139
Less: Current portion	**(54,934,736)**	(53,518,460)
Non-current portion	**68,823,593**	66,877,679

16. Loans to customers (Continued)

(i) Banking service

	Unaudited As at 30 June, 2019 *RMB'000*	Audited As at 31 December, 2018 *RMB'000*
On demand and short notice	**1,463,706**	4,778,625
Finance leases	**1,305,229**	1,302,106
Other term loans	**109,151,802**	101,509,080
Total	**111,920,737**	107,589,811
Less: allowances for impairment loss		
– Stage 1	**(168,567)**	(161,038)
– Stage 2	**(116,452)**	(132,657)
– Stage 3	**(1,788,085)**	(1,811,671)
Total allowances for impairment loss	**(2,073,104)**	(2,105,366)
Net loans to customers	**109,847,633**	105,484,445

(ii) Other service

	Unaudited As at 30 June, 2019 *RMB'000*	Audited As at 31 December, 2018 *RMB'000*
Direct loans and pawn loans to customers	**14,558,331**	14,852,525
Entrusted loans to customers	**316,836**	997,952
Total	**14,875,167**	15,850,477
Less: allowances for impairment loss		
–Stage 1	**(288,357)**	(327,676)
–Stage 2	**(165,720)**	(131,820)
–Stage 3	**(510,394)**	(479,287)
Total allowances for impairment loss	**(964,471)**	(938,783)
Net loans to customers	**13,910,696**	14,911,694

17. Trade and notes payables

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Trade payables	**47,978,524**	52,045,304
Notes payables	**9,716,694**	7,740,981
	57,695,218	59,786,285

As at June 30, 2019 and December 31, 2018, the ageing analyses of the trade payables based on invoice date was as follows:

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
0–30 days	**31,071,733**	29,580,268
31–60 days	**9,714,270**	12,444,220
61–90 days	**4,689,608**	7,156,613
91 days–1 year	**2,397,016**	2,834,164
Over 1 year	**105,897**	30,039
	47,978,524	52,045,304

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

18. Other payables and accruals

	Unaudited As at June 30, 2019 ***RMB'000***	Audited As at December 31, 2018 *RMB'000*
Payable to parts subcontractors	**36,830,185**	35,535,199
Allowance for billing adjustments *(i)*	**11,736,522**	11,894,406
Accrued expenses	**8,564,774**	7,945,518
Payroll payable	**3,475,230**	4,562,599
Other taxes payable	**2,528,094**	3,255,364
Amounts due to related parties *(Note 28)*	**427,339**	327,751
Deposits payable	**698,231**	740,795
Royalty payable	**614,014**	678,242
Social security payable	**935,386**	694,979
Deferred consideration *(ii)*	**139,988**	434,836
Contingent consideration *(ii)*	**1,093,848**	213,967
Interest payable	**827,311**	635,765
Dividend payable	**707,962**	2,620
Loans from third parties	**1,830,831**	1,793,809
Transferred loans to be redeemed	**2,131,366**	627,327
Others	**8,933,100**	6,688,620
	81,474,181	76,031,797

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

(ii) Pursuant with the completion of business combinations, the Group is required to pay in cash to the respective shareholders/sellers contingent consideration and deferred consideration according to the relevant conditions in contracts reached with the respective shareholders/sellers.

19. Amounts due to customers

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Demand deposits	**85,901,463**	81,258,847
Savings deposits	**27,463,511**	27,213,839
Term deposits	**29,691,448**	26,753,324
Cash collateral	**54,471**	67,982
Total customer borrowings	**143,110,893**	135,293,992
Other borrowings	**–**	141,599
Total	**143,110,893**	135,435,591
Less: Non-current portion	**(3,207,561)**	(4,233,726)
Current portion	**139,903,332**	131,201,865

20. Other non-current liabilities

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Deferred consideration *(i)*	**172,362**	172,074
Contingent considerations *(i)*	**–**	788,415
Government incentives and grants received in advance *(ii)*	**820,136**	694,875
Written put option liability *(iii)*	**5,481,789**	5,335,493
Deferred rent liabilities	**–**	425,045
Long-term payables	**2,450,117**	1,742,374
Others	**757,735**	948,029
	9,682,139	10,106,305

(i) Pursuant to the completion of a business combination, the Group is required to pay in cash to the then respective sellers contingent consideration with reference to certain performance indicators as written in the respective agreements with the sellers; and deferred consideration. The contingent considerations are subsequently re-measured 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 carried at amortised cost.

20. Other non-current liabilities (Continued)

(i) (Continued)

As at June 30, 2019 and December 31, 2018, 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, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Deferred consideration		
– Joint venture with NEC Corporation	**USD25 million**	USD25 million
Contingent considerations		
– Fujitsu Limited ("Fujitsu")	**JPY2.55 billion to JPY12.75 billion**	JPY2.55 billion to JPY12.75 billion
– Hebei Hengshui Laobaigan Liquor Co. Ltd.	**Nil to RMB530 million**	Nil to RMB530 million
– Precision Capital S.A.	**Nil to EUR79 million**	Nil to EUR79 million

As at June 30, 2019, contingent considerations due within one year have been reclassified as current liabilities.

(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.

(iii) Pursuant to the joint venture agreement entered into between Lenovo and Fujitsu, Lenovo and Fujitsu are respectively granted call and put options which entitle Lenovo to purchase from Fujitsu and Development Bank of Japan ("DBJ"), or Fujitsu and DBJ to sell to Lenovo, 49% interest in Fujitsu Client Computing Limited. Both options will be exercisable following the fifth anniversary of the date of completion (after 2, May 2023). The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

In 2018, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd. (合肥智聚晟寶股權投資有限公司,"ZJSB") acquired the 49% interest in a joint venture company ("JV Co") established in historic period by Lenovo and Compal Electronics, Inc. ("Compal") from Compal. Lenovo and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly-owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia"), which holds 99.31% interest in ZJSB, Lenovo and Yuan Jia are respectively granted call and put options which entitle Lenovo to purchase from Yuan Jia, or Yuan Jia to sell to Lenovo, the 99.31% interest in ZJSB. The call and put options will be exercisable at any time after August 31, 2022 and August 31, 2021 respectively. The exercise price for the call and put options will be determined in accordance with the joint venture agreement, and up to a maximum of RMB2,300 million (approximately USD334 million).

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

21. Financial liabilities at fair value through profit and loss

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Debt instruments *(i)*	**8,059,728**	6,532,447
Convertible preferred shares *(ii)*	**2,863,410**	801,000
Total	**10,923,138**	7,333,447
Less: current portion	**(2,200,024)**	(2,112,274)
Non-current portion	**8,723,114**	5,221,173

(i) BIL primarily uses the fair value option to designate such liability as financial liability at fair value through profit and loss to eliminate or at least significantly reduce the measurement or recognition inconsistency (also known as the accounting mismatch) that would arise from measuring financial assets or liabilities or recognising the gains and losses on these assets and liabilities on a different basis. The fair value of unlisted financial instruments was determined using pricing tools and proc1edures established by BIL. These pricing tools are discounted cash flow models that allow the current value to be determined on the basis of an interest rate curve that is applicable to similar securities and takes into account BIL's own credit rating.

(ii) In February 2017, Zhengqi Financial, a subsidiary of the Group, introduced two strategic investors, Xiamen ITG Group Co., Ltd (廈門國貿集團股份有限公司) and Cindafund Investment Management Co., Ltd (信達風投資管理有限公司), and obtained RMB801 million strategic investments. The holders of such financial instrument have rights to return those instruments to the issuer to get cash or other financial assets. Such financial instrument is designated as financial liability at fair value through profit or loss at initial recognition.

On June 21, 2019, Lenovo completed the issuance of 2,054,791 convertible preferred shares through its wholly owned subsidiary, Lenovo Enterprise Technology Company Limited ("LETCL"). The convertible preferred shares are convertible to 20% of the enlarged issued ordinary share capital of LETCL on an as-converted and fully-diluted basis. The holders of the convertible preferred shares will be entitled cash dividends of 4% per annum payable semi-annually on the original subscription price until December 31, 2023. Upon the occurrence of certain specified conditions, the holders of convertible preferred shares will have the right to require LETCL to redeem or Lenovo to purchase all of their convertible preferred shares at the predetermined consideration. Accordingly, the convertible preferred shares are classified as a financial liability. The aggregated subscription price of convertible preferred shares is approximately USD300 million. The net proceeds from the issuance will be used by LETCL and its subsidiaries towards general corporate funding and capital expenditure of LETCL and its subsidiaries.

22. Borrowings

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Bank loans		
– Unsecured loans	**31,346,890**	35,197,520
– Guaranteed loans	**24,017,900**	17,153,936
– Collateralised loans	**8,061,428**	5,486,420
Other loans *(i)*		
– Unsecured loans	**3,471,000**	3,124,854
– Guaranteed loans	**7,593,238**	7,790,888
– Collateralised loans	**1,163,145**	2,112,452
Corporate bonds		
– Unsecured	**52,415,667**	57,256,027
– Guaranteed	**103,000**	103,000
– Convertible bonds *(ii)*	**4,943,109**	–
	133,115,377	128,225,097
Less: current portion	**(53,619,833)**	(59,676,804)
Non-current portion	**79,495,544**	68,548,293

Borrowings are repayable as follows:

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Within 1 year	**53,619,833**	59,676,804
After 1 year but within 2 years	**17,812,477**	19,812,766
After 2 years but within 5 years	**54,422,774**	42,054,885
After 5 years	**7,260,293**	6,680,642
	133,115,377	128,225,097

(i) Other loans are mainly loans from non-banking financial institutions.

22. Borrowings (Continued)

(ii) Convertible bonds issued by the Group as of June 30,2019 are as follows:

a. On January 24, 2019, Lenovo completed the issuance of 5-Year USD675 million convertible bonds bearing annual interest at 3.375% due in January 2024 (the "Bonds") to third party professional investors (the "bondholders"). The bondholders have the right, at any time on or after 41 days after the date of issue up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the Bonds into ordinary shares of Lenovo at a conversion price of HKD7.99 per share, subject to adjustments. The outstanding principal amount of the Bonds is repayable by Lenovo upon the maturity of the Bonds on January 24, 2024, if not previously redeemed, converted or purchased and cancelled. The proceeds would be used to repay the outstanding 2019 notes of Lenovo and for Lenovo's working capital and general corporate purposes. The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

The liability and equity components of convertible bonds of the Lenovo on initial recognition are presented as follows:

	RMB'000
The face value of convertible bonds on the issue date	4,542,971
Less: transaction costs	(68,023)
Net proceeds	4,474,948
Less: equity component	(520,537)
Liability component on initial recognition	3,954,411

b. As of June 30, 2019, Fresh Investment SpA, a subsidiary of the Company, has completed the issuance of convertible bonds of USD125 million to Cangyuan Investment Co., Ltd. ("Cangyuan Investment"). Cangyuan Investment has the right to convert the convertible bonds into the shares of Fresh Investment SpA within 60 months, at the share's price evaluated by a third-party evaluator which is agreed by the two parties when conversion. The proceeds were used to acquire the shares of Australis Seafoods S.A..

23. Deferred income tax

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

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Deferred tax assets	**15,662,008**	14,537,358
Deferred tax liabilities	**(6,213,416)**	(6,044,310)
Deferred tax assets – net	**9,448,592**	8,493,048

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

	Unaudited Six months ended June 30,	
	2019 *RMB'000*	2018 *RMB'000*
At beginning of the period	**8,493,048**	4,923,340
Credited to the income statement	**933,433**	1,325,893
(Charged)/credited to other comprehensive income	**(32,082)**	97,737
Credited/(charged) to the equity statement	**39,855**	(18,434)
Acquisition of subsidiaries	**(106,043)**	(150,213)
Disposal of subsidiaries	**–**	113,995
Exchange adjustment	**120,381**	(9,226)
At end of the period	**9,448,592**	6,283,092

24. Provisions

	Unaudited				
	Warranties	Environmental restoration	Restructuring	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2019	**6,984,047**	**251,859**	**254,925**	**146,049**	**7,636,880**
Provision made	**2,459,696**	**64,333**	**8,404**	**40,283**	**2,572,716**
Amount utilised/Unused amounts reversed	**(2,804,145)**	**(78,734)**	**(115,243)**	**(27,634)**	**(3,025,756)**
Exchange adjustment	**12,699**	**4,903**	**(1,419)**	**254**	**16,437**
At end of the period	**6,652,297**	**242,361**	**146,667**	**158,952**	**7,200,277**
Non-current portion	**(1,719,555)**	**(224,837)**	**(14,204)**	**(81,449)**	**(2,040,045)**
At June 30, 2019	**4,932,742**	**17,524**	**132,463**	**77,503**	**5,160,232**
At January 1, 2018	7,094,737	60,383	444,299	108,849	7,708,268
Provision made	2,539,580	148,510	250,598	1,555	2,940,243
Amount utilised/Unused amounts reversed	(2,809,107)	(40,335)	(423,281)	(1,043)	(3,273,766)
Exchange adjustment	(60,186)	4,970	(1,798)	–	(57,014)
At end of the period	6,765,024	173,528	269,818	109,361	7,317,731
Non-current portion	(1,763,542)	(162,180)	–	–	(1,925,722)
At June 30, 2018	5,001,482	11,348	269,818	109,361	5,392,009

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.

The Group records its environmental restoration provision at the time of sales based on estimated costs of environmentally-sound disposal of waste electrical and electronic equipment upon return from end-customers and with reference to the historical or projected future return rate. Environmental restoration provision is reviewed at least annually to assess its adequacy to meet the Group's obligation.

Restructuring costs provision mainly comprises lease termination obligation and employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency. The Group records its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

Other provisions are mainly related to financial guarantees, loan commitments and litigation by the Group.

25. Dividends

The Board did not recommend the payment of any interim dividend in respect of the six months ended June 30, 2019 (six months ended June 30, 2018: Nil).

At the Company's annual general meeting held on June 13, 2019, the profit distribution plan of the Company for the year ended December 31, 2018 to distribute a final dividend of RMB0.30 (before tax) per ordinary Share, totally approximately RMB707 million was considered and approved. The dividend was paid on July 15, 2019.

26. Contingencies

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Financial guarantee of guarantee business *(a)*	**10,968,159**	10,468,151
Other guarantee *(b)*		
– Related parties *(Note 28)*	**3,714,809**	3,720,330
– Unrelated parties	**4,242,971**	6,376,256
	18,925,939	20,564,737

(a) Financial guarantee of guarantee business

Subsidiaries in financial service segment of the Group provide financial guarantees to third parties for their borrowings from certain financial institutions and charge them guarantee fees accordingly. As at June 30, 2019 and December 31, 2018, the guarantee balance was RMB10,968 million and RMB10,468 million respectively. The Directors evaluate the financial position of the guaranteed entities and make provision accordingly. As at June 30, 2019 and December 31, 2018, the provision made by the Group was RMB28 million and RMB26 million respectively, which were included in "Provision" in the condensed consolidated interim balance sheet.

(b) Other guarantee

As at June 30, 2019 and December 31, 2018, the guarantee balances provided to related parties and unrelated parties was approximately RMB7,958 million and RMB10,097 million respectively. 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, 2019 and December 31, 2018, no provision was recorded in relevant to the preceding guarantee.

27. 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, 2019	Audited As at December 31, 2018
	RMB'000	*RMB'000*
Property, plant and equipment	**666,474**	860,785
Investments *(i)*	**3,277,683**	10,230,185
Total	**3,944,157**	11,090,970

(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. On November 18, 2018, the Joyvio Group Co., Ltd. signed a commitment acquisition agreement, agreeing to enter into a share purchase and purchase agreement pending the conclusion of a number of preconditions to acquire approximately 95% of the voting shares of Australis Seafood S.A. from the committed seller. As of June 30, 2019, the relevant share purchase agreement has been signed and the consideration has been arranged to pay for the completion of the transaction. At July 2, 2019, the transfer of the relevant shares has been completed, see note 29 for more information.

28. 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, 2019 and 2018, respectively.

	Unaudited Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Purchase of goods from		
– Associates	**739,118**	834,107
Sales of goods to		
– Associates	**834**	280
Services received from		
– Associates	**19,016**	3,787
Rendering of services to		
– Associates	**49,007**	25,641
Loans provided by		
– Associates	**–**	40,000
Loans provided to		
– Associates	**1,011,903**	352,920
Interest income from		
– Associates	**38,498**	67,163
Interest expenses to		
– Associates	**–**	1,966

28. Related party transactions (Continued)

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

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Accounts and notes receivables		
– Associates	**26,563**	10,055
Prepayment, other receivables and other current assets		
– Associates	**2,055,905**	1,516,283
Trade and notes payables		
– Associates	**27,161**	–
Other payables and accruals		
– Associates	**427,339**	327,751
Long term receivables		
– Associates	**94,015**	196,153
Loans to customers		
– Associates	**289,457**	229,466

(c) Guarantee provided to related parties

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Guarantee provided to associates	**3,714,809**	3,720,330

29. Subsequent events

At June 27, 2019, Joyvio Agriculture Development Co., Ltd (佳沃農業開發股份有限公司), a subsidiary of the Company, has announced an acquisition offer ("Offer") to all of the shareholders of Australis Seafoods S.A. ("Target Company") to acquire 100% issued shares of Target Company by cash, through its subsidiary Food Investment SpA. Target Company is a public company registered in Santiago, Chile and listed on the Santiago Stock Exchange, mainly engaged in the production and marketing of salmon. As of July 2, 2019, approximately 6,501 million shares of Target Company, approximately 95.26% of the issued shares, accepted the Offer and has been transferred. After the transfer of shares, Food Investment SpA becomes the controlling shareholder of Target Company.

As at August 1, 2019, the total shares of the Target Company that accept the Offer were 6,815 million shares, approximately 99.838% of the total issued shares of the Target Company. The total consideration of the Offer is approximately USD920 million, which has been paid. As of the date of this report, the valuation of the identifiable assets and liabilities of Australis Seafoods S.A. is not finished, so the related information is not disclosed.

Corporate Information

Board of Directors

Executive Directors

Mr. LIU Chuanzhi
Mr. ZHU Linan
Mr. ZHAO John Huan
Mr. NING Min

Non-executive Directors

Mr. WU Lebin
Mr. SUO Jishuan

Independent Non-executive Directors

Mr. MA Weihua
Mr. ZHANG Xuebing
Ms. HAO Quan

Board of Supervisors

Supervisors

Mr. LI Qin *(Chairman)*
Mr. LUO Cheng
Ms. FENG Ling

Nomination Committee

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

Audit Committee

Ms. HAO Quan *(Chairperson)*
Mr. ZHANG Xuebing
Mr. SUO Jishuan

Remuneration Committee

Mr. MA Weihua *(Chairman)*
Mr. NING Min
Ms. HAO Quan

Joint Company Secretaries

Mr. NING Min
Ms. YEUNG Yee Har

H Share Registrar

Computershare Hong Kong Investor Services Limited
17M 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

Stock Code

03396

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