

联想控股

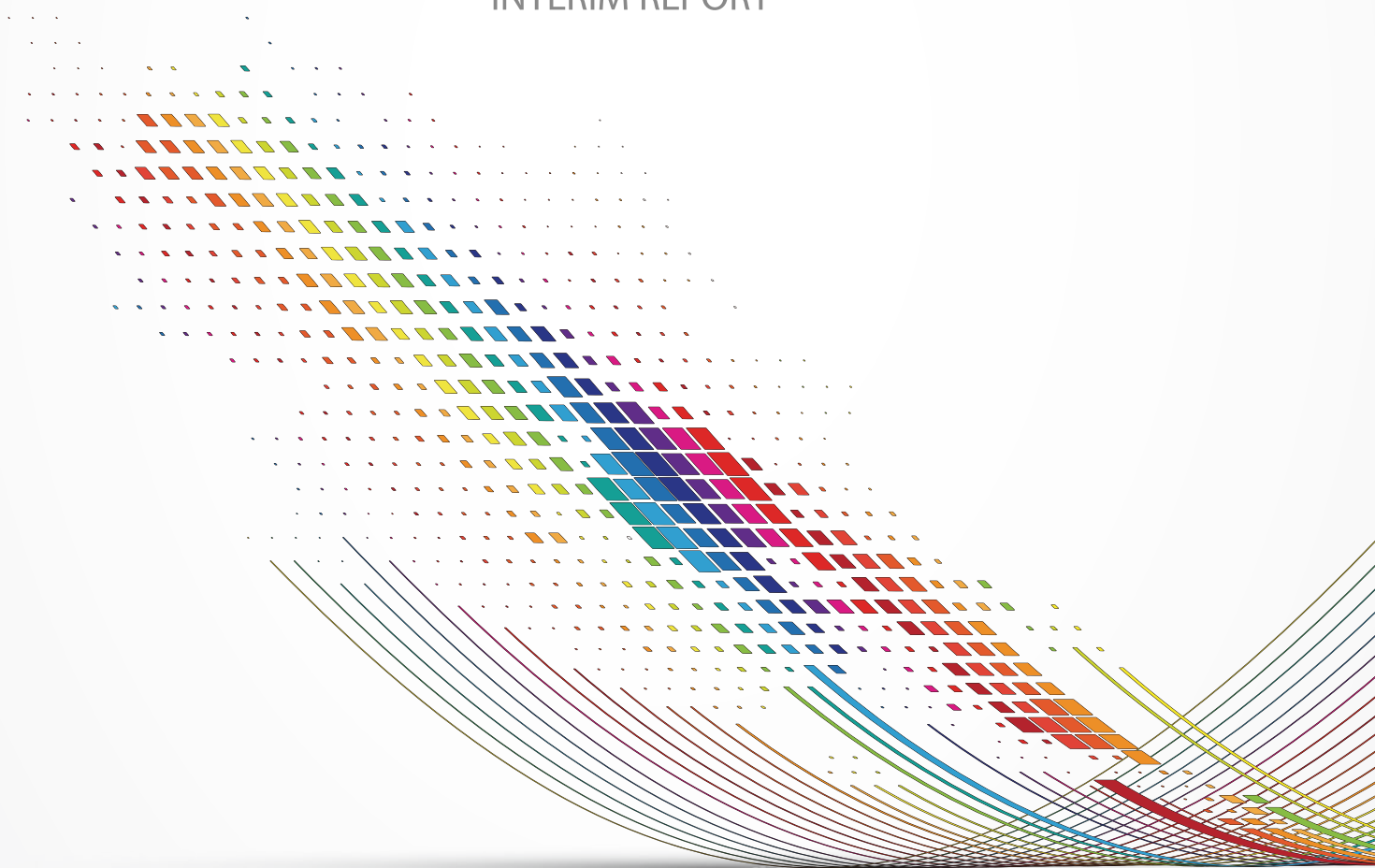
LEGEND HOLDINGS

BUILDING GREAT COMPANIES

(A joint stock limited company incorporated in the
People's Republic of China with limited liability)
Stock Code: 03396

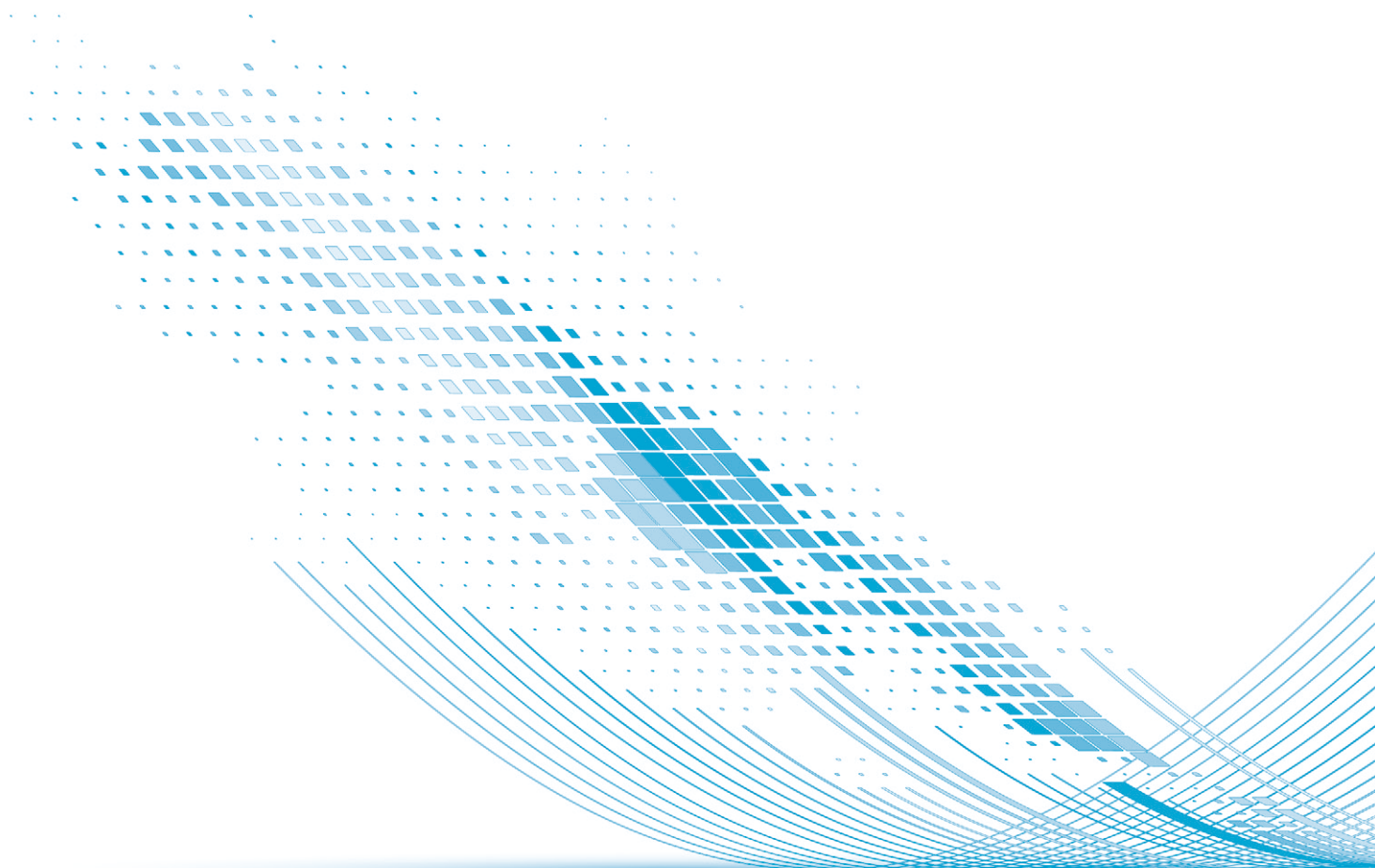
2021

INTERIM REPORT



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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”	Taikang Bybo Dental Group Co., Ltd. (泰康拜博醫療集團有限公司), a limited liability company incorporated under the laws of the PRC, 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)
“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, listed on the Main Board of the Shanghai Stock Exchange (A Share Stock Code: 601156)
“EOD”	ethylene oxide derivatives
“EVA”	ethylene-vinyl acetate copolymer
“Fullhan Microelectronics”	Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a joint-stock limited company incorporated under the laws of the PRC and listed on the ChiNext Board on the SZSE (A Share Stock Code: 300613)
“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
“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
“Hyundai Insurance”	Hyundai Insurance (China) Company Limited (現代財產保險(中國)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
“Joy Wing Mau”	Joy Wing Mau Fruit Technologies Corporation Limited (鑫榮懋果業科技集團股份有限公司), 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
“Joyvio Food”	Joyvio Food Co., Ltd. (佳沃食品股份有限公司) (formerly known as Joyvio Agriculture Development Co., Ltd. (佳沃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 of 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 associate
“KB Food”	KB Food International Holding (Pte.) Limited, a limited liability company established under the laws of Singapore, and our subsidiary
“Lakala Payment” or “Lakala”	Lakala Payment Corporation (拉卡拉支付股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate, listed on the 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

Definitions

“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
“Levima Advanced Materials”	Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, the shares of which are listed on the Main Board of the Shenzhen Stock Exchange (A Share Stock Code: 003022), 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
“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
“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
“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
“PE”	private 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 Food

“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 Technology”	Raycom Technology Co., Ltd. (融科智地科技股份有限公司) (formerly known as 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
“Remuneration Committee”	Remuneration Committee under the Board
“Reporting Period”	for the six months ended June 30, 2021
“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. (泰康人壽保險有限責任公司)
“TMT”	technology, media and telecom
“Tohigh”	Tohigh Holdings Co., Ltd. (通海控股有限公司), a substantial Shareholder
“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 Holdings”	Zhengqi Holdings Corporation (正奇控股股份有限公司) (formerly known as Zhengqi Financial Holdings Corporation (正奇金融控股股份有限公司)), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary

Management Discussion and Analysis

Revenue contributions from the Company and its subsidiaries' businesses

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020	Change in amount	Change %
Strategic investments	228,122	184,357	43,765	24%
IT	210,776	168,273	42,503	25%
Financial services	3,141	4,188	(1,047)	(25%)
Innovative consumption and services	533	263	270	103%
Agriculture and Food	9,778	8,964	814	9%
Advanced manufacturing and professional services	3,894	2,669	1,225	46%
Financial investments	447	512	(65)	(13%)
Elimination	(4)	(3)	(1)	N/A
Total	228,565	184,866	43,699	24%

Net profit contributions attributable to equity holders of the Company from the Company and its subsidiaries' businesses

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020	Change in amount	Change %
Strategic investments	2,958	(25)	2,983	N/A
IT	1,539	566	973	172%
Financial services	318	730	(412)	(56%)
Innovative consumption and services	67	(1,644)	1,711	N/A
Agriculture and Food	240	(58)	298	N/A
Advanced manufacturing and professional services	794	381	413	108%
Financial investments	2,558	1,416	1,142	81%
Unallocated	(825)	(754)	(71)	N/A
Total	4,691	637	4,054	636%

Asset allocation of the Company and its subsidiaries' businesses

Unit: RMB million

	As of June 30, 2021	As of December 31, 2020	Change in amount	Change %
Strategic investments	567,266	562,575	4,691	1%
IT	245,525	237,232	8,293	3%
Financial services	279,248	285,475	(6,227)	(2%)
Innovative consumption and services	3,726	5,526	(1,800)	(33%)
Agriculture and Food	22,859	22,826	33	0%
Advanced manufacturing and professional services	15,908	11,516	4,392	38%
Financial investments	77,795	71,705	6,090	8%
Unallocated	22,510	21,522	988	5%
Elimination	(4,546)	(4,069)	(477)	N/A
Total	663,025	651,733	11,292	2%

BUSINESS REVIEW

In the first half of 2021, China's economy continued its steady and promising recovery, and the science and technology sector was progressing vigorously on the path of independent development. With the strengthened reform and opening up policy, people's living standards keep on improving and a number of achievements have been made in the progress of high-quality development. But the external environment has turned more complicated and tough and the macro environment remained tremendously uncertain as the COVID-19 pandemic was still evolving across the world. Facing the uncertainty of the external environment, Legend Holdings took the initiative to turn crisis into opportunity. While firmly strengthening the fundamentals of its business operations to ensure the stability and improvement of its pillar asset businesses, the Company also responsively modified its business strategies in order to capture the opportunities arising in the high-quality development of China's economy and extensively increased its presence in science and technology sector, resulting in a remarkable growth of performance. Revenue and net profit attributable to equity holders of Legend Holdings recorded a historical high amongst the corresponding periods. Various improvement measures for the business operations have also been progressed steadily.

With regard to the strategic investments, our competitive edges in the sectors of the pillar assets were enhanced and the operating results showed a trend of stable growth driven by the innovative breakthroughs of our various measures such as committing to improved operations and upgrading strategies. We continued to exit non-core businesses to ensure a more focused business and accelerate cash and resources return, bringing ample financial resources to fund expanding to and our future development in new sectors. In addition, while enhancing their respective competitive edges, our existing businesses also actively carried out technological transformation. The Company further increased its investment in technology, maintained the strategy of using technology and innovation to drive the Company's development, and strengthened the industrial synergy in a view to achieve continuous optimization of its business structure and promote a sustainable and quality profit growth for the Company. With regard to financial investments, our investment funds continued to record remarkable performance and assisted a number of investee companies in entering the capital market. Capital raising, investing and exiting projects under management all progressed in full swing and in an orderly manner.



Management Discussion and Analysis

In the future, Legend Holdings will strengthen the fundamentals and consolidate its operations to improve the resilience of the profit growth on one hand, while striving to leverage the existing businesses to capture the opportunities arising from a new round of industrial transformation amidst China's promotion of the technology innovation. Legend Holdings will accelerate expanding to the emerging industries in the technology field, and actively create a new development pattern supported and led by technological innovation, which takes the domestic market as the mainstay and features a dual circulation with the domestic and international market reinforcing each other, so as to sustain a healthy growth of the Company in the long run.

In addition, as a pioneer in and a beneficiary of China's reform and opening-up, Legend Holdings has always placed social responsibility as one of our strategic priorities for the Company's development.

The Company always upholds our mission of serving the nation through developing successful businesses across industries. We are committed to robust development following the directions advocated by the nation, with increasing tax contribution, offering better quality products and services, and creating more job opportunities as our priorities. As one of China's leading industrial investment and operation companies, we have facilitated the development of many Chinese companies participating in the real economy as well as start-ups and innovative enterprises with our existing wide business coverage of industries and a unique business model to achieve win-win results, leading to sound financial performance and positive social impact. In addition, our Company has always been pursuing the philosophy of "people first" and sharing the fruits of the Company's development with our shareholders and employees.

The Company attaches great importance to supporting social welfare initiatives. Based on our characteristics and strengths, we have been committed to long-term contribution in key areas such as fostering start-ups, education for poverty alleviation, promoting social integrity, responding to disasters and their aftermath. The Company organized the "Legend Star CEO Training Program (聯想之星創業CEO特訓班)" assisting in the development of a large number of Innovative SMEs, and established the "Legend Advancing Education Fund (聯想進取教育基金)" and the "Legend Beijing Special Foundation for Heroes, Models and Justice-upholders (見義勇為人士專項基金)". The Company also actively organized and coordinated its subsidiaries to donate relief funds, supplies, products and services in such fields as education, student subsidy and rural revitalization and in response to natural disasters such as epidemics and floods, in its endeavour to fulfil its corporate social responsibilities.

The Company has long been committed to supporting energy conservation and environmental protection and encouraged our subsidiaries to move toward such directions. For example, Lenovo has been a role model in low-carbon practices among leading global technology companies. Its low-carbon practices were selected as a case study in the Global Advanced Enterprise in Digital Information Industry by the United Nations Global Compact (UNGC) and it aims to achieve net zero carbon emissions by 2050. Meanwhile, Lenovo also actively offers products, services and solutions to help various industries achieve carbon neutrality, and contributes its technological expertise to the construction of a "zero-carbon society". Levima Advanced Materials has put huge effort on the development of new energy materials and biodegradable materials, with its core product, EVA photovoltaic materials, widely used in the field of new energy. The recently acquired Jiangxi Keyuan Bio-Material Co., Ltd (江西科院生物新材料) has a strong technical reserve in the field of biodegradable materials. In addition, in terms of operation, the key unit consumption indicators for Levima Advanced Materials continued to decrease and maintained at leading position in the industry, and its energy-saving and emission-reduction measures have also achieved remarkable results.

In the future, Legend Holdings will continue its efforts in the above-mentioned areas. Upon fully analyzing the needs of the nation and taking into account of those needs, we will keep strengthening and optimizing our own practices so as to make greater contributions to the promotion of social justice, common prosperity and the high-quality development of China's economy as well China's journey towards realizing the second centenary goal.

For the six months ended June 30, 2021, Legend Holdings realized revenue of RMB228,565 million, representing an increase of 24% year-on-year, achieving a consecutive growth for the 9th reporting period since 2017. The strategic investments recorded stable growth in revenue in the segments of IT, innovative consumption and services, agriculture and food and advanced manufacturing and professional services. Among which, Lenovo benefited from the global wave of digitization and smart technologies and its three core businesses, namely Intelligent Devices Group (IDG) business, Infrastructure Solutions Group (ISG) business and Solutions and Services Group (SSG) business, achieved stellar growth. Revenue from innovative consumption and services recorded a year-on-year increase of 103%, driven by a substantial year-on-year growth of revenue from consumption businesses, mainly attributable to the continuous and stable recovery of the economy because of effective pandemic prevention and control in China. Agriculture and Food segment benefited from the improvement of fruit and animal protein businesses, contributing a year-on-year increase of 9% in revenue. Advanced manufacturing and professional services segment witnessed a historical high in revenue, representing an increase of approximately 46% year-on-year, primarily attributable to the strong growth in the operating results of Levima Advanced Materials.

During the Reporting Period, the net profit attributable to equity holders of Legend Holdings totaled RMB4,691 million, an increase of 636% year-on-year, representing the best interim results in the Company's history. The increase in the performance was mainly attributable to the following reasons:

For strategic investments, 1) the net profit attributable to equity holders of the Company from IT segment generated by Lenovo increased 172% year-on-year. The profit margins for its IDG business and SSG business both witnessed year-on-year increases, and the ISG business achieved its best quarterly results in 5 years; 2) the innovative consumption and services segment has turned net profit from negative to positive, mainly because of CAR Inc., (CAR)'s significant impairment provision during the corresponding period of last year. During the Reporting Period, the Company completed the disposal of the entire equity interest in CAR to withdraw investment with satisfactory return. In addition, the business activities of the companies in this segment were restricted and affected because of the COVID-19 pandemic during the corresponding period of last year, which had a considerable impact on their operating results. However, the economic situation in the first half of 2021 was significantly better; 3) the agriculture and food segment also turned net profit from negative to positive mainly because of the increase in profit from fruit business, the reduction in losses of animal protein business, and the disposal of the partial equity interest in investee companies with sound financial return; 4) the net profit attributable to equity holders of the Company from the advanced manufacturing and professional services segment increased 108% year-on-year, mainly attributable to the profit growth of Levima Advanced Materials and the diluted gain of RMB268 million from the listing of EAL.

The net profit attributable to equity holders of the Company from the financial investments segment was RMB2,558 million, an increase of 81% year-on-year, among which Legend Star and Legend Capital continued to contribute stellar returns. As of June 30, 2021, Legend Holdings continued capital operation through strategic investments and financial investments, with 12 of our portfolio companies completed their IPOs and at least 11 companies advancing their IPO application process.

Strategic Investments

IT

We engage in IT businesses mainly through our subsidiary Lenovo (Stock Code: 992). Lenovo is a Fortune Global 500 company that develops, manufactures and sells high-end technology products and provides related services to corporate and individual customers. As of June 30, 2021, we held 33.445% equity interest in Lenovo, directly and indirectly.

The wave of digitization and smart technologies is sweeping across the world and the trend of industry development marked by the upgrading of smart terminal devices, infrastructure and applications is fueling Lenovo's long-term and sustainable profit growth. As of June 30 2021, the three core businesses of Lenovo, namely Intelligent Devices Group (IDG) business, Infrastructure Solutions Group (ISG) business and Solutions and Services Group (SSG) business achieved record-high results.

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, 2021	For the six months ended June 30, 2020
Revenue	210,776	168,273
Net profit	4,987	2,182
Net profit attributable to equity holders of Legend Holdings	1,539	566

During the Reporting Period, the IT segment's revenue increased by 25% year-on-year to RMB210,776 million. Net profit attributable to equity holders of Legend Holdings increased by 172% to RMB1,539 million, mainly because of: 1) the rapid growth of the PC business under the Intelligent Device segment, and the record high profit margin driven by the strong growth in the premium niche market as well as the profit growth of the smartphone business; 2) ISG's best quarterly results in 5 years driven by the digital and service-led transformation; 3) the significant year-on-year increase of revenue recorded by SSG business. The Support Services, Managed Services and Project & Solutions under the business recorded double-digit growth in revenue for the second quarter of the year with profit margins substantially higher than other businesses, which were further uplifted during the Reporting Period.

Intelligent Devices Group (IDG)

The IDG, consisting of the PC, tablet, smartphone, and other smart devices businesses, delivered a prominent growth in revenue and profit during the Reporting Period. PC business maintained its leading position as NO. 1 of the world during the Reporting Period with the market share gain across PRC, North America, and Latin America. The recovery in enterprise CAPEX drove the rapid growth in the sale of commercial computers, together with the increasing demand for high-end products such as gaming PC, premium Think-series and workstations brought about by the rising trend of remote working and remote learning, and, as a result, average selling price of intelligent devices were pushed up year-on-year with profit margins reaching an all-time high.

During the Reporting Period, the revenue from non-PC business increased significantly with its revenue proportion in IDG business further improving, representing the strongest growth area within the segment. By continuously implementing the strategy of product optimization and broader carrier ranging, Smartphone business recorded a rapid growth, demonstrating that it has entered a healthy development stage with self-driven growth. Supported by the buoyant demand for online education, the sales volume of tablets also achieved growth.

Infrastructure Solutions Group (ISG)

Benefiting from the global digital transformation, ISG's revenue increased steadily, recording a growth rate substantially higher than the market average for the sixth consecutive quarter. ISG's loss has narrowed to RMB70 million just in the second quarter of the year, being its best quarterly results in the past 5 years. This was mainly attributable to a concerted effort in improving the segment profitability of IT infrastructure business within the Cloud Service Provider (CSP) and the Enterprise & Small and Medium Business (ESMB). During the Reporting Period, Lenovo continued to strengthen its in-house design and manufacturing capabilities of the CSP segment in a view to improve the operational efficiency, and diversify its client base and product portfolio. ESMB business further gained in market share across multiple high-growth products: storage and software and service while continuing to expand its footprint in Hybrid Cloud Solution. In the mainstream storage segment, as one of the fastest-growing vendors, Lenovo is now the second largest global player.

Solutions & Services Group (SSG)

Targeted at the fastest-growing "New IT" service segment, SSG consists of three business segments, namely Support Services, Managed Services and Project & Solutions. During the Reporting Period, SSG's revenue increased significantly year-on-year. Its three segments and all regions have recorded strong double-digit growth in revenue during the second quarter, with its operating margin topping all business groups. The brilliant performance of SSG underscored that Lenovo's service-led transformation strategy has started to bear fruits.

During the Reporting Period, Lenovo continued to enrich its service offerings across all three segments to boost profitability and business scale. Revenue of Support Services increased, thanks to rising penetration rate and strengthening Premier Service attach and new solutions, such as Asset Recovery Service. Managed Services fully took advantage of surging demand for "X as-a-Service" solutions ("X as-a-Service" solutions consist of two products, namely devices as a service and software as a service), posting a remarkable revenue. Merely in the second quarter, its "X as-a-Service" offerings more than doubled in total contract value. Project & Solutions segment also reported a strong revenue growth, on rapidly growing scaling capability with over USD100 million total contract value signed for smart city projects, several lighthouse projects, Internet data Center, and retail projects.

Outlook

The acceleration of digitization and intelligent processes has brought tremendous market opportunities for Lenovo, which will further optimize its operations and better serve its customers with innovative products, solutions and offerings through fostering digital and intelligent transformation, thereby achieving a long-term sustainable growth in profitability.

Within the IDG, Lenovo's PC business will continue to address opportunities emerging from structural changes in the sector, leverage its operational excellence and global franchise to meet strong segment demand, drive consistent premium-to-market growth, and maintain profitability leadership. Its smartphone business will further promote product innovation and accelerate 5G smartphone launches, while seeking to enhance competitiveness in Latin America, North America and Europe to grow at a premium to the sector and drive profitable growth.

For ISG, it aims to deliver premium-to-market growth and enhance profitability with the One Lenovo platform. In the ESMB segment, Lenovo will grow its high-margin services attach rate, upsell premier services and expand hybrid cloud solutions to drive a paradigm shift in computing with its edge-to-cloud solutions. For its CSP business, Lenovo will expand its share with existing accounts and diversify its customer base by leveraging its unique strengths including in-house custom design and manufacturing capabilities with worldwide reach, and expand its product portfolio with advanced configurations and storage platforms.

For SSG, by targeting the fast-growing "New IT" opportunities, Lenovo's extensive exposure to commercial PC and ESMB infrastructure will offer huge service potentials in all three segments. While increasing the penetration rate of support service, Lenovo will fully support the managed services and "X as-a-Service offering" as well as the development of platforms and tools, leverage self-developed IP to establish reusable vertical industry solutions, and rapidly expand the scale of business through continuous expansion of strategic partnerships, so as to build a competitive edge for future growth.

Financial Services

Overview

The Company operates the financial services segment through our diversified subsidiaries and associates:

- Banque Internationale à Luxembourg S.A. (BIL), our subsidiary, which mainly provides comprehensive banking services, including corporate and institutional banking, retail banking, private banking, and capital markets;
- Zhengqi Holdings, our subsidiary, which mainly provides SMEs with comprehensive financial solutions such as direct loans, financial leasing, commercial factoring and equity investment;
- JC Finance & Leasing, our subsidiary, which mainly provides financial leasing services;
- Lakala Payment, our associate (A Share Stock Code: 300773), is positioned as a commercial digitalized operation service provider. It serves customers in the full spectrum of services covering payment, technology, source, logistics, finance, brand and marketing;
- Hankou Bank, our associate, which engages in commercial banking services; and
- Hyundai Insurance, our associate, which is a technology-driven insurance company that specializes in property insurance services.

During the Reporting Period, the economy of China continued to recover steadily, and China's GDP grew by 12.7% in the first half of 2021. Driven by the revival of economy, the financial industry was also undergoing a gradual recovery, and the overall operation of the industry was stable. Regulatory control over the financial industry was strengthened, reinforcing the role of finance in serving the real economy, tackling major financial risks, and continuously deepening the opening up policy would continue to constitute the contexts of financial industry regulations.

During the Reporting Period, our portfolio companies in the financial services segment actively adjusted their business strategies and seized the opportunities brought by the economic recovery to accelerate the business development, boosted services to high-quality customers in the real economy, while adopting a more prudent strategy in risk management and control. Legend Holdings accorded comprehensive support to our portfolio companies to help them improve business performance by expanding their strategic, business and financing resources. We also continued to support our portfolio companies in improving their risks management, including but not limited to credit risks, liquidity risks, market risks and investment risks.

In the future, Legend Holdings will fully leverage our advantage in industry resources and technology to develop our financial services segment in several directions. Firstly, we will continue to refine our existing businesses and, by helping our portfolio companies to upgrade strategies and improve performance, to consolidate our edges. Secondly, we will continue to optimize our asset portfolios and reinforce our overall competitive edges. Thirdly, we will support our portfolio companies to boost their services to the science and technology sector, and optimize their business models with technology.

During the Reporting Period, the revenue and net profit of the financial services segment were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	3,141	4,188
Net profit	371	781
Net profit attributable to equity holders of Legend Holdings	318	730

During the Reporting Period, the revenue from the financial services segment was RMB3,141 million, representing a year-on-year decrease of around 25%, mainly due to the deconsolidation of Kaola Technology. The net profit attributable to equity holders of Legend Holdings decreased from RMB730 million for the corresponding period of last year to RMB318 million. The performance change was mainly because of the following factors: 1) Hankou Bank completed a new round of capital increase in the first half of the year, which diluted the equity interest held by Legend Holdings and resulted in certain non-cash losses; 2) Kaola Technology has laid out an orderly exit strategy. Therefore, with the loss on disposal assets and the impairment loss, Kaola Technology's net loss attributable to equity holders of Legend Holdings during the period amounted to RMB500 million; 3) the net profit of the companies such as BIL, Zhengqi Holdings, JC Finance & Leasing and Lakala recorded a year-on-year increase. The net profit attributable to equity holders of Legend Holdings from the financial services segment increased by 20% year-on-year in the first half of the year if the impact of the one-off loss from share dilution of Hankou Bank, and the disposal and impairment loss of Kaola Technology are excluded.

Operating Highlights

- During the Reporting Period, against the backdrop of the lingering impact of COVID-19 pandemic on European economy, the persistence of low interest rate, and partial recovery of commercial activities, BIL still achieved a significant growth. At the end of June 2021, Assets under Management (AuM) of BIL reached EUR45.5 billion, representing an increase of EUR1.8 billion as compared with that at the end of 2020. Customer deposits reached EUR20.3 billion and commercial loans reached EUR15.9 billion. BIL recorded a net profit of approximately EUR47 million for the first half of 2021, representing an increase of 18% as compared with that for the corresponding period of last year. The risk costs significantly reduced and CET-1 ratio was 13.18%. BIL's ratings by both Moody's and Standard & Poor's remained stable (at A2/Stable/P-1 and A-/Stable/A-2 respectively). In 2021, BIL continued to pursue its strategy of further penetration into the Chinese market, and the board of directors of BIL approved its business plan for the Greater Bay Area and has further strengthened the linkages between Luxembourg, Switzerland, Hong Kong and Beijing to provide a wide range of services to entrepreneurs and high-net-worth clients located in Europe and China.
- During the Reporting Period, Zhengqi Holdings maintained the "investment loan linkage" (投貸聯動) business model and focused on emerging industries and their ecological chains encompassing semiconductors, healthcare, high-end equipment manufacturing, new materials, new energy, energy conservation and environmental protection. It continued to consolidate its strategic support system to implement and anchor the model. In the first half of 2021, Chemclin Diagnostics Co., Ltd. (科美診斷技術股份有限公司) ("Chemclin Diagnostics") (A Share Stock Code: 688468) and Hefei Gocom Information Technology Co., Ltd. (合肥工大高科信息科技股份有限公司) ("Gocom Technology") (A Share Stock Code: 688367), the investee companies under Zhengqi Holdings, were listed on the STAR Market of Shanghai Stock Exchange. The IPO of a number of its investee companies were being processed or to be submitted. During the Reporting Period, the net profit of Zhengqi Holdings amounted to RMB306 million, representing an increase of RMB92 million, or 43% increase compared with the corresponding period of last year, which was mainly due to the fair value gain of its previous key investments realized through successful listing.
- During the Reporting Period, JC Finance & Leasing seized the opportunities brought by the economic recovery to accelerate its business growth, with the balance of financial leasing receivable amounting to RMB11,188 million and a year-on-year increase of 1.0% as of the end of the Reporting Period. Revenue from financial leasing business increased by 3.3% year-on-year. During the Reporting Period, it achieved a net profit of RMB159 million, a year-on-year increase of 44%.
- During the Reporting Period, Lakala Payment established a multi-dimensional service system integrating payment process, science and technology, and new retail business for the upstream and downstream payment ecosystem, put more efforts in product innovation and market penetration, and actively made a presence in such areas as e-CNY, cross-border payment, cooperation with international credit card issuers e-CNY and supply chain operations. With the increasing number of merchants served, the scale of payment processed, and Lakala Payment's revenue from merchant payment business maintained a promising growth and its revenue generated from merchant technology service business continued to increase rapidly. Lakala Payment recorded its net profit attributable to equity holders of Lakala Payment of RMB551 million, representing a year-on-year increase of 26%.
- During the Reporting Period, Hyundai Insurance continued to put effort into product and service innovation, and successively launched products such as vaccination accident insurance, "Yuanding Protection Plan" (園丁保) – a one million medical insurance plan for teaching employee, and auto dealer insurance, and underwrote the first e-CNY insurance policy in Beijing. Hyundai Insurance reported a revenue of RMB334 million from insurance premiums for the first half of the year, an increase of 410% year-on-year.

BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has always 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. As of June 30, 2021, we held 89.98% equity interest in BIL.

BIL has substantially established an international service network linking Luxembourg, Switzerland, Beijing, and the Greater Bay Area in 2020. During the Reporting Period, BIL further developed its two main centres of excellence, Luxembourg and Switzerland. BIL continued to focus its commercial reach on markets where it has the strengths to provide value to its clients, such as China and Western Europe, and on specific client targets such as entrepreneurs and business owners. For this purpose, BIL Wealth Management Limited, acting as BIL's primary operating entity in Asia-Pacific region and a key part of BIL Group's China strategy, not only actively helped Chinese enterprises in "going global", but also efficiently worked with BIL in making investment in China. It offered both entrepreneurs and HNWI clients in Europe and China a cross-border wealth and asset management platform with an international vision. Through continuous improvement in its investment and research system developed for the stocks, bonds and funds in China, BIL Wealth Management Limited has been dedicated to assisting investors in Europe in building more diversified asset allocations, and has created a cross-border channel for them to make investments in the private equity and capital markets in China, while bringing more long-term capital and greater potential growth momentum into the Chinese market.

In addition, BIL has been actively optimizing its organizational structure and enhancing its operational efficiency. Last year, BIL decided to close its Dubai branch and move its business in Middle Eastern market to Switzerland. This decision will take effect in the second half of 2021.

During the Reporting Period, in spite of an unfavorable macro environment, BIL was still able to achieve a remarkable performance in its business segments of retail banking, corporate and institutional banking and wealth management.

- Because of factors such as a positive market effect and the increase in current account, its AuM reached EUR45.5 billion, up from EUR43.7 billion at the end of 2020. Customer deposits increased by 2.7% to EUR20.3 billion, from EUR19.8 billion at the end of 2020. Customer loans increased by 3% to EUR15.9 billion, from EUR15.4 billion at the end of 2020;
- During the Reporting Period, BIL reported a net profit of EUR47 million, up by 18% compared with EUR40 million for the corresponding period of last year, mainly influenced by a resilient performance in terms of revenue from commercial activities, despite the COVID-19 pandemic, and by a positive evolution of the cost of risk;
- At the end of June 2021, CET-1 ratio remained healthy at 13.18%;
- At the end of June 2021, BIL's ratings by both Moody's and Standard & Poor's remain unchanged at A2/Stable/P-1 and A-/Stable/A-2 respectively.

Management Discussion and Analysis

BIL has reviewed its strategy to reflect the new reality that it faced in the post pandemic era, with an upgrade in the strategic plan to facilitate sustainable development in the long run. This upgraded strategy focuses on the following key priorities, where BIL believes it can best use its unique capabilities and has a strong right to win:

- By enhancing its synergic advantages among retail, private and corporate and institutional banking, it aims to deliver added value to its clients and continue to bolster its strong position as one of the leading banks in Luxembourg;
- It will continue to develop its Chinese business on a step-by-step basis, with the ambition to become a leading bank for clients wanting to do business across China and Europe;
- As an essential activity in the BIL's diversified business model, the Wealth Management Business will focus on its targeted clients in core markets to drive the future growth of BIL;
- Its new and reliable core banking system will provide substantial support to its business initiatives; and
- By designing and implementing a new target operating model and culture, BIL is set to become a robust and dynamic bank ready to face the future.

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

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	2,282	2,391
Net profit	333	277

Zhengqi Holdings

Zhengqi Financial Holdings Corporation has completed the procedure of changing its company name to Zhengqi Holdings Co., Ltd. ("Zhengqi Holdings") in July 2021. Zhengqi Holdings is an outstanding professional organization operating with a unique "investment loan linkage" model, with which Zhengqi Holdings pursues to serve the technology innovation enterprises for their value enhancement and aims to become China's leading comprehensive financial service provider and an empowerment platform for SMEs, in its endeavor to build an ecosystem for SMEs to create value. As of June 30, 2021, we held 94.62% equity interest in Zhengqi Holdings.

During the Reporting Period, Zhengqi Holdings maintained its business strategy of “optimizing resource allocations in targeted industries and regions with investment banking initiatives” (產業聚焦、投行引領、區域深耕、資源優配). It focused its business on emerging industries with strategic importance and their ecosystems and value chains encompassing semiconductors, healthcare, high-end equipment manufacturing, new materials, new energy, energy conservation and environmental protection. And, from an investment bank perspective, it substantially increased its presence in such industries and constantly optimized and adjusted its business structure. It implemented the “investment loan linkage” model to further develop the markets in the Yangtze River Delta, the Greater Bay Area, the Beijing-Tianjin-Hebei region and the Yangtze River Economic Belt, which are regions with rich abundance of scientific, educational and industrial resources.

Zhengqi Holdings continued to consolidate its strategic supporting system to implement and strengthen such model, the benefits generated by which started to show in a new round of capital market reforms. In the first half of 2021, Chemclin Diagnostics (科美診斷), an investment project of Zhengqi Holdings in biomedical sector, was successfully listed on April 9, 2021, while Gocom Technology (工大高科) was successfully listed on June 28, 2021, which became the first listed domestic company specialized in industrial railway signaling control and intelligent dispatching system. In addition, the IPO of a number of Zhengqi Holdings’ investee companies were being processed or about to be submitted. As Zhengqi Holdings investee companies are successively entering capital markets, its investment segment is expected to achieve sound performance. At the end of the Reporting Period, the scale of Zhengqi Holding’s equity investment business increased by RMB244 million as compared to that at the beginning of the year; and relevant fair value gain was up by 14.89% year-on-year, with an increase of RMB573 million as compared to that at the beginning of the year.

During the Reporting Period, the revenue and net profit of Zhengqi Holdings were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	322	469
Net profit	306	214

During the Reporting Period, Zhengqi Holdings achieved revenue of RMB322 million, representing a decrease of 31% compared with the corresponding period of last year, mainly due to the decline in interest income from credit business caused by structural adjustment of investment loan business. Its net profit amounted to RMB306 million, representing an increase of RMB92 million, or 43% increase compared with the corresponding period of last year, mainly due to the fair value gain realized through successful IPOs of key investee companies in early stage during the Reporting Period.

JC Finance & Leasing

JC Finance & Leasing, founded in November 2015, is Legend Holdings' subsidiary specializing in financial leasing and related financial businesses. Backed by Legend Holding's brand and management expertise, JC Finance & Leasing develops its financial leasing business, through collaborating with well-regarded domestic and international equipment manufacturers. It focuses on industries and industrial chains acting as key growth drivers of China's new economy, such as advanced manufacturing, energy conservation and environmental protection, agri-food, digital information, healthcare services, public services and transportation. It is dedicated to developing into a leading enterprise in the financial leasing industry. As of June 30, 2021, the Company held 99.01% equity interest in JC Finance & Leasing.

During the Reporting Period, the revenue and net profit of JC Finance & Leasing were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	538	545
Net profit	159	111

During the Reporting Period, China's economy continued to recover steadily, and the financial leasing industry remained in an adjustment stage amidst toughening financial regulation. JC Finance & Leasing seized the opportunity and actively adjusted its strategy to accelerate business development. As of the end of the Reporting Period, the balance of financial leasing receivable amounted to RMB11,188 million, posting a year-on-year increase of 1.0% as compared to the corresponding period of last year. During the Reporting Period, the revenue of JC Finance & Leasing was RMB538 million, of which the total revenue of the financial leasing business increased by 3% year-on-year to RMB512 million. The net profit was RMB159 million, an increase of 44% year-on-year. The growth in net profit was attributable to: 1) the decrease in financing cost; 2) the continuous optimization of asset quality resulted in the decrease in expected credit loss compared to the corresponding period of last year.

During the Reporting Period, JC Finance & Leasing continued to actively expand external financing. In the first half of the year, it issued the last batch of RMB397 million of the shelf offering under an asset-backed special plan (ABS) for SMEs leasing of RMB2 billion. At the same time, it activated RMB2 billion of the inter-bank asset-backed notes (ABN) and issued the first batch of the offering of RMB649 million. The raised funds were used for developing inclusive finance business and supporting the upgrading of real economy's production capacity. Meanwhile, JC Finance & Leasing is also actively expanding overseas financing channels and further diversifying financing methods.

Associates in Financial Services Segment

Lakala Payment

Lakala Payment is positioned as a commercial digitalized operation service provider. Entering into new strategic stage, Lakala Payment upgrades and transforms its role from “collecting payments for companies” to “making profits for companies”, empowering merchants in the full spectrum of services covering payment, technology, source, logistics, finance, brand and marketing to give a full play to their respective capacities in the internet era. The major business of Lakala Payment are merchant payment business and merchant technology service business. As of June 30, 2021, the Company held 28.24% equity interest in Lakala Payment.

During the Reporting Period, Lakala Payment achieved total revenue of RMB3,305 million, representing a year-on-year increase of 32%. The net profit attributable to equity holders of Lakala Payment was RMB551 million, representing a year-on-year increase of 26%.

In the first half of 2021, Lakala Payment recorded revenue from merchant payment business reaching RMB2,948 million (a year-on-year increase of 40%), transaction payment amounting to RMB2.58 trillion (a year-on-year increase of 49%) and the number of merchants serviced exceeding 2.7 million maintaining a leading position. During the Reporting Period, Lakala Payment established the digital payment division and it was one of the only two payment institutions among the first 15 strategic partners of the People’s Bank of China in e-CNY. Lakala Payment strategically invested in Skyee, the first series of approved cross-border payment service provider of Amazon in the United States, and completed the link between its system and Lakala Payment platform. Further, Lakala Payment launched a cross-border technology platform to help SMEs conduct business more simply and effectively around the world.

With regard to merchant technology service business, Lakala Payment has been providing merchants with financial technology services, computer software and technology services, and supply chain business services through the construction of SaaS platform, cloud computing, big data, blockchain and other technologies. During the Reporting Period, Lakala Payment successively launched a pilot scheme for the cloud supermarket platform in 25 cities across the country, connecting merchants, sources of goods and logistics systems through the SaaS platform, helping merchants expand product procurement channels, optimize SKU and make profits. During the second quarter of the year, the cloud supermarket platform of Lakala Payment recruited more than 500 distributors, connected 44,077 retail stores and achieved 152,745 deals of purchase with the total purchase amounting to RMB315 million and 55% of repurchase rate. The pilot scheme was an initial success.

Hankou Bank

Hankou Bank primarily conducts commercial banking businesses including corporate banking, retail banking and financial market services. Hankou Bank has a network covering all cities in Hubei Province, with branches in Chongqing. As of June 30, 2021, Legend Holdings held 13.11% equity interest in Hankou Bank. During the Reporting Period, Hankou Bank was actively preparing for its IPO.

In the first half of 2021, in the face of the complicated economic and financial situations, Hankou Bank adhered to synergizing scale, quality, and efficiency. Its main operating indexes have been stable and promising. During the Reporting Period, Hankou Bank actively fulfilled its social responsibilities as a financial enterprise and spared no effort in serving Hubei to develop into an important node in the domestic circulation and create a strategic link with the “dual circulation” emphasizing both domestic and international markets. Firstly, Hankou Bank provides services for major projects, creates and optimizes its “Jiutong Merchant Loan” products (九通招商貸), actively attracts new industries and projects for investment, and serves a group of companies’ headquarters, leading enterprises and end product enterprises. Secondly, it sets to strengthen the industry, focuses on supporting the development of the industrial chain and supply chains in Hubei, building “five centers” around Wuhan, introducing special financial service plans, making greater efforts to support emerging industries of strategic importance, and fully connecting with trillion industrial clusters in Hubei. Thirdly, Hankou Bank also innovatively promotes consumption, strengthens risk management, develops “online+offline” consumer loan products, and helps cultivate consumption hotspots in Hubei. Fourthly, Hankou Bank continues to relieve the difficulties of market sectors, and provide “pull and support” assistance to SMEs, while increasing the scale of loan schemes which comprised of first loans, renewal loans, credit loans, and medium and long term loans.

Hyundai Insurance

Founded in March 2007, Hyundai Insurance specializes in property insurance. As of June 30, 2021, Legend Holdings held 32% equity interest in Hyundai Insurance.

During the Reporting Period, Hyundai Insurance continued to explore product and service innovation, and successively launched vaccination accident insurance, “Yuanding Protection Plan” (園丁保), a one-million medical insurance plan for teaching employee and the first domestic auto dealer’s benefit insurance. It is developing innovative auto insurance products and new energy auto insurance products. Together with Lakala, Hyundai Insurance also underwrote the first e-CNY insurance policy in Beijing. In addition, Hyundai Insurance has actively built a new generation of core insurance business systems, integrating cloud, microservices, big data, artificial intelligence and other technologies to form a full business chain with internal and external connection, which can efficiently handle internet business with high-frequency, massive, high-concurrency and highly automated processes, thus supporting the quality development of businesses. As of June 30, 2021, Hyundai Insurance reported approximately RMB334 million from insurance premiums, an increase of 410% year-on-year.

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, our subsidiary, mainly provides neurology specialty and other comprehensive medical healthcare services;
- Bybo Dental, our associate, mainly provides dental healthcare services through chain operations.

During the Reporting Period, by further promoting the optimization of the resources allocation of the segment, we improved and enhanced the performance of continuing operations. Better Education actively followed the national policy guidance and continued to improve its service capacity. Shanghai Neuromedical Center further strengthened its specialty advantages and improved its management and services. During the Reporting Period, the adverse effect of the COVID-19 pandemic on the segment business has been largely offset, and all subsidiaries have achieved year-on-year growth and turn net profit from negative to positive.

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

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	533	263
Net profit/(loss)	85	(1,705)
Net profit/(loss) attributable to equity holders of Legend Holdings	67	(1,644)

During the Reporting Period, the revenue of the innovative consumption and services segment increased by 103% year-on-year to RMB533 million with net profit of RMB85 million, representing a significant improvement as compared with a loss of RMB1,705 million for the corresponding period of last year. Such improvement was mainly because of: 1) large losses from CAR arising from its provision of impairment for the corresponding period of last year; 2) the improvement in the operating performance of the consumption business during the Reporting Period as a result of the steady recovery of the economy under the effective pandemic prevention and control in China.

Better Education

Our subsidiary Better Education is a leading kindergarten group specializing in pre-school education, with a network of middle and high-end kindergartens under its direct management in China. As of June 30, 2021, Legend Holdings held, through our subsidiaries, 51% equity interest in Better Education and Hony Capital held another 29% equity interest.

After over a decade's operation, Better Education has established a standardized operating model and developed an operation team with extensive experience in management. At present, its kindergarten network covers 38 cities in 15 provinces in China. As of June 30, 2021, Better Education had 114 kindergartens and 4 early learning centers and training schools under its direct management, with 14 new kindergartens in the pipeline. The kindergartens and schools of Better Education, located in Shanghai, Suzhou, Nanjing, Chongqing, Changsha, Guangzhou and other cities, had more than 36,000 enrolled students and about 5,700 staff members. Its scale was among the largest in China, making it the country's leading kindergarten group with a network of middle and high-end kindergartens.

Since the country deepened reform for pre-school education, Better Education has actively cooperated with local governments and education bureaus at all levels to provide inclusive pre-school education services. In accordance with the actual needs of pre-school teaching in different regions, Better Education helped kindergartens to improve the quality of teaching and services, train excellent teachers, promote the integrated development of characteristic curriculum and inclusive curriculum systems and achieve the goal of inclusive and high-quality kindergartens.

During the Reporting Period, the revenue and net profit/(loss) of Better Education were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	314	92
Net profit/(loss)	32	(108)

During the Reporting Period, the revenue of Better Education amounted to RMB314 million, representing an increase of 241% as compared with the corresponding period of last year. Better Education turned net profit from negative to RMB32 million. The increase in profit was mainly because the negative impact of the pandemic has been substantially offset in the first half of 2021, as the business declined due to the closure of kindergartens during the severe outbreak of the pandemic in the corresponding period of last year.

Shanghai Neuromedical Center

Our subsidiary medical institution Shanghai Neuromedical Center mainly provides neurological specialty medical services. As of June 30, 2021, we held 58% equity interest in Shanghai Neuromedical Center through our subsidiary.

Founded in 2013, Shanghai Neuromedical Center is a specialized hospital built according to the standards of tertiary specialized hospitals, with a strong specialty of clinical neuroscience and comprehensive hospital features. 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, supported by comprehensive surgical and internal medicine. Shanghai Neuromedical Center has been additionally designated as the Shanghai School of Clinical Medicine of Qingdao University and the Shanghai School of Brain Medical Center of Qingdao University since May 2019. In July 2021, Shanghai Neuromedical Center was awarded “Stroke Treatment Center” by China Stroke Center Alliance, an organization initiated by Chinese Stroke Association. This signified that Shanghai Neuromedical Center was recognized for its quality of stroke treatment within the industry.

During the Reporting Period, Shanghai Neuromedical Center kept strengthening the development of its advanced neurology specialty and other comprehensive departments, and introduced talents to various departments such as neuropsychology, orthopedics, emergency medicine, gastroenterology, respiratory medicine and rehabilitation, so as to facilitate the development of such departments and improve medical techniques. At the same time, Shanghai Neuromedical Center also introduced the first “NeuViz Epoch 512-slice Multimodal Panoramic CT Scanner” in Eastern China and put it into service. The scanner can significantly improve the diagnosis accuracy and rescue efficiency of cardio-cerebral diseases, and enhance the scientific research capability in such aspects as low-dose, vascular and spectral imaging. In addition, among the first batch of hospitals that accepted portable medical insurance in the country, Shanghai Neuromedical Center was also among the first to provide the direct settlement of expenses for outpatients on the basis of providing that to hospitalized patients under portable medical insurance. As a result, outpatients no longer need to pay out-of-pocket and claim reimbursement later. In February 2021, Shanghai Neuromedical Center officially established its operational management center to further improve the precision, processes and standardization of its operational management and lift its service quality in various aspects to improve the patients’ satisfaction.

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

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	219	171
Net profit/(loss)	9	(1)

During the Reporting Period, the operating results of Shanghai Neuromedical Center improved significantly and recorded revenue of RMB219 million, which represented an increase of over 28% compared with the corresponding period of last year, mainly due to the significant increase in the numbers of outpatient visits, discharged patients and surgeries. In addition, precise management of costs was reflected in its profitability, with a net profit of RMB9 million recorded for the Reporting Period.

Associate of Innovative Consumption and Services Segment

Bybo Dental

Our associate Bybo Dental provides dental healthcare services. In February 2021, Taikang Life Insurance further strengthened its support of Bybo Dental by capital increase. As of June 30, 2021, Legend Holdings held 26.05% equity interest in Bybo Dental.

Bybo Dental is committed to providing dental health services covering the whole life cycle. By actively leveraging the business synergy of dental healthcare and insurance, the revenue generated from insurance business channels increased continuously. Bybo Dental associated with Taikang Life Insurance to develop various dental insurance products and membership products. By providing insurance programmes with value-added dental services comprehensively covering preventive healthcare, accidental dental treatment and integrated treatment, Bybo Dental can better meet the user demands of dental treatment and improve customers' experience. As of June 30, 2021, Bybo Dental had 199 oral services outlets, including 39 hospitals and 160 clinics, covering 22 municipalities and provinces, with 2,128 dental chairs.

Bybo Dental has always attached great importance to medical discipline development and talent reserve, established an overall sound system for clinical study and research training. It set up the dentist grading and admission standards and the study path for promotion with more than 100 online and offline courses offered. With outstanding discipline advantages and specialities, Bybo Dental continues to improve its medical techniques and core competitiveness.

During the Reporting Period, the revenue of Bybo Dental amounted to RMB1,092 million, representing an increase of 54% compared to RMB709 million in the corresponding period of last year, owing to the remarkable improvement in operating efficiency. In the future, Bybo Dental will constantly improve its medical techniques and service quality. While reinforcing the services, Bybo Dental will make further efforts on enhancing customer loyalty and strengthening market share. Bybo Dental will keep on providing high-quality dental medical service so as to improve the financial performance.

Agriculture and Food

Overview

Our subsidiary Joyvio Group is an agricultural and food industry in pursuit of the Company's vision for the agriculture and food sector. The two main business lines of Joyvio Group are fruit and high-end animal protein. It also actively participates in ready-to-cook products and agro-food technology businesses to grow its footprint. As of June 30, 2021, Legend Holdings held 81.72% equity interest in Joyvio Group. On July 19, Joyvio Agriculture Development Co., Ltd. (a listed company under Joyvio Group, A Share Stock Code: 300268) officially changed its name to Joyvio Food Co., Ltd., with the corresponding change of its stock name from "Joyvio Agriculture" to "Joyvio Food".

In terms of the supply chain of fresh fruit, the Joyvio Group owns Joy Wing Mau, which operates China's largest vertically integrated fruit company, and Xinguojiayuan, China's leading fruit producer and incubation and acceleration platform enterprise. Joy Wing Mau continues to deploy its resources in the global supply chain and its all-encompassing distribution networks, with "Joyvio", its high-end fruit brand, achieving greater brand influence and product diversification. Xinguojiayuan continues to reinforce the operation of blueberry bases across the country and promote the development of new fruit varieties and plantation techniques. In the seafood supply chain, domestically, we own Qingdao Starfish, a leading Chinese seafood enterprise which is under Joyvio Food. Overseas, we own Australis Seafoods S.A. under Joyvio Food, the world's leading salmon company from Chile, and KB Food, a leading Australian seafood supplier. We will continue to expand and integrate our global animal protein supply chain based on this structure.

Operating Highlights

- The overall revenue of agriculture and food segment increased rapidly on a year-on-year basis, with net profit turned from negative to positive;
- Joy Wing Mau continued to improve the vertically integrated fruit supply chain, and achieved the rapid growth in revenue by reinforcing the advantages in supply chain and the core products strategy;
- The prices of salmon in the international market continued to rebound and the loss of Australis Seafoods S.A. under Joyvio Food has been narrowed significantly.

During the Reporting Period, the revenue and net profit/(loss) of the agriculture and food segment were set out as follow:

Unit: RMB million

	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenue	9,778	8,964
Net profit/(loss)	300	(195)
Net profit/(loss) attributable to equity holders of Legend Holdings	240	(58)

During the Reporting Period, Joy Wing Mau achieved year-on-year increase in both revenue and net profit by reinforcing the advantages in supply chain and the core products strategy. Benefiting from the rise of international fish price, the results of Australis Seafoods S.A. under Joyvio Food improved significantly. Besides, the Joyvio Group obtained certain investment returns by disposing partial equity interest in investee companies. For all above, the revenue from the agriculture and food segment was RMB9,778 million, with a year-on-year increase of 9%. The net profit attributable to the equity holders of the Company was RMB240 million.

(1) Fruit business

During the Reporting Period, Joy Wing Mau launched extensive marketing activities and promoted ecommerce sales actively, and further raised the profile of its high-end fruit brand “Joyvio”. The market premium rates of Joyvio blueberries and durians were stable. At the same time, Joy Wing Mau continued to expand its presence in the global supply chain and its sales network covering all channels. Its market share of core products such as kiwifruit, blueberry and durian expanded, and the number of retail store chains and cities within its sales network continued to increase. As of June 30, 2021, Joyvio Group held 40.47% equity interest in Joy Wing Mau.

The fruit brand incubator, Xinguojayuan, further enhanced its cooperation with HORTIFRUT, a world-leading blueberry company, on developing new blueberry varieties and plantation techniques. During the Reporting Period, yield from Yunnan blueberry base was at a record high, and the plantation area underwent rapid growth. As of June 30, 2021, Joyvio Group held 63.78% equity interest in Xinguojayuan.

(2) *Animal protein business*

During the Reporting Period, the prices of salmon in international market continued to rebound and Joyvio Food's salmon business was gradually recovering. It actively promoted the research and development of the value-added 3R (Ready-to-cook, Ready-to-heat, Ready-to-eat) products while diversifying its sales channels. For existing business, Joyvio Food maintained its industry-leading position as the largest importer and distributor of arctic sweet shrimp, supplier of pollock and brand owner of quality animal protein products from all channels. Due to the effects of the COVID-19 overseas, the costs of cross-border logistics as well as domestic inspection and quarantine increased, the businesses of arctic sweet shrimp and pollock were impacted. Joyvio Food took appropriate measures, by reducing costs and enhancing efficiency, to counter the adverse impact. As of June 30, 2021, the Joyvio Group held 46.08% equity interest in Joyvio Food.

During the Reporting Period, KB Food actively responded to the challenges brought by the pandemic recurrence in Australia and achieved the sales growth in catering channels. As the export of Australian lobsters faced hindrance, KB Food made use of its advantages in domestic sales channels and actively expanded local sales of lobster, achieving higher gross profit. As of June 30, 2021, the Joyvio Group held 100% equity interest in KB Food.

(3) *Ready-to-Cook business*

During the Reporting Period, Nine Masters seized the opportunity resulted from the rapid recovery of domestic catering channel and vigorously expanded bullfrogs product sales which further reinforced the advantages of bullfrogs product. At the same time, Nine Masters made greater efforts on research and development and launched the blackfish processed products, further optimizing the 3R food coverage. During the Reporting Period, the sales revenue increased rapidly on a year-on-year basis. As of June 30, 2021, the Joyvio Group held 99.99% equity interest in Nine Masters.

Advanced Manufacturing and Professional Services

Overview

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

- Levima Advanced Materials (A Share Stock Code: 003022), our subsidiary, mainly focusing on the research, development, production and sales of new materials; and
- EAL, our associate (A Share Stock Code: 601156), mainly focusing on air logistics related businesses.

Legend Holdings is committed to developing world-leading manufacturing and related professional services in China, and has ventured into advanced materials and high-end logistics. During the first half of 2021, EAL, our associate, was successfully listed on the Shanghai Stock Exchange and completed its IPO.

During the Reporting Period, the COVID-19 pandemic remained under effective control in the Chinese mainland and economic activities gradually recovered to the pre-pandemic levels. The demand recovery from the downstream industries resulted in demand recovery for raw materials. In addition, as the demand for Chinese products in global markets exceeded the pre-pandemic levels, Chinese export grew by 28.1% in the first half of the year, as compared with the corresponding period in 2020. However, due to the continued limited cross-border freight capacity caused by the pandemic, the supply-demand imbalance has become even more salient with inadequate freight capacity and keen demand, leaving the rates of shipping and air freight at historic high levels. The combination of these two factors has significantly boosted the performance of Levima Advanced Materials and EAL.

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

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	3,894	2,669
Net profit	1,066	475
Net profit attributable to equity holders of Legend Holdings	794	381

During the Reporting Period, the revenue from the advanced manufacturing and professional services segment increased from RMB2,669 million in the corresponding period of last year to RMB3,894 million, an increase of approximately 46% year-on-year, mainly contributed by the increased revenue of our subsidiary Levima Advanced Materials. The net profit increased from RMB475 million in the corresponding period of last year to RMB1,066 million, representing an increase of 124%, which was mainly contributed by an increase of 131% in the net profit of our subsidiary Levima Advanced Materials, as well as the diluted gains brought by the listing of our associate EAL on the Shanghai Stock Exchange on June 9, 2021.

Operating highlights

- Thanks to multiple factors such as strong downstream demand, further optimized operational efficiency and product mix, development of new products and processes, and technical innovation projects, Levima Advanced Materials's performance reached an all-time high, with net profit up by 131% as compared to the corresponding period of last year. At the same time, Levima Advanced Materials is actively planning investment to improve profit sustainability and stability, enhance the core competitive advantage, and constantly form new growth drivers of profits.
- EAL was successfully listed on the Shanghai Stock Exchange on June 9, 2021 (A Share Stock Code: 601156).

Levima Advanced Materials

Through our subsidiary Levima Advanced Materials, we engage in the research, development, production and sales of new materials. As of June 30, 2021, Legend Holdings, through our subsidiary, held 51.77% equity interest in Levima Advanced Materials.

During the Reporting Period, Levima Advanced Materials actively planned investments, mergers and acquisitions, continued improving efficiency of equipment operation and maintained its industry leading position in key indicators. Besides, it reinforced product advantages, optimized product mix, and continued optimizing the research and development platform, promoting the development of new products and processes, and achieving stable growth of operating performance.

In terms of strategy, Levima Advanced Materials completed the acquisition of Xinneng Fenghuang (Tengzhou) Energy Co., Ltd. in May 2021, and renamed it Levima (Shandong) Chemicals Co., Ltd. (聯泓(山東)化學有限公司). Through this acquisition, Levima Advanced Materials further extended its presence to the upstream of the industry chain, improved its layout in industries and controlled the production capacity of methanol, an upstream raw material accounting for approximately 80% of its total consumption, thus fundamentally averting the impact of price fluctuations of methanol on its performance. After the merger and acquisition, the synergy of integrated operation has been increasingly prominent, with sustained profitability, stable profits and stronger core competitive edges. Meanwhile, Levima Advanced Materials actively planned its investment in key strategic areas such as new energy materials, biodegradable materials and special fine materials. In June 2021, Levima Advanced Materials increased its investment in Jiangxi Keyuan Bio-Material Co., Ltd (江西科院生物新材料有限公司) and became its largest shareholder, thus starting the strategic presence of Levima Advanced Materials in the field of biodegradable materials, which was anticipated to cultivate new profit growth for the firm's further development.

In terms of operation, Levima Advanced Materials maintained safe, stable and efficient operation of all its devices, with operational efficiency constantly improving. The key consumption indicators of the DMTO device, such as methanol consumption per unit, continued to decrease and maintained its leading position in the industry. The IPO fundraising project OCC commenced manufacturing in October 2020, in which the unit consumption of methanol, as a principal raw material, down by approximately 10%, leading to a further decline in production costs.

In terms of market, Levima Advanced Materials continued to strengthen product development and market channel expansion. With product mix further optimized, its market shares in EVA, PP, EOD and other products remained leading position in China. During the Reporting Period, the EVA photovoltaic materials of Levima Advanced Materials used in the production of photovoltaic films maintained high quality and reliable supply. Levima Advanced Materials maintained the largest market share of EVA cable products in China. The market share and influence of T-walled PP injection molding products remained the leading position in China. The sales of high-melting random copolymerized PP molding products have increased significantly as compared to the corresponding period of last year and high transparent PP molding products have been finalized and put into production. The customer bases were constantly expanding and the influence in industry was improved. The proportion of high gross profit margin products such as special surfactants and high-performance superplasticizers among EOD products has been further increased, and special fine material products such as high-end superplasticizer mother liquor and auxiliaries and high efficiency dispersants have been in continuous development.

In terms of innovation, Levima Advanced Materials progressed further in scientific and technological innovation, building up its reserve of innovative resources through independent and collaborative research and development. During the first half of 2021, Levima Advanced Materials applied for 14 patents. As of the end of the Reporting Period, Levima Advanced Materials had a total of 131 patents approved. By fully tapping into its advantageous research and development platform, Levima Advanced Materials actively promoted the development of new products and processes, and completed the laboratory research and development of 16 new products/processes, the production technology formulas of 14 new products and the industrialization of 8 new products. In addition, Levima Advanced Materials received the "Innovation Award" of Shandong Province and the title "Key Enterprise for High-quality Development in High-end Chemicals in Shandong Province". It also gained recognition as a "Top 100 Chinese Petroleum and Chemical Private Enterprise", "Top 100 Company in the Petroleum and Chemical Industry in Shandong Province" and "Top Ten Company in New Chemical Materials in Shandong Province" for years consecutively, and received the title "2021 Chinese Companies for Excellent Management".

During the Reporting Period, the revenue and net profit of Levima Advanced Materials were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	3,826	2,609
Net profit	548	237

During the Reporting Period, thanks to such factors as strong downstream demand, further optimization of operational efficiency and product mix, and the declining unit consumption of methanol as a raw material, Levima Advanced Materials achieved record high revenue of RMB3,826 million, an increase of 47% year-on-year. Its net profit was RMB548 million, an increase of 131% year-on-year.

Associate of Advanced Manufacturing and Professional Services Segment

EAL

We engage in the air logistics business through EAL, our associate. On June 9, 2021, EAL entered the capital market through the completion of its IPO and was listed on the Shanghai Stock Exchange (A Share Stock Code: 601156). As of June 30, 2021, Legend Holdings held 18.09% equity interest in EAL.

During the Reporting Period, the recovery of global economy confronted with additional uncertainties due to the prolonged COVID-19 pandemic. The fact that the resumption schedule for international flights was postponed repeatedly and the short supply of air cargo capacity due to the imbalance between demand and capacity maintained air freight prices at high levels. Given the change of market demand, EAL increased its investment in air cargo capacity, expanded the cooperation channels for air cargo capacity and furthered the building of “port to port” product system, strengthening customer development and improving service experience, resulting in a year-on-year growth in its performance in the first half of 2021.

During the Reporting Period, with the integration of logistics service resources, customer demand matching and the iteration and upgrading of product and service system, EAL has developed the “one-stop” logistics solution orientated by market demands with both standardization and differentiation. In the future, under the guidance of the strategy of “one platform, two service providers”, EAL will further forge the fast supply chain platform with information technologies and international features and the “trunk transport, warehouse and delivery” (幹+倉+配) network. EAL is committed to becoming the most innovative global integrated logistics services provider.

In terms of its strategy, firstly, by leveraging the international hub and regional hub airports, EAL established a highly connected, widely covered, convenient and economical domestic-international route network, and gradually formed the operation landscape that focused on East China and South China. It created an efficient international aviation network structure and a comprehensive airfreight network system with Europe and the United States as the mainstay and Asia-Pacific as the auxiliary. During the Reporting Period, EAL operated a total of 2,965 cargo flights with the origin of Shanghai and 204 cargo flights from Shenzhen, and exclusively engaged in the cargo business of more than 700 passenger planes of China Eastern Airlines. Secondly, EAL took the construction of the intelligent freight terminal in the west of Pudong Airport as an opportunity to promote the development of intelligent freight terminal in Shanghai, actively identify the available advantageous resources, explore the construction plans of remote freight terminals, and optimize the layout of domestic remote freight terminals. Thirdly, EAL expanded the strategic layout of multimodal transport, with Shanghai as the hub and Xi'an as the transit hub. With the “air and high-speed rail transport” mode, a network covering cities in Northwest China was established, creating a seamless air and ground logistics network and laying the foundation for further elevating its service capacity.

In terms of the market, EAL continued to take the advantages of the existing freighter network, increase the number of “passenger to cargo” flights, optimize the capacity structure, and expand the capacity scale. During the Reporting Period, the daily utilization rate of cargo planes of EAL has increased to 13.42 hours, improving the revenue of the aviation network. Meanwhile, leveraging on a wealth of industry operation experience, EAL focuses on promoting new markets and actively developing new customers. It also provided a tailor-made comprehensive logistics solution for direct customers with large orders by virtue of standardized “door-to-door” products and services. At present, EAL has formed a relatively stable direct customer base in the industry, postal express delivery and online express customer base, covering many international and domestic well-known enterprises in the industry. In addition, the “direct from place of origin” business of EAL enriched the portfolio of high-quality fresh food and facilitated the consumption in fresh food industry. During the Reporting Period, the business recorded increase and overcame the adverse effects of the pandemic, the import of fresh food increased by 104% over the corresponding period of last year to 48 million tons, and the number of charter flights increased by 150% year-on-year to 150.

Continue to Reinforce the Presence in the Technology Field

In 2020, Legend Holdings has strategically invested in Fullhan Microelectronics (A Share Stock Code: 300613) gaining the first foothold in the semiconductors arena. On March 17, 2021, we continued to acquire 5.22% interests in Fullhan Microelectronics with the registration completed on June 9. As of June 30, 2021, Legend Holdings held an aggregate of 15.91% equity interest in Fullhan Microelectronics through a subsidiary.

Fullhan Microelectronics is China's leading company specializing in the design and development of chips for video-based professional security, smart hardware and automotive electronics. Through years of proprietary research and development and innovation, it has developed a range of proprietary core technologies in chip algorithm research, IP core development, SoC chip implementation and product solutions, while always keeping a high proportion of investment in research and development. It maintains close strategic partnerships with benchmark security surveillance equipment manufacturers. Its ISP chip products (analog camera image processing chips) are leaders in the global security market. ISP vehicle products of Fullhan Microelectronics have obtained the relevant automobile-grade certification and achieved mass procurement by the mainstream automobile enterprises. The automotive electronics field is gradually becoming a new business growth area.

During the Reporting Period, Fullhan Microelectronics completed the cash acquisition of 32.43% equity interest in Molchip Technology (Shanghai) Co., Ltd. (眸芯科技(上海)有限公司) (“Molchip Technology”). Upon the completion of the acquisition, Fullhan Microelectronics held a total of 51% equity interest in Molchip Technology. Molchip Technology has ample technical experience in the back-end of intelligent video surveillance systems and chip design. Through the acquisition, Fullhan Microelectronics has achieved a one-stop solution for security surveillance-related products and further deepened the strategic layout of the business.

Fullhan Microelectronics continued to enrich and improve its chip product lines, so as to provide customers with full series of multiple video processing chip products from front to back end. In terms of professional security, full series of multiple products and solutions are in place for addressing different demands under complicated scenarios. At present, Fullhan Microelectronics started the mass production of its existing IPC SoC chip products on the 22nm process node, and has a complete SoC chip development platform. Security surveillance IPC, the main products of Fullhan Microelectronics, is equipped with light intelligent analysis functions, including face detection, humanoid detection, motion detection and target tracking. Besides, Fullhan Microelectronics has launched competitive products and solutions in respect of the demands on smart home and all kinds of intelligent scanning products under the new retail category, featuring by low standby power consumption, fast activation, stable connection, easy-operating system, strong adaptability to bring a better experience for users, receiving good response in the market.

Semiconductors and integrated circuits are among the fields that we have been keeping our eyes on for a long time. In the future, we will leverage our rich industrial resources and advantages to engage with the Fullhan Microelectronics management team for deeper cooperation in the semiconductor industry to promote the long-term development of Fullhan Microelectronics.

Financial Investments

Overview

We are a pioneer of assets management in China, seeking equity investment opportunities at various stages of a company's life cycle and financial returns through diverse financial investment platforms which include angel investment, venture capital, private equity investment among other types of investments. As each investment platform differs in specialized focuses and risk appetite, we can identify a broad range of potential investees. Through our financial investment business mainly comprising angel investment, venture capital, private equity investment and investment management, Legend Holdings is committed to creating a comprehensive industry chain for financial investment to identify enterprises' investment opportunities in different stages and help investees grow their value. Meanwhile, we are also growing and providing resources of potential projects for the strategic investments business based on market principles. Through Legend Star, Legend Capital and Hony Capital, we have gained a deeper understanding of target industries and access to numerous investment opportunities. With investments covering various asset classes made through our associate funds, we are able to build a wide network in the investment community, expand information sources, capture more investment opportunities as well as spread the level of risks across investment options. Additionally, we made other types of investments, in particular our direct financial investments. We achieved good cash returns through minority equity investments in primary and secondary markets. In these processes, cooperating with our associate funds is very important to us, as we can share information and resources to maximize the financial investment benefits.

Meanwhile, we selected to own offices as investment properties for long-term returns. The investment properties that we hold primarily are Raycom Info Tech Park Tower A, Tower B and Tower C in Zhongguancun, Beijing.

Management Discussion and Analysis

During the Reporting Period, the revenue and net profit of the financial investments segment were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Revenue	447	512
Investment income and gains	4,065	1,739
Net profit	2,733	1,420
Net profit attributable to equity holders of Legend Holdings	2,558	1,416

China has entered the post-pandemic era in the first half of 2021, during which the domestic economy continued to recover and the capital market continued to thrive. A number of companies managed by our three funds went public in the domestic and overseas capital markets. At the same time, the favorable market conditions led to the fair value gains of the Company's funds and the direct investments. Besides, the three funds actively exited projects, thereby contributing a constant and steady cash return to Legend Holdings. During the Reporting Period, the investment income and gains from financial investments segment amounted to RMB4,065 million, an increase of 134% year-on-year. This segment's net profit attributable to equity holders of the Company amounted to RMB2,558 million, an increase of 81% year-on-year, with Legend Star and Legend Capital achieving stellar profits.

Legend Star

Legend Star is one of China's leading angel investment institutions. As of June 30, 2021, Legend Star managed eight funds, the total AuM of which exceeded RMB3.3 billion. It has accumulatively invested in over 300 domestic and overseas investment projects, including iDreamsky Games, Megvii, AISpeech, Yunding Tech, wenjuan.com, Vhall, Pony, AI, Sequoia, Guoke Tiancheng, Burning Rock Dx, Kintor Pharmaceuticals, PegBio, Keymed Biosciences, Axonics, HiFiBio, Ribo Life Science, Coyote Bio and other high-quality projects. Keymed Biosciences (Stock Code: 2162) went public on the Hong Kong Stock Exchange on July 8, 2021.

During the Reporting Period, the total number of domestic and overseas investment projects was more than 20, covering different segments such as cutting-edge technology, biotechnology, digital medicine and TMT. Among the projects under management, we made follow-on investments in approximately 50 projects and exited 15 projects. As of June 30, 2021, the final closing of the 4th USD fund was completed as well as the first round closing of the biotechnology fund.

Legend Capital

Legend Capital is one of the leading private equity investment institutions in China. As of June 30, 2021, Legend Capital managed a total of eight USD commingled funds (two of which were settled), six RMB hybrid growth funds (one of which was settled), four RMB TMT innovation funds (one of which was a sub-fund of Junruiqi (君睿祺), and not listed separately in the list below), two USD healthcare funds, three RMB healthcare funds, two RMB culture and sports funds, one fund focused on the return of red-chips and two USD continued funds. As of June 30, 2021, the total amount raised by the funds was RMB6.335 billion during the Reporting Period.

In the second half of 2021, Legend Capital plans to raise the 6th RMB hybrid growth fund, completes the final fund-raising round of the 3rd RMB healthcare fund and raises the new 5th RMB TMT innovation fund. The new funds will adhere to the strategy of investing mainly in start-up and growing-stage Chinese enterprises in the TMT and innovative consumption, intelligent manufacturing, professional services, and medical and healthcare sectors. In addition, Legend Capital will accelerate exiting certain projects under management in 2021 to ensure sound cash return to investors.

During the Reporting Period, Legend Capital accumulatively completed 20 new investment projects, covering startup stage and growing-stage enterprises in the TMT and innovative consumption, healthcare, corporate services and intelligent manufacturing sectors.

During the Reporting Period, Legend Capital fully or partially exited 33 projects, contributing a cash inflow of over RMB1.2 billion for Legend Holdings, and bringing sound cash return. Among its portfolio companies, 10 enterprises went public on the domestic and overseas capital markets through IPO, namely CareRay Digital Medical Technology Co., Ltd. (江蘇康眾數字醫療科技股份有限公司), Beijing Kawin Technology Share-Holding Co., Ltd. (北京凱因科技股份有限公司), NexImmune, Inc., New Horizon Health Limited, Chemcli Diagnostic (科美診斷), Singular Genomics Systems, Inc., JD Logistics, Inc., EAL, Missfresh Ltd, Qingdao BAHEAL Pharmaceutical Co., Ltd (青島百洋醫藥股份有限公司). As of June 30, 2021, 90 of Legend Capital's portfolio companies went public (not including those listed on NEEQS).

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, 2021:

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as a limited partner
	Commencement Date (month/day/year)	End Date (month/day/year)			
<i>USD Funds (in USD million)</i>					
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	N/A	350	TMT, healthcare, consumer goods, modern services, clean technology and advanced manufacture	29.77%
LC Fund V, L.P.	5/31/2011	5/31/2022	515	TMT, healthcare, consumer goods, modern services, etc.	19.42%
LC Fund VI, L.P.	1/30/2014	4/17/2024	500	TMT, healthcare, modern services, etc.	23.20%
LC Healthcare Fund I, L.P.	9/29/2015	2/4/2025	250	Healthcare	20.00%
LC Fund VII, L.P.	2/5/2016	2/4/2024	448	TMT, innovative consumption, modern services, intelligent manufacture	22.31%
LC Healthcare Fund II, L.P.	1/31/2019	12/30/2030	225	Healthcare	26.61%
LC Fund VIII, L.P.	2/15/2019	2/14/2029	497	TMT and innovative consumption, 2B enterprise services, hard technology	18.07%
Great Unity Fund I, L.P.	7/26/2018	N/A	611	Investment in LC Fund VIII, LC Healthcare Fund II, etc.	49.08%
LC Continued Fund IV, L.P.	12/18/2019	12/31/2024	187	TMT, healthcare, consumer goods, modern services, clean technology and advanced manufacture	2.67%

Management Discussion and Analysis

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as a limited partner
	Commencement Date (month/day/year)	End Date (month/day/year)			
<i>RMB Funds (in RMB million)</i>					
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	3/31/2023	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. (上海祺迹創業投資合夥企業(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	7/30/2022	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	8/11/2022	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%
Beijing Legend Chengye Equity Investment, L.P. (北京君聯成業股權投資合夥企業(有限合夥))	8/30/2016	8/29/2024	1,700	TMT and innovative consumption, intelligent manufacturing, professional services and healthcare services	5.88%
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%

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as a limited partner
	Commencement Date (month/day/year)	End Date (month/day/year)			
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	1,600	Healthcare	25.00%
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	7,000	TMT and innovative consumption, intelligent manufacturing, professional services and healthcare services	18.57%
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	843	Enterprise IT services and preface technology, smart hardware and new technologies, the Internet and innovative consumption	28.22%
Beijing Junlian Huikang Equity Investment, L.P. (北京君聯惠康股權投資合夥企業(有限合夥))	10/22/2020	10/21/2028	1,685	Healthcare	17.80%
Suzhou Junlian Xiangdao Equity Investment, L.P. (蘇州君聯相道股權投資合夥企業(有限合夥))	3/25/2021	3/24/2029	3,536	Intelligent manufacturing and hard technology, enterprise IT services, TMT and innovative consumption	42.42%

Notes:

- (1) The end date can be extended based on relevant limited partnership agreements.
- (2) Total commitment refers to the total amount of capital committed, as of the final raising date, by the partners of the limited partnership.

Hony Capital

Hony Capital is one of the leading investment management institutions in China, whose businesses cover PE, real estate, public offering fund management, hedge fund and venture capital.

As of June 30, 2021, Hony Capital mainly invested in and managed eight equity investment funds, three property funds, one cultural industry fund and one venture capital fund. Hony Horizon Fund Management Co., Ltd., a public offering fund management company under Hony Capital, specialising in investment and management businesses in the secondary market, managed seven public offering funds, including five hybrid funds and two index funds, as of the end of the Reporting Period.

Management Discussion and Analysis

Hony Capital's PE funds continued to focus on industry-specific investments in the sectors of consumer services, life sciences, chain catering, green and low-carbon, advanced manufacturing and others. The property funds focuses strategically on office buildings in first-tier cities to create returns above market average, by applying various value-added means such as renovation, enhanced operation and functional adjustments to the office buildings in first-tier cities and other commercial buildings with potential to be converted into offices. The cultural industry fund focuses on integrated investment, cross-border investment and investment in early-stage projects of emerging trend in the cultural industry. It prioritizes the film and television, cultural and entertainment and sports industries, and keeps a close eye on new media and digital consumption businesses driven by new technologies. Hony Horizon Fund, a public offering fund management company of Hony Capital, leverages Hony Capital's expertise in consumer services, catering, medical and other industries, and focuses on value investment to create public offering fund products with distinctive characteristics and excellent performance.

Goldstream Investment, Hony Capital's overseas secondary market investment platform, focuses on liquid assets investment, currently adopting a variety of strategies to invest in Greater China long and short position funds, Greater China long position funds, global macro, global healthcare industry stocks, bonds and asset securitizations, CTA/quantitative strategies and special opportunity securities. Hony Venture Capital, which focuses on early and mid-stage venture capital businesses, invests in ToB technology fields for digital consumption and industrial digitization.

During the Reporting Period, Hony Capital proceeded with new investment projects in various business segments and progressively made follow-on investments in existing projects. Certain portfolio companies went public, and Hony Capital also actively exited projects, thereby contributing a constant and stable cash return to Legend Holdings.

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 as of June 30, 2021:

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as Fund
	Commencement Date (month/day/year)	End Date (month/day/year)			
<i>USD Funds (in USD million)</i>					
Hony International Limited	N/A	N/A	29	In view of China's economic	40.00%
Hony Capital II, L.P.	7/26/2004	8/31/2014	87	environment and policy direction,	41.38%
Hony Capital Fund III, L.P.	9/19/2006	11/10/2016	580	Hony Capital's equity investment	34.48%
Hony Capital Fund 2008, L.P.	5/27/2008	6/26/2020	1,398	funds strategically focus on the	14.31%
Hony Capital Fund V, L.P.	8/10/2011	12/15/2021	2,368	opportunities of SOE reforms,	10.98%
Hony Capital Fund VIII (Cayman), L.P.	8/18/2015	10/30/2025	1,647	private enterprise and cross-border M&As. In terms of the selection of industries, the funds focus on industries directly benefiting from China's macro trends, including consumption, health, services and high-end manufacturing, as well as opportunities arising in the transformation of mobile Internet.	16.40%

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as Fund
	Commencement Date (month/day/year)	End Date (month/day/year)			
Goldstream Capital Master Fund I	12/1/2017	N/A	N/A	Goldstream Greater China long and short position fund starts from the fundamentals, systematically covering a group of industries and enterprises in which Hony has expertise 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.	100.00%
Goldstream Healthcare Focus Fund SP	6/13/2019	N/A	N/A	By conducting in-depth research on the Chinese and US healthcare industry, Goldstream Healthcare Focus Fund, created a long-short hedge equity portfolio with a long bias and balanced distribution across China and US, to benefit from the growth of healthcare industry.	19.89%

Management Discussion and Analysis

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as Fund
	Commencement Date (month/day/year)	End Date (month/day/year)			
<i>RMB Funds (in RMB million)</i>					
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	In view of the development direction of China's economic environment and policies, Hony Equity Investment Fund strategically focuses on opportunities in the field of state-owned enterprise restructuring, private enterprise mergers and acquisitions, and cross-border mergers and acquisitions. In terms of the selection of industries, it focuses on industries that directly benefit from China's macro trends, including consumer, health, service, and high-end manufacturing, and pays attention to the opportunities arising in the transformation of mobile Internet.	29.84%
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	8/11/2020	9,965		20.07%
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		8.90%
Hony Capital Real Estate Fund 2015, L.P. (弘毅貳零壹伍(深圳) 地產投資中心(有限合夥))	9/28/2016	9/27/2021	2,563	The property funds focus strategically on office buildings in first-tier cities to create excess return by applying various value-added means such as renovation, enhanced operation and functional adjustment to the office buildings in first-tier cities or other commercial buildings with the potential to be converted into office buildings.	19.51%
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		2.32%
Shenzhen Hony 2019 Corporate Management Center (Limited Partnership) (深圳弘毅貳零壹玖企業 管理中心(有限合夥))	7/9/2019	1/15/2025	1,780		44.94%

Name of Fund	Fund term		Total Commitment	Investment Sector	Interests held by Legend Holdings as Fund
	Commencement Date (month/day/year)	End Date (month/day/year)			
Hony Horizon Guozheng consumption 100 ETF (弘毅遠方國證消費100交易型 開放式指數證券投資基金)	12/19/2019	N/A	N/A	The fund mainly adopts the full replication method, i.e. the fund portfolio is constructed entirely in line with the composition and weight of the constituents of the CSI 100 Index, and is adjusted according to changes in the constituents of the underlying index and their weights.	36.44%

Notes:

- (1) The end date is extendable in accordance with the relevant limited partnership agreement.
- (2) The total commitment represents the aggregate 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.

Investment Properties

The investment properties that we hold primarily are Raycom Info Tech Park high-end office buildings Tower A, Tower B and Tower C in Zhongguancun, Beijing^(Note). As of June 30, 2021, the occupancy rate was about 93%. We hold Tower A and Tower C of Raycom Info Tech Park through Raycom Property, our wholly-owned subsidiary, and hold Tower B through our subsidiary Raycom Technology. Tower A, B and C are leased as premium offices and shops or for our own occupation. The building gained the certification issued by US Green Building Council the “Leadership in Energy and Environmental Design (LEED)”, in view of the high standards of their energy-efficient design. As of June 30, 2021, the fair value of our investment properties amounted to RMB11.41 billion (excluding the portion for own use).

Note: The address of Raycom Info Tech Park Towers A, B and C is: No. 2, South Kexue Yuan Road, Haidian District, Beijing, 100190. The land use rights of the buildings expire in 2051, 2057 and 2053 respectively.

Financial Review

Finance costs

Finance costs after deducting capitalized amounts increased from RMB3,105 million for the six months ended June 30, 2020 to RMB3,154 million for the six months ended June 30, 2021. Finance costs remained largely unchanged mainly due to the combined effects of the increase in the average total borrowings and the reduction in the average borrowing costs during the period.

Taxation

Our taxation increased from RMB1,068 million for the six months ended June 30, 2020 to RMB3,090 million for the six months ended June 30, 2021. Increase in taxation was mainly due to the increase in profit before tax as compared with 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 at June 30, 2021, we had RMB3,508 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 26 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 at bank and on hand

Our cash at bank and on hand include cash and cash equivalents, bank deposits and restricted deposits. As of June 30, 2021, our cash and cash equivalents were RMB79,954 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 29%, 20%, 11%, 26%, 4% and 10%, respectively, while the amount as of December 31, 2020 was RMB79,827 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 29%, 30%, 15%, 13%, 3% and 10%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand deposits 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 finance our capital expenditures with bank loans, other loans and corporate bonds at appropriate scales in the foreseeable future.

Indebtedness

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

Unit: RMB million

	As of June 30, 2021	As of December 31, 2020
Bank loans		
– Unsecured loans	35,324	32,353
– Guaranteed loans	16,840	20,475
– Collateralised loans	9,065	10,295
Other loans		
– Unsecured loans	870	870
– Guaranteed loans	720	820
– Collateralised loans	5,722	1,637
Corporate bonds		
– Unsecured	66,735	65,049
– Convertible bonds	4,909	4,890
	140,185	136,389
Less: non-current portion	(103,050)	(99,078)
Current portion	37,135	37,311

As of June 30, 2021, among our total borrowings, 53% was denominated in RMB (December 31, 2020: 51%), 25% was denominated in USD (December 31, 2020: 29%) and 22% was denominated in other currencies (December 31, 2020: 20%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 60% and 40% of our total borrowings, respectively, while as of December 31, 2020 accounted for 67% and 33%, respectively. The increase of indebtedness was mainly due to the growth and expansion in our strategic investments 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, 2021	As of December 31, 2020
Within 1 year	37,135	37,311
After 1 year but within 2 years	34,912	30,518
After 2 years but within 5 years	48,203	51,829
After 5 years	19,935	16,731
	140,185	136,389

Management Discussion and Analysis

As of June 30, 2021, 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	RMB1,984 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	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	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
The Company	Private placement bonds	RMB	September 25, 2019	2 years	RMB370 million
The Company	Corporate bonds	RMB	June 3, 2020	3 years	RMB1,800 million
Lenovo	Medium term notes	USD	March 16, 2017	5 years	USD337 million
Lenovo	Medium term notes	USD	March 29, 2018	5 years	USD687 million
Lenovo	Convertible bonds	USD	January 24, 2019	5 years	USD675 million
Lenovo	Medium term notes	USD	April 24, 2020 and May 12, 2020	5 years	USD1,000 million
Lenovo	Medium term notes	USD	November 2, 2020	10 years	USD1,000 million
Zhengqi Holdings	Corporate bonds	RMB	September 27, 2019	3 years	RMB600 million
Zhengqi Holdings	Corporate bonds	RMB	December 20, 2019	3 years	RMB300 million
Zhengqi Holdings	Corporate bonds	RMB	August 28, 2020	3 years	RMB200 million
JC Finance & Leasing	Corporate bonds	RMB	September 6, 2019	2 years	RMB400 million
JC Finance & Leasing	Asset backed securities	RMB	October 16, 2019	2-3 years	RMB78 million
JC Finance & Leasing	Corporate bonds	RMB	November 21, 2019	2 years	RMB300 million
JC Finance & Leasing	Private placement bonds	RMB	January 22, 2020	2 years	RMB400 million
JC Finance & Leasing	Asset backed securities	RMB	March 26, 2020	1-2 years	RMB38 million
JC Finance & Leasing	Asset backed securities	RMB	July 16, 2020	1-2 years	RMB101 million
JC Finance & Leasing	Asset backed securities	RMB	September 17, 2020	1-2 years	RMB56 million
JC Finance & Leasing	Asset backed securities	RMB	December 28, 2020	1-2 years	RMB193 million
JC Finance & Leasing	Corporate bonds	RMB	March 30, 2021	3 years	RMB195 million
JC Finance & Leasing	Asset backed securities	RMB	May 21, 2021	1-2 years	RMB325 million
JC Finance & Leasing	Asset backed notes	RMB	May 27, 2021	1-2 years	RMB526 million
BIL	Bank subordinate bonds	EUR	June 8, 2016	12 years	EUR50 million
BIL	Bank subordinate bonds	USD	October 18, 2016	12 years	USD100 million
BIL	Bank subordinate bonds	EUR	May 18, 2021	10-11 years	EUR100 million
BIL	Medium term notes	JPY	December 19, 2002	20 years	JPY500 million
BIL	Medium term notes	EUR	2014 to 2021	1-20 years	EUR2,819 million
BIL	Medium term notes	USD	2018 to 2021	2-5 years	USD71 million
BIL	Medium term notes	CHF	2016 to 2020	2.5-6.5 years	CHF285 million
BIL	Medium term notes	SEK	January 29, 2021	3 years	SEK166 million
Joyvio Food	Convertible bonds	USD	June 14, 2019	5 years	USD125 million

The annual interest rates of our bonds listed above as of June 30, 2021 ranged from 0% to 7.50%.

Current ratio and total debt to total capital ratio

	As of June 30, 2021	As of December 31, 2020
Current ratio (times)	0.8	0.8
Total debt to total capital ratio	61%	61%

Current ratio

Current ratio is the ratio of current assets over current liabilities at the end of each financial period. Our current ratio at the end of the Reporting Period maintained stable as compared with December 31, 2020. The current ratio of less than one was mainly as a result of consolidation of BIL into our consolidated financial statements. Unlike other non-banking entities, which require separate presentation of current and non-current assets and liabilities on their financial statements, BIL adopts financial statement presentation prevailing in the banking sector whereby liquidity metrics are different from other non-banking entities, relieving itself from the requirement to separately present current and non-current assets and liabilities on its financial statements. We made the current and non-current classification in order to ensure uniform accounting policies of Legend Holdings for consolidation purpose only, which may not faithfully depict the liquidity characteristics of the banking sector in general and BIL in particular. As at the end of the Reporting Period, BIL maintained robust operations, and its Core Equity Tier 1 ratio stood at 13.18%. Though the current ratio was less than one, we are confident to honor maturing debts when they are due, in consideration of our operating cash flow forecast, and the undrawn credit facilities of the Company and our subsidiaries.

Total debt to total capital ratio

Total debt to total capital ratio is the percentage ratio of the total debt (total borrowings) over the total equity plus total debt at the end of each financial period. As of June 30, 2021, the total debt to total capital ratio remained stable as compared with that as of December 31, 2020.

Pledged assets

As of June 30, 2021, we pledged the assets of RMB18.6 billion (December 31, 2020: RMB19.2 billion) for obtaining borrowings.

Contingencies

Our contingencies primarily comprise (i) financial guarantees to third parties provided by our subsidiaries in the financial services businesses for their borrowings from certain financial institutions; and (ii) guarantees we granted to associates and third parties for their business expansion needs in respect of their borrowings provided by commercial banks and other financial institutions.

We evaluated the financial positions of financial guarantees provided in connection with our financial services business periodically and made provisions accordingly. As of June 30, 2021 and December 31, 2020, the provision made by us was RMB75 million and RMB86 million respectively.

Management Discussion and Analysis

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

Unit: RMB million

	As of June 30, 2021	As of December 31, 2020
Financial guarantee of guarantee business	10,608	11,222
Other guarantee		
– Related parties	3,400	6,029
– Unrelated parties	360	640

The guarantee balances to unrelated parties are mainly related to real estate business, which was disposed in historic period during the validity period of such guarantee, and the counter-guarantees had been obtained from the guaranteed companies correspondingly.

Fluctuations in exchange rates and any relevant hedging

We operate internationally and are exposed to foreign currency risks 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 risks, and, when necessary, enter into forward exchange contracts to mitigate the foreign currency risks as appropriate.

Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2021 (six months ended June 30, 2020: Nil).

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

As of June 30, 2021, the Company and its subsidiaries had approximately 72,181 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. 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.

Meanwhile, in order to attract and motivate talents to create values for the sustainable development of the Company, the 2016, 2019 and 2021 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.

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.



Corporate Governance and Other Information

Compliance with the Code of Governance

Throughout the six months ended June 30, 2021, 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 had made specific inquiries and had received written confirmations from all the Directors and Supervisors that they had complied with the Model Code set out in Appendix 10 to the Listing Rules during the Reporting Period.

Changes of Director’s and Supervisor’s Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of Director’s and Supervisor’s information are set out below:

Mr. NING Min, an Executive Director has been appointed as a director of CAS Holdings, a substantial Shareholder of the Company with effect from June 18, 2021.

Ms. HAO Quan, an Independent Non-executive Director has retired as an independent non-executive director of BEST Inc. (百世集團) (listed on New York Stock Exchange, Stock Code: BEST) with effect from July 31, 2021.

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. YIN Jian'an, 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, 2021 had been reviewed by the Audit Committee. The interim financial information was unaudited, but had 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, 2021, 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/ Chief Executive	Nature of interest	Class of Shares/ underlying Shares	Number of Shares/ underlying Shares held	Total number of long positions	Approximate percentage holding in the relevant class of Shares ⁽ⁱ⁾	Approximate percentage holding in the total issued Shares ⁽ⁱⁱ⁾
NING Min ^(v)	Beneficial owner	H Shares	36,000,000	40,150,000	3.15%	1.70%
		Restricted Shares ⁽ⁱⁱⁱ⁾	1,400,000			
		Share Options ^(iv)	2,750,000			
LI Peng ^(v)	Beneficial owner	H Shares	544,100	4,394,100	0.34%	0.18%
		Restricted Shares ⁽ⁱⁱⁱ⁾	1,300,000			
		Share Options ^(iv)	2,550,000			
ZHU Linan	Beneficial owner	H Shares	50,830,000	56,230,000	4.42%	2.38%
		Restricted Shares ⁽ⁱⁱⁱ⁾	1,800,000			
		Share Options ^(iv)	3,600,000			
ZHAO John Huan	Beneficial owner	Restricted Shares ⁽ⁱⁱⁱ⁾	600,000	1,800,000	0.14%	0.07%
		Share Options ^(iv)	1,200,000			

Notes:

- (i) As of June 30, 2021, the number of H Shares issued was 1,271,853,990.
- (ii) Calculated based on the total number of 2,356,230,900 Shares in issue as at June 30, 2021.
- (iii) Refers to the Restricted Shares issued under the medium to long-term incentive plan for the year 2019 approved by the Shareholders of the Company on June 13, 2019. Please refer to the Company's circular dated April 18, 2019 for details of the rules of the Restricted Shares incentive plan.
- (iv) Refers to the Share Options granted under the medium to long-term incentive plan for the year 2019 approved by the Shareholders of the Company on June 13, 2019. Please refer to the circular dated April 18, 2019 for details of the rules of the Share Options incentive plan.
- (v) Pursuant to 2021 medium to long-term incentive plan approved by the Shareholders of the Company on June 10, 2021, Mr. NING Min was granted 900,000 Restricted Shares and 1,800,000 Share Options on July 7, 2021. As at September 9, 2021, Mr. NING Min held an aggregate interests in 42,850,000 Shares and underlying Shares. Please refer to the Company's circular dated April 23, 2021 for details of the terms of 2021 medium to long-term incentive plan.
- (vi) Pursuant to 2021 medium to long-term incentive plan approved by the Shareholders of the Company on June 10, 2021, Mr. LI Peng was granted 800,000 Restricted Shares and 1,600,000 Share Options on July 7, 2021. As at September 9, 2021, Mr. LI Peng held an aggregate interests in 6,794,100 Shares and underlying Shares. Please refer to the Company's circular dated April 23, 2021 for details of the terms of 2021 medium to long-term incentive plan.

(ii) Interests in our associated corporations

Name of Director/ Supervisor	Name of associated corporation	Nature of interest	Long Position/ Short Position	Number of shares/ underlying shares held	Approximate
					percentage of shareholding in the total issued shares ^(c)
NING Min	Lenovo	Beneficial owner	Long Position	1,370,401	0.01%
ZHU Linan	Lenovo	Beneficial owner	Long Position	6,268,934 ^(a)	0.05%
ZHAO John Huan	Lenovo	Beneficial owner	Long Position	5,000,988 ^(b)	0.04%

Notes:

- (a) Mr. ZHU Linan owns 2,987,155 ordinary shares and 3,281,779 units of share awards which are convertible into ordinary shares.
- (b) Mr. ZHAO John Huan owns 990,262 ordinary shares and 4,010,726 units of share awards which are convertible into ordinary shares.
- (c) The calculation is based on the total number of 12,041,705,614 shares issued by Lenovo as at June 30, 2021.

Interests of the Substantial Shareholders

As at June 30, 2021, 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/ underlying Shares	Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage holding in the relevant class of Shares ⁽¹⁾	Approximate percentage holding 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(有限合伙)) (“Lian Chi Zhi Yuan”)	H Shares-Long Position	Beneficial owner	480,000,000	37.74%	20.37%
Beijing Lian Chi Zhi Tong Management Consulting Limited (北京聯持志同管理諮詢有限公司) (“Lian Chi Zhi Tong”) ⁽³⁾	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(有限合伙)) (“Lian Heng Yong Xin”) ⁽⁵⁾	H Shares-Long Position	Beneficial owner	101,684,600	7.99%	4.31%
Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司) (“Lian Heng Yong Kang”) ⁽⁵⁾	H Shares-Long Position	Interest in controlled corporation	101,684,600	7.99%	4.31%
LIU Chuazhi	H Shares-Long Position Restricted Shares- Long Position Share Options- Long Position	Beneficial owner	73,600,000	5.78%	3.12%

Notes:

- (1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares as at June 30, 2021. As of June 30, 2021, the Company has 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, 2021.
- (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 the 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 partner of Lian Heng Yong Xin and has de facto control over it. Accordingly, Lian Heng Yong Kang is deemed to be interested in 101,684,600 H Shares.

As at June 30, 2021, save as disclosed above, there was no other person or corporations who held interests and/or short positions in the Shares or underlying Shares which are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was a substantial Shareholder of the Company.

Report on Review of Interim Financial Information



羅兵咸永道

Report on Review of Interim Financial Information
To the Board of Directors of Legend Holdings Corporation
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 52 to 99, which comprises the condensed consolidated interim balance sheet of Legend Holdings Corporation (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 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 31, 2021

Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2021

	Note	Unaudited Six months ended June 30,	
		2021 RMB'000	2020 RMB'000
Sales of goods and services	6	227,232,628	182,682,444
Interest income		2,015,083	3,056,147
Interest expense		(682,440)	(872,946)
Net interest income	6	1,332,643	2,183,201
Total revenue	6	228,565,271	184,865,645
Cost of sales and services	8	(188,027,375)	(152,521,501)
Gross profit		40,537,896	32,344,144
Selling and distribution expenses	8	(11,254,930)	(9,401,129)
General and administrative expenses	8	(19,080,771)	(17,898,756)
Expected credit loss	8	(1,287,626)	(992,602)
Investment income and gains	7	6,669,127	2,954,741
Other (losses)/gains – net		(1,161,612)	353,548
Finance income	9	469,317	350,934
Finance costs	9	(3,153,996)	(3,105,479)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	6	69,892	(1,332,557)
Profit before income tax		11,807,297	3,272,844
Income tax expense	10	(3,089,887)	(1,068,287)
Profit for the period		8,717,410	2,204,557
Profit attributable to:			
– Equity holders of the Company		4,691,219	637,337
– Perpetual securities holders		–	189,039
– Other non-controlling interests		4,026,191	1,378,181
		8,717,410	2,204,557
Earnings per share for the profit attributable to the equity holders of the Company <i>(expressed in RMB per share)</i>			
Basic earnings per share	11	2.01	0.27
Diluted earnings per share	11	1.93	0.27
Dividends	25	848,243	777,556

The notes on pages 52 to 99 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, 2021

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Profit for the period	8,717,410	2,204,557
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	391,900	(473,097)
Share of other comprehensive loss of associates using equity accounting, net of taxes	(1,809)	(5,564)
Remeasurements of post-employment benefit obligation, net of taxes	143,859	(248,348)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	91,791	–
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	(21,547)	(27,454)
Currency translation differences	(1,076,634)	(2,078,918)
Share of other comprehensive income/(loss) of associates using equity accounting, net of taxes	26,383	(61,736)
Fair value change on cash flow hedges, net of taxes	810,655	(3,342)
Other comprehensive income/(loss) for the period, net of taxes	364,598	(2,898,459)
Total comprehensive income/(loss) for the period	9,082,008	(693,902)
Attributable to:		
– Equity holders of the Company	5,043,491	(556,707)
– Perpetual securities holders	–	189,039
– Other non-controlling interests	4,038,517	(326,234)
	9,082,008	(693,902)

The notes on pages 52 to 99 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at June 30, 2021

	Note	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	25,547,804	23,351,343
Right-of-use assets		7,663,100	6,951,676
Investment properties	13	12,407,990	12,315,945
Intangible assets	12	66,963,535	65,450,440
Consumable biological assets		–	366,068
Associates and joint ventures using equity accounting	6	14,772,419	16,434,370
Associates measured at fair value through profit or loss	6	20,399,069	18,459,044
Financial assets at fair value through other comprehensive income		11,043,601	12,179,471
Financial assets at fair value through profit or loss		10,168,064	9,995,725
Loans to customers	16	87,296,063	81,164,394
Loans to credit institutions		324,995	22,570
Derivative financial assets		325,609	212,978
Other financial assets at amortised cost		52,922,432	57,131,509
Deferred income tax assets	23	18,947,014	18,290,286
Other non-current assets		8,752,316	9,563,113
Total non-current assets		337,534,011	331,888,932
Current assets			
Inventories		52,631,875	39,987,790
Consumable biological assets		1,586,608	1,193,174
Properties under development		1,213,485	986,020
Accounts and notes receivables	14	68,450,521	71,754,864
Prepayments, other receivables and other current assets	15	43,157,974	42,289,228
Loans to customers	16	40,298,601	49,167,712
Loans to credit institutions		5,736,811	7,007,686
Derivative financial assets		1,522,514	2,397,724
Financial assets at fair value through profit or loss		24,523,829	18,319,240
Financial assets at fair value through other comprehensive income		201,435	473,817
Other financial assets at amortised cost		4,940,343	4,805,442
Restricted deposits		21,328,414	9,839,472
Bank deposits		470,036	269,231
Cash and cash equivalents		58,155,167	69,718,438
Assets included in disposal groups held for sale	16(a)	324,217,613 1,273,031	318,209,838 1,634,001
Total current assets		325,490,644	319,843,839
Total assets		663,024,655	651,732,771

Condensed Consolidated Interim Balance Sheet

As at June 30, 2021

	<i>Note</i>	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		2,356,231	2,356,231
Reserves		59,242,969	58,078,131
Total equity attributable to equity holders of the Company			
Perpetual securities		1,554,740	1,554,740
Other non-controlling interests		31,091,352	29,708,464
Put option written on non-controlling interests	20(c)(1)	(5,024,368)	(5,024,368)
Total equity			
		89,220,924	86,673,198
LIABILITIES			
Non-current liabilities			
Borrowings	22	103,050,272	99,078,041
Lease liabilities		3,111,503	2,932,067
Amounts due to credit institutions		12,636,644	12,647,567
Amounts due to customers	19	1,914,471	5,284,663
Derivative financial liabilities		2,653,918	3,849,885
Deferred revenue		8,294,174	7,548,109
Retirement benefit obligations		2,842,407	3,133,388
Provisions	24	2,002,147	2,087,503
Financial liabilities at fair value through profit or loss	21	7,805,174	7,945,455
Deferred income tax liabilities	23	9,625,600	8,361,820
Other non-current liabilities	20	10,717,333	10,227,058
Total non-current liabilities			
		164,653,643	163,095,556

Condensed Consolidated Interim Balance Sheet

As at June 30, 2021

	<i>Note</i>	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Current liabilities			
Trade and notes payables	17	82,699,135	76,415,717
Other payables and accruals	18	95,842,650	90,309,895
Amounts due to credit institutions		14,911,187	20,840,403
Amounts due to customers	19	154,166,546	153,347,840
Financial liabilities at fair value through profit or loss	21	2,970,518	2,453,574
Derivative financial liabilities		699,109	2,679,794
Provisions	24	6,144,147	5,859,745
Advance from customers		1,697,434	2,032,481
Deferred revenue		7,593,345	7,033,567
Income tax payables		3,306,125	2,860,000
Lease liabilities		1,039,910	819,586
Borrowings	22	37,135,005	37,311,415
		408,205,111	401,964,017
Liabilities included in disposal groups held for sale	16(a)	944,977	–
Total current liabilities		409,150,088	401,964,017
Total liabilities		573,803,731	565,059,573
Total equity and liabilities		663,024,655	651,732,771

The notes on pages 52 to 99 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2021

	Unaudited													Total RMB'000
	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 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	
As at January 1, 2021	2,356,231	11,281,940	663,295	(23,265)	3,321,166	(287,079)	(238,900)	(4,614,040)	3,055,915	44,919,099	1,554,740	29,708,464	(5,024,368)	86,673,198
Profit for the period	-	-	-	-	-	-	-	-	4,691,219	-	4,026,191	-	8,717,410	
Other comprehensive income/(loss)														
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	330,466	-	-	-	-	-	-	-	39,887	370,353	
Share of other comprehensive income of associates using equity accounting	-	-	-	24,574	-	-	-	-	-	-	-	-	24,574	
Fair value change on cash flow hedges	-	-	-	-	-	-	269,508	-	-	-	-	541,147	810,655	
Currency translation differences	-	-	-	-	-	-	(429,790)	-	-	-	-	(646,844)	(1,076,634)	
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	65,723	-	-	-	78,136	143,859	
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	91,791	-	-	-	-	-	-	-	-	91,791	
Total comprehensive income/(loss) for the period	-	-	-	446,831	-	-	269,508	(429,790)	65,723	4,691,219	-	4,038,517	9,082,008	
Total transfer to retained earnings	-	-	-	5,518	-	-	-	-	-	(5,518)	-	-	-	
Total transactions with owners, recognised directly in equity														
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	240	-	-	-	240	
Disposal of subsidiaries	-	-	-	(30,224)	-	-	-	-	-	-	-	(51,259)	(81,483)	
Transaction with other non-controlling interests	-	-	-	-	-	-	-	(3,051,635)	-	-	-	(3,525,186)	(6,576,821)	
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	554,392	554,392	
Transfer to reserve	-	-	-	-	-	-	-	(4,645)	2,828	-	-	2,359	542	
Share of other reserve of associates	-	-	-	-	-	-	-	(121,983)	-	-	-	(763)	(122,746)	
Share-based compensation	-	-	-	-	207,253	-	-	-	-	-	-	492,635	699,888	
Distribution to contingent convertible bond holders	-	-	-	-	-	-	-	-	(32,244)	-	-	(3,591)	(35,835)	
Dividends declared	-	-	-	-	-	-	-	-	(848,243)	-	-	(124,216)	(972,459)	
Total transactions with owners, recognised directly in equity	-	-	-	(30,224)	207,253	-	-	(3,178,023)	(877,659)	-	(2,655,629)	-	(6,534,282)	
As at June 30, 2021	2,356,231	11,281,940	663,295	398,860	3,528,419	(287,079)	30,608	(5,043,830)	(56,385)	48,727,141	1,554,740	31,091,352	(5,024,368)	89,220,924

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2021

	Unaudited													
	Attributable to the equity holders of the Company													
	Share capital	Share premium	Statutory surplus reserve	Revaluation reserve	Share-based compensation reserve	Shares held for share scheme	Hedging reserve	Exchange reserve	Other reserve	Retained earnings	Perpetual securities	Other non-controlling interests	Put option written on non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2020	2,356,231	11,281,940	509,779	425,351	2,828,713	(259,154)	(29,754)	(1,952,459)	3,344,138	42,032,454	8,161,897	28,149,657	(5,024,368)	91,824,425
Profit for the period	-	-	-	-	-	-	-	-	-	637,337	189,039	1,378,181	-	2,204,557
Other comprehensive (loss)/income														
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	(214,272)	-	-	-	-	-	-	-	(286,279)	-	(500,551)
Share of other comprehensive (loss)/income of associates using equity accounting	-	-	-	(72,873)	-	-	-	-	-	-	-	5,573	-	(67,300)
Fair value change on cash flow hedges	-	-	-	-	-	-	(31,490)	-	-	-	-	28,148	-	(3,342)
Currency translation differences	-	-	-	-	-	-	-	(786,291)	-	-	-	(1,292,627)	-	(2,078,918)
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	-	(89,118)	-	-	(159,230)	-	(248,348)
Total comprehensive (loss)/income for the period	-	-	-	(287,145)	-	-	(31,490)	(786,291)	(89,118)	637,337	189,039	(326,234)	-	(693,902)
Total transactions with owners, recognised directly in equity														
Disposal of subsidiaries	-	-	-	(3,094)	-	-	-	-	-	-	-	(7,539)	-	(10,633)
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	(252,158)	-	-	(695,208)	-	(947,366)
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	65,664	-	65,664
Issuance of perpetual securities	-	-	-	-	-	-	-	-	-	-	200,000	-	-	200,000
Transfer to reserve	-	-	-	-	-	-	-	-	(16,887)	11,380	-	6,171	-	664
Share of other reserve of associates	-	-	-	-	-	-	-	-	19,723	-	-	(972)	-	18,751
Share-based compensation	-	-	-	-	273,845	58,717	-	-	-	-	-	619,256	-	951,818
Purchase of share under share scheme	-	-	-	-	-	(148,690)	-	-	-	-	-	-	-	(148,690)
Dividends declared	-	-	-	-	-	-	-	-	-	(777,556)	-	(7,481)	-	(785,037)
Distribution to perpetual securities holders	-	-	-	-	-	-	-	-	-	(43,215)	(189,039)	(4,812)	-	(237,066)
Total transactions with owners, recognised directly in equity	-	-	-	(3,094)	273,845	(89,973)	-	-	(249,322)	(809,391)	10,961	(24,921)	-	(891,895)
As at June 30, 2020	2,356,231	11,281,940	509,779	135,112	3,102,558	(349,127)	(61,244)	(2,738,750)	3,005,698	41,860,400	8,361,897	27,798,502	(5,024,368)	90,238,628

The notes on pages 52 to 99 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2021

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	5,875,315	19,863,210
Income tax paid	(2,645,271)	(3,094,214)
Net cash generated from operating activities	3,230,044	16,768,996
Cash flows from investing activities		
Purchases of property, plant and equipment, and intangible assets	(4,594,735)	(3,701,572)
Proceeds from sale of property, plant and equipment, and intangible assets	381,648	160,637
Purchases of financial assets at fair value through profit or loss	(7,167,664)	(6,345,092)
Proceeds from the disposal of financial assets at fair value through profit or loss	4,257,381	5,294,809
Dividends from financial assets at fair value through profit or loss	127,324	128,176
Capital injection in associates measured at fair value through profit or loss	(620,972)	(844,710)
Distributions from associates measured at fair value through profit or loss	1,440,493	1,373,403
Acquisition of and capital injection in associates and joint ventures using equity accounting	(49,130)	(128,819)
Proceeds from disposal of associates using equity accounting	3,738,020	27,848
Dividends from associates using equity accounting	440,585	354,399
Purchase of financial assets at fair value through other comprehensive income	(53,478)	(463,906)
Disposal of financial assets at fair value through other comprehensive income	526,149	263,188
Dividends from financial assets at fair value through other comprehensive income	16,803	44
Purchase of financial assets at amortized cost	(107,632)	(44,632)
Disposal of financial assets at amortized cost	11,501	-
Acquisition of subsidiaries, net of cash acquired	(938,117)	(65,593)
Disposal of subsidiaries, net of cash disposed	555,849	32,862
Loans repaid from/(granted to) related parties and third parties	335,971	(821,170)
Repayment of contingent considerations and deferred considerations	-	(1,035,965)
Interest received	229,214	238,031
Increase in fixed deposits for more than 3 months	(229,444)	(488,249)
Advance from proposed transactions	-	620,121
Net cash used in investing activities	(1,700,234)	(5,446,190)

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2021

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	64,323,292	42,244,327
Repayments of borrowings	(65,787,935)	(50,595,898)
Repayments of lease liabilities	(936,094)	(440,852)
Issue of other bonds, net of issuance costs	2,127,564	9,651,719
Capital contributions from non-controlling interests	492,961	348,933
Distribution to perpetual securities holders	–	(189,039)
Distribution to other non-controlling interests	(694,266)	(16,642)
Transaction with other non-controlling interests	(8,213,487)	(771,628)
Interest paid	(3,143,779)	(3,510,714)
Net cash used in financing activities	(11,831,744)	(3,279,794)
Net (decrease)/increase in cash and cash equivalents	(10,301,934)	8,043,012
Cash and cash equivalents at beginning of the period	69,718,438	62,339,559
Exchange (loss)/gains on cash and cash equivalents	(1,261,337)	315,791
Cash and cash equivalents at the end of the period	58,155,167	70,698,362

The notes on pages 52 to 99 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 (中國科學院計算技術研究所新技術發展公司), as an enterprise owned by the whole people (全民所有制企業). Since then, the Company has completed a series of reorganizations and was converted into a joint stock limited liability company on February 18, 2014, the registered capital is RMB2,356 million now. The Company’s H Shares have been listed on the Main Board of the Hong Kong Stock Exchange since June 29, 2015.

The registered address of the Company 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 mainly offers services including banking, short-term financing, financial leasing, insurance brokerage services, third party payment, internet finance, property insurance and other related business services; (c) innovative consumption and services industry, which operates mainly to provide medical and health services and education for kids; (d) agriculture and food industry, which is mainly engaged in the production and selling of salmon, planting and selling of premium fruit, supplying seafood and accessory products and liquor direct sales chain, etc.; and (e) advanced manufacturing and professional services industry, which includes new chemical materials R&D, production and selling services and aviation logistics related business services.

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

Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group, credit limit of the Group and mitigating actions which have been and may be taken to reduce discretionary spend and other operating cash outflows to ensure the plenty, security and stability of the Group’s overall cash flows. On the basis of these assessments, we have determined that, at the date on which the Interim Financial Information were authorised for issue, the use of the going concern basis of accounting to prepare the Interim Financial Information is appropriate.

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2021 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, 2020 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, 2020, except as described below.

3.1 New and amended standards and interpretations adopted

The following amended standards and interpretations are mandatory for the first time for the Group's financial year beginning on January 1, 2021 and are applicable for the Group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

In addition, the Group has elected to early adopt the amendments to IFRS 16 Leases on COVID-19 Related Rent Concessions beyond 30 June 2021. These amendments provide lessees with practical relief during the Pandemic.

Amendments to IFRS and IAS effective for the financial year beginning on January 1, 2021 do not have a material impact on the Group's Interim Financial Information.

3.2 New and amended standards not yet adopted

The following are new and amended standards and annual improvements to standards that have been issued but are not yet effective for the financial year beginning on January 1, 2021 and have not been early adopted.

		Effective for financial year beginning on or after
IFRS 3 (Amendments)	Reference to the conceptual framework	1 January 2022
IAS 16 (Amendments)	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
IAS 37 (Amendments)	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual improvements	Annual improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of assets between an investor and its associate or joint venture	To be Determined

The Group will apply the above new and amended standards and annual improvements to standards when they become effective.

3. Accounting policies (Continued)

3.2 New and amended standards not yet adopted (Continued)

Impact of new standard released not yet adopted

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the financial year beginning on January 1, 2021 and have not been early adopted by the Group. The Group's assessment of the impact of these new and amended standards is still in progress.

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.

In preparing this condensed consolidated interim financial information, the sources of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty came from the significant judgements that applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2020.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange 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. Certain subsidiaries of the Group use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) *Foreign exchange 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"). Foreign currency risks arise from the future business transactions, recognized assets and liabilities and net investment in foreign operations denominated in a currency other than the functional currency of the Group. Each subsidiary of the Group monitors the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimize the foreign exchange risk and enter into forward foreign 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 re-pricing 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.

5. Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the condensed consolidated interim balance sheet either at fair value through profit or loss or at fair value through other comprehensive income. The commodity price risk the Group exposed is not material. 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 investment markets: Hong Kong, Mainland China, Europe, United States and Japan.

(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 is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

In addition, the Group provides off-balance sheet commitment and guarantee business to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

5. Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-financial services segments. For the credit risk, the Group grouped trade receivables based on shared credit risk characteristics and the days past due and measured the expected credit loss using the simplified method of IFRS 9, that is, made the provision for expected loss for the whole duration of all trade receivables is recognized. For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information.

The Group adopts the “Expected Credit Loss model” on its impairment of debt instruments which are classified as financial assets measured at amortised cost or 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, 2020.

There have been no changes in the Group’s risk management department or in any risk management policies since December 31, 2020.

5. Financial risk management (Continued)

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).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at June 30, 2021 and December 31, 2020.

	Unaudited As at June 30, 2021			
	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	-	-	20,399,069	20,399,069
Financial assets at fair value through profit or loss				
- Listed equity securities	8,657,149	286,448	5,906,353	14,849,950
- Unlisted equity securities	-	22,515	14,689,797	14,712,312
- Listed debt securities	1,113,052	5,348	-	1,118,400
- Unlisted debt securities	-	304,523	3,706,708	4,011,231
Derivative financial assets	-	1,749,426	98,697	1,848,123
Financial assets at fair value through other comprehensive income				
- Listed equity securities	681,519	1,395	-	682,914
- Unlisted equity securities	-	-	3,484,793	3,484,793
- Listed debt securities	6,934,864	142,465	-	7,077,329
Accounts and notes receivables	-	57,433,926	-	57,433,926
	17,386,584	59,946,046	48,285,417	125,618,047
Liabilities				
Financial liabilities at fair value through profit or loss	-	6,815,026	3,960,666	10,775,692
Derivative financial liabilities	-	3,058,989	294,038	3,353,027
	-	9,874,015	4,254,704	14,128,719

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

	Audited			
	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Associates measured at fair value through profit or loss	–	–	18,459,044	18,459,044
Financial assets at fair value through profit or loss				
– Listed equity securities	5,648,317	–	4,531,609	10,179,926
– Unlisted equity securities	–	–	14,295,006	14,295,006
– Listed debt securities	1,084,441	196,873	–	1,281,314
– Unlisted debt securities	–	–	2,558,719	2,558,719
Derivative financial assets	–	2,577,810	32,892	2,610,702
Financial assets at fair value through other comprehensive income				
– Listed equity securities	719,135	–	–	719,135
– Unlisted equity securities	–	–	3,090,592	3,090,592
– Listed debt securities	8,417,906	425,655	–	8,843,561
Accounts and notes receivable	–	60,547,105	–	60,547,105
	15,869,799	63,747,443	42,967,862	122,585,104
Liabilities				
Financial liabilities at fair value through profit or loss	–	5,837,062	4,561,967	10,399,029
Derivative financial liabilities	65,310	6,423,096	41,273	6,529,679
	65,310	12,260,158	4,603,240	16,928,708

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

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

5. Financial risk management (Continued)

5.2 Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. According to the restriction and reduction rules of the stock exchange for the original shares held before listing, shares of some new listed companies need to wait for a certain period of time to be sold, which is regarded as restricted shares. The fair value of these restricted shares is determined based on the closing price on the valuation date with consideration of the discount for lack of marketability, and such instrument is included in level 3.

The significant non-observable input for the restricted shares is the discount for lack of marketability, which ranges from 10% to 34%, the balance of assets of this category was RMB5,906 million as at June 30, 2021. The discount rate ranges from 16% to 35%, the balance of assets of this category was RMB4,532 million as at December 31, 2020.

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, 2021 and December 31, 2020, 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 set forth in the offering prospectus of each fund. The fair value of the investments in these associates is based primarily on the portion of the net asset value ("NAV") reported by the fund that is attributable to the Group. The NAV is derived from the fair value of these investments at the reporting date of the Group (the vast majority of the financial assets reported by the Fund are measured at fair value), and the Group understand and evaluate the valuations provided by the general partners of the associates and make necessary adjustments based on the results of the evaluation. The Group have not made any adjustments to the underlying values.

These investments in associates that are measured at fair value through profit or loss are included in level 3. Unobservable inputs that would significantly affect the fair value are the net asset value of the associate as reported by the general partner and adjustments made by the Group.

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, 2021 and June 30, 2020:

	Unaudited				Total RMB'000
	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 through other comprehensive income RMB'000	Derivative financial assets RMB'000	
At January 1, 2021	18,459,044	21,385,334	3,090,592	32,892	42,967,862
Additions/capital contributions	620,585	5,642,505	10,755	30,403	6,304,248
Disposals/return of capital	(182,641)	(1,771,666)	(2,057)	-	(1,956,364)
Transfer out to level 1 (i)	-	(342,143)	-	-	(342,143)
Transfer to level 3 (i)	-	337,331	-	-	337,331
Gains/(losses) recognised in condensed consolidated interim income statement	1,612,453	(912,888)	-	37,885	737,450
Gains recognised in other comprehensive income	-	-	420,246	-	420,246
Exchange adjustment	(110,372)	(35,615)	(34,743)	(2,483)	(183,213)
At June 30, 2021	20,399,069	24,302,858	3,484,793	98,697	48,285,417
At January 1, 2020	17,404,859	16,268,767	2,275,609	122,003	36,071,238
Additions/capital contributions	842,204	3,393,546	356,478	3,444	4,595,672
Disposals/return of capital	(357,791)	(2,350,833)	(1,178)	(77,071)	(2,786,873)
Transfer out to level 1 (i)	-	(622,191)	-	-	(622,191)
Gains recognised in condensed consolidated interim income statement	549,690	302,143	-	1,787	853,620
Losses recognised in other comprehensive income	-	-	(277,491)	-	(277,491)
Exchange adjustment	178,479	116,549	2,984	761	298,773
At June 30, 2020	18,617,441	17,107,981	2,356,402	50,924	38,132,748

- (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. Several investments determined the fair value of these investments using unobservable inputs due to recent transactions that affect their liquidity, or were no longer possible to determine the fair value of these investments 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 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 2021 and 2020.

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, 2021 and June 30, 2020:

	Unaudited Amounts RMB'000
At January 1, 2021	4,603,240
Additions	1,602,004
Derecognition	(1,624,624)
Recognized in condensed consolidated interim income statement	(229,553)
Exchanged adjustment	(96,363)
At June 30, 2021	4,254,704
At January 1, 2020	5,358,158
Additions	676,434
Derecognition	(1,365,756)
Recognized in condensed consolidated interim income statement	(113,676)
Exchanged adjustment	88,760
At June 30, 2020	4,643,920

6. Segment information

The Board of Directors is the Company'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. In 2021, management has transferred some of the operations previously recorded in the Advanced manufacturing and professional services segment to the Financial investments segment in accordance with internal management arrangements. The comparative figures for the same period have been restated.

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 mainly offers services including banking, short-term financing, financial leasing, insurance brokerage services, third party payment, internet finance, property insurance and other related business services;
- Innovative consumption and services segment, which operates mainly to provide medical and health services and education for kids;
- Agriculture and food segment, which is mainly engaged in the production and selling of salmon, planting and selling of premium fruit, supplying seafood and accessory products and liquor direct sales chain, etc.;
- Advanced manufacturing and professional services segment, which includes new chemical materials R&D, production and selling 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 investment properties, property, plant and equipment, intangible assets, right-of-use 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, 2021

	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	RMB'000
Segment revenue									
Sales/provide services to external customers	210,776,215	1,808,264	532,748	9,777,839	3,894,233	443,329	-	-	227,232,628
Net interest income	-	1,332,643	-	-	-	-	-	-	1,332,643
Inter-segment sales/provide services	-	-	-	-	-	3,706	-	(3,706)	-
Total	210,776,215	3,140,907	532,748	9,777,839	3,894,233	447,035	-	(3,706)	228,565,271
Segment results									
Profit before income tax	6,670,916	639,325	88,787	310,574	1,155,559	3,982,303	(1,040,167)	-	11,807,297
Income tax expense	(1,683,835)	(268,689)	(3,350)	(10,745)	(89,636)	(1,249,465)	215,833	-	(3,089,887)
Profit for the period	4,987,081	370,636	85,437	299,829	1,065,923	2,732,838	(824,334)	-	8,717,410
Profit attributable to equity holders of the Company	1,538,720	317,848	66,628	239,903	794,059	2,558,395	(824,334)	-	4,691,219
Other segment information:									
Depreciation and amortisation	(3,896,298)	(244,408)	(64,853)	(250,041)	(242,618)	(5,373)	(5,098)	-	(4,708,689)
Impairment loss for non-current assets (Note 8)	(163,064)	-	-	-	-	-	-	-	(163,064)
Investment income and gains (Note 7)	1,044,127	942,349	77,497	256,507	300,583	4,064,699	(16,635)	-	6,669,127
Finance income (Note 9)	124,662	10,955	3,129	15,731	13,450	40,732	271,749	(11,091)	469,317
Finance costs (Note 9)	(1,300,216)	(146,064)	(17,147)	(202,088)	(107,847)	(241,669)	(1,150,056)	11,091	(3,153,996)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(61,608)	(308,064)	(34,594)	95,708	254,229	124,221	-	-	69,892
Material non-cash items other than depreciation and amortisation	(1,281,986)	-	-	-	-	-	-	-	(1,281,986)
Capital expenditure	7,422,525	356,569	51,691	713,913	165,141	39,107	5,100	-	8,754,046

6. Segment information (Continued)

Revenue and Profit (Continued)

Six months ended June 30, 2020

	Unaudited								
	Strategic investments								Total
	IT	Financial services	Innovative consumption and services	Agriculture and food	Advanced manufacturing and professional services (Restated)	Financial investments (Restated)	Unallocated	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment revenue									
Sales/provide services to									
external customers	168,273,002	2,004,937	262,739	8,964,478	2,668,899	508,389	-	-	182,682,444
Net interest income	-	2,183,201	-	-	-	-	-	-	2,183,201
Inter-segment sales/provide services	-	-	-	-	-	3,442	-	(3,442)	-
Total	168,273,002	4,188,138	262,739	8,964,478	2,668,899	511,831	-	(3,442)	184,865,645
Segment results									
Profit/(loss) before income tax	2,878,998	1,069,112	(1,780,175)	(257,836)	517,766	1,849,682	(1,004,703)	-	3,272,844
Income tax (expense)/credit	(697,250)	(288,412)	75,559	63,208	(42,601)	(429,967)	251,176	-	(1,068,287)
Profit/(loss) for the period	2,181,748	780,700	(1,704,616)	(194,628)	475,165	1,419,715	(753,527)	-	2,204,557
Profit/(loss) attributable to equity holders of the Company									
	565,998	730,443	(1,643,694)	(58,213)	380,950	1,415,380	(753,527)	-	637,337
Other segment information:									
Depreciation and amortisation	(3,620,770)	(242,496)	(51,885)	(216,104)	(193,604)	(14,044)	(5,462)	-	(4,344,365)
Impairment loss for non-current assets (Note 8)	-	-	(370,000)	-	-	(11,222)	-	-	(381,222)
Investment income and gains (Note 7)	531,395	830,888	(22,855)	(3,055)	(4)	1,738,572	(120,200)	-	2,954,741
Finance income (Note 9)	126,575	19,031	139	14,038	6,744	5,822	224,622	(46,037)	350,934
Finance costs (Note 9)	(1,421,949)	(250,370)	(18,195)	(217,483)	(72,683)	(205,939)	(964,897)	46,037	(3,105,479)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(59,068)	268,875	(1,275,770)	59,386	245,010	(570,990)	-	-	(1,332,557)
Material non-cash items other than depreciation and amortisation	(925,257)	-	-	-	-	(58,717)	-	-	(983,974)
Capital expenditure	4,150,289	275,146	113,188	360,624	160,716	6,127	1,946	-	5,068,036

6. Segment information (Continued)

Assets and liabilities

As at June 30, 2021

	Unaudited								
	Strategic investments								
	IT	Financial services	Innovative consumption and services	Agriculture and food	Advanced manufacturing and professional services	Financial investments	Unallocated	Elimination	Total
Segment assets	245,524,665	279,248,079	3,726,117	22,858,524	15,908,151	77,794,754	22,509,565	(4,545,200)	663,024,655
Segment liabilities	231,709,625	243,674,358	906,280	14,814,136	7,700,410	13,718,941	65,825,181	(4,545,200)	573,803,731
Associates and joint ventures using equity accounting	416,107	7,171,661	880,332	1,321,517	2,022,094	2,960,708	-	-	14,772,419
Associates measured at fair value through profit or loss	-	111,277	-	-	-	20,287,792	-	-	20,399,069

As at December 31, 2020

	Audited								
	Strategic investments								
	IT	Financial services	Innovative consumption and services	Agriculture and food	Advanced manufacturing and professional services (Restated)	Financial investments (Restated)	Unallocated	Elimination	Total
Segment assets	237,232,288	285,475,199	5,526,281	22,826,009	11,516,050	71,705,214	21,520,925	(4,069,195)	651,732,771
Segment liabilities	224,119,935	249,717,449	931,600	14,903,299	4,310,506	11,064,973	64,081,006	(4,069,195)	565,059,573
Associates and joint ventures using equity accounting	481,890	7,764,268	900,609	1,563,561	1,672,032	4,052,010	-	-	16,434,370
Associates measured at fair value through profit or loss	-	183,056	-	-	-	18,275,988	-	-	18,459,044

6. Segment information (Continued)

The amount of its revenue and analysis of revenue by timing of revenue recognition is shown in the tables below:

(a) Revenue from external customers

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
China	64,023,825	46,512,340
Asia-Pacific region excluding China	37,192,803	37,107,256
Europe/Middle east/Africa	58,022,419	48,448,436
Americas	69,326,224	52,797,613
Total	228,565,271	184,865,645

(b) Analysis of revenue by timing of revenue recognition

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
Point in time	219,452,323	175,359,269
Over time	9,112,948	9,506,376
Total	228,565,271	184,865,645

7. Investment income and gains

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Gains on disposal/dilution of associates	729,048	221,679
Gains on disposal of subsidiaries	231,430	10,470
Fair value gains and dividend income from associates measured at fair value through profit or loss	2,871,196	1,563,655
Disposal gains/fair value gains/dividend income from financial assets at fair value through profit or loss	2,788,377	1,166,685
Others	49,076	(7,748)
	6,669,127	2,954,741

8. Expenses by nature

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Cost of inventories sold	176,385,523	141,893,239
Employee benefit expense	20,714,832	19,145,342
Office and administrative expense	2,030,844	2,278,259
Advertising costs	3,106,824	1,521,962
Depreciation and amortisation	4,708,689	4,344,365
Impairment loss for loans to customers	358,076	856,175
Impairment loss for other financial assets	929,550	136,427
Impairment loss for non-current assets	163,064	381,222
Customer support service	2,435,431	2,262,357
Consultancy and professional fees	1,210,665	984,361
Labs and testing	1,191,129	548,210
Lease expense	95,255	22,835
Taxes and surcharges	463,878	336,887
Transportation expense	402,909	441,672
Inventory write-down	244,974	310,830
Other expenses (i)	5,209,059	5,349,845
	219,650,702	180,813,988

- (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,	
	2021 RMB'000	2020 RMB'000
Interests expense (i):		
– Bank loans and overdrafts	1,145,775	1,070,383
– Other loans	339,816	336,571
– Bonds	1,069,727	1,006,870
– Lease liabilities	89,876	92,998
Factoring costs	421,531	507,677
Interest costs on contingent considerations and put option liability	87,271	90,980
Finance costs	3,153,996	3,105,479
Finance income (i):		
– Interest income on bank deposits and money market funds	(250,907)	(138,889)
– Interest income on loans to related parties	(129,165)	(58,477)
– Interest income on loans to unrelated parties	(89,245)	(153,568)
Finance income	(469,317)	(350,934)
Net finance costs	2,684,679	2,754,545

- (i) Finance income and costs do not include income and costs from subsidiaries which are engaged in micro-loan business and banking business. Interest income and expense generated from micro-loan business are displayed in “interest income” and “cost of sale and services” in the condensed consolidated interim income statement. Interest income and expense generated from banking business are displayed in “interest income” and “interest expense” in the condensed consolidated interim income statement.

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 of 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,	
	2021 RMB'000	2020 RMB'000
Current income tax		
Current income tax on profits for the period	2,636,503	1,554,007
Land appreciation tax	80,124	132,728
	2,716,627	1,686,735
Deferred income tax (Note23)	373,260	(618,448)
Income tax expense	3,089,887	1,068,287

The Group has been granted certain tax concessions by tax authorities in Mainland of China and overseas whereby the subsidiaries operating in the respective jurisdictions are entitled to tax concessions.

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

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
Profit before tax	11,807,297	3,272,844
Tax effects of:		
Tax calculated at domestic rates applicable in countries concerned	2,937,873	955,398
Income not subject to tax	(2,928,745)	(601,820)
Expenses not deductible for tax purposes	2,216,819	614,566
Utilisation of previously unrecognised tax losses/temporary differences	(265,175)	(401,875)
Deferred income tax assets not recognised	845,637	462,131
Others	203,354	(92,841)
Enterprise income tax	3,009,763	935,559
Land appreciation tax	80,124	132,728
Income tax expense	3,089,887	1,068,287

11. Earnings per share

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

	Unaudited	
	Six months ended June 30,	
	2021	2020
Profit attributable to equity holders of the Company for calculating basic earnings per share <i>(RMB'000)</i>	4,691,219	637,337
Diluted impact on earnings <i>(RMB'000)</i> (i)	(170,524)	(2,448)
Profit attributable to equity holders of the Company for calculating diluted earnings per share <i>(RMB'000)</i>	4,520,695	634,889
Weighted average number of issued ordinary shares <i>(thousands)</i>	2,356,231	2,356,231
Less weighted average number of shares held for share incentive plan <i>(thousands)</i>	(17,390)	(21,538)
Weighted average number of issued ordinary shares for calculating basic earnings per share <i>(thousands)</i>	2,338,841	2,334,693
Potential dilutive effect arising from share incentive plan <i>(thousands)</i> (ii)	–	6,961
Weighted average number of issued ordinary shares for calculating diluted earnings per share <i>(thousands)</i> (ii)	2,338,841	2,341,654
Earnings per share		
– Basic <i>(RMB per share)</i>	2.01	0.27
– Diluted <i>(RMB per share)</i>	1.93	0.27

(i) During the six months ended June 30, 2021, diluted impact on earnings is due to the effect of two categories of dilutive instruments, namely mid-long term incentive awards and convertible bonds (During the six months ended June 30, 2020, diluted impact on earnings is due to the effect of three categories of dilutive instruments, namely bonus warrants, mid-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 share incentive plan. 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 share option and the subscription rights attached to outstanding unexercised restricted 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 and share option, 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, 2021	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
At January 1, 2021	23,351,343	65,450,440
Additions	3,569,819	4,169,359
Transfers to intangible assets	(930,590)	930,590
Transfers to investment property	(32,799)	–
Acquisition of subsidiaries (Note27)	2,189,250	246,882
Disposal of subsidiaries	(416,939)	(38,933)
Disposals	(276,026)	(97,738)
Depreciation/amortisation charge	(1,550,904)	(2,638,538)
Impairment loss	(65,960)	(97,104)
Exchange adjustment	(289,390)	(961,423)
At June 30, 2021	25,547,804	66,963,535

	Unaudited For the six months ended June 30, 2020	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
At January 1, 2020	23,927,948	70,021,402
Additions	3,204,685	961,302
Transfers to intangible assets	(1,144,158)	1,144,158
Transfers to investment property	(7,636)	–
Acquisition of subsidiaries	132	19,543
Disposal of subsidiaries	(57,922)	(64,579)
Disposals	(488,338)	(4,749)
Depreciation/amortisation charge	(1,437,532)	(2,456,005)
Exchange adjustment	(4,254)	(260,746)
At June 30, 2020	23,992,925	69,360,326

13. Investment properties

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
At beginning of the period	12,315,945	12,316,171
Additions	7,011	222,071
Fair value (loss)/gains	(52,317)	5,492
Disposals	(9,907)	(1,054)
Transfer from property, plant and equipment	155,188	7,636
Exchange adjustment	(7,930)	116
At the end of the period	12,407,990	12,550,432

The Group's investment properties are mainly situated in the Mainland of China. All the investment properties are rented out under operating leases. All signed lease contracts are less than 50 years.

Investment properties held by the Group were mainly revalued as at June 30, 2021 and December 31, 2020 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 is derived using the income capitalisation method. There were no changes to the valuation techniques compared with the comparable period.

As at June 30, 2021 and December 31, 2020, 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)/gains – net of the condensed consolidated interim income statement.

14. Accounts and notes receivables

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Accounts and notes receivables at amortised cost		
Trade receivables	4,630,624	5,241,144
Notes receivables	516,833	398,505
Receivables arising from finance leases	6,390,587	6,124,521
Less: allowances of impairment loss	(521,449)	(556,411)
Accounts receivable and notes receivable measured at amortised cost-net	11,016,595	11,207,759
Trade receivables measured at FVOCI		
Trade receivables financing (i)	57,433,926	60,547,105
Accounts and notes receivables	68,450,521	71,754,864

- (i) The trade receivables of Lenovo Group limited ("Lenovo"), a subsidiary of the Company, meet the conditions for derecognition when Lenovo factorizes a part of trade receivables according to its daily fund management, with a business model that the trade receivables are held for the collection of contractual cash flows and for selling the trade receivables. The trade receivables of Lenovo are classified as financial assets measured at fair value through other comprehensive income.

As at June 30, 2021, the allowance of impairment loss of trade receivables financing is RMB974 million (As at December 31, 2020: RMB475 million).

As at June 30, 2021 and December 31, 2020, the ageing analysis of the trade receivables and trade receivables financing based on invoice date was as follows:

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Up to 3 months	58,955,836	62,172,452
3 to 6 months	1,733,140	2,270,825
6 months to 1 year	861,543	902,304
1 to 2 years	1,151,363	786,698
2 to 3 years	314,042	77,475
Over 3 years	23,022	53,155
	63,038,946	66,262,909

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

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

15. Prepayments, other receivables and other current assets

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Receivables from parts subcontractors	14,570,979	17,127,060
Prepayments	7,369,007	9,422,074
Prepaid tax	6,946,545	5,882,885
Amounts due from related parties (Note 28(b))	4,888,900	2,243,770
Advance to suppliers	2,666,518	2,870,168
Deposits receivable	1,250,837	212,359
Advance to employees	59,228	57,116
Interest receivable	227,732	168,739
Others	5,548,581	4,672,798
	43,528,327	42,656,969
Less: allowance for impairment loss	(370,353)	(367,741)
	43,157,974	42,289,228

16. Loans to customers

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

	Unaudited As at 30 June, 2021 RMB'000	Audited As at 31 December, 2020 RMB'000
Banking service (a)	124,584,384	126,380,582
Other service (b)	6,739,065	7,581,893
Total	131,323,449	133,962,475
Less: allowances for impairment loss	(3,728,785)	(3,630,369)
Net loans to customers	127,594,664	130,332,106
Less: current portion	(40,298,601)	(49,167,712)
Non-current portion	87,296,063	81,164,394

16. Loans to customers (Continued)

(a) Banking service

	Unaudited As at 30 June, 2021 RMB'000	Audited As at 31 December, 2020 RMB'000
On demand and short notice	1,403,370	803,899
Finance leases	1,494,886	1,497,773
Other term loans	121,686,128	124,078,910
Total	124,584,384	126,380,582
Less: allowances for impairment loss		
– Stage 1	(308,413)	(337,937)
– Stage 2	(198,435)	(202,042)
– Stage 3	(1,786,492)	(1,801,536)
Total allowances for impairment loss	(2,293,340)	(2,341,515)
Net loans to customers	122,291,044	124,039,067

On June 23, 2021, Banque Internationale à Luxembourg S.A. (“BIL”), a subsidiary of the Company, has signed a business transfer agreement with Ringkjøbing Landbobank, which plans to transfer all the client’s activity (Assets under management, loans and deposits) of BIL Denmark branch to the counterparty on July 1, 2021. As at June 30, 2021, the business involved in the BIL Denmark branch was classified as held for sale. The assets included in disposal groups held for sale amounted to RMB1,273 million, mainly include “loans to customers” of RMB1,236 million, and the liabilities included in disposal groups held for sale amounted to RMB945 million, mainly include “amounts due to customers” of RMB945 million.

16. Loans to customers (Continued)

(b) Other service

	Unaudited As at 30 June, 2021 RMB'000	Audited As at 31 December, 2020 RMB'000
Direct loans and pawn loans to customers	6,515,515	5,420,819
Entrusted loans to customers	223,550	2,161,074
Total	6,739,065	7,581,893
Less: allowances for impairment loss		
– Stage 1	(138,789)	(130,283)
– Stage 2	(16,121)	(28,635)
– Stage 3	(1,280,535)	(1,129,936)
Total allowances for impairment loss	(1,435,445)	(1,288,854)
Net loans to customers	5,303,620	6,293,039

17. Trade and notes payables

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Trade payables	75,625,060	68,132,927
Notes payables	7,074,075	8,282,790
	82,699,135	76,415,717

As at June 30, 2021 and December 31, 2020, the ageing analyses of the trade payables based on invoice date were as follows:

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
0-30 days	49,603,820	42,751,973
31-60 days	15,076,271	14,563,351
61-90 days	7,072,310	6,656,488
91 days-1 year	3,790,556	4,069,718
Over 1 year	82,103	91,397
	75,625,060	68,132,927

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

18. Other payables and accruals

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Payable to parts subcontractors	33,138,394	36,233,142
Allowance for billing adjustment (i)	18,693,333	15,941,009
Accrued expenses	12,645,888	10,569,814
Payroll payable	7,511,391	8,322,571
Other taxes payable	3,057,964	3,928,059
Collection of factoring payments	2,596,919	1,764,978
Social security payable	1,459,555	965,837
Dividends payable	836,370	20,928
Interest payable	688,595	651,632
Deposits payable	483,451	602,059
Royalty payable	534,392	686,067
Deferred considerations	208,784	659,018
Amounts due to related parties (ii) (Note 28(b))	502,135	377,507
Written put option liabilities (Note 20(c))	2,150,290	–
Others	11,335,189	9,587,274
	95,842,650	90,309,895

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

(ii) As at June 30, 2021 and December 31, 2020, the amounts due to related parties are unsecured and interest-free.

19. Amounts due to customers

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Demand deposits	99,146,081	98,768,312
Savings deposits	26,385,090	27,048,264
Term deposits	30,522,155	32,554,791
Cash collateral	27,691	261,136
Total	156,081,017	158,632,503
Less: Non-current portion	(1,914,471)	(5,284,663)
Current portion	154,166,546	153,347,840

Amount due to customers are from BIL, which is engaged in banking business.

20. Other non-current liabilities

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Deferred considerations (a)	161,968	163,592
Government incentives and grants received in advance (b)	939,503	839,924
Written put option liability (c)	4,775,476	7,081,830
Long-term payables	3,789,503	1,404,941
Others	1,050,883	736,771
	10,717,333	10,227,058

20. Other non-current liabilities (Continued)

(a) Deferred considerations

Pursuant to the completion of a business combination, the Group is required to pay in cash to the then respective shareholders/sellers deferred considerations with reference to certain performance indicators as written in the respective agreements with those then shareholders/sellers. Deferred considerations are subsequently carried at amortised cost. Deferred considerations due within one year are reclassified to “Other payables and accruals”.

As at June 30, 2021 and December 31, 2020, the potential undiscounted amounts of future payments in respect of the 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, 2021	Audited As at December 31, 2020
Joint venture with NEC Corporation	USD25 million	USD25 million
Precision Capital S.A.	EUR18 million	EUR18 million

(b) Government incentives and grants received in advance

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

20. Other non-current liabilities (Continued)

(c) Written put option liability

The financial liability that may become payable under the put option is initially recognized at present value of redemption within other non-current liabilities with a corresponding charge directly to equity. The put option liability shall be re-measured with any resulting gain or loss recognized in the condensed consolidated interim 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.

- (1) Pursuant to the joint venture agreement entered into between Lenovo and Fujitsu Limited (“Fujitsu”) effective in 2018, 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.

Pursuant to the option agreement entered into between a wholly-owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP (“Yuan Jia”) in 2018, which holds 99.31% interest in Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd. (合肥智聚晟寶股權投資有限公司, “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 USD356 million). As at June 30, 2021, the written put option liability to Yuan Jia has been reclassified to “Other payables and accruals” as it may fall due for settlement within the next future 12 months.

- (2) Pursuant to the contract of Chinese foreign equity joint venture (the “Contract”) entered into between the Company, the subsidiary of the Company, Joyvio Group Co., Ltd (“Joyvio Group”) and Saturn Agriculture Investment Co., Limited (“Saturn”) in 2019, the Company granted Saturn the put option which entitles Saturn to sell its whole or a part of interest in Joyvio Group (the “put option”), upon the occurrence of certain conditions specified in the Contract. The exercise price for the put option will be determined in accordance with the Contract and up to maximum of RMB1.55 billion.

21. Financial liabilities at fair value through profit or loss

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Debt instruments (i)	8,825,149	7,499,777
Accept preferred shares injection (ii)	1,950,543	2,899,252
Total	10,775,692	10,399,029
Less: current portion	(2,970,518)	(2,453,574)
Non-current portion	7,805,174	7,945,455

(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 procedures 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) 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. The aggregated subscription price of convertible preferred shares is approximately USD300 million. As at June 30, 2021, certain specified conditions have occurred, the holders of the convertible preferred shares have the right to request LETCL to redeem or Lenovo to purchase all of the convertible preferred shares at a pre-determined consideration and the convertible preferred shares have been reclassified to current liabilities.

22. Borrowings

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Bank loans		
– Unsecured loans	35,323,593	32,353,479
– Guaranteed loans	16,840,443	20,475,064
– Collateralised loans	9,065,118	10,294,916
Other loans (i)		
– Unsecured loans	870,000	870,000
– Guaranteed loans	720,000	820,000
– Collateralised loans	5,721,800	1,637,016
Corporate bonds		
– Unsecured	66,735,376	65,049,295
– Convertible bonds	4,908,947	4,889,686
	140,185,277	136,389,456
Less: current portion	(37,135,005)	(37,311,415)
Non-current portion	103,050,272	99,078,041

Borrowings are repayable as follows:

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Within 1 year	37,135,005	37,311,415
After 1 year but within 2 years	34,912,358	30,518,768
After 2 years but within 5 years	48,202,938	51,828,635
After 5 years	19,934,976	16,730,638
	140,185,277	136,389,456

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

23. Deferred income tax

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

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Deferred tax assets	18,947,014	18,290,286
Deferred tax liabilities	(9,625,600)	(8,361,820)
Deferred tax assets – net	9,321,414	9,928,466

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

	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
At beginning of the period	9,928,466	9,924,701
(Charged)/credited to the income statement	(373,260)	618,448
(Charged)/credited to other comprehensive income	(30,347)	5,472
Directly credited to equity	158,616	3,392
Acquisition of subsidiaries	(49,900)	–
Disposal of subsidiaries	163	(13,576)
Exchange adjustment	(312,324)	(79,245)
At end of the period	9,321,414	10,459,192

24. Provisions

	Unaudited					
	Environmental		Restructuring	Financial		Total
	Warranties	restoration		guarantees	Others	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at January 1, 2021	7,533,565	225,364	40,666	85,661	61,992	7,947,248
Provision made	3,260,688	85,173	2,491	1,425	1,966	3,351,743
Amount utilised/Unused amounts reversed	(2,922,707)	(80,771)	(18,723)	(9,143)	(12,705)	(3,044,049)
Exchange adjustment	(84,548)	(15,659)	(1,477)	(3,159)	(3,805)	(108,648)
As at June 30, 2021	7,786,998	214,107	22,957	74,784	47,448	8,146,294
Non-current portion	(1,732,108)	(189,946)	(3,943)	(72,875)	(3,275)	(2,002,147)
Current portion	6,054,890	24,161	19,014	1,909	44,173	6,144,147
As at January 1, 2020	7,147,940	243,651	47,995	115,712	68,313	7,623,611
Provision made	2,841,190	77,205	6,651	28,963	9,541	2,963,550
Amount utilised/Unused amounts reversed	(2,833,545)	(65,889)	(28,174)	(19,494)	(12,153)	(2,959,255)
Exchange adjustment	27,672	5,382	410	1,971	2,159	37,594
As at June 30, 2020	7,183,257	260,349	26,882	127,152	67,860	7,665,500
Non-current portion	(1,911,281)	(235,464)	(11,647)	(99,053)	(12,966)	(2,270,411)
Current portion	5,271,976	24,885	15,235	28,099	54,894	5,395,089

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.

24. Provisions (Continued)

(i) The provision for financial guarantees mainly represents the provision made by the Group for financial guarantee business under the financial services business

The following table sets forth the total guarantees of the Group as at June 30, 2021 and December 31, 2020:

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Financial guarantee of guarantee business (a)	10,608,368	11,221,643
Other guarantee (b)		
– Related parties (Note 28(c))	3,399,513	6,028,917
– Unrelated parties	360,000	639,826
	14,367,881	17,890,386

(a) Financial guarantee of guarantee business

Financial service business of the Group provides financial guarantees to third parties for their borrowings from certain credit institutions and charge them guarantee fees accordingly. As at June 30, 2021 and December 31, 2020, the guarantee balance was RMB10,608 million and RMB11,222 million respectively. The Directors evaluate the financial position of the guaranteed entities and make provision accordingly. As at June 30, 2021 and December 31, 2020, the provision made by the Group was RMB75 million and RMB86 million respectively, which were included in "Provision" in the condensed consolidated interim balance sheet.

(b) Other guarantee

As at June 30, 2021 and December 31, 2020, the total guarantee balances the Group provided to related parties and unrelated parties was approximately RMB3,760 million and RMB6,669 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, 2021 and December 31, 2020, no provision was recorded in relevant to the preceding guarantee.

25. Dividends

The Board did not recommend the payment of any interim dividend in respect of the six months ended June 30, 2021 (six months ended June 30, 2020: Nil).

At the Company's annual general meeting held on June 10, 2021, the profit distribution plan of the Company for the year ended December 31, 2020 to distribute a final dividend of RMB0.36 (before tax) per ordinary Share, totally approximately RMB848 million was considered and approved.

26. 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, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Property, plant and equipment	695,873	955,528
Intangible assets	17,583	16,593
Investments (i)	2,794,216	3,103,112
Total	3,507,672	4,075,233

- (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.

27. Business combinations

On May 10, 2021, Levima Advanced Materials Corporation ("Levima Advanced Materials"), a subsidiary of the Company, has completed the acquisition of purchasing approximately 82.5% of the issued shares of Xinneng Fenghuang Energy Co., Ltd. ("Xinneng Fenghuang"). In order to achieve the strategic layout and the need of production and operation. Xinneng Fenghuang mainly engages in the production and selling of methanol. Before the transaction, Levima Advanced Materials held 17.5% shares of Xinneng Fenghuang. After the transaction, Xinneng Fenghuang will be the wholly owned subsidiary of Levima Advanced Materials, and renamed Levima (Shandong) Chemicals Co. Ltd.

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

	At the acquisition date Levima (Shandong) Chemicals Co, Ltd. RMB'000
Purchase consideration	
– Consideration paid	1,187,765
– Consideration payables	15,149
– Fair value of previously held interests	258,423
Total purchase consideration	1,461,337
Less: Fair value of net assets acquired	(1,454,378)
Goodwill	6,959

The goodwill is attributable to the expansibility of the acquired business. It will not be deductible for tax purposes.

27. Business combinations (Continued)

(b) The major components of assets and liabilities arising from the business combination activities are as follows:

	At the acquisition date Levima (Shandong) Chemicals Co, Ltd. RMB'000
Cash and cash equivalents	344,715
Property, plant and equipment	2,172,892
Other non-current assets	24,917
Intangible assets and land use rights	373,847
Net working capital, except cash and cash equivalents	(1,376,213)
Non current liabilities	(59,237)
Deferred tax liabilities	(26,543)
	<hr/>
Fair value of net assets acquired	1,454,378

(c) Net cash outflow from acquisition of a subsidiary:

	At the acquisition date Levima (Shandong) Chemicals Co, Ltd. RMB'000
Purchase consideration settled in cash	1,187,765
Less: cash and cash equivalents in subsidiary acquired	(344,715)
	<hr/>
Acquisition of a subsidiary, net of cash paid	843,050

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

The operation results of other newly acquired business does not have significant impact on the condensed consolidated interim financial information for the six months ended June 30, 2021.

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, 2021 and 2020, respectively.

	Unaudited	
	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
Purchase of goods from		
– Associates	547,970	534,333
Sales of goods to		
– Associates	50,981	28
Services received from		
– Associates	385	5,887
Rendering of services to		
– Associates	32,291	33,420
Loans to related parties/ (loans from related parties), net		
– Associates	2,550,528	(468,276)
Interest income from		
– Associates	136,390	59,764
Interest expenses to		
– Associates	48,611	8,555
Equity received from		
– Associates	486,845	–

28. Related party transactions (Continued)

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

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Accounts and notes receivables		
– Associates	6,440	3,142
Prepayment, other receivables and other current assets		
– Associates	4,888,900	2,243,770
Trade and notes payables		
– Associates	–	222
Other payables and accruals		
– Associates	502,135	377,507
Borrowings		
– Associates	2,588,871	1,549,886
Long term receivables		
– Associates	74,297	49,721
Loans to customers		
– Associates	342,748	288,457
Loans to credit institutions		
– Associates	36,083	17,363
Advanced from customers		
– Associates	318	5,082

(c) Guarantee provided to related parties

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Guarantee provided to associates	3,399,513	6,028,917

Corporate Information

Board Of Directors

Executive Directors

Mr. NING Min (*Chairman*)

Mr. LI Peng

Non-executive Directors

Mr. ZHU Linan

Mr. ZHAO John Huan

Mr. SUO Jishuan

Mr. YANG Jianhua

Independent Non-executive Directors

Mr. MA Weihua

Ms. HAO Quan

Mr. YIN Jian'an

Board of Supervisors

Supervisors

Mr. GAO Qiang (*Chairman*) (*staff representative*)

Mr. LUO Cheng (*Shareholders' representative*)

Mr. ZHANG Yong (*Shareholders' representative*)

Nomination Committee

Mr. NING Min (*Chairman*)

Mr. MA Weihua

Mr. YIN Jian'an

Audit Committee

Ms. HAO Quan (*Chairperson*)

Mr. SUO Jishuan

Mr. YIN Jian'an

Remuneration Committee

Mr. YIN Jian'an (*Chairman*)

Mr. NING Min

Ms. HAO Quan

Secretary of the Board

Mr. WANG Wei

Joint Company Secretaries

Mr. WANG Wei

Ms. YEUNG Yee Har

H Share Registrar

Link Market Services

(Hong Kong) Pty Limited

Suite 1601, 16/F Central Tower,

28 Queen's Road Central,

Hong Kong

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

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

Suite 06, 70/F Two International Finance Centre,

No. 8 Finance Street, Central, Hong Kong

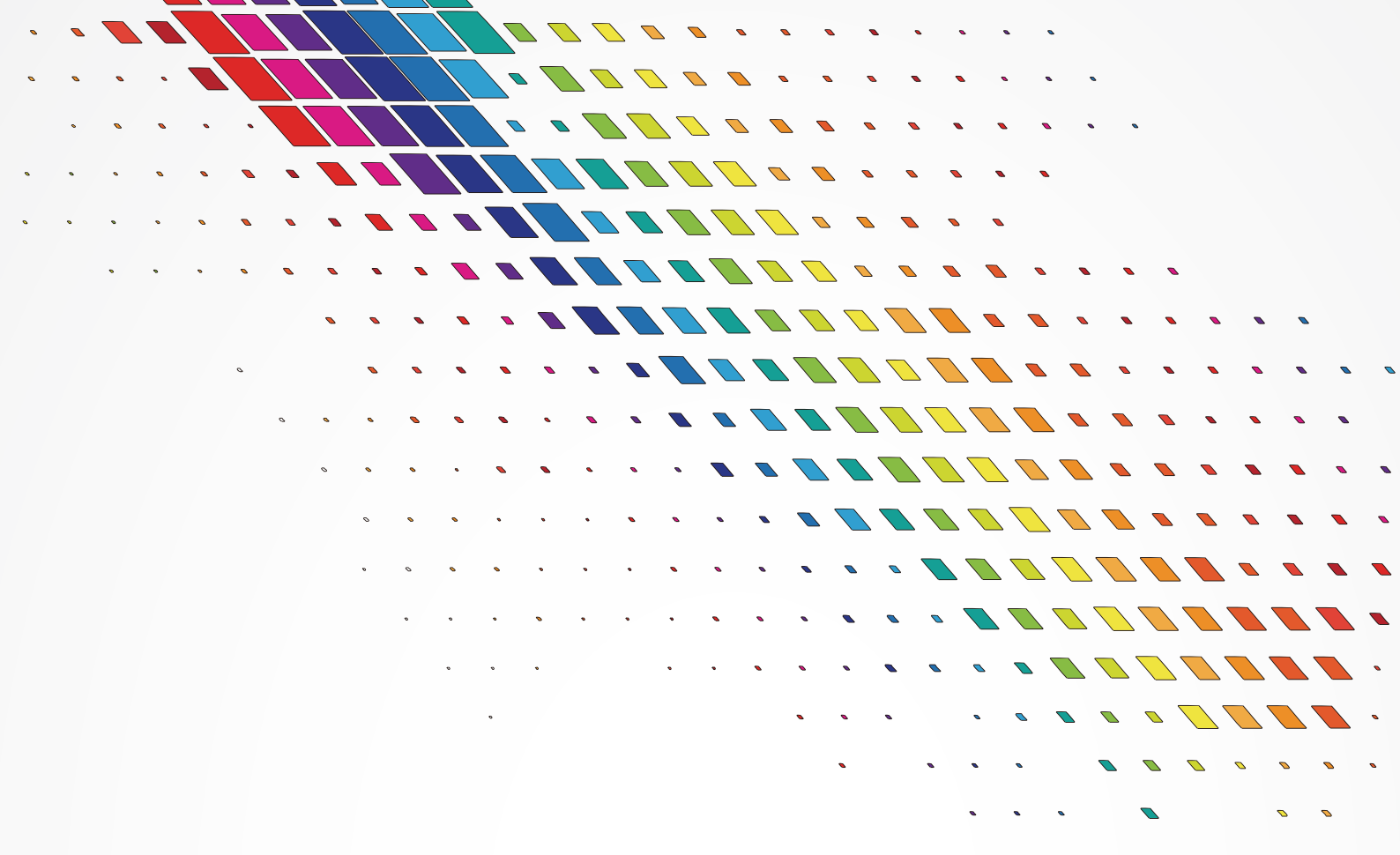
Company's Website

www.legendholdings.com.cn

Stock Code

03396

Should there be any discrepancies between the Chinese and English versions of this interim report, the Chinese version shall prevail.



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