

# 联想控股

## LEGEND HOLDINGS

EMPOWERING COMPANIES TOWARD GREATNESS

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

# 2022

## INTERIM REPORT

# CONTENTS

---

2	Definitions
6	Management Discussion and Analysis
33	Corporate Governance and Other Information
38	Report on Review of Interim Financial Information
39	Condensed Consolidated Interim Income Statement
40	Condensed Consolidated Interim Statement of Comprehensive Income
41	Condensed Consolidated Interim Balance Sheet
44	Condensed Consolidated Interim Statement of Changes in Equity
46	Condensed Consolidated Interim Statement of Cash Flows
48	Notes to the Condensed Consolidated Interim Financial Statements
84	Corporate Information

# 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
“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
“Bountifresh”	Shenzhen Bountifresh 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
“Bybo Dental”	Taikang Bybo Medical 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.HK)
“Director(s)”	the director(s) of the Company
“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 listed on the Shanghai Stock Exchange (Stock Code: 601156.SH), and our associate
“EO”	ethylene oxide
“EOD”	ethylene oxide derivatives
“EVA”	ethylene-vinyl acetate copolymer
“Family Group”	all entities and limited partnerships in which the Company or its subsidiaries have invested

“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 (Stock Code: 300613.SZ)
“Group”	the Company and its subsidiaries
“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
“Huayu Tongfang”	Shandong Huayu Tongfang Electronic Material Co., Ltd. (山東華宇同方電子材料有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Levima Advanced Materials
“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), a joint stock limited liability company incorporated under the laws of the PRC, listed on the ChiNext board of Shenzhen Stock Exchange (Stock Code: 300268.SZ), 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
“KB Food”	KB Food International Holding (Pte.) Limited, a limited liability company established under the laws of Singapore, and a subsidiary of Joyvio Group

## Definitions

“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 (Stock Code: 300773.SZ)
“Legend Capital”	a series of venture capital funds, together with their respective management companies/partners
“Legend Star”	a series of angel investment funds, together with their respective management companies/partners
“Lenovo”	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00992.HK), 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 Shenzhen Stock Exchange (Stock Code: 003022.SZ), 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
“MSME(s)”	micro small and medium-sized enterprise(s)
“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
“PP”	polypropylene
“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), 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, 2022
“Safe Kitchens”	Beijing Pingan Safe Kitchens Technology Co., Ltd. (北京平安雲廚科技有限公司), a limited liability company incorporated under the laws of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Neuromedical Center”	Shanghai Neuromedical Center Co., Ltd. (上海德濟醫院有限公司), a limited liability company incorporated 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)
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Taikang Life Insurance”	Taikang Life Insurance Co.,Ltd.
“TMT”	technology, media and telecom
“Tohigh”	Tohigh Holdings Co., Ltd. (通海控股有限公司), a substantial Shareholder
“Union Semiconductor”	Union Semiconductor (Hefei) Co., Ltd. (合肥新匯成微電子股份有限公司) listed on the STAR Market of the Shanghai Stock Exchange (Stock Code: 688403.SH)
“Zhengqi Holdings”	Zhengqi Holdings Corporation (正奇控股股份有限公司), 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, 2022	For the six months ended June 30, 2021	Change in amount	Change %
<b>Industrial operations</b>	<b>235,775</b>	226,730	9,045	4%
Lenovo	<b>217,974</b>	210,776	7,198	3%
Levima Group	<b>4,483</b>	3,894	589	15%
Joyvio Group	<b>11,219</b>	9,778	1,441	15%
BIL	<b>2,099</b>	2,282	(183)	(8%)
<b>Industrial incubations and investments</b>	<b>1,912</b>	1,839	73	4%
Elimination	<b>(2)</b>	(4)	2	N/A
<b>Total</b>	<b>237,685</b>	228,565	9,120	4%

## 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, 2022	For the six months ended June 30, 2021	Change in amount	Change %
<b>Industrial operations</b>	<b>2,830</b>	2,354	476	20%
Lenovo	<b>1,973</b>	1,539	434	28%
Levima Group	<b>263</b>	275	(12)	(4%)
Joyvio Group	<b>185</b>	240	(55)	(23%)
BIL	<b>409</b>	300	109	36%
<b>Industrial incubations and investments</b>	<b>(3)</b>	3,162	(3,165)	(100%)
Unallocated	<b>(696)</b>	(825)	129	N/A
<b>Total</b>	<b>2,131</b>	4,691	(2,560)	(55%)

## Asset allocation of the Company and its subsidiaries' businesses

Unit: RMB million

	As of June 30, 2022	As of December 31, 2021	Change in amount	Change %
<b>Industrial operations</b>	<b>561,556</b>	548,037	13,519	2%
Lenovo	<b>280,284</b>	275,233	5,051	2%
Levima Group	<b>13,807</b>	13,107	700	5%
Joyvio Group	<b>23,993</b>	23,449	544	2%
BIL	<b>243,472</b>	236,248	7,224	3%
<b>Industrial incubations and investments</b>	<b>112,906</b>	114,808	(1,902)	(2%)
Unallocated	<b>22,940</b>	20,571	2,369	12%
Elimination	<b>(2,913)</b>	(2,730)	(183)	N/A
<b>Total</b>	<b>694,489</b>	680,686	13,803	2%

## BUSINESS REVIEW

The international environment was complex and challenging in the first half of 2022, as the COVID-19 pandemic continued to spread across the world. Global commodity prices rose, and the US saw continuous record-high inflation, prompting the US Federal Reserve to substantially hike interest rates, which led to global capital market volatility. China, under the strong leadership of the Communist Party of China's Central Committee, coped well with the changes in the international environment and achieved economic and social development while effectively coordinating pandemic prevention and control efforts. Facing great uncertainty in the external environment, Legend Holdings pursued growth while ensuring stability, continued to deepen its industrial operations and technological innovation, played its full strength as a chain leader and pursued green development. It also fulfilled its corporate social responsibilities, contributing to China's high-quality development.

**Solid industrial operations:** At a time of numerous complexity in the external environment, Legend Holdings strengthened its operational management, consolidated its industrial operations and enhanced its competitiveness and operating performance. During the Reporting Period, the industrial operations segment posted revenue of RMB235.775 billion, up 4% year-on-year; net profit attributable to Legend Holdings equity holders was RMB2.83 billion, a year-on-year increase of 20%, both registering a robust growth despite unfavorable situations. While maintaining its position as the world's No.1 PC maker, Lenovo accelerated the development of new growth drivers with the non-PC business accounting for a record-high 37% of its second quarter revenue. Guided by China's carbon peak and neutrality initiatives, Levima Advanced Materials proactively seized opportunities in the photovoltaic industry. It posted record-high results in the second quarter through consistently improving operational efficiency, utilizing new production capacity and adhering to its differentiated and high-end product positioning. Meanwhile, new projects covering new energy materials and biodegradable materials advanced according to plan. Joyvio Group's fruit business continued to reinforce its original single product strategy and to expand its e-commerce offering and its market share in new retail channels. As salmon prices rebounded, Joyvio Group's seafood business achieved rapid performance growth through deepened channel operations, product and service innovation and supply chain optimization. With a healthy core capital adequacy ratio and strong international credit ratings, BIL achieved solid growth – successfully navigating the challenges faced by Europe's economy and expanding its business presence in China to serve more Chinese clients.

# Management Discussion and Analysis

**Stepped-up investment in technological innovation:** As one of the first technology companies incubated by the Chinese Academy of Sciences, Legend Holdings undertakes its original aspiration of revitalizing the country through business. It has further increased its investment in technological innovation in line with the national strategy of achieving high-quality development driven by technological innovation. Legend Holdings Family Group total R&D investment (excluding the capitalized R&D spending) in the first half of 2022 reached RMB7.212 billion, up 24% year-on-year. Legend Holdings Family Group currently owns over 20,000 granted patents, ranking top among Chinese enterprises in various patent awards. In addition to pursuing technological innovation in its industrial operations, Legend Holdings has long sought to technological innovation investment. We expected to contribute to China's technological innovation by investing in and incubating tech start-ups. In the first half of 2022, Legend Holdings Family Group invested in nearly 50 new technology companies, covering multiple fields such as cutting-edge technologies, hard & core technologies, healthcare and medicine.

**Playing the full strength as a chain leader:** Legend Holdings leveraged its advantages in operations and supply chains to drive coordinated development across its portfolio companies in the upstream and downstream industrial chain and support the robust growth of China's economy. Lenovo was named a Gartner Global 25 Supply Chain for the eighth consecutive year, rising to rank No. 9 in the 2022 edition, the highest ever by any Chinese company. Lenovo's sound development has vigorously driven the development of China's IT industry. Although overseas business contributed 70% of Lenovo's total revenue, China made up 90% of its production, with 2,000 level-1 suppliers in China, which employed more than 350,000 people. In the field of new materials, Levima Advanced Materials, a domestic forerunner in import substitution of EVA photovoltaic materials, has drawn on its technological advantages to expand vertically into the upstream of the industrial chain and horizontally into segments such as new energy and biodegradable materials while promoting mutual development with SMEs across the industrial chain.

**Pursuing green development:** Legend Holdings is committed to promoting green development and contributing to China's high-quality development through the efforts of its portfolio companies to seize the green development opportunities. Lenovo has set a goal of net-zero carbon emissions by 2050. Its major production bases in China are all state-level green plants and are transforming to "zero carbon emissions plants". The newly built Tianjin factory is a model for both intelligent factories and green zero-carbon facilities. The Company continues to create and provide smart replicable solutions that facilitate the green transformation of many industries, including automotive manufacturing, petroleum & petrochemical, energy & power and electronic manufacturing, empowering over 300 industry-leading enterprises in China. Aligning itself with China's green development initiative, Levima Advanced Materials focused on the development of new energy materials and biodegradable materials on top of its existing EVA photovoltaic film business. All related projects are on track to meet the company's goals, which are expected to help continuously drive China's green development.

**Support for specialized and innovative enterprises:** Legend Holdings has contributed to the development of specialized and innovative enterprises in China through its investments and empowerment. As of August 15, 2022, Legend Holdings helped 12 of its portfolio companies successfully complete IPOs, securing its position as a leader in terms of bringing portfolio companies to the capital markets. Close to 50 of its portfolio companies enlisted in the newly announced list of the fourth batch of state-level specialized and innovative enterprises. Amongst the Legend Holding Family Group's portfolio companies, nearly 100 of them are specialized and innovative companies, while continued to maintain its industry-leading position.

**Fulfilling social responsibilities:** Legend Holdings consistently strives to fulfill its corporate social responsibilities, contributing to China's high-quality development and common prosperity. Legend Holdings drives local economic growth and employment through its own development, proactively carrying out China's policy of prioritizing employment. Legend Holdings Family Group plan to hire 6,544 employees in 2022, of which new college graduates make up 22%. Both the numbers of recruit and new college graduates employed exceeded the pre-pandemic levels. Meanwhile, Legend Holdings works actively to improve public welfare and invests in key areas such as fostering start-ups, contributing to rural revitalization, promoting social integrity and responding to disasters. In terms of fostering start-ups, by the end of June 2022, the Legend Star CEO Training Program had cultivated 1,169 start-up CEOs and co-founders, who led companies with a total valuation of RMB1.1 trillion, and created 260,000 jobs, 32 state-level technologically advanced "little giants" enterprises, 230 state-level and province-level specialized and innovative enterprises and 609 high-tech companies. Lenovo and Joyvio Group, Legend Holdings' subsidiaries, also leveraged their respective strengths in digital technology and agricultural technology to contribute to rural revitalization and common prosperity. Amid the pandemic outbreaks from March 2022, Legend Holdings strictly implemented regular pandemic prevention and control measures and maintained orderly operations. It encouraged investee companies to participate in pandemic relief missions by donating funds and supplies and sending medical teams and nucleic acid testing teams to the frontlines to contribute to pandemic control efforts in many parts of the country.

During the Reporting Period, Legend Holdings posted revenue of RMB237.685 billion, a 4% year-on-year increase. The increase was primarily attributable to the year-on-year increase of 4% in its industrial operations segment which was powered by the Company's steady operations and proactive response to challenges. The net profit attributable to Legend Holdings equity holders was RMB2.131 billion, down 55% from the same period last year. The decline was mainly due to increased capital market volatility in the first half of 2022, which led to the decrease in the fair value of some investment projects in the industry incubations and investments segment.

## INDUSTRIAL OPERATIONS

### Overview

Legend Holdings regards revitalizing the country through business as our mission. As a controlling shareholder, we pursue long-term growth and a strategic buildout in the fields we operate in, leveraging substantive investments and management and refined post-investment operation and management to create industry-leading enterprises with scale advantages and excellent profitability. Our industrial operations segment includes:

- Lenovo (Stock Code: 00992.HK), our subsidiary, which mainly provides innovative intelligent devices and infrastructure solutions, and creates intelligent solutions, services and software;
- Levima Group, our subsidiary, which focuses on advanced materials research, development, production and sales;
- Joyvio Group, our subsidiary, which operates businesses mainly in the fields of modern agriculture and food; and
- BIL, our subsidiary, which mainly provides comprehensive banking services, including corporate, institutional, retail and private banking, capital markets and other services.

## Highlights

- In the first half of 2022, Lenovo achieved robust performance despite ongoing COVID-19 pandemic, significant international macroeconomic environment changes, surging global inflation and foreign exchange rate volatility, delivering a ninth straight quarter of improved revenue and profitability. Lenovo saw double-digit year-on-year growth in non-PC business revenue, with the non-PC business accounting for a record-high 37% of its second quarter revenue. Lenovo remains committed to its plan of doubling investments in Research and Development (R&D); it increased R&D spending by 23% year-on-year and grew R&D headcount by 29% year-on-year during the Reporting Period;
- Thanks to various factors including the strong downstream demand in the photovoltaic industry, improved operational efficiency, high-end and differentiated product positioning and new production capacity coming online, Levima Advanced Materials (Stock Code: 003022.SZ) achieved record-high results in the second quarter. It realized revenue of RMB3,938 million in the first half of 2022, up 3% year-on-year, and net profit attributable to equity holders of Legend Holdings of RMB236 million, a year-on-year decrease of 16%, which was mainly due to productivity suspended for capacity expansion of EVA devices in the first quarter. During the Reporting Period, Levima Advanced Materials continued to focus on new materials, expanding into new businesses, launching new projects, completing its investment in Huayu Tongfang, entering the new field of electronic specialty gases. It also made headway in new projects including new energy materials and biodegradable materials;
- During the Reporting Period, Joyvio Group recorded revenue of RMB11,219 million, a year-on-year increase of 15%, and net profit attributable to equity holders of Legend Holdings of RMB185 million. Joyvio Group's core business flourished in the Reporting Period as Joy Wing Mau continued to improve its vertically integrated fruit supply chain and achieved rapid revenue growth by reinforcing its original single product strategy and increasing market share in e-commerce new retail channels. Joyvio Food (Stock Code: 300268.SZ) saw robust performance in the Reporting Period as the pandemic situation took a turn for the better and maritime transport conditions improved, while market demand increased and salmon prices in the international market remained high;
- During the Reporting Period, Europe faced a series of macroeconomic challenges including international geopolitics and supply chain shortages, which created heightened economic uncertainty. While facing challenging external environment, BIL delivered solid financial performance despite a slight decrease of assets under management (AUM) due to the volatility of capital markets through multiple measures including enhancing business synergies, optimizing organization structure and reinforcing risk management. Both customer deposits and loans saw a growth. Its net profit attributable to equity holders of Legend Holdings was RMB409 million, an increase of 36% year-on-year. BIL's CET-1 ratio remained healthy at 13.84%, and its ratings by both Moody's and Standard & Poor's remained high relative to the banking industry at A2/Stable/P-1 and A-/Stable/A-2, respectively.

# Management Discussion and Analysis

During the Reporting Period, the industrial operations segment's revenue and net profit were set out as follows:

*Unit: RMB million*

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>235,775</b>	226,730
Net profit	<b>7,644</b>	6,167
Net profit attributable to equity holders of Legend Holdings	<b>2,830</b>	2,354

During the Reporting Period, the revenue of our industrial operations segment was RMB235,775 million, a year-on-year increase of 4%. The increase was mainly attributable to the following factors: 1) Lenovo recorded a 3% year-on-year increase in revenue, as it seized opportunities presented by accelerating digital and intelligent transformation and the popularity of hybrid work, stepped up the development of new growth drivers and delivered solid growth in its non-PC business; 2) Joyvio Group saw year-on-year revenue growth of 15%, benefiting from the continued expansion of its fruit business and rising salmon prices; 3) Levima Group posted a 15% year-on-year increase in revenue thanks to multiple factors including robust demand in the downstream photovoltaic industry, excellent operating efficiency and organic business growth.

The industrial operations segment's net profit attributable to Legend Holdings equity holders was RMB2,830 million, a year-on-year increase of 20%. Growth was mainly due to the following factors: 1) while maintaining an industry-leading profit margin in its PC business, Lenovo further enhanced its profitability with its continued focus on high-margin businesses; 2) BIL posted steady profit growth, with continued improvement in its asset quality and a year-on-year decline in loan provisions.

## Lenovo

Lenovo, a Fortune Global 500 company, develops, manufactures and sells high-end technology products and provides related services to corporate and individual customers. As of June 30, 2022, Legend Holdings held 32.35% equity interest in Lenovo, directly and indirectly.

Lenovo achieved robust performance despite ongoing COVID-19 pandemic, significant international macroeconomic environment changes, surging worldwide inflation and foreign exchange rate volatility, delivering a ninth straight quarter of improved revenue and profitability. Lenovo saw double-digit year-on-year growth in non-PC revenue, with the non-PC business accounting for a record-high 37% of its second quarter revenue. Lenovo remains committed to its plan of doubling investments in Research and Development (R&D); it increased R&D spending by 23% year-on-year and grew R&D headcount by 29% year-on-year during the Reporting Period.

# Management Discussion and Analysis

During the Reporting Period, Lenovo's revenue and net profit were as follows:

*Unit: RMB million*

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>217,974</b>	210,776
Net profit	<b>6,224</b>	4,987
Net profit attributable to equity holders of Legend Holdings	<b>1,973</b>	1,539

During the Reporting Period, Lenovo's revenue grew 3% year-on-year to RMB217,974 million. The increase was attributable to the following factors: 1) The PC business maintained momentum on the back of growth in the commercial and premium market segments, especially in high-margin and high value-added products; 2) Ongoing adoption of 5G and smart technologies fueled rapid smartphone business growth; 3) The Infrastructure Solutions Group (ISG) took advantage of the global infrastructure upgrade cycle to deliver solid revenue growth through the combination of a unique ODM+ (Original Design and Manufacturing) business model and a full-stack portfolio; 4) The Solutions & Services Group (SSG) achieved double-digit revenue growth owing to the rapid expansion of the global IT service market and the rise of hybrid work models.

Lenovo's net profit attributable to Legend Holdings' equity holders increased 28% year-on-year to RMB1,973 million. The increase was mainly attributable to the following factors: 1) Driven by robust growth in the high-margin products such as gaming PC and workstation, the Intelligent Devices Group (IDG) maintained an industry-leading profit margin; 2) The SSG business's share of revenue saw steady uptick, and lifted its operating profit margin to 23% in the Reporting Period; 3) ISG remained profitable for three consecutive quarters due to its competitive product portfolio and innovative technologies, versus a loss in the same period last year.

## Intelligent Devices Group (IDG)

During the Reporting Period, IDG, which comprises PC, tablet, smartphone and other smart device businesses, saw steady revenue growth. Operating margin continued to lead the industry at 7.5%.

Benefiting from the continued popularity of hybrid work models and robust growth in premium segments such as gaming PCs and workstations, IDG saw its PC business scales growth outpace the market, further cementing its leading market position. IDG's non-PC business also posted stellar growth, lifting its revenue share of the IDG business to 20%. IDG's smartphone business also grew rapidly, supported by 5G smartphone upgrades and continued functional improvements. In addition, Lenovo continues to focus on driving innovation in Smart Devices, Smart Collaboration and Smart Space as the company explores new growth opportunities beyond the PC business.

The total addressable global PC market is likely to remain at a level structurally higher than the pre-pandemic period, thanks to the increasing popularity of hybrid work models. Lenovo will continue to seize the opportunities brought by the commercial upgrade cycle and the trend of premiumization, while leveraging its operational strengths to drive its PC business to continuously to outperform the industry. The smartphone business will focus on portfolio expansion and differentiation to capitalize on the accelerated adoption of 5G and drive continued profit growth. Lenovo will further increase investment in non-PC business areas, with a special focus on new business including electronic accessories and work collaboration solutions.

## Infrastructure Solutions Group (ISG)

As one of the fastest-growing infrastructure solutions providers globally, Lenovo is committed to developing industry-leading end-to-end integrated solutions with its full-stack product and solutions portfolio, broaden customer coverage and unique ODM+ (Original Design and Manufacturing) model. Driven by the infrastructure upgrade cycle, ISG posted revenue of RMB22.6 billion in the Reporting Period, up 2% year-on-year. ISG has maintained profitability for three consecutive quarters since the fourth quarter of 2021.

Cloud Service Provider (CSP) revenue reached an all-time high during the Reporting Period as server and storage product sales recorded further growth off high bases, driven by buoyant demand from CSP customers. The Enterprise & Small-and-Medium Business (ESMB) segment continued to benefit from a comprehensive product line-up and innovative technology to advance its profitability while further expanding its footprint in Hybrid Cloud Solutions. Lenovo was one of the fastest-growing vendors in the entry-level storage market, and its shipments also reached a record high in the edge AI server market.

Going forward, Lenovo will continue to drive innovation in edge computing and services and meet customer demand through its unique ODM+ business model, while strengthening its high-margin and high value-added product portfolio.

## Solutions & Services Group (SSG)

Targeted at the fast-growing “New IT” service field, SSG consists of three major business segments: Support Services, Managed Services and Project & Solutions. During the Reporting Period, SSG delivered high revenue growth and profitability, with revenue growing 26% year-on-year to RMB18.5 billion and operating profit growing 30% year-on-year to RMB4.2 billion.

SSG continued to enrich its offerings to achieve better profitability and scalability during the Reporting Period. Managed Services revenue increased significantly year-on-year, owing to the availability of TruScale as-a-Service (aaS) solution, extending from server and storage to High Performance Computing (HPC). Project & Solutions revenue increased year-on-year, even though service delivery in China was hindered by COVID-19 pandemic.

Digital transformation and changes in the workplace will unleash more enterprise demand for Premier, TruScale as-a-Service, Sustainability related business and vertical solutions. Lenovo will continue to commit to R&D investment in related areas while strengthening cooperation with channels and business partners to achieve high-quality growth. The new strategic partnership with PCCW Solutions, a leading service provider in the Asia Pacific region, is progressing rapidly.

## Levima Group

Levima Advanced Materials (Stock Code: 003022.SZ) is held by the Company through Levima Group, our subsidiary. Levima Advanced Materials mainly engages in the R&D, production and sale of new material products. As of June 30, 2022, the Company held 51.77% equity interest in Levima Advanced Materials.

During the Reporting Period, Levima Advanced Materials adhered to its annual plan, actively responded to raw material price increases, the changing macroeconomic environment, the resurgence of the COVID-19 pandemic and other factors. Leveraging its core competitive advantages, Levima Advanced Materials ensured that each of its devices operated at full capacity through the technological upgrade and capacity expansion of its EVA devices, operational improvements, the synergistic effects of integration, product mix optimization, the development of new products and processes and the orderly release of new production capacity. It further reduced energy and materials consumption, achieved full production and sale of its main products thanks to robust downstream market demand and improved its industrial layout, all of which enhanced its core competency.

## Management Discussion and Analysis

Benefiting from a host of factors such as strong demand from the downstream photovoltaic industry, tightened EVA product supply and significantly rising prices, Levima Advanced Materials completed the technical upgrade and capacity expansion of its EVA devices which achieved expected results, and significantly increased the proportion of EVA photovoltaic film material in its product mix. It continued to optimize operational and management capabilities, reduce cost and improve efficiency. Levima Advanced Materials posted a net profit attributable to shareholders of the listed company of RMB349 million in the second quarter, setting a record quarterly profit.

In terms of strategic layout, Levima Advanced Materials focused on industrial and consumption upgrades and invested heavily in the fields of new energy materials, biodegradable materials and specialized materials to develop a high-end, differentiated and refined business footprint. The implementation of numerous key projects is expected to strengthen Levima Advanced Materials' industrial layout, improve its core competency, lay the foundation for further sustainable and rapid development and foster new sources of profit.

- (1) In June 2022, Levima Advanced Materials invested in Huayu Tongfang, which is mainly engaged in producing electronic specialty gas and other semiconductor materials and lithium battery electrolyte additive materials. Huayu Tongfang possesses a number of key technologies for the purification of electronic grade specialty gases and has achieved a breakthrough in the localization of electronic grade hydrogen chloride and chlorine products, for which it holds proprietary intellectual property rights, thereby breaking foreign companies' monopoly. Huayu Tongfang's major customers include Taiwan Semiconductor Manufacturing Co., Ltd. (台積電) (TSMC), Shanghai Simgui Technology Co., Ltd. (新傲科技) and other well-known semiconductor companies. It also plans to build a "10,000 tons/year High-purity Specialty Gas and 3,000 tons/year Vinylidene Carbonate Project" (1萬噸/年高純特氣和3,000噸/年碳酸亞乙烯酯項目). The project has commenced related planning and design work, and is scheduled to be completed and put into operations in the second half of 2023. In addition, the project products will be mainly used in semiconductor integrated circuits and the photovoltaic and lithium industries;
- (2) The funded project "EVA Device Tubular Tail Technology Upgrade Investment Project" (EVA裝置管式尾技術升級改造項目) was completed in March 2022, with all indicators achieving the expected results, including higher product output, further energy consumption reductions, optimized product mix which significantly enhanced profitability for Levima Advanced Materials;
- (3) The funded project "100,000 tons/year Lithium Material-Carbonate Combined Device Investment Project" (10萬噸/年鋰電材料-碳酸酯聯合裝置項目) has been listed as a major implementation project in Shandong Province in 2022. The project's approval procedures for safety, energy and environmental impact assessment have been completed. Construction has been well underway and the project is scheduled to be completed and put into operation by the end of 2022. The raw materials needed for the project are mainly EO, carbon dioxide and methanol, all of which are self-produced by Levima Advanced Materials. The project, which boasts prominent technological advantages, is fully synergistic with its existing industrial chains and is set to achieve the comprehensive recycling and utilization of its resources, resulting in obvious competitive cost advantages;
- (4) The "20,000 tons/year UHMWPE (Ultra-High-Molecular-Weight Polyethylene) and 90,000 tons/year Ethylene and Acetate Combined Device Project" (2萬噸/年超高分子量聚乙烯和9萬噸/年醋酸乙烯聯合裝置項目) has completed safety, energy and environmental impact assessments and other approval procedures, and is scheduled to be completed and put into operation in the first half of 2023. Once the project is put into operation, Levima Advanced Materials will establish its presence in the field of high-end polyethylene fiber materials and lithium battery separator materials, achieving total self-sufficiency in VA, one of the main raw materials in the production of EVA, and thereby reducing the cost of EVA raw materials and enhancing competency and profitability;

- (5) The “Biodegradable Material PLA (Polylactic Acid) Project” (生物可降解材料聚乳酸項目) has been selected as one of the 5,020 Key Projects in Jiangxi Province. Safety, energy and environmental impact assessments for the project have been completed, and construction has been well underway, with completion and the commencement of operations scheduled for the end of 2023;
- (6) The “New Energy Materials and Biodegradable Materials Integration Project” (新能源材料和生物可降解材料一體化項目) has been listed as a major implementation project in Shandong Province in 2022, and related approval procedures and preparatory work has been well underway. Completion and the commencement of operations are scheduled for 2024-2025.

In terms of production and operations, Levima Advanced Materials has improved operational efficiency, strengthened management of technology and equipment and optimized device operating conditions, thus ensuring the safe, stable and efficient operation of the production devices. Its economic and technological indicators for the main devices have been further optimized while continued to secure its leading position in the industry.

In terms of market expansion, Levima Advanced Materials has focused on market demand and continued to maintain its advantages in the advanced polymer materials and specialty fine materials segments. It has dynamically optimized its product mix to cater to market demand and increased the proportion of high-margin products such as EVA and specialty surfactants in niche categories, maintaining its leading market share in EVA and other products in China.

During the Reporting Period:

- (1) All EVA devices were scheduled to produce high VA content products, or other high value-added products, and the proportion of scheduled production of photovoltaic film materials was stable at more than 80% steadily. The market share of UL01833, high-elastic EVA specialty material for shoes, improved further, and the sales volume increased steadily year-on-year;
- (2) The market share and influence of Levima Advanced Materials' thin-walled PP injection molding products led the industry in China. Market recognition of the company's high-melting random copolymerized PP molding products continued to increase, making Levima Advanced Materials one of the mainstream suppliers in this field and further increasing its industry influence;
- (3) EOD products have been aligned with the trend of consumption upgrading. Seeking to expand domestic substitution of high-end chemicals, the company has been exploring new specialty fine material products that are low-carbon and environmentally friendly. Specialty surfactant sales grew steadily, increasing about 10% year-on-year.

## Management Discussion and Analysis

In terms of innovation, Levima Advanced Materials has remained committed to driving growth through innovation. During the Reporting Period, the company established a technology platform for the development and application evaluation of new lithium battery materials and a technology platform for the development of high molecular weight alkane oxidation products, and improved other technology platforms for the development of fine materials. Leveraging the advantages of its R&D platforms, Levima Advanced Materials has achieved breakthroughs via several R&D projects, including initiatives covering lithium electrolyte additives, biodegradable polymer materials and high-end lubricant base oils. During the Reporting Period, the company completed laboratory R&D development for nine new products and processes, the production technology formulas for 15 new products and the industrialization of five new products. Levima Advanced Materials attached great importance to intellectual property capacity building. It applied for 42 patents and added 33 authorized patents during the Reporting Period, increasing the total number of authorized patents held by the company to 188. Additionally, Levima Advanced Materials gained recognition with several accolades and awards. It was named among the 2021 Top 100 Fine Chemical Enterprises in China, Top 50 Leading New Materials Companies in Shandong Province, China's 2021 Top 500 Listed Companies by Market Capitalization, and was honored with the Panorama Investor Relations Gold Award, among other honors. It also received an 'A' grade in the Shenzhen Stock Exchange's 2021 annual information disclosure assessment.

During the Reporting Period, Levima Advanced Materials was included in the FTSE Russell Large Cap, CSI 300 Alternative and CSI Photovoltaic Industry indices.

During the Reporting Period, Levima Group's revenue and net profit were as follows:

*Unit: RMB million*

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>4,483</b>	3,894
Net profit	<b>514</b>	547
Net profit attributable to equity holders of Legend Holdings	<b>263</b>	275

During the Reporting Period, Levima Group posted a record revenue of RMB4,483 million, an increase of 15% year-on-year. The increase was mainly attributable to the robust photovoltaic market demand, orderly utilization of new production capacity and sustainable growth of its business. Levima Group's net profit attributable to equity holders of Legend Holdings was RMB263 million, a decrease of 4% year-on-year. The decline was mainly attributable to a decrease in production and sales as a result of downtime during the planned technological upgrade and capacity expansion of EVA devices in the first quarter, and increased maintenance costs. The relevant upgrade has now been successfully completed. Going forward, the output of EVA and other major products is expected to grow year-on-year.

### Joyvio Group

Joyvio Group is a company in our industrial operations segment that focuses on agriculture and food. Joyvio Group's core businesses are high-end fruit and premium animal protein, while it is also expanding its footprint in the smart group meal and intelligent agricultural technology businesses. As of June 30, 2022, Legend Holdings held 81.72% equity interest in Joyvio Group.

In terms of the fresh fruit supply chain, Joyvio Group owns Joy Wing Mau, which operates China's largest vertically integrated fruit company, and Bountifresh, China's leading fruit producer. Joy Wing Mau continued 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. Bountifresh continued to reinforce the operations of its blueberry bases across China and promote the development and application of new fruit varieties and planting techniques.

In terms of the seafood supply chain, Joyvio Group owns Australis Seafoods S.A., Chile's leading salmon company under Joyvio Food, and leading Australian seafood supplier KB Food. Joyvio Group continued to expand and integrate its global animal protein supply chain based on this structure.

During the Reporting Period, Joyvio Group's revenue and net profit were as follows:

*Unit: RMB million*

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>11,219</b>	9,778
Net profit	<b>452</b>	300
Net profit attributable to equity holders of Legend Holdings	<b>185</b>	240

During the Reporting Period, Joyvio Group posted revenue of RMB11,219 million, a year-on-year increase of 15%. The increase was mainly due to increased revenue from Joy Wing Mau, which was driven by expansion of its sales channels, and Joyvio Food's revenue growth, which was fueled by rebounding salmon prices. Net profit attributable to equity holders of Legend Holdings was RMB185 million, down 23% year-on-year. The decrease was mainly due to a decline in investment income in the current year, compared to high investment income from the sale of part of its equity interests in alcoholic beverage-related enterprises in the same period last year.

## (1) Fruit business

During the Reporting Period, Joy Wing Mau continued to strengthen its global supply chain, launched several marketing campaigns, promoted e-commerce sales and enhanced the profile of its high-end fruit brand "Joyvio". This enabled it to post rapid revenue growth despite COVID-19-related disruption. As of June 30, 2022, Joyvio Group held 40.47% equity interest in Joy Wing Mau.

During the Reporting Period, Bountifresh expanded its cooperation with world-leading blueberry company HORTIFRUT to develop new blueberry varieties and planting techniques. It completed the upgrade of new varieties as well as a comprehensive project for digital intelligent transformation that combines planting, processing, ERP and workplace collaboration. Yield from its Yunnan blueberry base reached a record high, while its revenue grew rapidly. As of June 30, 2022, Joyvio Group held 63.78% equity interest in Bountifresh.

## (2) Animal protein business

During the Reporting Period, global demand and prices for seafood products continued to rebound. Global salmon and pollock prices rose due to tight supply and continued demand recovery. Joyvio Food posted increased operating revenue and significant profit growth as it continued to expand its channels, innovate its products and services and optimize its supply chain across the world. As of June 30, 2022, Joyvio Group held 46.08% equity interest in Joyvio Food.

During the Reporting Period, KB Food recorded sales and profit growth in its catering channels and supermarket channels by proactively reinforcing its seafood processing network in Australia, improving the efficiency of factory operations and strengthening the development of new products. As of June 30, 2022, Joyvio Group held 100% equity interest in KB Food.

## (3) Smart group meal and intelligent technology business

During the Reporting Period, Joyvio Group integrated its smart group meal business Safe Kitchens with Shanghai Nine Masters Food Co., Ltd. It seized the opportunities brought by the gradual recovery of domestic catering channels to expand its customer base. It also continued to advance the commercialization of its intelligent technology business and enlisted a large number of seed customers to test its products. As of June 30, 2022, Joyvio Group held 40.87% equity interest in Safe Kitchens.

## BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg and has always played an active role throughout 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, 2022, Legend Holdings held 89.98% equity interest in BIL.

Before Legend Holdings' acquisition, BIL's businesses mainly centered on the European market. After the acquisition, BIL began to regard China as the core market of its international business. Currently, BIL has established an international service network that connects China (Beijing and the Greater Bay Area), Luxembourg and Switzerland.

In the first half of 2022, Europe faced multiple macroeconomic challenges, including international geopolitical changes and supply chain shortages, which created heightened economic uncertainty. BIL navigated these external challenges, launched multiple initiatives, maintained a prudent approach to its business and focused on balancing shorter-term tactical adaptations to its business with its longer-term strategic objectives.

During the Reporting Period, BIL actively promoted the development of its businesses in China. Building on Luxembourg's status as an international hub of green finance as well as its own internal advantages, BIL provided green loan services to Chinese enterprises going global, and continued to expand its businesses in areas such as green bond issuance, listing and corporate financial advisory services. In addition, BIL obtained QFLP status in Shenzhen, through which it will further support the introduction of foreign capital into China's market. Leveraging its experience in international asset management, BIL will proactively support China's technological innovation and real economy.

In the Luxembourg market, BIL further strengthened cross-selling and synergies between its retail, corporate and wealth management businesses. Aiming to better meet customer expectations, it also underscored its position as a brand serving entrepreneurs. During the Reporting Period, BIL further developed its two main fortune management centers located in Luxembourg and Switzerland. It upgraded the organizational structure of Luxembourg center, and continued to boost core competency through its expertise and enhanced synergies between its businesses. Meanwhile, BIL pursued proactive and sufficient risk management, further cutting its non-performing loan ratio and improving its asset quality in the first half of 2022.

Despite the impact of the unfavorable macroeconomic environment, BIL delivered solid financial performance:

- Customer deposits increased by 5.9%, reaching EUR21.9 billion, up from EUR20.7 billion at the end of 2021. Customer loans increased to EUR16.6 billion. Assets under management (AUM) decreased to EUR43.9 billion compared with the end of 2021 due to capital market volatility;
- BIL reported net profit attributable to equity holders of Legend Holdings of RMB409 million, a year-on-year increase of 36%, delivering solid business growth while loan provisions saw a year-on-year decrease;
- At the end of June 2022, BIL's CET-1 ratio was 13.84%;
- At the end of June 2022, BIL's ratings by both Moody's and Standard & Poor's remained unchanged at A2/Stable/P-1 and A-/Stable/A-2, respectively.

To better respond to market changes in the post-pandemic era, following due consideration and review, BIL will focus on the following key priorities to further enhance its competency:

- By enhancing its synergic advantages in retail, corporate, institutional and private banking businesses, BIL is committed to delivering added value to its clients;
- BIL will continue to develop its China-related business on a step-by-step basis, striving to become a leading bank serving Chinese enterprises "going global" and "bringing in" European enterprises;
- By delivering its new core banking system, BIL will enhance support for its businesses, boost its operating efficiency and achieve its business goals with high-quality;
- BIL will build its future-proof sustainable business models and platforms that are adapted to the rapidly-evolving global economic landscape, and balance its commitment to longer-term strategy with short and medium-term tactical agility.

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

*Unit: RMB million*

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>2,099</b>	2,282
Net profit	<b>454</b>	333
Net profit attributable to equity holders of Legend Holdings	<b>409</b>	300

## Industrial Incubations and Investments

### Overview

Legend Holdings integrates its own aspiration of revitalizing the country through business with the mission of driving forward China's technological innovation. Legend Holdings leverages both its experience supporting the industrialization of technological achievements and its professional advantages in fund investment to pursue its goal of long-term development or abundant financial returns. Legend Holdings intends to nurture or establish its presence in a range of enterprises that have the potential to become leading enterprises with excellent profitability in multiple industries. Legend Holdings' industrial incubations and investments segment covers:

- Legend Capital, a fund management company under Legend Holdings that focuses on early-stage venture capital and growth-stage private equity investment;
- Legend Star, an early-stage investment and incubation arm of Legend Holdings, which provides specialized services for entrepreneurs in terms of early-stage investment and in-depth incubation;
- Fullhan Microelectronics (Stock Code: 300613.SZ), which mainly specializes in the design and development of chips for video-based smart surveillance, smart home and smart automotive products;
- Lakala (Stock Code: 300773.SZ), which mainly provides merchants with a full spectrum of digitization services covering payment, technology, supply sourcing, logistics, finance, branding and marketing;
- EAL (Stock Code: 601156.SH), which mainly engages in air logistics-related business;
- Zhengqi Holdings, which mainly provides SMEs with comprehensive financial solutions, such as equity investment, direct loans, financial leasing and commercial factoring;
- JC Finance & Leasing, which mainly provides financial leasing services for MSMEs;
- Hony Capital, which runs private equity, real estate, public offering fund management, hedge fund and venture capital businesses;
- Shanghai Neuromedical Center, which mainly provides neurology specialty and other comprehensive hospital services;
- Hankou Bank, which mainly engages in commercial banking services;
- Bybo Dental, which mainly provides dental healthcare services through chain operations; and
- Raycom Property and Raycom Technology, which mainly hold the investment property Raycom Info Tech Park.

During the Reporting Period, the revenue and net (loss)/profit of the industrial incubations and investments segment were as follows:

Unit: RMB million

	<b>For the six months ended June 30, 2022</b>	For the six months ended June 30, 2021
Revenue	<b>1,912</b>	1,839
Net profit	<b>222</b>	3,375
Net (loss)/profit attributable to equity holders of Legend Holdings	<b>(3)</b>	3,162

During the Reporting Period, revenue from the industrial incubations and investments segment was RMB1,912 million, a year-on-year increase of 4%. The net loss attributable to Legend Holdings' equity holders was RMB3 million. The declines were mainly due to the decrease in the fair value of some investment projects.

## Legend Capital

Legend Capital is one of the leading private equity investment institutions in China. As of June 30, 2022, Legend Capital managed a total of eight USD general funds (two of which were settled), six RMB general growth funds (one of which was settled), four RMB TMT innovation funds, three USD funds specializing in the healthcare sector, three RMB funds specializing in the healthcare sector, two RMB funds specializing in the culture and sports sector, one fund focusing on the red-chip return concept and two USD continuation funds, with an AUM of over RMB69.1 billion. The total amount raised by the funds was RMB3.5 billion during the Reporting Period.

During the Reporting Period, Legend Capital completed 26 new investment projects, covering innovative and growth-stage enterprises in the TMT and innovative consumption, healthcare, corporate services and intelligent manufacturing sectors.

During the Reporting Period, four of Legend Capital's portfolio companies went public on the domestic or overseas capital markets, namely, Shaanxi Lighte Optoelectronics Material Co., Ltd. (陝西萊特光電材料股份有限公司), Jiangsu Recbio Technology Co., Ltd. (江蘇瑞科生物技術股份有限公司), Fortior Technology (Shenzhen) Co., Ltd. (峰韶科技(深圳)股份有限公司) and ANYCOLOR Inc.. As of June 30, 2022, 99 of Legend Capital's portfolio companies had gone public (not including those listed on NEEQS).

## Legend Star

Legend Star is one of China's leading angel investment institutions. Since its establishment in 2008, Legend Star has leveraged its unique brand advantages and resources to systematically expand its presence in three major fields: TMT, healthcare and cutting-edge technology. Since 2014, Legend Star has ranked among the top tier of angel investment/early stage investment institutions in annual rankings compiled by professional institutions in the industry, including the Zero2IPO Group and the ChinaVenture Group.

As of June 30, 2022, Legend Star managed 11 funds, the total AUM of which exceeded RMB4.3 billion. It has invested in over 300 domestic and overseas projects, including iDreamSky Games (樂逗遊戲), Megvii Face ++ (曠視科技 face ++), AISpeech (思必馳), Yunding Technology (雲丁科技), Axera (愛芯科技), CAES (中儲國能), Pony. AI (小馬智行), CIDI (希迪智駕), Hai Robotics (海柔創新), Teemsun (國科天成), Burning Rock Dx (燃石醫學), Kintor Pharmaceuticals (開拓藥業), PegBio (派格生物), Keymed Biosciences (康諾亞生物), Axonics, HiFiBiO, Ribo Life Science (瑞博生物), Coyote Bioscience (卡尤迪生物), Jingfeng Medical (精鋒醫療) and other high-quality projects.

## Management Discussion and Analysis

During the Reporting Period, the total number of domestic and overseas investment projects was close to 20, covering various niche segments such as cutting-edge technology, biotechnology, digital healthcare and TMT. Among the projects under management, more than 40 completed their next funding round, and Legend Star exited approximately 10 projects. The first round closing of the fifth USD fund and the final closing of its artificial intelligence special fund were also completed.

### Fullhan Microelectronics

In 2020, Legend Holdings made a strategic investment in Fullhan Microelectronics via our subsidiary, gaining its first foothold in the semiconductor field. As of June 30, 2022, Legend Holdings held 15.85% equity interest in Fullhan Microelectronics through our subsidiary.

Fullhan Microelectronics is China's leading company specializing in the design and development of chips for video-based smart surveillance, smart home and smart automotive products. It has been granted the title of state-level technologically advanced "little giant" enterprise. Through years of proprietary research and development and innovation, the firm has developed a range of proprietary core technologies covering chip algorithm research, IP core development, SoC chips implementation, product solutions and other areas, while maintaining a high level of investment in research and development. Fullhan Microelectronics maintains close strategic partnerships with benchmark security surveillance equipment manufacturers. Its ISP chip products (analog camera image processing chips) have taken the lead in the global security markets. Fullhan Microelectronics' ISP in-vehicle products have obtained the relevant automobile-grade certifications and have been mass procured by mainstream automobile makers. Smart automotive has gradually become a new area of business growth for Fullhan Microelectronics.

During the Reporting Period, Fullhan Microelectronics continued to strengthen its technological research and development capabilities and invest in a wide range of areas. It accumulated extensive experience in image signal processing, HD video codecs, high-performance chip design and artificial intelligence algorithms, and has now put in place a full series of multiple chip products and solutions for multiple scenarios. Turning to smart surveillance segment, Fullhan Microelectronics is one of the few domestic security chip manufacturers providing front-end and back-end IPC (IP camera) and NVR (network video recorder) solutions. It is capable of supplying both front-end and back-end chips following its acquisition of Molchip Technology (眸芯科技). It will focus on mid- and high-end products to upgrade its product structure. In the smart home segment, Fullhan Microelectronics has launched competitive products and solutions in response to demand for smart home and all kinds of intelligent scanning products under the new retail category, generating good response in the market. Meanwhile, it has formed strategic partnerships with three major telecom operators on video IoT chips, and has maintained long-term strategic cooperation with leading domestic smart home product makers and solution providers. In the smart automotive segment, Fullhan Microelectronics has developed a series of competitive products, which feature automobile-grade ISP, analog video link chips and automobile DVR chips. It boasts a complete line of automotive-grade video chips covering front-end cameras, transmission links and back-end hosts. Among them, multiple types of chips have obtained AEC-Q100 certification, contributing to the field's localization process.

Amid a complex business environment during the Reporting Period, Fullhan Microelectronics significantly expanded its market share and increased its operation scale and efficiency, benefiting from its complete product line, increased customer demand from downstream industries and solid partnerships with upstream chip suppliers.

Legend Holdings and Fullhan Microelectronics have formed closed alignments in the semiconductor industry. We jointly founded the Jiangyin Hanlian Zhixin Equity Investment Partnership (Limited Partnership) (江陰瀚聯智芯股權投資合夥企業(有限合夥)) ("Hanlian Semiconductor Industry Fund"). The industry fund mainly focuses on areas that are related to and have the potential to create synergy with the core businesses of Fullhan Microelectronics, so as to create conducive conditions for Legend Holdings and Fullhan Microelectronics to follow industry trends closely and grasp industry advancements. Hanlian Semiconductor Industry Fund has also received support from the local government. Jiangsu Jiangyin People's Government (江蘇省江陰市人民政府) invested RMB300 million in the Hanlian Semiconductor Industry Fund, and has coordinated local resources to ensure packaging capacity. Joint efforts will be made to promote its advancement of the its semiconductor industry, and improve its industrial layout and ecosystem.

## Lakala

The principal operations of Lakala comprise payment business and technology service business. As a commercial digitalized operations service provider, Lakala is upgrading and transforming its role from “collecting payments for merchants” to “making profits for merchants”, empowering merchants across services covering payments, technology and supply chain to lower their costs, increase their efficiency and enhance their respective competitive edges. As of June 30, 2022, the Company held 26.17% equity interest in Lakala.

During the Reporting Period, Lakala’s payment business, upgraded its e-CNY technology solutions, continued to improve the user experience of its QR code payment products and vigorously expanded its cooperation with key accounts, industry customers and channels in the face of adverse impacts such as COVID-19 pandemic resurgence. Despite a year-on-year transaction volume decline, Lakala ranked second nationally in terms of bank card transaction volume, and maintained industry leading position in terms of QR code payments. In the technology services segment, Lakala proactively provided technological support for other businesses. Based on growing digital transformation demand among merchants, banks and other organizations, Lakala advanced the integration of cutting-edge technologies like artificial intelligence and blockchain within the industry.

## EAL

EAL mainly engages in air logistics business. As of June 30, 2022, Legend Holdings held 18.09% equity interest in EAL.

During the Reporting Period, international logistics supply chains experienced disruptions and uncertainties on multiple fronts due to complex changes in the global landscape and external environment. Logistics supply chains faced severe challenges especially when ground logistics transportation in Shanghai was disrupted by pandemic control and prevention measures since March, posing numerous challenges for EAL’s operations. Under these circumstances, EAL confronted the challenges and pressures, expedited the resumption of production and ensured supply chain stability while undertook its responsibility to tackle the pandemic. As production rebounded, EAL achieved steady growth. In terms of the air express business, EAL continued to consolidate its operational capacity despite external pressures, stabilizing its operational efficiency and ensuring comprehensive support for flights. It also sustainably expanded its fleet to complete a “two-core, two-wing (兩核雙翼)” airfreight network with Shanghai, Guangzhou and Shenzhen as the “cores (核)” and Beijing, Chengdu and Chongqing as the “wings (翼)”. In terms of comprehensive ground services, EAL had nearly 2,000 employees stationed in the freight area of Shanghai Pudong International Airport during the lockdown, ensuring the airport’s operations ran smoothly. Second, it enhanced its customer retention and expanding efforts, gained a deeper understanding of customer needs and promptly adjusted the allocation of its resources to ensure smooth cargo operations and transportation during the lockdown. Third, EAL sped up infrastructure construction. It advanced construction of the second phase of Terminal Three of the Western Freight Area at Shanghai Pudong International Airport as well as EAL’s Northwestern Airport Industrial Park, enhancing its ground service capacity. Fourth, to boost operational efficiency, it expedited the intelligent upgrade of its freight terminals, and advanced the construction of smart freight terminals and its digital transformation. Turning to comprehensive logistics solutions, EAL, drawing on its resource integration strengths and service capabilities, ensured the security and stability of customers’ supply chains by rapidly responding to their needs and smoothing logistics channels. During the Reporting Period, EAL made significant headway in improving its direct customer service capabilities, brand awareness and customer recognition.

## Zhengqi Holdings

Zhengqi Holdings is an innovative investment holding group focusing on innovative technology enterprises. Through its “finance + investment + industry” (金融+投資+產業) business model, it promotes the development of innovative technology enterprises through investment-loan linkage and various empowerment initiatives, thus enhancing industrial chain value. As of June 30, 2022, Legend Holdings held 94.62% equity interest in Zhengqi Holdings.

## Management Discussion and Analysis

During the Reporting Period, Zhengqi Holdings maintained its business strategy of “optimizing resource allocation in targeted industries and regions via investment banking initiatives” (產業聚焦、投行引領、區域深耕、資源優配). It focused its business on strategically important emerging industries and their ecological supply chains, which encompasses semiconductors, high-end equipment manufacturing, advanced materials, new energy, energy conservation and environmental protection. From an investment bank perspective, it substantially increased its presence in these industries and consistently optimized and adjusted its business structure. It strategically expanded in the Yangtze River Delta, the Greater Bay Area, the Beijing-Tianjin-Hebei region and the Yangtze River Economic Belt. Through micro loans, financial leasing, commercial factoring, equity investment and other business services, it provided a wide array of investment-loan linkage and empowerment services for innovative technology enterprises and aligned with these enterprises to achieve mutual benefits and growth.

During the Report Period, Zhengqi Holdings portfolio companies Anhui Higasket Plastics Co., Ltd. (安徽萬朗磁塑股份有限公司) and Smartgiant Technology Co., Ltd. (廣州思林傑科技股份有限公司), were listed on the main board of the Shanghai Stock Exchange on January 24, 2022 and on the STAR Market on March 14, 2022, respectively. Union Semiconductor (Hefei) Co., Ltd. (合肥新匯成微電子股份有限公司), Zhengqi Holdings' investment in the integrated circuit business, was approved for IPO on March 23, 2022. In addition, Zhengqi Holdings has a number of investee companies whose listing applications have been accepted for review or are about to be submitted. Zhengqi Holdings entered a harvest period, realizing a sound cash return with successful project exits.

### JC Finance & Leasing

Founded in November 2015, JC Finance & Leasing is a Legend Holdings subsidiary that specializes in financial leasing and related financial businesses. Backed by Legend Holdings' brand and management expertise, JC Finance & Leasing collaborates with well-regarded domestic and overseas equipment manufacturers. It focuses on industries and industrial chains and develops its financial leasing business in fields that comprise key growth drivers of China's new economy, such as advanced manufacturing, energy conservation and environmental protection, digital information, agri-food, healthcare services, public services and transportation. As of June 30, 2022, Legend Holdings held 99.01% equity interest in JC Finance & Leasing.

Shanghai, where JC Finance & Leasing is headquartered, was severely impacted by the COVID-19 outbreak during the Reporting Period. Offline business activities and travel in Shanghai ground to a halt during the lockdown, which negatively impacted JC Finance & Leasing's business expansion and external financing. It mitigated the impact of these challenges by moving its business online. Following the gradual resumption of work and production in Shanghai and responding to the national call, it focused on both business operations and pandemic prevention and control. While accelerating the recovery of its own business, JC Finance & Leasing provided financial support to help its customers resume their production and steady development. In the first half of 2022, it achieved solid performance and year-on-year revenue growth, despite the pandemic impact. As of the end of the Reporting Period, the financial leasing business' balance increased to RMB12,279 million compared to the beginning of this year.

JC Finance & Leasing continued to strengthen its external financing during the Reporting Period. In the first half of 2022, it completed the issuance of two Asset-Backed Notes (ABNs). JC Finance & Leasing's efforts to tap overseas capital were recognized by renowned overseas financial institutions. The proceeds will be used to support domestic MSMEs. Through continually optimizing its financing structure and diversifying its sources of capital, JC Finance & Leasing further enhanced its contribution to developing the real economy and its sustainability while expanding its business.

## Hony Capital

Hony Capital runs private equity, real estate, public offering fund, hedge fund and venture capital businesses. As of June 30, 2022, Hony Capital mainly 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 that specializes in investment and fund management businesses in the secondary market, managed eight public offering funds, including six hybrid funds and two index funds, as of the end of the Reporting Period.

Hony Capital's private equity funds continued to focus on industry-specific investments in intelligent services, life sciences, chain catering, green and low-carbon economy and advanced manufacturing, among other sectors. The property funds focused on office buildings in first-tier cities to achieve above-market-average returns. It achieved these returns by completing various value-added activities, such as renovations, operational enhancements and functional adjustments to the office buildings in first-tier cities and other commercial buildings that could potentially be converted into offices. The cultural industry fund focuses on integrated investments, cross-border investments and early-stage investments in cultural industry projects. It prioritizes film and television, culture, 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 devise 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. It deploys a variety of strategies to invest in Greater China, including long and short position funds, Greater China long position funds, global macro, global healthcare industry, bonds and assets securitizations, CTA/quantitative strategies and special opportunity securities. Hony Venture Capital, which operates under Hony Capital and focuses on early and mid-stage venture capital businesses, primarily invests in the ToB technology field in relation to digital consumption and industrial digitalization.

During the Reporting Period, Hony Capital exited a number of projects, thereby contributing consistent and stable cash returns to Legend Holdings.

## Shanghai Neuromedical Center

Founded in 2013, Shanghai Neuromedical Center is a specialized hospital built according to specialized tertiary hospital standards. It specializes in clinical neuroscience and comprehensive hospital services. As of June 30, 2022, Legend Holdings held 58% equity interest in Shanghai Neuromedical Center through our subsidiary.

During the Reporting Period, Shanghai Neuromedical Center further developed its advanced neurology specialty and other comprehensive departments, so as to facilitate medical discipline development and improve medical techniques. Despite the pandemic's impact, Shanghai Neuromedical Center's revenue remained basically flat compared with the last corresponding period. Meanwhile, its staff participated in efforts to combat the pandemic. They supported frontline initiatives, including by rapidly contributing a frontline team in a very short time. Shanghai Neuromedical Center provided online video consultations and drug delivery services, ensuring continuity of treatments for patients during the lockdown. These efforts addressed the needs of many patients who needed long-term medication during the quarantine period. With comprehensive pandemic prevention and control measures in place, Shanghai Neuromedical Center strove to ensure normal access to its medical services and meet the medical needs of its patients with emergent and severe symptoms. To this end, it created buffer wards that enabled patients to be appropriately settled and effectively treated, resolving the difficulties members of the public had when accessing medical care during the pandemic.

## Hankou Bank

Hankou Bank primarily operates commercial banking businesses covering corporate and retail banking and the financial markets. Hankou Bank has a network that covers all the cities in Hubei Province and also has branches in Chongqing. As of June 30, 2022, Legend Holdings held 13.11% equity interest in Hankou Bank. During the Reporting Period, Hankou Bank advanced the preparation work for its IPO.

Amid increasing economic and financial volatility in the first half of 2022, Hankou Bank strived to maintain stable operations. It adhered to its core mission of seeking growth while maintaining stability and strategic focus against pressure. First, in terms of enhancing its responsibilities, it followed the series of policies and measures deployed by the Communist Party of China Central Committee, the State Council and local authorities to ensure economic stability and growth during the pandemic. Hankou Bank took actions to help stabilize the economy and market participants, alleviate the pressures its clients experienced, enhance access to financial services and increase support for the real economy. Second, the bank made solid progress in terms of four major aspects: structure, quality, performance efficiency and compliance. It achieved continued improvements across key business indicators. Third, Hankou Bank made steady progress in achieving its strategic priorities. It advanced its digital transformation, launched a fintech upgrade, expanded its green financing services scale and actively explored rural revitalization. Fourth, it deepened its efforts to improve its Party-building work, strengthened commitment to implementation and conducted grass-roots activities to help resolve issues for the citizens.

During the Reporting Period, Hankou Bank was named as an Excellent Entity for Ideological and Political Work in the National Financial System for 2020-2021 by the Research Association of Ideological and Political Work of China Financial Institutions. It was also honored with the following accolades: Best Financial Service Institution and Best Fintech Innovation Institution at Hubei's 2021 Financial Champion Awards; UnionPay App Feature Construction Award and Outstanding Contribution to Key Business Transformation Award in the Hubei Mobile Payment Convenience Project in 2021; and the 2021 Financial Marketing Innovation Award for Regional Banks from the Financial Digital Development Alliance.

## Bybo Dental

Bybo Dental provides dental healthcare services. As of June 30, 2022, Legend Holdings held 26.05% equity interest in Bybo Dental.

Bybo Dental provides dental healthcare services that cover the whole lifecycle from prevention to treatment. Bybo Dental continues to strengthen business synergy with insurers. As of June 30, 2022, Bybo Dental operated 217 oral services outlets, including 36 hospitals and 181 clinics across 22 municipalities and provinces. Together they house 2,121 dental chairs. In addition, it attaches great importance to medical discipline development and the cultivation of talent. During the Report Period, it explored a new model for incubating talent via university-enterprise partnership. Through its partnership with Wuhan University's School of Stomatology, it provided named scholarships which were awarded to dozens of postgraduate and doctoral students.

Amid the resurgence of COVID-19 in Shanghai and other parts of China in the first half of 2022, Bybo Dental's staff provided support for frontline efforts to combat the outbreak and participated in voluntary initiatives such as nucleic acid testing. Meanwhile, it continued to implement improvements and enhanced its efficiency by leveraging its position as a chain with many locations.

Bybo Dental improved its operational efficiency over the Reporting Period despite volatility caused by the COVID-19 pandemic. In the future, Bybo Dental will endeavor to improve its medical techniques and service quality, and boost its customer loyalty and market share. Bybo Dental will continue to provide high-quality dental healthcare services and improve its financial performance.

## Raycom Property and Raycom Technology

Through its subsidiaries Raycom Property and Raycom Technology, Legend Holdings holds the Raycom Info Tech Park Tower A, Tower B, and Tower C high-end office buildings in Zhongguancun, Beijing<sup>Note</sup>. Raycom Info Tech Park is leased as premium office space and shops, with a portion reserved for our own use. The buildings were certified by the US Green Building Council with “Leadership in Energy and Environmental Design” (LEED) for the high standards of their energy-efficient design. As of June 30, 2022, Raycom Info Tech Park’s occupancy rate was about 96.75%, and the fair value of its investment properties amounted to RMB11.58 billion (excluding the portion reserved for our own use).

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

## FINANCIAL REVIEW

### Finance costs

Finance costs after deducting capitalized amounts decreased from RMB3,154 million for the six months ended June 30, 2021 to RMB2,929 million for the six months ended June 30, 2022. Decline in finance costs was mainly the result of a decrease in average total borrowings during the period.

### Taxation

Our taxation decreased from RMB3,090 million for the six months ended June 30, 2021 to RMB721 million for the six months ended June 30, 2022. Decrease in the amount of taxation was mainly due to the decrease in profit before tax and the increase in deferred income tax assets recognized.

### Capital expenditures and capital commitments

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

As of June 30, 2022, we had RMB4,861 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, mandatory reserve deposits, bank deposit and restricted funds. As of June 30, 2022, our cash at bank and on hand were RMB91,749 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 23%, 18%, 10%, 37%, 1% and 11%, respectively, while the amount as of December 31, 2021 was RMB86,196 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 22%, 21%, 16%, 30%, 3% and 8%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits in reputable PRC and foreign banks.

On the basis of cash generated from operations accumulated over the years and to be obtained in the future, we expect to continue to maintain finance portions of our capital expenditures with bank loans, other loans and other corporate bonds at a proper scale in the foreseeable future.

## Indebtedness

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

*Unit: RMB million*

	<b>As of June 30, 2022</b>	As of December 31, 2021
<b>Bank loans</b>		
– Unsecured loans	<b>32,711</b>	33,306
– Guaranteed loans	<b>18,644</b>	17,731
– Collateralized loans	<b>8,437</b>	8,913
<b>Other loans</b>		
– Unsecured loans	<b>870</b>	870
– Guaranteed loans	<b>1,124</b>	1,566
– Collateralized loans	<b>5,650</b>	5,760
<b>Corporate bonds</b>		
– Unsecured	<b>52,432</b>	59,344
– Asset-backed securities and notes	<b>1,934</b>	465
– Convertible bonds	<b>5,245</b>	4,914
	<b>127,047</b>	132,869
<b>Less: Non-current portion</b>	<b>(81,394)</b>	(95,244)
<b>Current portion</b>	<b>45,653</b>	37,625

As of June 30, 2022, among our total borrowings, 52% was denominated in RMB (December 31, 2021: 51%), 29% was denominated in USD (December 31, 2021: 28%) and 19% was denominated in other currencies (December 31, 2021: 21%). If categorized by whether the interest rate 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, 2021, accounted for 56% and 44%, respectively. Our indebtedness reduction was mainly due to the repayment of our debts.

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

*Unit: RMB million*

	<b>As of June 30, 2022</b>	As of December 31, 2021
Within 1 year	<b>45,653</b>	37,625
After 1 year but within 2 years	<b>35,515</b>	36,180
After 2 years but within 5 years	<b>28,095</b>	41,373
After 5 years	<b>17,784</b>	17,691
	<b>127,047</b>	132,869

# Management Discussion and Analysis

As of June 30, 2022, 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	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	January 15, 2019	5 years	RMB1,000 million
The Company	Corporate bonds	RMB	June 21, 2019	5 years	RMB2,000 million
The Company	Corporate bonds	RMB	June 3, 2020	3 years	RMB1,800 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
Joyvio Food	Convertible bonds	USD	June 14, 2019	5 years	USD125 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	10.25 years	EUR100 million
BIL	Medium term notes	JPY	2002-2022	5-20 years	JPY1,500 million
BIL	Medium term notes	EUR	2014-2022	1.5-20 years	EUR2,490 million
BIL	Medium term notes	USD	2019-2022	2-5 years	USD50 million
BIL	Medium term notes	CHF	2016-2020	2.5-6.5 years	CHF285 million
BIL	Medium term notes	SEK	January 29, 2021	3 years	SEK166 million
BIL	Medium term notes	GBP	2021-2022	2-5 years	GBP11 million
Zhengqi Holdings	Corporate bonds	RMB	December 20, 2019	3 years	RMB75 million
Zhengqi Holdings	Corporate bonds	RMB	August 28, 2020	3 years	RMB200 million
Zhengqi Holdings	Corporate bonds	RMB	September 14, 2021	3 years	RMB600 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	RMB25 million
JC Finance & Leasing	Asset-backed notes	RMB	May 27, 2021	1-2 years	RMB85 million
JC Finance & Leasing	Asset-backed notes	RMB	January 28, 2022	1-2 years	RMB746 million
JC Finance & Leasing	Asset-backed notes	RMB	May 31, 2022	1-2 years	RMB1,067 million

The annual interest rates of our bonds listed above as of June 30, 2022 ranged from 0% to 7.20%.

## Current ratio and total debts to total capital ratio

	As of June 30, 2022	As of December 31, 2021
Current ratio (times)	0.8	0.8
Total debts to total capital ratio	56%	59%

# Management Discussion and Analysis

## ***Current ratio***

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the reporting period has maintained stable as compared with December 31, 2021. Current ratio of less than 1 was mainly as a result of consolidation of BIL into our consolidated financial statements. The measures used to gauge liquidity risk in the banking industry differ from those commonly used in other non-banking industries. BIL is not required to classify and present separately the current and non-current portion of its assets and liabilities on its standalone statement of financial position. Nonetheless, such classification was effected to the extent that uniform accounting policies on consolidated accounts are required, which may not reflect the underlying liquidity characteristics of the banking business of the Company. As at the end of the Reporting Period, the Core Equity Tier 1 ratio of BIL stood at 13.84%, bespeaking robust business stability. Moreover, despite of a current ratio of less than 1, we have confidence to honor maturing debts when they fall due in consideration of our operating cash flow forecast, undrawn credit facilities of the Company and its subsidiaries.

## ***Total debts to total capital ratio***

Total debts to total capital ratio is calculated by dividing total debts (total borrowings) by total equity and total debts at the end of each financial period. The total debts to total capital ratio decreased slightly at the end of the Reporting Period compared to December 31, 2021, which mainly due to the combined impacts of the increase in the size of our total equity and the decrease in the size of our total debts.

## **Pledged assets**

As of June 30, 2022, we pledged the assets of RMB22 billion (December 31, 2021: RMB20.7 billion) to secure our borrowings, assets of RMB3.4 billion (December 31, 2021: RMB4.9 billion) to secure other payables and accruals and other non-current liabilities.

As of June 30, 2022, other financial assets at amortized cost, financial assets at fair value through other comprehensive income and loans to customers and credit institutions with a total carrying amount of RMB21.3 billion was encumbered. BIL participated in Targeted Longer-Term Refinancing Operations (TLTROs) initiated by European Central Bank, which offers banks long-term funding at attractive conditions for onward stimulating bank lending to the real economy. To be eligible for participation, certain assets of BIL are required to meet the encumbrance conditions.

Other restricted assets were mainly restricted deposits of RMB1.4 billion.

## **Contingencies**

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

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, 2022 and December 31, 2021, the provision made by us were RMB86 million and RMB96 million respectively.

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

*Unit: RMB million*

	<b>As of June 30, 2022</b>	As of December 31, 2021
Financial guarantee of guarantee business	<b>8,229</b>	8,666
Other guarantee		
– Related parties	<b>1,939</b>	2,629
– Unrelated parties	<b>180</b>	480

The guarantee balances to unrelated parties are mainly related to real estate business, which was disposed in historic period during the validity period of the guarantee companies provided counter guarantee 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, 2022 (six months ended June 30, 2021: Nil).

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

As at June 30, 2022, the Company and its subsidiaries had approximately 94,763 employees.

The Company acknowledges the importance of building a top-notch professional team with high efficiency to fully support the Company's strategic and business developments. 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 ("Senior Management") and general employees, taking into consideration of market competitiveness which shall be compatible with the business features, scale of assets and operating performance of the Company.

The overall remuneration of Senior Management and general employees of the Company comprises annual remuneration, mid- and long-term incentives and benefits, among which the annual remuneration comprises basic salaries and target bonus.

## Management Discussion and Analysis

The formulation and implementation of the annual remuneration as well as mid to long term incentive plans for Senior Management of the Company is based on the relevant decision-making mechanism pursuant to the corporate governance requirements of listed companies and enabled Shareholders to play the supervisory role. Firstly, benchmarking is carried out from comparable market benchmarking companies that conform to the Company's scale, business nature, development stage, returns from operations level and other perspectives to ensure that the determination for Senior Management's compensation is fair and reasonable and in line with China's national conditions. Then, the Board of Directors shall comprehensively determine Senior Management performance results and remuneration based on the overall performance of the Company, the job duties undertaken by them and their performance appraisal results taking into consideration their achievements of performance objectives. The annual remuneration and mid- and long-term incentives of general employees are determined comprehensively based on the duties undertaken by them, the annual operating results of the Company and the results of their annual performance appraisals.

The mid- and long-term incentives, formulated in accordance with the Company's medium term and long term strategic targets, comprises of a combination of equity incentives and mid to long term performance bonuses and so forth, which entitle value creators to such incentives together with the Company's overall value growth. The 2016, 2019 and 2021 mid to long term incentive schemes were approved by the Shareholders' general meetings of the Company respectively. All matters in relation to the implementations of those schemes were delegated to the Board or the Remuneration Committee (as the case may be) and they had further delegated such duties to the Company's management pursuant to the terms of these schemes.

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 diversified supplemental benefits on its own, including supplemental pension insurance, supplemental medical insurance and supplemental housing provident fund as well as physical medical examination.

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.

# Corporate Governance and Other Information

## COMPLIANCE WITH THE CODE OF GOVERNANCE

Throughout the Reporting Period, 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 “Company’s Model Code”), the terms of which are no less exacting 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 and the Company’s Model Code during the Reporting Period.

## REVIEW OF INTERIM RESULTS

The Chairperson of the Audit Committee is Ms. HAO Quan, an Independent Non-executive Director, and the other two members are Mr. SUO Jishuan, a Non-executive Director, and Mr. 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, 2022 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, 2022, the interests and 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 and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to our Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules, were as follows:

### (i) Interests in the Shares of the Company

Name of Director	Nature of interest	Class of Shares/ underlying Shares	Number of Shares/ underlying Shares held	Total number of long positions	Approximate percentage holding in the relevant class of Shares <sup>(i)</sup>	Approximate percentage holding in the total issued Shares <sup>(ii)</sup>
NING Min	Beneficial owner	H Shares	37,400,000	40,150,000	3.15%	1.70%
		Share Options <sup>(iii)</sup>	2,750,000			
LI Peng	Beneficial owner	H Shares	1,844,100	4,394,100	0.34%	0.18%
		Share Options <sup>(iii)</sup>	2,550,000			
ZHU Linan	Beneficial owner	H Shares	52,630,000	56,230,000	4.42%	2.38%
		Share Options <sup>(iii)</sup>	3,600,000			
ZHAO John Huan	Beneficial owner	Restricted Shares <sup>(iv)</sup>	600,000	1,800,000	0.14%	0.07%
		Share Options <sup>(iii)</sup>	1,200,000			

Notes:

- (i) As of June 30, 2022, the number of H Shares issued was 1,271,853,990 and the number of Domestic Shares issued was 1,084,376,910.
- (ii) Calculated based on the total number of 2,356,230,900 Shares in issue as at June 30, 2022.
- (iii) 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 for a term commencing on January 1, 2021 and ending on December 31, 2025, at an exercise price of HK\$16.856. Please refer to the circular dated April 18, 2019 for details of the rules of the Restricted Shares incentive plan.
- (iv) Refer to the Restricted Shares 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 Restricted Shares incentive plan.

**(ii) Interests in our associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Long Position/ Short Position</b>	<b>Number of shares/ underlying shares held</b>	<b>Approximate percentage of shareholding in the total issued shares<sup>(c)</sup></b>
NING Min	Lenovo	Beneficial owner	Long Position	1,370,401	0.01%
ZHU Linan	Lenovo	Beneficial owner	Long Position	3,366,130 <sup>(a)</sup>	0.03%
ZHAO John Huan	Lenovo	Beneficial owner	Long Position	4,966,910 <sup>(b)</sup>	0.04%

*Notes:*

- (a) Mr. ZHU Linan owns 2,777,530 ordinary shares of Lenovo and 588,600 units of share awards which are convertible into ordinary shares of Lenovo.
- (b) Mr. ZHAO John Huan owns 1,278,031 ordinary shares of Lenovo and 3,688,879 units of share awards which are convertible into ordinary shares of Lenovo.
- (c) The calculation is based on the total number of 12,041,705,614 ordinary shares issued by Lenovo as at June 30, 2022.

## INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at June 30, 2022, 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 <sup>(1)</sup>	Approximate percentage holding in the total issued Shares <sup>(2)</sup>
CAS Holdings	Domestic Shares	Beneficial owner	684,376,910	63.11%	29.04%
Beijing Lian Chi Zhi Yuan Management Consulting Center Limited Partnership (北京聯持志遠管理諮詢中心(有限合夥)) ("Lian Chi Zhi Yuan")	H Shares – Long Position	Beneficial owner	480,000,000	37.74%	20.37%
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") <sup>(3)</sup>	H Shares – Long Position	Interest in controlled corporation	480,000,000	37.74%	20.37%
LU Zhiqiang <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%
China Oceanwide	Domestic Shares	Beneficial owner	273,480,000	25.22%	11.60%
Oceanwide Group <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%
Tohigh <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%
Xiamen International Bank Co., Ltd. Beijing Branch (廈門國際銀行股份有限公司北京分行)	Domestic Shares	Beneficial owner	126,520,000	11.67%	5.37%
Beijing Lian Heng Yong Xin Investment Center Limited Partnership (北京聯恒永信投資中心(有限合夥)) ("Lian Heng Yong Xin") <sup>(5)</sup>	H Shares – Long Position	Beneficial owner	93,813,000	7.37%	3.98%
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") <sup>(5)</sup>	H Shares – Long Position	Interest in controlled corporation	93,813,000	7.37%	3.98%
LIU Chuanzhi	H 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, 2022. As of June 30, 2022, 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, 2022.
- (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 273,480,000 Domestic Shares held by China Oceanwide.
- (5) Lian Heng Yong Kang is the sole general partner of Lian Heng Yong Xin and has de facto control over it. Accordingly, Lian Heng Yong Kang is deemed to be interested in 93,813,000 H Shares.

As at June 30, 2022, 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 39 to 83, which comprises the condensed consolidated interim balance sheet of Legend Holdings Corporation (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 2022

# Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2022

	Note	Unaudited Six months ended June 30,	
		2022 RMB'000	2021 RMB'000
Sales of goods and services	6	236,431,504	227,232,628
Interest income		1,940,584	2,015,083
Interest expense		(687,541)	(682,440)
Net interest income	6	1,253,043	1,332,643
<b>Total revenue</b>	6	<b>237,684,547</b>	228,565,271
Cost of sales and services	8	(195,550,137)	(188,027,375)
<b>Gross profit</b>		<b>42,134,410</b>	40,537,896
Selling and distribution expenses	8	(12,452,253)	(11,254,930)
General and administrative expenses	8	(18,742,356)	(19,080,771)
Expected credit loss	8	(88,300)	(1,287,626)
Investment (losses)/income and gains	7	(1,208,538)	6,669,127
Other gains/(losses) – net		257,141	(1,161,612)
Finance income	9	535,626	469,317
Finance costs	9	(2,928,680)	(3,153,996)
Share of profit of associates and joint ventures accounted for using the equity method	6	384,387	69,892
<b>Profit before income tax</b>		<b>7,891,437</b>	11,807,297
Income tax expense	10	(721,049)	(3,089,887)
<b>Profit for the period</b>		<b>7,170,388</b>	8,717,410
<b>Profit attributable to:</b>			
– Equity holders of the Company		2,131,427	4,691,219
– Other non-controlling interests		5,038,961	4,026,191
		<b>7,170,388</b>	8,717,410
<b>Earnings per share for the profit attributable to the equity holders of the Company</b> (expressed in RMB per share)			
<b>Basic earnings per share</b>	11	<b>0.91</b>	2.01
<b>Diluted earnings per share</b>	11	<b>0.83</b>	1.93
<b>Dividends</b>	25	<b>942,506</b>	848,243

The notes on pages 48 to 83 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, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>7,170,388</b>	8,717,410
<b>Other comprehensive (loss)/income:</b>		
<b>Items that will not be reclassified to income statement</b>		
Change in fair value of non-trading equity securities measured at fair value through other comprehensive income, net of taxes	(526,889)	391,900
Change in credit risk on financial liabilities measured at fair value through profit or loss, net of taxes	7,231	–
Share of other comprehensive income/(loss) of associates using equity accounting, net of taxes	13,131	(1,809)
Remeasurements of post-employment benefit obligation, net of taxes	555,892	143,859
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	1,129	91,791
<b>Items that may be reclassified subsequently to income statement</b>		
Change in fair value of debt securities measured at fair value through other comprehensive loss, net of taxes	(136,110)	(21,547)
Currency translation differences	279,237	(1,076,634)
Share of other comprehensive income of associates using equity accounting, net of taxes	28,652	26,383
Fair value change on cash flow hedges, net of taxes	904,919	810,655
<b>Other comprehensive income for the period, net of taxes</b>	<b>1,127,192</b>	364,598
<b>Total comprehensive income for the period</b>	<b>8,297,580</b>	9,082,008
<b>Attributable to:</b>		
– Equity holders of the Company	2,997,754	5,043,491
– Other non-controlling interests	5,299,826	4,038,517
	<b>8,297,580</b>	9,082,008

The notes on pages 48 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

# Condensed Consolidated Interim Balance Sheet

As at June 30, 2022

	Note	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	28,282,690	26,613,671
Right-of-use assets		7,561,841	7,665,396
Investment properties	13	12,729,387	12,466,265
Intangible assets	12	64,655,679	63,617,646
Associates and joint ventures using equity accounting	6	16,672,586	14,935,406
Associates measured at fair value through profit or loss	6	19,543,724	19,903,531
Financial assets at fair value through other comprehensive income		9,462,908	8,641,382
Financial assets at fair value through profit or loss		10,687,156	10,371,834
Loans to customers	16	76,793,397	77,874,281
Loans to credit institutions		350,359	1,320,193
Derivative financial assets		3,748,552	498,200
Other financial assets at amortised cost		47,897,523	48,203,427
Deferred income tax assets	23	20,512,877	18,606,062
Other non-current assets		10,847,016	12,449,355
<b>Total non-current assets</b>		<b>329,745,695</b>	<b>323,166,649</b>
<b>Current assets</b>			
Inventories		62,223,606	56,201,248
Consumable biological assets		2,344,996	1,750,507
Properties under development		1,554,254	1,444,087
Accounts and notes receivables	14	91,279,433	89,699,633
Prepayments, other receivables and other current assets	15	35,498,888	41,206,026
Loans to customers	16	45,729,587	45,951,978
Loans to credit institutions		3,593,305	2,697,271
Derivative financial assets		2,344,724	1,112,998
Financial assets at fair value through profit or loss		23,465,345	24,020,159
Financial assets at fair value through other comprehensive income		-	1,948,322
Other financial assets at amortised cost		4,959,762	5,291,381
Balance with central banks		32,443,388	24,058,838
Restricted deposits		1,799,128	1,945,704
Bank deposits		15,366	234,743
Cash and cash equivalents		57,491,086	59,956,630
<b>Total current assets</b>		<b>364,742,868</b>	<b>357,519,525</b>
<b>Total assets</b>		<b>694,488,563</b>	<b>680,686,174</b>

# Condensed Consolidated Interim Balance Sheet

As at June 30, 2022

	<i>Note</i>	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>2,356,231</b>	2,356,231
Reserves		<b>61,203,044</b>	58,913,657
<b>Total equity attributable to equity holders of the Company</b>			
		<b>63,559,275</b>	61,269,888
Perpetual securities		<b>1,359,286</b>	1,558,457
Other non-controlling interests		<b>39,617,516</b>	35,006,747
Put option written on non-controlling interests	20(c)(1)	<b>(3,633,810)</b>	(5,024,368)
<b>Total equity</b>			
		<b>100,902,267</b>	92,810,724
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	<b>81,393,703</b>	95,243,773
Lease liabilities		<b>2,679,169</b>	2,898,182
Amounts due to credit institutions		<b>10,077,925</b>	16,164,589
Amounts due to customers	19	<b>2,457,587</b>	2,648,144
Derivative financial liabilities		<b>1,874,858</b>	1,922,328
Deferred revenue		<b>9,307,034</b>	9,117,512
Retirement benefit obligations		<b>2,154,158</b>	2,803,639
Provisions	24	<b>1,868,148</b>	1,898,187
Financial liabilities at fair value through profit or loss	21	<b>9,127,640</b>	9,261,093
Deferred income tax liabilities	23	<b>9,586,500</b>	9,938,336
Other non-current liabilities	20	<b>6,800,126</b>	10,048,093
<b>Total non-current liabilities</b>			
		<b>137,326,848</b>	161,943,876

# Condensed Consolidated Interim Balance Sheet

As at June 30, 2022

	<i>Note</i>	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
<b>Current liabilities</b>			
Trade and notes payables	17	<b>95,576,872</b>	90,080,446
Other payables and accruals	18	<b>108,835,755</b>	112,540,532
Amounts due to credit institutions		<b>24,648,555</b>	13,464,130
Amounts due to customers	19	<b>151,117,460</b>	146,671,919
Financial liabilities at fair value through profit or loss	21	<b>2,271,379</b>	1,612,896
Derivative financial liabilities		<b>949,825</b>	1,174,850
Provisions	24	<b>6,224,732</b>	6,638,028
Advance from customers		<b>5,655,697</b>	2,540,884
Deferred revenue		<b>10,275,670</b>	8,709,517
Income tax payables		<b>3,814,011</b>	3,743,298
Lease liabilities		<b>1,236,375</b>	1,130,162
Borrowings	22	<b>45,653,117</b>	37,624,912
<b>Total current liabilities</b>		<b>456,259,448</b>	425,931,574
<b>Total liabilities</b>		<b>593,586,296</b>	587,875,450
<b>Total equity and liabilities</b>		<b>694,488,563</b>	680,686,174

The notes on pages 48 to 83 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, 2022

	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
As at January 1, 2022	2,356,231	11,281,940	696,229	528,785	3,772,216	(336,574)	107,478	(6,334,456)	(530,982)	49,729,021	1,558,457	35,006,747	(5,024,368)	92,810,724
Profit for the period	-	-	-	-	-	-	-	-	2,131,427	-	5,038,961	-	7,170,388	
Other comprehensive (loss)/income														
Fair value changes on financial assets at fair value through other comprehensive income	-	-	-	(584,532)	-	-	-	-	-	-	(78,467)	-	(662,999)	
Credit risk changes on financial liabilities measured at fair value through profit or loss	-	-	-	6,506	-	-	-	-	-	-	725	-	7,231	
Share of other comprehensive income of associates using equity accounting	-	-	-	41,783	-	-	-	-	-	-	-	-	41,783	
Fair value change on cash flow hedges	-	-	-	-	-	-	341,761	-	-	-	563,158	-	904,919	
Currency translation differences	-	-	-	-	-	-	-	857,403	-	-	(578,166)	-	279,237	
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	202,390	-	353,502	-	555,892	
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	1,016	-	-	-	-	-	-	113	-	1,129	
Total comprehensive (loss)/income for the period	-	-	-	(535,227)	-	-	341,761	857,403	202,390	2,131,427	-	5,299,826	-	8,297,580
Total transfer to retained earnings	-	-	-	769	-	-	-	-	-	(769)	-	-	-	-
Total transactions with owners, recognised directly in equity														
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	15,352	-	15,352	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	98	-	98	
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	376,856	-	77,275	-	454,131	
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	-	-	285,670	-	285,670	
Decrease of perpetual capital	-	-	-	-	-	-	-	-	-	(200,000)	-	-	(200,000)	
Transfer to reserve	-	-	-	-	-	-	-	-	7,516	(126,632)	(12,106)	-	(131,222)	
Share of other reserve of associates	-	-	-	-	-	-	-	-	3,990	-	205	-	4,195	
Share-based compensation	-	-	-	-	218,882	-	-	-	-	-	427,973	-	646,855	
Dividends declared	-	-	-	-	-	-	-	-	-	(942,506)	(300,518)	-	(1,243,024)	
Coupon paid/interest adjustment holders of perpetual securities	-	-	-	-	-	-	-	-	-	(31,697)	829	(3,520)	(34,388)	
Exercise of put option written on non-controlling interest (Note 20(c)(1))	-	-	-	-	-	-	-	-	(214,776)	-	(1,179,486)	1,390,558	(3,704)	
Total transactions with owners, recognised directly in equity	-	-	-	-	218,882	-	-	-	173,586	(1,100,835)	(199,171)	(689,057)	1,390,558	(206,037)
As at June 30, 2022	2,356,231	11,281,940	696,229	(5,673)	3,991,098	(336,574)	449,239	(5,477,053)	(155,006)	50,758,844	1,359,286	39,617,516	(3,633,810)	100,902,267

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2022

	Unaudited													Total
	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	
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 changes 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 changes on cash flow hedges	-	-	-	-	-	-	269,508	-	-	-	-	541,147	810,655	
Currency translation differences	-	-	-	-	-	-	(429,790)	-	-	-	(646,844)	-	(1,076,634)	
Remeasurement 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

The notes on pages 48 to 83 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, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	17,441,357	5,875,315
Income tax paid	(2,534,181)	(2,645,271)
<b>Net cash generated from operating activities</b>	<b>14,907,176</b>	<b>3,230,044</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment, and intangible assets	(6,429,282)	(4,594,735)
Proceeds from sale of property, plant and equipment, and intangible assets	153,193	381,648
Purchases of financial assets at fair value through profit or loss	(4,971,402)	(7,167,664)
Proceeds from the disposal of financial assets at fair value through profit or loss	4,439,682	4,257,381
Dividends from financial assets at fair value through profit or loss	133,700	127,324
Capital injection in associates measured at fair value through profit or loss	(929,534)	(620,972)
Distributions from associates measured at fair value through profit or loss	857,146	1,440,493
Acquisition of and capital injection in associates and joint ventures using equity accounting	(767,746)	(49,130)
Proceeds from disposal of associates using equity accounting	380,847	3,738,020
Dividends from associates using equity accounting	318,939	440,585
Purchases of financial assets at fair value through other comprehensive income	(547,351)	(53,478)
Disposal of financial assets at fair value through other comprehensive income	112,013	526,149
Dividends from financial assets at fair value through other comprehensive income	29,789	16,803
Purchases of financial assets at amortized cost	–	(107,632)
Disposal of financial assets at amortized cost	88,796	11,501
Acquisition of subsidiaries, net of cash acquired	(615,092)	(938,117)
Disposal of subsidiaries, net of cash disposed	10,721	555,849
Loans (granted to)/repaid from related parties and third parties	(47,804)	335,971
Interest received	251,156	229,214
Decrease/(increase) in fixed deposits for more than 3 months	533,068	(229,444)
<b>Net cash used in investing activities</b>	<b>(6,999,161)</b>	<b>(1,700,234)</b>

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2022

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	54,089,101	64,323,292
Repayments of borrowings	(61,483,671)	(65,787,935)
Repayments of lease liabilities	(672,335)	(936,094)
Issue of bonds, net of issuance costs	1,821,880	2,127,564
Other capital contributions from non-controlling interests	307,420	492,961
Payment for written put option liabilities (Note 20(c)(1))	(1,895,000)	–
Distribution to other non-controlling interests	(274,461)	(694,266)
Transaction with other non-controlling interests	383,371	(8,213,487)
Interest paid	(3,310,801)	(3,143,779)
<b>Net cash used in financing activities</b>	<b>(11,034,496)</b>	<b>(11,831,744)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,126,481)</b>	<b>(10,301,934)</b>
Cash and cash equivalents at beginning of the period	59,956,630	69,718,438
Exchange gains/(losses) on cash and cash equivalents	660,937	(1,261,337)
<b>Cash and cash equivalents at the end of the period</b>	<b>57,491,086</b>	<b>58,155,167</b>

The notes on pages 48 to 83 form an integral part of this unaudited condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Statements

## 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”, “China”). 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 its business through two sectors: industrial operations and industrial incubations and investments.

The industrial operations consist of operations in (a) Lenovo Group Limited (“Lenovo”), which is primarily engaged in providing innovative intelligent devices and infrastructure, and creates intelligent solutions, services and software; (b) Levima Group Limited (“Levima Group”), which mainly engaged in the research and development, production and sales of advanced material products; (c) Joyvio Group Co., Ltd. (“Joyvio Group”), which operates mainly to engaged in modern agriculture and food related business; and (d) Banque Internationale à Luxembourg S.A. (“BIL”), which mainly offers integrated banking services, including corporate and institutional banking, retail banking, private banking, capital markets, etc.

The industrial incubations and investments sector 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 aviation logistics, financial services, medical and health care, and office leasing services, etc.

## 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, 2022 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, 2021 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, 2021, 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, 2022 and are applicable for the Group:

IFRS 3 (Amendments)	Reference to the conceptual framework
IAS 16 (Amendments)	Property, plant and equipment: Proceeds before Intended Use
IAS 37 (Amendments)	Onerous contracts – Cost of fulfilling a contract
Annual improvements	Annual improvements to IFRS Standards 2018-2020 Cycle

Amendments to IFRS and IAS effective for the financial year beginning on January 1, 2022 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 that have been issued but are not yet effective for the financial year beginning on January 1, 2022 and have not been early adopted.

		<b>Effective for financial year beginning on or after</b>
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 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, 2022 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, 2021.

## 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 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 BIL and non-banking subsidiaries, 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 business. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. 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.

In accordance with IFRS 9 "Financial instruments", the Group applies the Expected Credit Loss Model to measure the impairment of debt instruments at amortized cost and debt instruments at fair value through other comprehensive income.

#### (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, 2021.

There have been no changes in the Group's risk management department or in any risk management policies since December 31, 2021.

## 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, 2022 and December 31, 2021.

	Unaudited As at June 30, 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Associates measured at fair value through profit or loss	-	-	19,543,724	19,543,724
Financial assets at fair value through profit or loss				
– Listed equity securities	6,940,707	254,449	958,649	8,153,805
– Unlisted equity securities	-	-	22,291,770	22,291,770
– Listed debt securities	476,150	-	-	476,150
– Unlisted debt securities	-	94,796	3,135,980	3,230,776
Derivative financial assets	-	6,078,632	14,644	6,093,276
Financial assets at fair value through other comprehensive income				
– Listed equity securities	572,882	-	-	572,882
– Unlisted equity securities	-	1,353	3,262,964	3,264,317
– Listed debt securities	5,602,387	23,322	-	5,625,709
Accounts and notes receivables	-	77,878,576	-	77,878,576
<b>Total</b>	<b>13,592,126</b>	<b>84,331,128</b>	<b>49,207,731</b>	<b>147,130,985</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	7,079,991	4,319,028	11,399,019
Derivative financial liabilities	-	2,036,983	787,700	2,824,683
<b>Total</b>	<b>-</b>	<b>9,116,974</b>	<b>5,106,728</b>	<b>14,223,702</b>

## 5. Financial risk management (Continued)

### 5.2 Fair value estimation (Continued)

	Audited			
	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>				
Associates measured at fair value through profit or loss	–	–	19,903,531	19,903,531
Financial assets at fair value through profit or loss				
– Listed equity securities	9,697,503	298,472	960,361	10,956,336
– Unlisted equity securities	–	–	20,294,962	20,294,962
– Listed debt securities	954,036	–	–	954,036
– Unlisted debt securities	–	133,058	2,053,601	2,186,659
Derivative financial assets	–	1,571,358	39,840	1,611,198
Financial assets at fair value through other comprehensive income				
– Listed equity securities	620,406	–	–	620,406
– Unlisted equity securities	–	1,227	3,790,458	3,791,685
– Listed debt securities	6,147,638	29,975	–	6,177,613
Accounts and notes receivable	–	78,404,137	–	78,404,137
<b>Total</b>	<b>17,419,583</b>	<b>80,438,227</b>	<b>47,042,753</b>	<b>144,900,563</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	–	6,540,841	4,333,148	10,873,989
Derivative financial liabilities	–	2,961,808	135,370	3,097,178
<b>Total</b>	<b>–</b>	<b>9,502,649</b>	<b>4,468,518</b>	<b>13,971,167</b>

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 11% to 19%, the balance of assets of this category was RMB959 million as at June 30, 2022. The discount rate ranges from 5% to 22%, the balance of assets of this category was RMB960 million as at December 31, 2021.

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, 2022 and December 31, 2021, 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, 2022 and June 30, 2021.

	Unaudited				
	Associates measured at fair value through profit or loss RMB'000	Financial assets measured at fair value through profit or loss RMB'000	Financial assets measured at fair value through other comprehensive income RMB'000	Derivative financial assets RMB'000	Total RMB'000
<b>At January 1, 2022</b>	<b>19,903,531</b>	<b>23,308,924</b>	<b>3,790,458</b>	<b>39,840</b>	<b>47,042,753</b>
Additions/capital contributions	958,467	4,045,404	35,133	6,922	5,045,926
Disposals/return of capital	(227,708)	(1,094,033)	(31,636)	-	(1,353,377)
Transfer out to level 1 (i)	-	(533,076)	-	-	(533,076)
(Losses)/Gains recognised in condensed consolidated interim income statement	(1,492,633)	473,831	-	(31,206)	(1,050,008)
Losses recognised in other comprehensive income	-	-	(482,518)	-	(482,518)
Exchange adjustment	402,067	185,349	(48,473)	(912)	538,031
<b>At June 30, 2022</b>	<b>19,543,724</b>	<b>26,386,399</b>	<b>3,262,964</b>	<b>14,644</b>	<b>49,207,731</b>
<b>At January 1, 2021</b>	<b>18,459,044</b>	<b>21,385,334</b>	<b>3,090,592</b>	<b>32,892</b>	<b>42,967,862</b>
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)
<b>At June 30, 2021</b>	<b>20,399,069</b>	<b>24,302,858</b>	<b>3,484,793</b>	<b>98,697</b>	<b>48,285,417</b>

- (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 2022 and 2021.

## 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, 2022 and June 30, 2021.

	<b>Unaudited Amounts RMB'000</b>
<b>At January 1, 2022</b>	<b>4,468,518</b>
Additions	1,357,678
Derecognition	(529,494)
Fair value changes recognized in condensed consolidated interim income statement	(141,947)
Exchanged adjustment	(42,845)
Interest paid	(5,182)
<b>At June 30, 2022</b>	<b>5,106,728</b>
<b>At January 1, 2021</b>	4,603,240
Additions	1,602,004
Derecognition	(1,624,624)
Fair value changes recognized in condensed consolidated interim income statement	(193,301)
Interest paid	(36,252)
Exchanged adjustment	(96,363)
<b>At June 30, 2021</b>	<b>4,254,704</b>

## 6. Segment information

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

For management purpose, the Group is organized into business units based on their products and services. Different businesses require different technologies and marketing strategies. The Group, therefore, separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance. In the second half of 2021, based on strategic considerations and internal management arrangements, the management reorganizes the business of the Group into two sectors: industrial operations and industrial incubations and investments, among which Lenovo, Levima Group, Joyvio Group and BIL are divided into the industrial operations sector; other businesses will be adjusted to the industrial incubations and investments sector. The Group presented segment information based on this segment in 2022 and have restated the comparative information for the same period.

## 6. Segment information (Continued)

Industrial operations:

- Lenovo, which is primarily engaged in providing innovative intelligent devices and infrastructure, and creates intelligent solutions, services and software;
- Levima Group, which mainly engaged in the research and development, production and sales of advanced material products;
- Joyvio Group, which operates mainly to engaged in modern agriculture and food related business;
- BIL, which mainly offers integrated banking services, including corporate and institutional banking, retail banking, private banking, capital markets, etc.

Industrial incubations and investments:

Which is engaged in investment in the 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 aviation logistics, financial services, medical and health care, and office leasing services related business, etc.

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, 2022

	Unaudited							
	Industrial operations				Industrial incubations and investments	Unallocated	Elimination	Total
	Lenovo	Levima	Joyvio	BIL				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Segment revenue</b>								
Sales/provide services to external customers	217,973,926	4,482,804	11,219,297	1,038,075	1,717,402	-	-	236,431,504
Net interest income	-	-	-	1,061,411	191,632	-	-	1,253,043
Inter-segment sales/provide services	-	-	-	-	3,269	-	(3,269)	-
<b>Total</b>	<b>217,973,926</b>	<b>4,482,804</b>	<b>11,219,297</b>	<b>2,099,486</b>	<b>1,912,303</b>	<b>-</b>	<b>(3,269)</b>	<b>237,684,547</b>
<b>Segment results</b>								
Profit/(loss) before income tax	7,842,549	615,148	528,924	504,553	(672,729)	(927,008)	-	7,891,437
Income tax (expense)/credit	(1,618,429)	(101,633)	(76,810)	(50,227)	894,298	231,752	-	(721,049)
<b>Profit/(loss) for the period</b>	<b>6,224,120</b>	<b>513,515</b>	<b>452,114</b>	<b>454,326</b>	<b>221,569</b>	<b>(695,256)</b>	<b>-</b>	<b>7,170,388</b>
<b>Profit/(loss) attributable to equity holders of the Company for the period</b>	<b>1,973,197</b>	<b>262,525</b>	<b>185,110</b>	<b>408,803</b>	<b>(2,952)</b>	<b>(695,256)</b>	<b>-</b>	<b>2,131,427</b>
<b>Other segment information:</b>								
Depreciation and amortisation	(4,262,373)	(274,098)	(302,086)	(198,364)	(83,339)	(4,311)	-	(5,124,571)
Impairment loss for non-current assets (Note 8)	-	-	-	(14,061)	-	-	-	(14,061)
Investment (loss)/income and gains (Note 7)	(164,711)	641	28,827	65,018	(1,138,313)	-	-	(1,208,538)
Finance income (Note 9)	242,572	24,926	13,909	-	47,963	210,424	(4,168)	535,626
Finance costs (Note 9)	(1,196,140)	(87,702)	(219,831)	-	(394,977)	(1,034,198)	4,168	(2,928,680)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(52,817)	(64)	63,459	-	373,809	-	-	384,387
Material non-cash items other than depreciation and amortisation	(1,139,321)	-	-	-	-	-	-	(1,139,321)
Capital expenditure	5,094,619	582,057	639,691	363,320	41,921	462	-	6,722,070

## 6. Segment information (Continued)

### Revenue and Profit (Continued)

Six months ended June 30, 2021

	Unaudited							Total RMB'000
	Industrial operations (Restate)			Industrial incubations and investments		Unallocated (Restate) RMB'000	Elimination (Restate) RMB'000	
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000	(Restate) RMB'000			
<b>Segment revenue</b>								
Sales/provide services to external customers	210,776,215	3,894,233	9,777,839	1,182,104	1,602,237	-	-	227,232,628
Net interest income	-	-	-	1,099,440	233,203	-	-	1,332,643
Inter-segment sales/provide services	-	-	-	-	3,706	-	(3,706)	-
<b>Total</b>	<b>210,776,215</b>	<b>3,894,233</b>	<b>9,777,839</b>	<b>2,281,544</b>	<b>1,839,146</b>	<b>-</b>	<b>(3,706)</b>	<b>228,565,271</b>
<b>Segment results</b>								
Profit/(loss) before income tax	6,670,916	636,265	310,574	383,963	4,845,746	(1,040,167)	-	11,807,297
Income tax (expense)/credit	(1,683,835)	(89,636)	(10,745)	(50,879)	(1,470,625)	215,833	-	(3,089,887)
<b>Profit/(loss) for the period</b>	<b>4,987,081</b>	<b>546,629</b>	<b>299,829</b>	<b>333,084</b>	<b>3,375,121</b>	<b>(824,334)</b>	<b>-</b>	<b>8,717,410</b>
<b>Profit/(loss) attributable to equity holders of the Company for the period</b>	<b>1,538,720</b>	<b>274,765</b>	<b>239,903</b>	<b>299,722</b>	<b>3,162,443</b>	<b>(824,334)</b>	<b>-</b>	<b>4,691,219</b>
<b>Other segment information:</b>								
Depreciation and amortisation	(3,896,298)	(237,103)	(250,041)	(222,802)	(97,347)	(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	32,193	256,507	248,465	5,104,470	(16,635)	-	6,669,127
Finance income (Note 9)	124,662	13,450	15,731	-	54,816	266,044	(5,386)	469,317
Finance costs (Note 9)	(1,300,216)	(107,847)	(202,088)	-	(404,881)	(1,144,350)	5,386	(3,153,996)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(61,608)	3,325	95,708	13,229	19,238	-	-	69,892
Material non-cash items other than depreciation and amortisation	(1,281,986)	-	-	-	-	-	-	(1,281,986)
Capital expenditure	7,422,525	162,494	713,913	346,834	103,180	5,100	-	8,754,046

## 6. Segment information (Continued)

### Assets and liabilities

As at June 30, 2022

	Unaudited							Total RMB'000
	Industrial operations				Industrial incubations and investments RMB'000	Unallocated RMB'000	Elimination RMB'000	
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000				
<b>Segment assets</b>	280,284,211	13,807,030	23,992,574	243,472,499	112,906,170	22,939,848	(2,913,769)	694,488,563
<b>Segment liabilities</b>	256,890,488	6,378,434	15,578,771	226,407,189	32,741,765	58,503,418	(2,913,769)	593,586,296
Associates and joint ventures using equity accounting	2,245,702	290,291	766,564	4,742	13,365,287	-	-	16,672,586
Associates measured at fair value through profit or loss	-	-	-	-	19,543,724	-	-	19,543,724

As at December 31, 2021

	Audited							Total RMB'000
	Industrial operations				Industrial incubations and investments RMB'000	Unallocated RMB'000	Elimination RMB'000	
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000				
<b>Segment assets</b>	275,232,792	13,107,334	23,448,506	236,247,856	114,807,669	20,571,084	(2,729,067)	680,686,174
<b>Segment liabilities</b>	257,501,010	6,235,830	15,297,032	219,103,729	31,114,499	61,352,417	(2,729,067)	587,875,450
Associates and joint ventures using equity accounting	544,319	290,354	827,344	4,885	13,268,504	-	-	14,935,406
Associates measured at fair value through profit or loss	-	-	-	-	19,903,531	-	-	19,903,531

## 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,	
	2022 RMB'000	2021 RMB'000
China	64,602,957	64,023,825
Asia-Pacific region excluding China	36,928,909	37,192,803
Europe/Middle east/Africa	58,178,045	58,022,419
Americas	77,974,636	69,326,224
Total	237,684,547	228,565,271

### (b) Analysis of revenue by timing of revenue recognition

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
At a point in time	227,349,334	219,452,323
Over time	10,335,213	9,112,948
Total	237,684,547	228,565,271

## 7. Investment (loss)/income and gains

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Gains on disposal/dilution of associates	217,196	729,048
Gains on disposal of subsidiaries	2,876	231,430
Fair value (loss)/gains and dividend income from associates measured at fair value through profit or loss	(862,330)	2,871,196
Disposal (loss)/gains/fair value (loss)/gains/dividend income from financial instruments at fair value through profit or loss and others	(566,280)	2,837,453
	<b>(1,208,538)</b>	6,669,127

## 8. Expenses by nature

	Unaudited Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Cost of inventories sold	182,533,227	176,385,523
Employee benefit expense	19,994,905	20,714,832
Office and administrative expense	2,633,565	2,030,844
Advertising costs	3,578,708	3,106,824
Depreciation and amortisation	5,124,571	4,708,689
Impairment (reversal)/loss for loans to customers	(29,167)	358,076
Impairment loss for other financial assets	117,467	929,550
Impairment loss for non-current assets	14,061	163,064
Customer support service	2,455,546	2,435,431
Consultancy and professional fees	1,043,280	1,210,665
Labs and testing	1,367,409	1,191,129
Lease payments	123,983	95,255
Taxes and surcharges	563,045	463,878
Transportation expense	553,281	402,909
Inventory write-down	1,448,205	244,974
Other expenses (i)	5,310,960	5,209,059
	<b>226,833,046</b>	219,650,702

- (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,	
	2022	2021
	RMB'000	RMB'000
Interest expense (i):		
– Bank loans and overdrafts	1,117,297	1,145,775
– Other loans	397,786	339,816
– Bonds	904,936	1,069,727
– Lease liabilities	80,161	89,876
Factoring costs	388,830	421,531
Interest costs on contingent considerations and put option liability	39,670	87,271
<b>Finance costs</b>	<b>2,928,680</b>	3,153,996
Finance income (i):		
– Interest income on bank deposits and money market funds	(394,770)	(250,907)
– Interest income on loans to related parties	(75,996)	(129,165)
– Interest income on loans to non-related parties	(64,860)	(89,245)
<b>Finance income</b>	<b>(535,626)</b>	(469,317)
<b>Net finance costs</b>	<b>2,393,054</b>	2,684,679

- (i) Finance income and costs do not include income and costs from subsidiaries which are engaged in banking business and micro-loan business. Interest income and expense generated from banking business are displayed in “interest income” and “interest expense” in the condensed consolidated interim income statement. Interest income and expense generated from micro-loan business are displayed in “interest income” and “cost of sales and services” 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,	
	2022 RMB'000	2021 RMB'000
<b>Current income tax</b>		
Current income tax on profits for the period	2,796,386	2,636,503
Land appreciation tax	18	80,124
	<b>2,796,404</b>	2,716,627
<b>Deferred income tax (Note 23)</b>	<b>(2,075,355)</b>	373,260
<b>Income tax expense</b>	<b>721,049</b>	3,089,887

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,	
	2022 RMB'000	2021 RMB'000
Profit before tax	7,891,437	11,807,297
<b>Tax effects of:</b>		
Tax calculated at domestic rates applicable in countries or regions concerned	2,003,559	2,937,873
Income not subject to tax	(1,766,478)	(2,928,745)
Expenses not deductible for tax purposes	1,425,680	2,216,819
Utilisation of previously unrecognised tax losses/temporary differences	(1,180,186)	(265,175)
Deferred income tax assets not recognised	502,635	845,637
Others	(264,179)	203,354
Enterprise income tax	721,031	3,009,763
Land appreciation tax	18	80,124
<b>Income tax expense</b>	<b>721,049</b>	3,089,887

## 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,	
	2022	2021
Profit attributable to equity holders of the Company for calculating basic earnings per share (RMB'000)	<b>2,131,427</b>	4,691,219
Diluted impact on earnings (RMB'000) (i)	<b>(183,358)</b>	(170,524)
Profit attributable to equity holders of the Company for calculating diluted earnings per share (RMB'000)	<b>1,948,069</b>	4,520,695
Weighted average number of issued ordinary shares (thousands)	<b>2,356,231</b>	2,356,231
Less weighted average number of shares held for share incentive plan (thousands)	<b>(17,390)</b>	(17,390)
Weighted average number of issued ordinary shares for calculating basic earnings per share (thousands)	<b>2,338,841</b>	2,338,841
Potential dilutive effect arising from share incentive plan (thousands)(ii)	<b>5,225</b>	–
Weighted average number of issued ordinary shares for calculating diluted earnings per share (thousands) (ii)	<b>2,344,066</b>	2,338,841
<b>Earnings per share</b>		
– Basic (RMB per share)	<b>0.91</b>	2.01
– Diluted (RMB per share)	<b>0.83</b>	1.93

(i) 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 assuming conversion of all dilutive potential ordinary shares and adjusting the weighted average number of ordinary shares in issue accordingly. The Company's dilutive potential ordinary shares comprise shares related to Share Incentive plan. The number of dilutive potential ordinary shares is calculated as the difference between the number of shares calculated by converting the monetary value of the remaining outstanding restricted incentive share to the fair value per share of ordinary shares for the period (the average market price of the Company's shares for the corresponding period) compared to the number of shares assuming conversion of restricted shares to ordinary shares.

## 12. Property, plant and equipment and intangible assets

	Unaudited For the six months ended June 30, 2022	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>At January 1, 2022</b>	<b>26,613,671</b>	<b>63,617,646</b>
Additions	4,726,971	1,284,729
Transfers to intangible assets	(1,393,420)	1,393,420
Transfers to investment property	(1,014)	–
Acquisition of subsidiaries	4,329	30,313
Disposal of subsidiaries	(69)	(260)
Disposals	(268,904)	(19,398)
Depreciation/amortisation charge	(1,724,349)	(2,770,774)
Impairment loss	–	(14,061)
Exchange adjustment	325,475	1,134,064
<b>At June 30, 2022</b>	<b>28,282,690</b>	<b>64,655,679</b>

  

	Unaudited For the six months ended June 30, 2021	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>At January 1, 2021</b>	<b>23,351,343</b>	<b>65,450,440</b>
Additions	3,569,819	4,169,359
Transfers to intangible assets	(930,590)	930,590
Transfers to investment property	(32,799)	–
Acquisition of subsidiaries	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)
<b>At June 30, 2021</b>	<b>25,547,804</b>	<b>66,963,535</b>

### 13. Investment properties

	Unaudited	
	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At beginning of the period</b>	<b>12,466,265</b>	12,315,945
Additions	<b>34,973</b>	7,011
Fair value gains/(losses)	<b>310,595</b>	(52,317)
Disposals	<b>(74,874)</b>	(9,907)
Transfer from property, plant and equipment	<b>1,014</b>	155,188
Exchange adjustment	<b>(8,586)</b>	(7,930)
<b>At the end of the period</b>	<b>12,729,387</b>	12,407,990

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, 2022 and December 31, 2021 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, 2022 and December 31, 2021, 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/(losses) are recognised in "other gains/(losses) – net" of the condensed consolidated interim income statement.

## 14. Accounts and notes receivables

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
<b>Accounts and notes receivables at amortised cost</b>		
Trade receivables	<b>6,586,144</b>	4,288,004
Notes receivables	<b>567,002</b>	865,515
Receivables arising from finance leases	<b>6,860,359</b>	6,697,172
Less: allowances of impairment loss	<b>(612,648)</b>	(555,195)
<b>Accounts receivable and notes receivable measured at amortised cost-net</b>		
	<b>13,400,857</b>	11,295,496
<b>Trade receivables measured at FVOCI</b>		
Trade receivables financing (i)	<b>77,878,576</b>	78,404,137
<b>Accounts and notes receivables</b>		
	<b>91,279,433</b>	89,699,633

(i) Lenovo, a subsidiary of the Company, 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, 2022, the allowance of impairment loss of trade receivables financing is RMB999 million (As at December 31, 2021: RMB808 million).

As at June 30, 2022 and December 31, 2021, the ageing analysis of the trade receivables and trade receivables financing based on invoice date was as follows:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Up to 3 months	<b>77,875,679</b>	79,412,122
3 to 6 months	<b>4,966,556</b>	2,681,983
6 months to 1 year	<b>1,986,698</b>	559,662
1 to 2 years	<b>272,516</b>	432,736
2 to 3 years	<b>206,696</b>	377,857
Over 3 years	<b>155,500</b>	35,799
	<b>85,463,645</b>	83,500,159

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

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Receivables from parts subcontractors	<b>10,532,838</b>	17,757,774
Prepayments	<b>7,486,367</b>	6,481,834
Prepaid tax	<b>5,791,097</b>	5,644,386
Amounts due from related parties (Note 27(b))	<b>1,428,480</b>	1,390,379
Advance to suppliers	<b>3,029,176</b>	3,268,830
Deposits receivable	<b>1,197,311</b>	1,231,406
Advance to employees	<b>80,469</b>	92,053
Adjustment for in-transit products	<b>69,792</b>	229,541
Interest receivable	<b>88,857</b>	101,284
Others	<b>6,137,234</b>	5,355,610
	<b>35,841,621</b>	41,553,097
Less: allowances for impairment loss	<b>(342,733)</b>	(347,071)
	<b>35,498,888</b>	41,206,026

## 16. Loans to customers

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

	<b>Unaudited As at 30 June, 2022 RMB'000</b>	Audited As at 31 December, 2021 RMB'000
Banking service (a)	<b>118,469,631</b>	120,437,196
Other service (b)	<b>7,546,707</b>	7,050,653
<b>Total</b>	<b>126,016,338</b>	127,487,849
Less: allowances for impairment loss	<b>(3,493,354)</b>	(3,661,590)
Net loans to customers	<b>122,522,984</b>	123,826,259
Less: current portion	<b>(45,729,587)</b>	(45,951,978)
Non-current portion	<b>76,793,397</b>	77,874,281

## 16. Loans to customers (Continued)

## (a) Banking service

	<b>Unaudited As at 30 June, 2022 RMB'000</b>	Audited As at 31 December, 2021 RMB'000
On demand and short notice	<b>2,372,515</b>	1,055,662
Finance leases	<b>1,498,107</b>	1,533,524
Other term loans	<b>114,599,009</b>	117,848,010
<b>Total</b>	<b>118,469,631</b>	120,437,196
Less: allowances for impairment loss		
– Stage 1	<b>(288,733)</b>	(321,600)
– Stage 2	<b>(222,205)</b>	(217,245)
– Stage 3	<b>(1,522,537)</b>	(1,606,450)
<b>Total allowances for impairment loss</b>	<b>(2,033,475)</b>	(2,145,295)
<b>Net loans to customers</b>	<b>116,436,156</b>	118,291,901

## (b) Other service

	<b>Unaudited As at 30 June, 2022 RMB'000</b>	Audited As at 31 December, 2021 RMB'000
Direct loans and pawn loans to customers	<b>4,584,831</b>	4,496,796
Entrusted loans to customers	<b>2,961,876</b>	2,553,857
<b>Total</b>	<b>7,546,707</b>	7,050,653
Less: allowances for impairment loss		
– Stage 1	<b>(83,610)</b>	(98,502)
– Stage 2	<b>(14,310)</b>	(37,464)
– Stage 3	<b>(1,361,959)</b>	(1,380,329)
<b>Total allowances for impairment loss</b>	<b>(1,459,879)</b>	(1,516,295)
<b>Net loans to customers</b>	<b>6,086,828</b>	5,534,358

## 17. Trade and notes payables

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Trade payables	<b>81,238,289</b>	83,015,123
Notes payables	<b>14,338,583</b>	7,065,323
	<b>95,576,872</b>	90,080,446

As at June 30, 2022 and December 31, 2021, the ageing analyses of the trade payables based on invoice date were as follows:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
0-30 days	<b>41,722,859</b>	58,745,328
31-60 days	<b>19,480,540</b>	13,877,053
61-90 days	<b>11,321,031</b>	6,586,847
91 days-1 year	<b>8,487,252</b>	3,707,141
Over 1 year	<b>226,607</b>	98,754
	<b>81,238,289</b>	83,015,123

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

## 18. Other payables and accruals

	<b>Unaudited</b> <b>As at</b> <b>June 30,</b> <b>2022</b> <b>RMB'000</b>	Audited As at December 31, 2021 RMB'000
Payable to parts subcontractors	<b>40,029,108</b>	43,767,115
Allowance for billing adjustment (i)	<b>24,208,214</b>	22,441,233
Accrued expenses	<b>14,710,062</b>	14,588,860
Payroll payable	<b>7,541,041</b>	10,653,415
Other taxes payable	<b>2,902,990</b>	4,169,163
Collection of factoring payments	<b>1,183,087</b>	–
Amounts due to related parties (ii) (Note 27(b))	<b>1,041,959</b>	597,071
Social security payable	<b>1,532,732</b>	1,072,481
Deposits payable	<b>538,639</b>	497,563
Interest payable	<b>566,958</b>	613,037
Royalty payable	<b>447,167</b>	510,056
Deferred consideration	<b>99,852</b>	199,907
Written put option liability (Note 20(c))	<b>2,908,170</b>	2,209,467
Others	<b>11,125,776</b>	11,221,164
	<b>108,835,755</b>	112,540,532

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

(ii) As at June 30, 2022 and December 31, 2021, the amounts due to related parties are unsecured.

## 19. Amounts due to customers

	<b>Unaudited</b> <b>As at</b> <b>June 30,</b> <b>2022</b> <b>RMB'000</b>	Audited As at December 31, 2021 RMB'000
Demand deposits	<b>96,218,931</b>	96,017,157
Savings deposits	<b>21,373,269</b>	23,615,635
Term deposits	<b>35,969,172</b>	29,678,550
Cash collateral	<b>13,675</b>	8,721
<b>Total</b>	<b>153,575,047</b>	149,320,063
Less: Non-current portion	<b>(2,457,587)</b>	(2,648,144)
Current portion	<b>151,117,460</b>	146,671,919

Amount due to customers are all from BIL.

## 20. Other non-current liabilities

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Deferred considerations (a)	<b>168,268</b>	159,852
Government incentives and grants received in advance (b)	<b>943,081</b>	965,966
Written put option liability (c)	<b>1,754,824</b>	4,663,277
Long-term payables	<b>3,169,821</b>	3,518,480
Others	<b>764,132</b>	740,518
	<b>6,800,126</b>	10,048,093

### (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. On the balance sheet date, deferred considerations are carried at amortised cost. Deferred considerations due within one year are reclassified to "Other payables and accruals".

As at June 30, 2022 and December 31, 2021, 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:

	<b>Unaudited As at June 30, 2022</b>	Audited As at December 31, 2021
Joint venture with NEC Corporation	<b>USD25 million</b>	USD25 million
Precision Capital S.A.	-	EUR18 million

### (b) Government incentives and grants received in advance

Government incentives and grants received in advance by the Group included in other non-current liabilities are mainly related to research and development projects and construction of property, plant and equipment. The Group 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 (“FCCL”). Both options will be exercisable following the fifth anniversary of the date of completion (after May 2, 2023). The exercise price for the call and put options will be determined based on the fair value of the 49% interest of FCCL as of the day of exercising the option. At June 30, 2022, the written put option liabilities to Fujitsu has been reclassified to current liabilities as the written put option will be exercisable within the next twelve months.

During the period ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd (“ZJSB”) acquired the 49% interest in a joint venture company (“JV Co”) from Compal Electronics, Inc. Lenovo and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP (“Yuan Jia”) in 2018, which holds 99.31% interest in ZJSB, Lenovo and Yuan Jia are respectively granted call and put options which entitle Lenovo to purchase from Yuan Jia, or Yuan Jia to sell to Lenovo, the 99.31% interest in ZJSB.

During the option exercise period, Yuan Jia notified Lenovo of its intention to exercise its put option. On December 28, 2021, ZJSB, Yuan Jia and Lenovo entered into an agreement pursuant to which ZJSB transferred 39% interest in the JV Co to Lenovo at an exercise price of RMB1,895 million (approximately USD297 million). Upon completion on January 10, 2022, Lenovo and ZJSB respectively owns 90% and 10% of the interest in the JV Co.

Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement whereby 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 after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately USD75 million).

- (2) Pursuant to the contract of Chinese foreign equity joint venture (“the Contract”) entered into between the Company in 2019, Joyvio Group, the subsidiary of the Company, and Saturn Agriculture Investment Co., Limited (“Saturn”), 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

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Debt instruments (i)	<b>11,095,744</b>	10,593,579
Preferred shares	<b>303,275</b>	280,410
<b>Total</b>	<b>11,399,019</b>	10,873,989
Less: current portion	<b>(2,271,379)</b>	(1,612,896)
Non-current portion	<b>9,127,640</b>	9,261,093

- (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.

## 22. Borrowings

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Bank loans		
– Unsecured loans	<b>32,711,176</b>	33,305,947
– Guaranteed loans	<b>18,643,751</b>	17,731,358
– Collateralised loans	<b>8,436,512</b>	8,912,996
Other loans (i)		
– Unsecured loans	<b>870,000</b>	870,000
– Guaranteed loans	<b>1,124,697</b>	1,566,034
– Collateralised loans	<b>5,650,000</b>	5,759,891
Corporate bonds		
– Unsecured	<b>52,432,254</b>	59,343,792
– Asset backed securities and notes	<b>1,933,833</b>	464,820
– Convertible bonds	<b>5,244,597</b>	4,913,847
	<b>127,046,820</b>	132,868,685
Less: current portion	<b>(45,653,117)</b>	(37,624,912)
Non-current portion	<b>81,393,703</b>	95,243,773

Borrowings are repayable as follows:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Within 1 year	<b>45,653,117</b>	37,624,912
After 1 year but within 2 years	<b>35,515,266</b>	36,180,258
After 2 years but within 5 years	<b>28,094,794</b>	41,373,356
After 5 years	<b>17,783,643</b>	17,690,159
	<b>127,046,820</b>	132,868,685

(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:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Deferred tax assets	<b>20,512,877</b>	18,606,062
Deferred tax liabilities	<b>(9,586,500)</b>	(9,938,336)
Deferred tax assets – net	<b>10,926,377</b>	8,667,726

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

	<b>Unaudited Six months ended June 30,</b>	
	<b>2022 RMB'000</b>	2021 RMB'000
<b>At beginning of the period</b>	<b>8,667,726</b>	9,928,466
Credited/(charged) to the income statement	<b>2,075,355</b>	(373,260)
Charged to other comprehensive income	<b>(112,177)</b>	(30,347)
Directly (charged)/credited to equity	<b>(101,479)</b>	158,616
Acquisition of subsidiaries	<b>(1,008)</b>	(49,900)
Disposal of subsidiaries	–	163
Exchange adjustment	<b>397,960</b>	(312,324)
<b>At end of the period</b>	<b>10,926,377</b>	9,321,414

## 24. Provisions

	Unaudited					
	Environmental		Restructuring	Financial		Total
	Warranties	restoration		guarantees (i)	Others	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>As at January 1, 2022</b>	<b>8,107,373</b>	<b>208,434</b>	<b>55,056</b>	<b>95,768</b>	<b>69,584</b>	<b>8,536,215</b>
Provision made	2,330,897	81,912	5,410	27,608	1,387	2,447,214
Amount utilised/Unused amounts reversed	(2,934,204)	(78,628)	(29,588)	(35,657)	(7,455)	(3,085,532)
Exchange adjustment	223,553	(18,417)	(4,416)	(2,202)	(3,535)	194,983
<b>As at June 30, 2022</b>	<b>7,727,619</b>	<b>193,301</b>	<b>26,462</b>	<b>85,517</b>	<b>59,981</b>	<b>8,092,880</b>
Non-current portion	(1,607,374)	(160,590)	(3,595)	(84,692)	(11,897)	(1,868,148)
Current portion	<b>6,120,245</b>	<b>32,711</b>	<b>22,867</b>	<b>825</b>	<b>48,084</b>	<b>6,224,732</b>
<b>As at January 1, 2021</b>	<b>7,533,565</b>	<b>225,364</b>	<b>40,666</b>	<b>85,661</b>	<b>61,992</b>	<b>7,947,248</b>
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)
<b>As at June 30, 2021</b>	<b>7,786,998</b>	<b>214,107</b>	<b>22,957</b>	<b>74,784</b>	<b>47,448</b>	<b>8,146,294</b>
Non-current portion	(1,732,108)	(189,946)	(3,943)	(72,875)	(3,275)	(2,002,147)
Current portion	<b>6,054,890</b>	<b>24,161</b>	<b>19,014</b>	<b>1,909</b>	<b>44,173</b>	<b>6,144,147</b>

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, 2022 and December 31, 2021:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Financial guarantee of guarantee business (a)	<b>8,229,034</b>	8,666,462
Other guarantee (b)		
– Related parties (Note 27(c))	<b>1,938,892</b>	2,628,577
– Unrelated parties	<b>180,000</b>	479,826
	<b>10,347,926</b>	11,774,865

(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, 2022 and December 31, 2021, the guarantee balance was RMB8,229 million and RMB8,666 million respectively. The Directors evaluate the financial position of the guaranteed entities and make provision accordingly. As at June 30, 2022 and December 31, 2021, the provision made by the Group was RMB86 million and RMB96 million respectively, which were included in “Provisions” in the condensed consolidated interim balance sheet.

(b) **Other guarantee**

As at June 30, 2022 and December 31, 2021, the total guarantee balances the Group provided to related parties and unrelated parties were approximately RMB2,119 million and RMB3,108 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, 2022 and December 31, 2021, 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, 2022 (six months ended June 30, 2021: Nil).

At the Company's annual general meeting held on June 29, 2022, the profit distribution plan of the Company for the year ended December 31, 2021 to distribute a final dividend of RMB0.40 (before tax) per ordinary Share, totally approximately RMB942 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:

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
Property, plant and equipment	<b>946,473</b>	832,678
Intangible assets	<b>4,890</b>	8,914
Investments (i)	<b>3,909,934</b>	4,087,189
<b>Total</b>	<b>4,861,297</b>	4,928,781

- (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. 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, 2022 and 2021, respectively.

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
<b>Purchase of goods from</b>		
– Associates	357,591	547,970
<b>Sales of goods to</b>		
– Associates	21,134	50,981
<b>Services received from</b>		
– Associates	23,991	385
<b>Rendering of services to</b>		
– Associates	85,035	32,291
<b>(Loans from related parties)/loans to related parties, net</b>		
– Associates	(450,715)	2,550,528
<b>Interest income from</b>		
– Associates	78,481	136,390
<b>Interest expenses to</b>		
– Associates	69,002	48,611
<b>Equity received from</b>		
– Associates	–	486,845
<b>(Release of guarantee)/guarantee to related parties, net</b>		
– Associates	(689,685)	(2,629,404)

## 27. Related party transactions (Continued)

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

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
<b>Accounts and notes receivables</b>		
– Associates	1,984	8,630
<b>Prepayment, other receivables and other current assets</b>		
– Associates	1,428,480	1,390,379
<b>Trade and notes payables</b>		
– Associates	164,449	3,503
<b>Other payables and accruals</b>		
– Associates	1,041,959	597,071
<b>Borrowings</b>		
– Associates	3,147,300	2,832,039
<b>Other non-current assets</b>		
– Associates	2,503,143	2,765,568
<b>Loans to customers</b>		
– Associates	759,858	607,057
<b>Loans to credit institutions</b>		
– Associates	9,330	10,779

## (c) The balance of the guarantee provided to related parties

	<b>Unaudited As at June 30, 2022 RMB'000</b>	Audited As at December 31, 2021 RMB'000
The balance of the guarantee provided to associates	1,938,892	2,628,577

# 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*)

Mr. LUO Cheng

Mr. ZHANG Yong

## 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](http://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.



**联想控股**  
**LEGEND HOLDINGS**  
EMPOWERING COMPANIES TOWARD GREATNESS