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聯想控股股份有限公司  
Legend Holdings Corporation

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

(Stock Code: 03396)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Board of Legend Holdings Corporation announces the audited annual results of the Company and its subsidiaries for the year ended December 31, 2023 together with the comparative figures for the corresponding period of last year as follows:

|  | Year Ended December 31, |                       |
|--|-------------------------|-----------------------|
|  | 2023<br>(RMB million)   | 2022<br>(RMB million) |
| <b>Revenue</b>   | <b>436,012</b>          | 483,663               |
| Industrial operations  | <b>431,589</b>          | 479,573               |
| Industrial incubations and investments                                     | <b>4,431</b>            | 4,095                 |
| Elimination  | <b>(8)</b>              | (5)                   |
| <b>Net profit</b>  | <b>630</b>              | 10,394                |
| Industrial operations  | <b>7,482</b>            | 13,730                |
| Industrial incubations and investments                                     | <b>(5,474)</b>          | (2,015)               |
| Unallocated  | <b>(1,378)</b>          | (1,321)               |
| <b>Net (loss)/profit attributable to equity holders of<br/>the Company</b> | <b>(3,874)</b>          | 1,167                 |
| Industrial operations  | <b>3,078</b>            | 4,820                 |
| Industrial incubations and investments                                     | <b>(5,574)</b>          | (2,332)               |
| Unallocated  | <b>(1,378)</b>          | (1,321)               |
| <b>Basic (loss)/earnings per share (RMB)</b>                               | <b>(1.65)</b>           | 0.50                  |
| <b>Diluted (loss)/earnings per share (RMB)</b>                             | <b>(1.68)</b>           | 0.37                  |

## CEO REPORT

In 2023, the macro environment at home and abroad was complicated and volatile. This was marked by a slowdown in the global economy, heightened uncertainties in the global markets, and particularly a surge in trade protectionism and geopolitical risks. These factors collectively disrupted the stability of the world economy. Despite all these unfavorable factors, China's economy continued to advance under the strong leadership of the CPC Central Committee. Industrial transformation and upgrading have been steadily advanced, the new development paradigm featuring "dual circulation" has been promoted in a well-conceived manner, and a new chapter of high-quality economic development has begun in full swing. The fundamentals sustaining China's economic growth in the long run remain unchanged. However, short-term influences such as fluctuations in the economic cycle and policy adjustments have led to challenges, including sluggish internally-driven growth momentum, a lack of efficient market demand, and pressure on the operating margins in the real economy. Consequently, Legend Holdings experienced a significant downturn in performance compared with the previous year. The decline suggests ample room for enhancing our business structure and the management of certain subsidiaries, and also underscores the need to meticulously examine and address any deficiencies. On the bright side, despite facing various challenges on the path to achieving high-quality development, Legend Holdings remained steadfast in its commitment to revitalizing China through its business and innovation-driven development strategy. In addition, by overcoming the adverse impact of external factors on its operations, Legend Holdings persevered in fulfilling its corporate social responsibilities, contributing to the social and economic development of the country, and integrating itself into China's strategy for modernization.

In 2023, Legend Holdings posted revenue of RMB436,012 million, a 10% year-on-year decrease. The net loss attributable to equity holders of Legend Holdings was RMB3,874 million, versus a profit of RMB1,167 million in the previous year.

## OPERATIONAL HIGHLIGHTS

### **The industrial operations segment remained resolute strategic determination with progress in expanding and strengthening its pillar industries**

During the Reporting Period, the industrial operations segment recorded revenue of RMB431,589 million, down by 10% year-on-year. Net profit attributable to Legend Holdings' equity holders decreased by 36% year-on-year to RMB3,078 million. Confronted with both opportunities and challenges, Legend Holdings has demonstrated unwavering strategic resolve. It has diligently focused on expanding and strengthening its pillar industries and accelerating the development of leading enterprises with international competitiveness and command over the industrial chain.

- Lenovo maintained its leading position in the IT industry. As the global PC market saw a year-on-year decline in shipments, Lenovo maintained its leading position in the PC market with strong outperformance and superior profitability. The share of Lenovo's non-PC business in its overall revenue further rose to 42%, demonstrating the effectiveness of its diversified growth engines. The performance of the Infrastructure Solutions Group (ISG) was under short-term pressure due to industry and market factors, but Lenovo retained its third position in the world in the storage device and AI infrastructure markets. In terms of high-performance computing, Lenovo held on to the top spot in the global TOP500 and Green100 rankings. During the Reporting Period, the Solutions and Services Group (SSG) secured its largest TruScale IaaS deal to date and continued to maintain high double-digit revenue and profit growth momentum with an operating margin of 20%, much higher than other Lenovo's business segments. During the Reporting Period, Lenovo posted revenue of RMB392,493 million and net profit attributable to equity holders of Legend Holdings was RMB1,982 million.

- Levima Advanced Materials adhered to its strategy of innovation-driven development amid a complex and dynamic environment in 2023. Following its annual business plan, it endeavored to leverage its core competencies to deal with market changes and challenges. It continued to optimize its product mix by elevating the proportion of high-margin products. It also ramped up efforts to achieve technological breakthroughs and enhance both operational and managerial efficiencies. The EVA output recorded a 13% year-on-year increase in 2023. In addition, Levima Advanced Materials remained committed to innovation-driven growth, aligning with China's national development strategies. It stepped up its independent R&D and innovation efforts in the fields of new energy materials, biomaterials and electronic materials to drive the development of new products and technologies. Simultaneously, it made advancements in new projects as planned, aiming for an early commencement of production. Levima Advanced Materials also continued to invest in new businesses. During the Reporting Period, Levima Group recorded revenue of RMB6,879 million and net profit attributable to equity holders of Legend Holdings of RMB228 million.
- In 2023, BIL recorded its best performance in nearly a decade despite external macro-economic challenges and its ongoing strategic transformation. It posted revenue of RMB6,127 million, an increase of 34% year-on-year. Net profit attributable to equity holders of Legend Holdings was RMB1,316 million, an increase of 43% year-on-year. BIL's solid revenue growth was accompanied by prudent cost and risk management. Its CET-1 ratio was 13.37%, and its international credit ratings remained relatively high level. Moreover, BIL rolled out its new Core Banking System to accelerate its intelligent transformation process. BIL has made significant progress in broadening its ESG investment product and service offerings. Its green finance practice case was selected as an excellent one in the *BRBR Green Finance Practice Cases (2023 Edition)*.
- Joyvio Group has continuously reinforced its fruit business by enhancing its vertically integrated supply chain and expanding strategic core products and market share, leveraging its channel advantages. While bolstering its premium animal protein export business in overseas markets, including the U.S., Europe and Asia-Pacific, Joyvio Group also focused on the domestic market by diversifying its product portfolio. However, the overseas salmon business has encountered a substantial profitability downturn due to rising feed costs, inflation, and elevated U.S. dollar rates, posing multiple challenges to its development. During the Reporting Period, Joyvio Group posted revenue of RMB26,090 million, an increase of 21% year-on-year, and a net loss attributable to equity holders of Legend Holdings of RMB448 million.

**The industrial incubations and investments segment concentrated on emerging industries with a forward-looking approach and a commitment to long-term investment**

During the Reporting Period, revenue from the industrial incubations and investments segment was RMB4,431 million, a year-on-year increase of 8%. The net loss attributable to equity holders of Legend Holdings was RMB5,574 million. Closely adhering to China's industrial plans and policy guidance, Legend Holdings focused its efforts on key areas such as AI, integrated circuits, new energy and advanced materials to support the country's emerging pillar industries in gaining competitive advantages. It also accelerated efforts to nurture specialized and innovative enterprises and strived to play a leading role in China's industrial upgrading.

- In 2023, Legend Capital raised RMB9 billion in new capital and reported assets under management (AUM) of over RMB80 billion. Legend Capital newly invested or increased investment in more than 50 projects, covering semiconductors, the digital economy, carbon peak and carbon neutrality, medical and healthcare services and other fields. It also partially or fully exited 65 projects. Four of its portfolio companies went public, and another four were approved to go through the IPO process. To date, its public portfolio companies has totaled 110. Legend Capital has invested in over 100 provincial specialized and innovative enterprises, over 80 national specialized and innovative “little giants”, more than 60 provincial enterprise technology centers, 16 state-level enterprise technology centers, and 16 niche-sector leaders in the manufacturing industry. Legend Capital is the fund manager of the Social Security Zhongguancun Independent Innovation Special Fund with an initial scale of RMB5 billion.
- In 2023, Legend Star reported AUM of nearly RMB5 billion and invested in more than 20 projects, covering large language models (LLMs), semiconductors, new energy, advanced materials, biopharmaceuticals, digital and intelligent healthcare and other fields. Legend Star exited nearly 15 projects, and nearly 60 projects completed their next funding rounds. Adlai Nortye, one of its portfolio companies, was listed on Nasdaq. To date, nearly 20 Legend Star’s portfolio companies have been selected as national specialized and innovative “little giants”.
- In 2023, Fullhan Microelectronics saw a decline in its performance amid adverse external conditions. However, it realized steady business development. Offering a full range of products from low- to high-end, Fullhan Microelectronics has been capable of providing one-stop solutions to its customers. Its products have been widely adopted in video processing and consumer segments, and have further found applications in the automotive and other sectors. With its performance under pressure, Fullhan Microelectronics maintained high R&D investment and accelerated its in-house R&D and innovation in key technologies. It was selected as a national specialized and innovative enterprise. In addition, several of its subsidiaries were selected as provincial and municipal specialized and innovative enterprises.
- In 2023, proactively approaching to national carbon-peak and carbon-neutrality targets, Zhengqi Holdings ventured into the photovoltaic industry by establishing a subsidiary, ZQi Solar Technology Co., Ltd. (正奇光能科技). Early in the same year, Zhengqi Holdings also signed a contract for the 20GW High-Efficiency N-type Solar Cells Smart Manufacturing Project (20GW高效N型電池片智能製造產業化項目) in Ma’anshan, Anhui province. The project, which will be implemented in three phases, saw the operation of the first phase of the 5GW high-efficiency N-type solar cells in December 2023. This represented a key step in Zhengqi Holdings’ transition to industrial operations from industrial investment. Meanwhile, Zhengqi Holdings continued to improve and innovate its products and services. Through its “finance + investment + industry” (金融+投資+產業) business model, it fostered the growth of innovative technology enterprises through investment-loan linkage and various empowerment initiatives, thus augmenting the value of its industrial chain. During the Reporting Period, two of Zhengqi Holdings’ investee companies were approved to go through the IPO process, and another three submitted listing applications that were accepted for review. To date, Zhengqi Holdings has served more than 6,000 industrial clients. The proportion of business from the strategically important emerging industries was 51% and 87%, respectively, for its debt and leasing businesses. Zhengqi Holdings has also served 22 national specialized and innovative enterprises and 6 provincial specialized and innovative enterprises through its investment business.

## **Empowered high-quality development by investing in artificial intelligence**

Dedicated to an innovation-driven growth strategy, Legend Holdings prioritizes the AI sector within its invested sectors. Since its investment in iFLYTEK in 2000, which marked its first foothold in the AI industry, Legend Holdings has been persistently pursuing AI opportunities. The collective efforts of Legend Holdings and its subsidiaries have culminated in a distinctive AI full-stack solution that integrates underlying technologies with practical business applications, spans products, services, and investments, and puts equal emphasis on short- and long-term values.

- With forward-looking investments in intelligent transformation, Lenovo has embraced AI from all perspectives by building pocket-to-cloud computing capabilities with a suite of AI-embedded smart terminals, AI-oriented infrastructure, and AI-native solutions and services. As the first PC maker to put forward and implement the AI PC vision, Lenovo provides consumers with tailor-made AI solutions through AI PCs. In the realm of AI-oriented infrastructure, Lenovo has built a comprehensive AI product line globally, with its shipments ranking firmly third in the world. In terms of high-performance computing, Lenovo held the first spot in the global TOP500 and Green100 rankings. In the field of AI-native solutions and services, Lenovo's AI Professional Services Practice helps customers develop the best AI strategies in a period of rapid changes. In addition, Lenovo worked closely with NVIDIA to provide professional AI services and has committed RMB7 billion to expedite the AI technology deployment and application. By continuously investing in AI technology innovation and expanding partnerships with other leading producers, Lenovo is well-positioned to capture the tremendous opportunities in the AI era.
- To date, Legend Holdings Family Group have invested in over 200 AI-related companies in various segments. Legend Holdings has grown to be one of the few Chinese enterprises with a full-stack AI portfolio covering layers of “device, technology, model, platform, and application”. With invested companies ranging from AI chip developers such as Cambricon Technologies, large language model (LLM) developers such as Zhipu AI, Langboat Technology, and DataGrand to AI application players Pony.ai and Megvii, Legend Holdings boasts industry-leading core technologies across all AI-related sectors, providing inexhaustible impetus for developing new quality productive forces. Meanwhile, Legend Holdings kept driving innovation through collaborations. For instance, it entered into a strategic partnership with Zhipu AI to engage in collaborative efforts in generative AI software and hardware and intelligent solutions and to investigate further opportunities for complementary and win-win cooperation. Moreover, by setting up venture funds with government entities and enhancing the coordination of industries, academia and research institutes, Legend Holdings Family Group is working with partners to drive AI applications and boost AI ecosystem development.

## **Diversified strategic measures implemented to expedite China’s new industrialization**

Designated by the CPC Central Committee with Comrade Xi Jinping at its core, the advancement of new industrialization serves as a major strategic plan to achieve the great rejuvenation of the Chinese nation in an era of unprecedented changes. As an enterprise that grew out of the Chinese Academy of Sciences ecosystem, Legend Holdings concentrates on multiple aspects, including building an innovation system powered by efficient collaboration, fostering more resilient and secure industrial and supply chains, and promoting the digital and intelligent transformation of SMEs. It adopted a range of measures to hasten the new industrialization process and drive the building of a manufacturing power of quality.

- Provided impetus for advancing new industrialization through enhanced technological innovation. Legend Holdings continued to achieve breakthroughs in core technologies in key areas and landmark products of strategic significance. During the Reporting Period, Lenovo launched a new generation of AI PC and multiple AI servers. Levima Advanced Materials’ polyolefin elastomer (POE) project, with a planned production capacity of 300,000 tons, will break the monopoly in the POE field held by foreign companies. Legend Holdings built an enterprise-led and market-oriented technological innovation system that features in-depth integration among industry, academia, research institutes, and end users. It set up the Legend Holdings Forward-Looking Technology Research Institute (联想控股前瞻技术研究院), in an effort to build an open and innovative incubation system and empower commercialization of R&D results. It also partnered with research universities to explore approaches to integrated development across education, technology, talent, and industries. Meanwhile, Legend Holdings supported high-tech entrepreneurs and innovation talent through free training programs. About half of the trainees of the 16th CEO Training Program are from frontier technology enterprises. Companies founded by the trainees cover a diverse range, including 32 high-tech enterprises and 28 specialized and innovative enterprises (accounting for 43%), with 11 among the latter titled as national specialized and innovative “little giants”.
- Built an industrial ecosystem involving SMEs, leading enterprises, and specialized and innovative enterprises. Leveraging its leading role in the industrial chain, Legend Holdings enhanced the robustness of both upstream and downstream businesses and encouraged domestic substitution, thereby laying a solid foundation for advancing new industrialization. To date, Lenovo has established intelligent collaboration platforms with more than 2,000 core upstream and downstream enterprises. Its supply chain has nurtured 45 national specialized and innovative enterprises, 15 niche-sector leaders, and seven product leaders. Levima Advanced Materials took the lead in achieving domestic substitution of EVA photovoltaic adhesive film materials. It also kept developing vertical industrial clusters in biomaterials and specialized materials in niche segments, intending to build itself into a leading new materials platform company. Fullhan Microelectronics placed great emphasis on the development opportunities along the upstream and downstream industrial chain. It engaged in efforts to incubate and invest in technology start-ups by fully leveraging its professional strengths and the resources and capabilities brought by the industry fund established with Legend Holdings. While creating development opportunities for start-ups, these efforts also enhanced its vertical integration and horizontal expansion capabilities.

- Accelerated the digital and intelligent transformation of SMEs and enhanced the quality and efficiency to advance new industrialization. Aligning itself with national policies, Legend Holdings, as an industrial chain leader, made significant progress in expediting the intelligent transformation of SMEs. Its subsidiary, Lenovo, provided SMEs with a matrix of smart end devices, stable computing power for all scenarios, hybrid cloud, industry solutions, and life-cycle intelligent transformation services. To date, Lenovo has served over a million SMEs and supported the intelligent transformation of more than 30,000 specialized and innovative enterprises, including over 3,000 national specialized and innovative “little giants”. Joyvio Group has completed the product R&D of its digital intelligent solutions for the fruit business and continued to explore a comprehensive and widely accepted system powered by digital and intelligent technologies to drive the integration between digitalization and the real economy in the agri-food industry. Its efforts to invigorate innovation and drive development also contributed to the local economy and rural revitalization.

### **Fulfilled its corporate social responsibilities by engaging in environmentally friendly projects to advance rural revitalization**

Since the 19th CPC National Congress, the rural revitalization strategy has been a key component of the broader goal of rejuvenating the Chinese nation. The 20th CPC National Congress further emphasized the need to “move faster to build up China’s strength in agriculture and steadily promote the revitalization of businesses, talent, culture, ecosystems, and organizations in the countryside”. Contributing to rural revitalization is a significant aspect of Legend Holdings’ corporate social responsibilities. Over the course of more than three decades, Legend Holdings has developed distinctive approaches to crucial initiatives such as nurturing rural talent and invigorating rural industries.

- Legend Holdings increased its support for rural education, providing support for more than 3,000 impoverished students in their educational and living expenses through the Legend Enterprising Class (聯想進取班). This program aims to build a strong talent pool to boost the revitalization of rural industries. Lenovo, a subsidiary making the most of its strengths, donated nearly 100 smart classrooms and built an educational ecosystem covering more than 1,500 schools, 300 enterprises, 3,000 teachers, and 10 educational disciplines, to bridge the gap between rural and urban education systems by sharing educational resources.
- Legend Holdings explored tailored development solutions, focusing on practical matters concerning people’s livelihoods. Since 2018, it has been supporting the Revolving Loans for Mothers project (母親創業循環金項目), helping women from low-income families start their businesses, which has benefited more than 1,500 people. While making efforts to gradually realize the informatization, standardization and intelligent transformation of agricultural production processes and rural governance services, Lenovo also launched the “Smart Agricultural Brain (智慧農業大腦)” for the government – the “Lenovo Le Farming (聯想Le農)”, a platform for smart agricultural and rural development. Joyvio Group developed a digital transformation solution for agri-food scenarios with Chinese characteristics – the “Digital and Intelligent Brain for Agri-food (農食數智大腦)”, propelling efforts to enhance the quality and efficiency of the vertically integrated agricultural industry. Thanks to its innovative application of digital and intelligent technology, Joyvio Group’s blueberry planting area in Yunnan Province reached 200,000 mu (about 13,333 hectares), creating nearly 200,000 new jobs for local farmers.

Apart from supporting rural revitalization, Legend Holdings actively participated in public-interest and charitable projects in many other ways. Legend Holdings financed livelihood projects, including helping the poor and needy, donating to schools, promoting social integrity, fighting epidemics, and providing disaster relief. In 2023, Legend Holdings Family Group's contributions and donations amounted to about RMB150 million.

## **OUTLOOK**

The decline in operational performance in 2023 requires in-depth reflection by the management. The year 2024 commemorates the 40th anniversary of Legend Holdings' establishment. Legend Holdings will stay true to its original aspiration of revitalizing China through business, continue to drive growth through innovation, and pursue high-quality development. Well-positioned to seize opportunities from this new wave of technological innovation, Legend Holdings is set to enhance the efficiency of transforming R&D results into commercial successes and the industrial application of technological advancements. We will also strengthen our core capabilities by capitalizing on our strengths in AI and other sectors. Meanwhile, we will continue to advance the strategic transformation of the Company and coordinate high-quality development with high-level security. We must confront challenges head-on and diffuse enterprise risks as we refine our business portfolio, increase returns on investments and optimize financial structure. We will encourage talent cultivation and fulfill our corporate social responsibilities. Forging ahead with fortitude, we will integrate ourselves into the country's pursuit of high-quality economic growth and contribute to China's modernization, technological self-reliance, and industrial transformation and upgrading.

**Legend Holdings Corporation**

**LI Peng**

*Executive Director and Chief Executive Officer*

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue contributions from the Company and its subsidiaries' businesses

*Unit: RMB million*

|   | 2023           | 2022           | Change in amount | Change %     |
|---|----------------|----------------|------------------|--------------|
| <b>Industrial Operations</b>                  | <b>431,589</b> | 479,573        | (47,984)         | (10%)        |
| Lenovo  | <b>392,493</b> | 444,397        | (51,904)         | (12%)        |
| Levima Group                                  | <b>6,879</b>   | 9,045          | (2,166)          | (24%)        |
| Joyvio Group                                  | <b>26,090</b>  | 21,568         | 4,522            | 21%          |
| BIL   | <b>6,127</b>   | 4,563          | 1,564            | 34%          |
| <b>Industrial Incubations and Investments</b> | <b>4,431</b>   | 4,095          | 336              | 8%           |
| Elimination                                   | <b>(8)</b>     | (5)            | (3)              | N/A          |
| <b>Total</b>                                  | <b>436,012</b> | <b>483,663</b> | <b>(47,651)</b>  | <b>(10%)</b> |

### Net profit/(loss) contributions attributable to equity holders of the Company from the Company and its subsidiaries' businesses

*Unit: RMB million*

|   | 2023           | 2022         | Change in amount | Change %      |
|---|----------------|--------------|------------------|---------------|
| <b>Industrial Operations</b>                  | <b>3,078</b>   | 4,820        | (1,742)          | (36%)         |
| Lenovo  | <b>1,982</b>   | 4,188        | (2,206)          | (53%)         |
| Levima Group                                  | <b>228</b>     | 504          | (276)            | (55%)         |
| Joyvio Group                                  | <b>(448)</b>   | (794)        | 346              | N/A           |
| BIL   | <b>1,316</b>   | 922          | 394              | 43%           |
| <b>Industrial Incubations and Investments</b> | <b>(5,574)</b> | (2,332)      | (3,242)          | N/A           |
| Unallocated                                   | <b>(1,378)</b> | (1,321)      | (57)             | N/A           |
| <b>Total</b>                                  | <b>(3,874)</b> | <b>1,167</b> | <b>(5,041)</b>   | <b>(432%)</b> |

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

*Unit: RMB million*

|   | 2023           | 2022    | Change in amount | Change % |
|---|----------------|---------|------------------|----------|
| <b>Industrial Operations</b>                  | <b>543,372</b> | 555,443 | (12,071)         | (2%)     |
| Lenovo  | <b>261,392</b> | 274,520 | (13,128)         | (5%)     |
| Levima Group                                  | <b>17,964</b>  | 15,206  | 2,758            | 18%      |
| Joyvio Group                                  | <b>21,800</b>  | 23,088  | (1,288)          | (6%)     |
| BIL   | <b>242,216</b> | 242,629 | (413)            | (0%)     |
| <b>Industrial Incubations and Investments</b> | <b>101,721</b> | 106,089 | (4,368)          | (4%)     |
| Unallocated                                   | <b>24,540</b>  | 22,696  | 1,844            | 8%       |
| Elimination                                   | <b>(3,900)</b> | (3,154) | (746)            | N/A      |
| <b>Total</b>                                  | <b>665,733</b> | 681,074 | (15,341)         | (2%)     |

## BUSINESS REVIEW

As of December 31, 2023, Legend Holdings posted revenue of RMB436,012 million, down 10% year on year. Its net profit was RMB630 million, a decrease of 94% year on year. The net loss attributable to Legend Holdings' equity holders was RMB3,874 million, representing a change from profit to loss. The loss was mainly attributable to the following factors: (1) Against the backdrop of the global economic slowdown, profits contributed by Lenovo and Levima Group in the Company's industrial operations segment declined year-on-year as a result of market and industry factors; (2) The investment gain in the industrial incubations and investments segment declined year-on-year because of the unfavorable market environment.

## 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 layout in the fields we operate in, leveraging substantive investments and refined post-investment operation and management to foster industry-leading enterprises with scale advantages and excellent profitability. Our industrial operations segment includes:

- Lenovo (Stock Code: 0992.HK), our subsidiary, which mainly provides innovative intelligent devices and infrastructure, and offers intelligent solutions, services, and software;
- Levima Group, our subsidiary, which mainly focuses on advanced materials research, development, production and sales;

- BIL, our subsidiary, which mainly provides comprehensive banking services, including corporate, institutional, retail and private banking, capital markets, and other businesses;
- Joyvio Group, our subsidiary, which operates businesses mainly in the fields of modern agriculture and food.

The industrial operations segment's revenue and net profit during the Reporting Period are as follows:

|  | <i>Unit: RMB million</i> |         |
|--|--------------------------|---------|
|  | <b>2023</b>              | 2022    |
| Revenue  | <b>431,589</b>           | 479,573 |
| Net profit   | <b>7,482</b>             | 13,730  |
| Net profit attributable to equity holders of Legend Holdings | <b>3,078</b>             | 4,820   |

During the Reporting Period, revenue from the industrial operations segment was RMB431,589 million, a year-on-year decline of 10%. The net profit attributable to equity holders of Legend Holdings was RMB3,078 million, a year-on-year decrease of 36%. The decrease was caused by the global economic slowdown, resulting in lower revenue and profit for Lenovo and Levima Group due to market and industry factors.

### ***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 December 31, 2023, Legend Holdings held a 31.44% equity interest in Lenovo, directly and indirectly.

Despite a multifaceted and complex global environment and shifting market dynamics in 2023, Lenovo sustained solid operating performance. Although the core PC business experienced a decline in performance due to an industry downturn, it resumed its growth in the fourth quarter as the PC industry almost completed its inventory destocking cycle. In spite of a global decline in PC shipments year-on-year, Lenovo managed to maintain its leading position in the PC market distinguished by its exceptional performance and keep its leading profitability. The proportion of revenue from its non-PC business further rose to 42%, demonstrating the effectiveness of its diversified growth drivers. Additionally, Lenovo continued to increase its investments in innovation and R&D personnel to enhance its distinctive edge in artificial intelligence. Lenovo's R&D staff accounts for more than 25% of its total workforce, with R&D expenses in 2023 reaching a record high.

Lenovo's revenue and net profit during the Reporting Period are as follows:

*Unit: RMB million*

|  | <b>2023</b>    | 2022    |
|--|----------------|---------|
| Revenue  | <b>392,493</b> | 444,397 |
| Net profit   | <b>6,722</b>   | 13,487  |
| Net profit attributable to equity holders of Legend Holdings | <b>1,982</b>   | 4,188   |

During the Reporting Period, Lenovo posted revenue of RMB392,493 million, down 12% year-on-year. The decrease was mainly attributable to a 15% year-on-year decline in the revenue of Intelligent Devices Group (IDG) caused by the inventory destocking cycle, which impacted the entire industry. Lenovo's net profit attributable to equity holders of Legend Holdings decreased by 53% year-on-year to RMB1,982 million, due to a 21% year-on-year decline in IDG's operating profit and the loss recorded by the Infrastructure Solutions Group (ISG) as a result of short-term market pressures.

#### *Intelligent Devices Group (IDG)*

The IDG segment is composed of PC, tablet, smartphone, and other smart device businesses. During the Reporting Period, the segment's revenue and operating profit declined 15% and 21% year-on-year, respectively, due to the industry's inventory destocking cycle. Lenovo navigated the external challenges by driving innovation and improving operations and saw the segment resume its positive growth in the fourth quarter. The PC business consolidated its first place in the world with its growth outpacing the market average by 5.8 percentage points. The third-party data showed that its market share was close to 24%, reaching its highest level after the outbreak of Covid-19. The segment's operating profit margin also recovered to an industry-leading 7.4% in the second half of 2023.

IDG is committed to propelling growth in both the PC business and other diversified businesses beyond PCs, primarily through strengthened innovation, superior product offerings, and new solutions. The businesses beyond PCs contributed to a higher share of IDG's revenue. The smartphone business delivered robust results in the Asia-Pacific, and EMEA (Europe, the Middle East and Africa) regions, recording a double-digit year-on-year revenue growth. In the fourth quarter, smartphone shipments increased by nearly 32%, a double-digit growth outperforming the broader market. The proportion of revenue from premium products rose to a record high. The tablet business also beat expectations, with shipments exceeding the average growth rate for the market.

The total available market of the global PC sector is set to recover to a level structurally higher than the pre-pandemic one. PC consumption will continue to trend towards premiumization amid rising demand for AI, ESG, gaming, design, and other functional features. AI capabilities will be a key factor in boosting product pricing and accelerating PC replacement. Lenovo will seize the opportunities created by the business upgrade cycle and product premiumization to ensure that the PC business will stand out from the industry and sustain its strong profitability. In addition, Lenovo is accelerating AI innovation for its terminal devices, expanding the range from hardware to components and software. To capitalize on the accelerated adoption of 5G smartphones, Lenovo will strive for sustained profit growth in the smartphone business by expanding and differentiating its business portfolio. Furthermore, Lenovo will further step up investment in the non-PC business to drive stronger growth, focusing on fostering new businesses such as electronic accessories and work collaboration solutions.

### *Infrastructure Solutions Group (ISG)*

Lenovo is committed to developing industry-leading end-to-end integrated solutions with its full-stack product and solutions portfolio, broad customer coverage and unique ODM+ (Original Design and Manufacturing) model. During the Reporting Period, ISG came under short-term pressure and recorded a loss of RMB1,008 million caused by slower economic growth, decreasing IT spending by corporates, GPU supply shortage, as well as high R&D spending on AI projects.

As the rebound in global market demand for cloud infrastructure services in the fourth quarter drove growth in computing and storage demand, Lenovo reported its highest quarterly total revenues from the storage, software, and services businesses. In addition, the edge computing business also achieved a strong double-digit growth, marking the 11th consecutive quarter of growth. Lenovo maintained its third-place standing in the world in the storage device and AI infrastructure markets, and the top position in the global TOP500 and Green100 rankings in terms of high-performance computing.

In response to the escalating demand for AI computing power, Lenovo announced its AI computing power strategy, aiming to build an AI-based computing power infrastructure and develop a diversified array of products and solutions. Leveraging its profound technological foundation in AI infrastructure and visionary strategic approach, Lenovo has begun generating revenue from its generative AI products. To meet the increasing requirements for computing power performance, Lenovo continued to enhance its product competitiveness and delivery proficiencies. It is positioned to provide AI infrastructure software and hardware products, as well as complete solutions to customers in various industries, supported by its comprehensive product line, strong development and service capabilities, and heterogeneous intelligent computing platform. Looking ahead, Lenovo will continue to strengthen the competitiveness of its high-margin and high-value-added product portfolio. The ESMB segment will also capitalize on growth opportunities in AI Powered Edge, hybrid cloud, High Performance Computing, and solutions for the Telco/communication sectors. For the CSP segment, ISG has a unique ODM+ business model to cater to the growing demand for vertically integrated supply chains. Such approach will achieve a great balance between general purpose and customized offerings.

### *Solutions and Services Group (SSG)*

Targeting the fast-growing “New IT” service field, SSG is committed to driving Lenovo’s service-oriented transformation. It consists of three major business segments: Support Services, Maintenance Services, and Project & Solution Services. During the Reporting Period, SSG delivered strong growth in revenue and profitability. Both revenue and operating profit registered record highs, increasing by 19% and 12% year-on-year to RMB51,486 million and RMB10,435 million, respectively. The operating profit margin stood at 20%, which was significantly higher than those of other business segments.

During the Reporting Period, the Support Services segment achieved a year-on-year revenue growth of 13%, driven by the higher penetration of Premier Support and Premier Support Plus services. Continued expansion in the Device-as-a-Service (DaaS) and Infrastructure-as-a-Service (IaaS) segments drove up the revenue of the Maintenance Services segment by 37% year-on-year. SSG won its largest TruScale IaaS deal to date in the fourth quarter. In addition, Lenovo’s Maintenance Services segment became the preferred choice for a number of international companies expanding overseas thanks to its professional technical support and global resources. The Project & Solution Services segment’s revenue grew 17% year-on-year, propelled by strong demand for integrated complex solutions across verticals and effective cross-team execution.

Going forward, enterprises will maintain a strong demand for hybrid AI solutions. Lenovo will continue to launch new AI-native services and AI-embedded functions that cater to customer needs in areas such as digital workplaces, hybrid cloud and sustainability services. It will also drive continued growth in SSG by providing high-value-added support services for deployed PCs and infrastructure. Moreover, Lenovo will further strengthen cooperation with channels and business partners to help customers accelerate digital transformation.

### *Levima Group*

Levima Advanced Materials (Stock Code: 003022.SZ) is held by the Company through our subsidiary Levima Group. Levima Advanced Materials mainly engages in the R&D, production and sale of advanced material products. As of December 31, 2023, the Company held a 51.77% equity interest in Levima Advanced Materials.

During the Reporting Period, in terms of strategic layout, Levima Advanced Materials remained focused on the advanced materials sector, adhering to a green, low-carbon, shared and high-quality growth strategy. To expand its footprint, it focused on investing in new energy materials, biodegradable materials, and specialized materials through the following projects:

- (1) In the field of new energy photovoltaic adhesive film materials, Levima Advanced Materials made headway on its “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), and accelerated efforts to expand annual production capacity by 200,000 tons of EVA from the existing 150,000 tons. When the new capacity becomes operational in 2025, the annual production capacity of EVA will exceed 350,000 tons, leading to more flexible production operations and an optimized product mix supported by the two types of EVA production devices with different techniques. In addition, the VA device with an annual capacity of 90,000 tons, was successfully commissioned on its first run in January 2024, allowing Levima Advanced Materials to further reduce production costs with a complete self-supply of raw materials for the existing EVA devices and a stable supply of VA raw materials for the 200,000 tons-per-year EVA device that is under construction. While maintaining its competitive strength in EVA products, Levima Advanced Materials is also expanding its presence in the POE business, with a planned project of 300,000 tons in annual capacity to produce high-end olefin materials such as POE photovoltaic adhesive film materials and toughening materials. The first phase of the 100,000-ton-per-year POE project is expected to be completed and put into operation in 2025. Going forward, Levima Advanced Materials will offer both EVA and POE photovoltaic adhesive film products, further diversifying its footprint in new energy photovoltaic materials and reinforcing its core competitiveness.

- (2) In terms of new energy battery materials, Levima Advanced Materials looks to develop its footprint across multiple categories of lithium battery materials with synergistic advantages, building on its existing business in UHMWPE, lithium battery carbonate solvents and additives. It completed the mid-term delivery of its 20,000-tons-per-year UHMWPE device in January 2024. Positioned to produce high-end products, the device applies the jointly developed new continuous process technology, ensuring product quality and stability. The main raw materials required for the 100,000-tons-per-year lithium battery carbonate solvent project, such as EO and carbon dioxide, are all produced by Levima Advanced Materials itself, which creates synergies with the existing industrial chain and contributes to resource recycling and multipurpose use. On lithium battery additives project, the 4,000-tons-per-year VC device is scheduled to become operational in the first half of 2024 and the products will boast technical and industry chain advantages. As Levima Advanced Materials continued to track the developments of the new energy battery industry, it strengthened R&D efforts for new products in key new energy battery materials, improved its materials synthesis and R&D application platform, and innovated battery materials. During the Reporting Period, Levima Advanced Materials and Beijing WeLion New Energy Technology Co., Ltd. (北京衛藍新能源科技有限公司) jointly established Levima WeLion (Jiangsu) New Energy Technology Co., Ltd. (聯泓衛藍(江蘇)新能源技術有限公司) to ramp up the R&D, production and sale of key functional materials for solid-state batteries and semi-solid-state batteries. Moreover, Levima Advanced Materials became the largest shareholder of Wenzhou Nashu New Energy Technology Co., Ltd. (溫州鈉術新能源科技有限公司) through strategic investment, aiming to expand into the segment of cathode materials for sodium-ion batteries and drive the R&D and production of Prussian White cathode materials. Such investments enabled Levima Advanced Materials to further diversify its product portfolio of new energy battery materials and expand its footprint in the relevant business.
- (3) In the area of biomaterials, Levima Advanced Materials grew its footprint across multiple products, including PLA and PPC, leveraging its proprietary development technologies. It accelerated the construction of biodegradable materials projects. The 100,000-tons-per-year lactic acid device and the 40,000-tons-per-year PLA device are slated to become operational in the first half of 2024, so is the 50,000-tons-per-year PPC device in 2025. These projects are coordinated with existing production bases and industrial chains, contributing to resource recycling and multipurpose use and delivering the benefits of industrial chain integration. The project of “R&D and Industrialization Demonstration of Supercritical Polymerization of Biodegradable CO<sub>2</sub>-based Plastics” (超臨界聚合製備生物降解二氧化碳基塑料的研發與工業化示範), jointly proposed by Levima Advanced Materials, the Changchun Institute of Applied Chemistry and the Institute of Process Engineering, Chinese Academy of Sciences, has been included on the list of national key R&D programs by the Ministry of Science and Technology. Meanwhile, Levima Advanced Materials developed key technologies for the chemical recycling of biodegradable materials and technologies for the enzyme catalysis and separation and purification of bio-based chemicals, driving the development and industrialization of new biomaterials, including one for new bio-based sugar substitutes.

- (4) In the specialty fine materials segment, Huayu Tongfang (華宇同方), a subsidiary of Levima Advanced Materials, accelerated the High-Purity Electronic Specialty Gas and Lithium Battery Additive Project (電子級高純特氣和鋰電添加劑項目), which produces electronic-grade hydrogen chloride and electronic-grade chlorine. These products are widely used in applications including display panels, semiconductor chips and solar panels. Once operational, the project will expand Levima Advanced Materials' product portfolio to semiconductors industrial chain.

In terms of production and operations, Levima Advanced Materials continued to achieve technological breakthroughs, improve operational efficiency, and ensure the safe, stable and efficient operation of all production devices. During the Reporting Period, the operational cycle of the EVA device was optimized, driving a 13% year-on-year increase in EVA output in 2023. Levima Advanced Materials also reduced Polypropylene (PP) production costs and reached a milestone in the revamp of its PP devices which increased their workload, one of the steps taken to explore new products and reduce costs. Meanwhile, through benchmarked management, it overhauled the Methanol-to-Olefins (MTO) device for methanol pre-heating and optimized the reflux ratio of the EO rectifying tower, thus reducing operational costs. Levima Advanced Materials implemented a number of energy-saving measures, reducing steam consumption by 7% year-on-year. It also capitalized on synergies with its subsidiary Levima Chemical (聯泓化學) to lower costs and improve efficiency through a new desalinated water linkage and a steam pipeline network.

In terms of market expansion, Levima Advanced Materials maintained a good foothold in the niche markets for advanced polymer materials and specialty fine materials. It flexibly scheduled production and optimized product mix based on market demand and product profitability, thus increasing the proportion of high-margin products such as EVA and niche products, including specialty surfactants. Meanwhile, Levima Advanced Materials developed plans as new projects become operational in order to drive sales of new products and identify potential customers.

In terms of innovation, Levima Advanced Materials remained committed to the strategy of innovation-driven development. It continued to strengthen R&D efforts in basic materials and engaged in both independent and collaborative R&D activities. During the Reporting Period, Levima Advanced Materials set up its Innovation Committee to integrate innovation resources, enhance collaboration, pinpoint development trends, expand investment in new industries, and drive the commercialization of innovation results. Levima Advanced Materials accelerated independent R&D and innovation in new energy materials, biomaterials, specialty fine materials, and electronic materials. In the realm of new energy materials, Levima Advanced Materials stepped up R&D efforts for new products in key new energy battery materials. With an improved materials synthesis and application evaluation platform, and a test platform for soft pack batteries, Levima Advanced Materials developed key functional materials for new batteries, such as solid-state batteries and semi-solid-state batteries, and completed the development of small-scale pilot processes for several types of lithium materials. On biomaterials, Levima Advanced Materials developed key technologies for the chemical recycling of biodegradable materials as well as enzyme catalysis and separation and purification technologies for bio-based chemicals and drove the industrialization of other new biomaterials. In specialty fine materials, Levima Advanced Materials completed the development of such high-end products as photovoltaic cutting fluid polyether and photovoltaic wetting agents. In electronic materials, it improved its layout in electronic specialty gases by creating a platform for composite distillation and quantitative calculations and developing various relevant process technologies.

During the Reporting Period, Levima Advanced Materials passed the certification review for its High- and New-Technology Enterprise (HNTE) status, and its subsidiary Levima Research Institute was certified as an HNTE. Committed to the development and innovation of new products and technologies, Levima Advanced Materials completed the laboratory R&D for 13 new products or processes, production process development for 17 new products and the industrialization of 13 new products. Besides, Levima Advanced Materials applied for 63 patents, including 32 invention patents, and added 35 granted patents, including 17 invention patents. As of the end of the Reporting Period, Levima Advanced Materials held a total of 250 granted patents, including 85 invention patents. Additionally, Levima Advanced Materials was ranked among 2023's Top 500 Petroleum and Chemical Enterprises in China; Top 100 Private Petroleum and Chemical Enterprises in China; Top 100 Fine Chemical Enterprises in China; Best Managed Companies in China; Benchmark Enterprises for Management in Shandong Province; Top 100 Private Enterprises with Innovation Potential in Shandong Province; Top 50 Chemical Enterprises with Development Potential in Shandong Province; Top 50 Chemical Enterprises as Measured by Development Potential Index in Shandong Province; and 2022's Top 50 New Materials Enterprises in Shandong Province. Moreover, Levima Advanced Materials received Grade A for the 2022 annual information disclosure assessment by the Shenzhen Stock Exchange (SZSE), and the 2023 Awards for Outstanding Practice of the Board of Directors for Public Companies and for Best Practice of the Board of Directors' Office for Public Companies from China Association for Public Companies. Levima Advanced Materials was included in the list of underlying stocks for margin trading on the SZSE. It was also included in the SZSE Component Index, the Shenzhen Stock Connect, the FTSE Russell Large Cap, the CSI 500 and the CSI Photovoltaic Industry Index.

Levima Group's revenue and net profit during the Reporting Period are as follows:

|  | <i>Unit: RMB million</i> |            |
|--|--------------------------|------------|
|  | 2023                     | 2022       |
| Revenue  | 6,879                    | 9,045      |
| Net profit   | 444                      | 984        |
| Net profit attributable to equity holders of Legend Holdings | <u>228</u>               | <u>504</u> |

During the Reporting Period, Levima Group recorded revenue of RMB6,879 million, a decrease of 24% year on year, which was mainly attributable to slower downstream demand growth and declining product prices. Levima Group's net profit attributable to equity holders of Legend Holdings was RMB228 million, a decrease of 55% year-on-year. The decrease in performance was largely attributable to the decline in revenue, coupled with diminishing gross profit margin due to high energy prices and narrowing product-to-material price spreads.

### ***BIL***

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has always played an active role in the main stages of Luxembourg's economic development. It is a top three bank in Luxembourg in terms of market share and is recognized as one of the Systemically Important Banks (SIBs) by the European Central Bank. As of December 31, 2023, Legend Holdings held 89.98% equity interest in BIL.

Prior to the acquisition by Legend Holdings, BIL's operations were mainly focused on the European market. After the acquisition, China became 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.

Throughout 2023, European central banks continued to tighten monetary policies amid multiple macroeconomic challenges, such as geopolitical shifts and high inflation. The euro zone's economy faced sustained pressures, leading to a lingering deceleration in growth. In response to the challenges, BIL initiated strategic transformations and upgrades, capitalizing on its emerging technologies and evolving market trends to build momentum for sustainable growth. During the Reporting Period, BIL remained committed to supporting its diverse clientele, which included entrepreneurs, institutions, and individual clients, with a suite of innovative financial solutions. It also provided comprehensive and professional advisory services to its commercial clients across principal markets, equipping them to confront the aforementioned economic challenges. Concurrently, BIL refined its risk management system, ensuring the continuity and resilience of its operations, while expanding sustainable product and service offerings into new areas.

In 2023, BIL successfully launched its new Core Banking System, a system that provides an integrated platform for BIL's future technological applications. The system also allows BIL to be even more responsive to customer needs and improve expense control while speeding up its structural strategic transformations, including its development into a future-proof and robust operating model.

In terms of sustainability investments, BIL has made significant progress in strengthening its ESG commitments and expanding its ESG investment product and service offerings. It now has six investment funds for this purpose. In addition, BIL has launched a range of products in green financing, including solar panel loans, climate loans, and environmentally friendly vehicle financing. Since the inauguration of the Green Bond Framework in May 2022, BIL has issued multiple green bonds to investors. As a member of the Belt and Road Bankers Roundtable (BRBR), BIL designed a case, which was selected as an excellent one in the *BRBR Green Finance Practice Cases (2023 Edition)*. Besides, it plans to launch a brand-new business offering ESG solutions for clients in 2024, which has already obtained ESG-related certification.

In 2024, BIL will stay committed to prioritizing customers and will leverage its new Core Banking System to create a new paradigm in developing comprehensive commercial banking services for future growth. Additionally, BIL will enhance its new Target Operating Model to establish a more flexible and efficient banking system and consistently solidify its position as the top-choice bank among entrepreneurs.

Despite the complex macroeconomic environment, BIL delivered sound financial performance during the Reporting Period, thanks to the resilience of its businesses and its solid risk management capabilities:

- Facing an adverse global landscape, BIL prudently increased its provision and recorded a net profit after tax of EUR202 million, up by EUR49 million or 32% year-on-year. The surge was driven by solid revenue growth and good expense control;
- Assets Under Management (AUM) increased to EUR43.8 billion, compared with EUR43.5 billion at year-end of 2022. Customer deposits decreased by 12% to EUR18.5 billion compared with EUR21 billion at year-end 2022. Customer loans decreased slightly to EUR16.3 billion, down from EUR16.5 billion at the end of 2022. Customer deposits and loans shrank as high interest rates incentivized clients to move their deposits to more remunerative products and proceed to the early repayment of their floating-rate loans;
- At the end of 2023, BIL showcased sound asset quality and strong liquidity indicators, with CET-1 ratio (before profit allocation for 2023) remaining healthy at 13.37%, and the liquidity coverage ratio registering at 174%;
- At the end of 2023, BIL's ratings by both Moody's and Standard & Poor's remained unchanged at A2/Stable/P-1 and A-/Stable/A-2, respectively.

BIL's revenue and net profit during the Reporting Period are as follows:

|  | <i>Unit: RMB million</i> |       |
|--|--------------------------|-------|
|  | <b>2023</b>              | 2022  |
| Revenue  | <b>6,127</b>             | 4,563 |
| Net profit   | <b>1,463</b>             | 1,024 |
| Net profit attributable to equity holders of Legend Holdings | <b>1,316</b>             | 922   |

## *Joyvio Group*

Joyvio Group is a company in our industrial operations segment that focuses on agriculture and food. Joyvio Group's core businesses cover high-end fruit and premium animal protein, and it is now expanding its footprint in the smart nutrition and digital and intelligent agricultural and food businesses. As of December 31, 2023, Legend Holdings held a 77.829% equity interest in Joyvio Group.

In the fruit supply chain, Joyvio Group owns Joy Wing Mau (鑫榮懋), China's largest vertically integrated fruit company, and Bountifresh (鑫果佳源), China's leading fruit producer. Joyvio Group has created a leading global operations platform with a fully integrated industrial chain that propels digital and intelligent transformation. Joy Wing Mau capitalized on market growth and implemented a core product strategy leveraging its channel advantages, achieving a year-on-year revenue growth of 37.9%. Bountifresh continued to reinforce its advantages in the production of premium blueberries, achieving record-high output, and introduced new fruit varieties to upgrade its offerings. It also actively expanded into new product categories and explored new business areas such as storing and processing and digital brand empowerment to foster new growth drivers.

In the seafood supply chain, Joyvio Group owns KB Food, a leading Australian seafood supplier, Joyvio Food (Stock Code: 300268.SZ) and its subsidiary Australis Seafoods S.A., Chile's leading salmon producer, as well as China Starfish (青島國星), a leading pollock and coldwater shrimp supplier based in Qingdao, China. Based on this business structure, Joyvio Group continued to expand and consolidate its global animal protein supply chain.

Joyvio Group's revenue and net loss during the Reporting Period are as follows:

|  | <i>Unit: RMB million</i> |         |
|--|--------------------------|---------|
|  | <b>2023</b>              | 2022    |
| Revenue  | <b>26,090</b>            | 21,568  |
| Net loss   | <b>(1,147)</b>           | (1,766) |
| Net loss attributable to equity holders of Legend Holdings | <b>(448)</b>             | (794)   |

During the Reporting Period, Joyvio Group's fruit business reported revenue and net profit growth. Its subsidiary Joyvio Food, however, suffered a loss due to a significant decline in gross profit, as its overseas salmon business was pressured by geopolitical conflicts pushing up feed costs, inflation-induced expenses, and a large interest burden caused by rising U.S. dollar rates. These factors combined resulted in a revenue of RMB26,090 million for Joyvio Group, a year-on-year increase of 21%, and a net loss attributable to equity holders of Legend Holdings of RMB448 million.

(1) *Fruit business*

During the Reporting Period, Joy Wing Mau continued to capitalize on market growth, with a focus on core products in key regions, achieving a year-on-year revenue growth of 37.9%. Joy Wing Mau also continued to strengthen its supply chain. Its intelligent warehousing and logistics centers in Shenyang and Shenzhen commenced trial operations. As of December 31, 2023, Joyvio Group held a 39.46% equity interest in Joy Wing Mau.

Bountifresh comprehensively upgraded its blueberry varieties during the Reporting Period, achieving record-high output and fueling rapid revenue growth on a year-on-year basis. Apart from maintaining its leading position in the blueberry market, Bountifresh also steadily increased its market share in the pineapple market, a new business category. To identify new growth opportunities, it enhanced place-of-origin standardization, informatization, and branding in the new category. As of December 31, 2023, Joyvio Group held a 63.78% equity interest in Bountifresh.

(2) *Animal protein business*

Joyvio Food's new salmon processing plant in Chile commenced operations during the Reporting Period, further improving its product quality. On the one hand, it recorded a significant loss due to factors such as higher costs driven by geopolitical conflicts and inflation, and elevated interest expenses amid rising U.S. dollar rates. On the other hand, its subsidiary China Starfish further reinforced its leading position in the pollock and coldwater shrimp businesses and delivered steady growth in both revenue and net profit. Besides, Joyvio Food also established an innovative offline fresh-cut fruit chain brand to meet consumer needs directly, which received a positive market response. As of December 31, 2023, Joyvio Group held a 46.08% equity interest in Joyvio Food.

KB Food doubled the output of its seafood processing factory in Victoria on Australia's east coast during the Reporting Period, by continuing to consolidate its leading position in the Australian retail market through product innovation and branding. The catering business posted solid revenue growth in the transition from product-oriented to customer-oriented operations. As of December 31, 2023, Joyvio Group held 100% equity interest in KB Food.

### (3) *Smart nutrition services and digital and intelligent agricultural and food businesses*

During the Reporting Period, Joyvio Group built up core competencies in smart nutrition services by completing the business restructuring, rolling out a number of national benchmark demonstration projects, furthering regional integration of the group meal business, and developing and upgrading new products, including an AI nutritionist chatbot and an AI smart food safety cube (AI智能食安盒子). For internal digital and intelligent practices, it completed the digital and intelligent construction at its headquarters and across major business lines. In this regard, Joyvio Group received such honors as the Annual Panel Award in the selection of the well-known Dingge Award (鼎革獎), and the Ram Charan Management Practice Award (拉姆•查蘭管理實踐獎), affirming its digital and intelligent transformation capabilities and practices for the agricultural and food industries. For external digital and intelligent practices, Joyvio Group started exploring the commercialization of its digital and intelligent business for the agri-food industry, in a move to provide industrial partners with a full range of agri-food digital and intelligent services integrating software and hardware operation and maintenance.

## **INDUSTRIAL INCUBATIONS AND INVESTMENTS**

### **Overview**

Legend Holdings stays committed to its aspiration of revitalizing China through business and its mission of advancing China's technological innovation. Capitalizing on its experience in facilitating the commercialization of technological achievements and its professional advantages in fund investment, and with the objective of pursuing long-term corporate development or generating substantial financial returns, Legend Holdings intends to nurture or establish a range of enterprises that have the potential to become leading businesses with excellent profitability in multiple industries. Legend Holdings' industrial incubations and investments segment covers:

- Legend Capital, a fund management company that focuses on early-stage venture capital and growth-stage private equity investment;
- Legend Star, an early-stage investment and incubation subsidiary that 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 smart video, smart homes, and smart automotive products;
- Lakala (Stock Code: 300773.SZ), which mainly provides merchants with a full spectrum of digitalization services covering payments, technology, supply sourcing, logistics, finance, branding, and marketing;
- EAL (Stock Code: 601156.SH), which mainly engages in the air logistics business;

- Zhengqi Holdings, which mainly provides scientific and technological enterprises with comprehensive solutions, such as equity investment, science and technology loans, financial leasing, and commercial factoring and operates photovoltaic industry entities;
- JC Finance & Leasing, which mainly provides financial leasing services for MSMEs;
- Hony Capital, which runs private equity investment, real estate investment, public offering funds, hedge funds and venture capital businesses;
- Shanghai Neuromedical Center, which provides neurology specialty and other comprehensive hospital services;
- Hankou Bank, which mainly engages in commercial banking services;
- Bybo Dental, a chain provider of dental healthcare services; and
- Raycom Property Investment and Raycom Technology, which mainly holds the Raycom Infotech Park, an investment property.

The industrial incubations and investments segment's revenue and net loss during the Reporting Period are as follows:

|  | <i>Unit: RMB million</i> |                |
|--|--------------------------|----------------|
|  | <b>2023</b>              | 2022           |
| Revenue  | <b>4,431</b>             | 4,095          |
| Net loss   | <b>(5,474)</b>           | (2,015)        |
| Net loss attributable to equity holders of Legend Holdings | <b>(5,574)</b>           | <b>(2,332)</b> |

During the Reporting Period, revenue from the industrial incubations and investments segment was RMB4,431 million, a year-on-year increase of 8%. The net loss attributable to equity holders of Legend Holdings was RMB5,574 million, which was mainly caused by the decline in the number of listed enterprises promoted by the industrial incubations and investments segment and the fluctuation of investment income due to the volatile capital market and the slowdown in the progress of investment exits.

### ***Legend Capital***

Legend Capital is one of the leading private equity investment institutions in China. As of December 31, 2023, Legend Capital managed a total of nine USD TMT funds (three of which were settled), six RMB general growth funds (one of which was settled), three RMB TMT innovation funds, three USD funds specializing in the healthcare sector, four RMB funds specializing in the healthcare sector, one RMB healthcare sector frontier fund, two RMB funds specializing in the culture and sports sector, two funds operated in collaboration with local governments (one of which was settled), one fund focusing on the red-chip return concept, two USD continuation funds, one RMB continuation fund and one special fund, with a combined AUM of more than RMB80 billion. As of December 31, 2023, Legend Capital had raised funds of more than RMB9 billion.

During the Reporting Period, Legend Capital completed 28 new investment projects, spanning innovative and growth-stage enterprises in the advanced manufacturing, technology and services, TMT, and healthcare sectors. It partially or completely exited 65 projects.

As of December 31, 2023, 110 of Legend Capital's portfolio companies had gone public (excluding those listed on the National Equities Exchange and Quotations (NEEQ)).

### ***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 technologies.

As of December 31, 2023, Legend Star managed 11 funds, the combined AUM of which reached nearly RMB5 billion. It invested in over 350 domestic and overseas projects, including iDreamSky Games (樂逗遊戲), Megvii Face++ (曠視科技 face ++), AISpeech (思必馳), LOCKIN (鹿客科技), Axera (愛芯元智), 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), ORIENSPACE (東方空間), KHAT (孔輝科技), Burning Rock Dx (燃石醫學), Kintor Pharma (開拓藥業), PegBio (派格生物), Keymed Biosciences (康諾亞生物), Axonics, HiFiBiO (高誠生物), Ribo Life Science (瑞博生物), Coyote Bioscience (卡尤迪生物), Edge Medical (精鋒醫療) and other high-quality projects.

During the Reporting Period, Legend Star engaged in more than 20 domestic and overseas investment projects, spanning various niche segments such as large language models, semiconductor chips, new energy, advanced materials, biopharmaceuticals, and digital and intelligent healthcare. Among the projects under management, nearly 60 secured the next round of funding, and nearly 15 projects were exited. Adlai Nortye (阿諾醫藥), a portfolio company of Legend Star, was listed on NASDAQ. Legend Star also closed its fifth RMB fund.

### ***Fullhan Microelectronics***

In 2020, Legend Holdings made a strategic investment in Fullhan Microelectronics through its subsidiary, gaining its first foothold in the semiconductor sector. As of December 31, 2023, Legend Holdings held a 15.75% equity interest in Fullhan Microelectronics through its subsidiary.

Fullhan Microelectronics is a video-based chips and solutions provider with a long track record in the field of vision, covering applications such as smart video, smart IoT, and smart automotive products. Through continuous technological innovation and refinement, it has become an “internationally renowned and domestically leading” provider of intelligent vision chips and technical services.

In 2023, Fullhan Microelectronics managed to maintain its leading position in the industry despite a decline in operational performance caused by a global economic slowdown, dampened consumer electronics demand, and ongoing international trade disputes and other adverse impacts. It continued to pursue market demand and increased its R&D efforts across its three major business segments – smart video, smart IoT, and smart automotive products. It also accelerated the introduction of new products and exploration of new market opportunities, uncovering a wider array of innovative application scenarios. These efforts have continuously enhanced Fullhan Microelectronics' comprehensive competitiveness.

During the Reporting Period, in addition to solidifying its presence in the smart video market, Fullhan Microelectronics also achieved breakthroughs in key product lines such as automotive imaging and smart homes. Leveraging its robust R&D capabilities and the rapid expansion of its application-based downstream customer base, Fullhan Microelectronics garnered favorable market responses and customer recognition in consumer and automotive electronics, spurring a secondary growth trajectory.

For smart video, Fullhan Microelectronics offers one-stop products and solutions with front-end and back-end collaboration. Leveraging its established brand image and reputation, which are built on its reliable and high-performance products, Fullhan Microelectronics has maintained solid business relations with top industry players. These partnerships provide Fullhan Microelectronics with in-depth insights into the latest industry developments, which enables prompt adaptations to product customization and innovations to stay ahead of changing market conditions. In the smart IoT segment, Fullhan Microelectronics focused on AIoT by consistently expanding multiple-scenario applications. Its AIoT chip products gained significant market penetration in sectors such as education and office, commercial retail, and industrial applications, empowering digital transformation across these industries. In the smart automotive products segment, Fullhan Microelectronics has achieved full coverage of application scenarios in automotive electronics and has gained market recognition for its high-performance products and rapid response to market trends. Several of its newly launched automotive-grade chip products have been adopted by mainstream automotive brands, supporting a wide range of automotive applications including new energy vehicles. Fullhan Microelectronics has forged strong partnerships with major car manufacturers, a relationship that is poised for further growth in the future.

In 2024, Fullhan Microelectronics will endeavor to achieve new technological breakthroughs across industrial vision, robotics, and AI chips to maintain its advantages in domestic markets while expanding its presence in overseas markets, providing strong momentum for future growth.

## ***Lakala***

Lakala's principal operations comprise digital payments and technology services. As a provider of services for digital business operations, Lakala is committed to the philosophy of "people-oriented payments". Committed to advancing the building of a digital China and serving the real economy, Lakala promotes digital payments, shares digital technology, and delivers digital value. All this has laid a solid foundation for Lakala's sustainable development. As of December 31, 2023, Legend Holdings held a 26.14% equity interest in Lakala.

During the Reporting Period, Lakala took advantage of the recovery of the domestic offline consumption, pushed forward product innovation and market expansion, and strengthened compliance management. It recorded RMB4.51 trillion in total transaction volume throughout the year and maintained its industry-leading position. Its QR code transaction volume was up 31% year-on-year, recording RMB1.2 trillion. In short, Lakala's revenue increased, and the profitability of its main business improved.

## ***EAL***

EAL mainly engages in the air logistics business. As of December 31, 2023, Legend Holdings held a 13.29% equity interest in EAL.

During the Reporting Period, the air logistics market was pressured by declining import and export demand, influenced primarily by a broader economic slowdown and subdued demand growth. Despite the headwinds, EAL prioritized stability while making progress. By focusing on its main responsibilities and main businesses, EAL upheld high-quality development and high-level security, and promoted the reasonable qualitative and quantitative growth of its business. In the air express business, EAL continued to strengthen its operational capacity and expanded its fleet in a well-considered way. It introduced three B777 freighters in 2023, bringing its all-cargo fleet to a total of 14 B777 freighters as of the end of the Reporting Period and achieving uniformity of its fleet types. It also further improved its air freight network by increasing flight frequencies on popular routes. EAL established a well-connected domestic and international air freight network providing wide coverage and easy access. The domestic network effectively integrated dual-regional operations in eastern and southern China, with Shanghai as the core hub and Guangzhou and Shenzhen as major hubs. Internationally, an efficient and comprehensive network was developed with Europe and the United States being primary markets and the Asia Pacific as secondary market. In terms of comprehensive ground services, EAL further enhanced its freight terminal service capacity and expanded its one-stop air services to several airports, including Shanghai Hongqiao International Airport. Besides, EAL sped up its construction of the Western Freight Area of Shanghai Pudong International Airport, Ningbo Fresh Produce Terminal, and Chengdu Fresh Produce Terminal, thereby accelerating the layout of its ground service network with increased service capability. EAL also made progress in building smart freight terminals and its digital transformation initiatives to boost operational efficiency. In terms of comprehensive logistics solutions, EAL drew on its resource integration strengths and service capabilities to ensure the security and stability of customers' supply chains, rapidly responding to their evolving needs and removing logistic blockades. In addition, EAL continued to strengthen cooperation with leading cross-border e-commerce platforms to expand its presence in various niche markets. It accelerated the building of a fresh produce express freight network by integrating a “two-axis, four-wing” product and cold-chain transport system. It also partnered with Freightos, the world's leading cargo booking and payment company, and cargo.one, a German online air freight booking platform to deepen the development of the global freight logistics market.

### ***Zhengqi Holdings***

Zhengqi Holdings is an innovative investment holding group focused 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 December 31, 2023, Legend Holdings held a 94.62% equity interest in Zhengqi Holdings.

During the Reporting Period, Zhengqi Holdings aligned with Legend Holdings' aspiration of revitalizing China through business and oriented itself towards “ecological empowerment, industrial and financial coordination, investment-loan linkage and winning market share” (生態賦能、產融共創、投貸聯動、正合奇勝). It also advanced on its strategic transformation to foster a second growth trajectory and accelerate its transition from industrial investment to industrial operations.

During the Reporting Period, Zhengqi Holdings established a subsidiary called Zhengqi Photovoltaic Power Technology, marking its first foray into the photovoltaic industry. Such move aligns with the national carbon peak and carbon neutrality goals. Zhengqi Holdings also signed a contract for a 20GW N-type cell smart manufacturing project in Ma'anshan City, Anhui Province, with the 5GW Phase I project put into operation on December 22, thus achieving its goal of contracting, constructing and operating in the same year. This expanded Zhengqi Holdings' presence in industrial entities, fueling its long-term sustainable development.

Zhengqi Holdings continued to improve the structure of its debt business, focusing on increasing the medium- and long-term value of underlying assets. It had a higher proportion of clients operating in strategically important emerging industries such as semiconductors, high-end equipment manufacturing, advanced materials, new energy, energy conservation, and environmental protection. In terms of equity investment, among its portfolio companies, Hefei Snowky Electric Co., Ltd. (合肥雪祺電氣股份有限公司) was listed on the main board of Shenzhen Stock Exchange on January 11, 2024, Baotou INST Magnetic New Materials Co., Ltd. (包頭市英思特稀磁新材料股份有限公司) was approved to go public on August 17, 2023, Changzhou Wujin Zhongrui Electronic Technology Co., Ltd. (常州武進中瑞電子科技股份有限公司) received approval for its ChiNext listing application in January 2024, and Hanshow Technology Co., Ltd. (漢朔科技股份有限公司) and Suzhou Lilai Industrial Intelligent Manufacturing Co., Ltd. (蘇州利來工業智造股份有限公司) submitted listing applications, which have been accepted for review. By the end of the Reporting Period, Zhengqi Holdings has invested in 72 companies, 12 of which have gone public. Anhui Zhidao Investment Co., Ltd., Zhengqi Holdings' wholly-owned subsidiary, managed eight private equity funds.

### ***JC Finance & Leasing***

JC Finance & Leasing, a Legend Holdings subsidiary, specializes in financial leasing and related financial businesses. Backed by its collaboration with well-regarded domestic and overseas equipment manufacturers, it focuses on industries and industrial chains and develops its financial leasing business in fields that represent new key growth drivers of China's economy, such as advanced manufacturing, energy conservation, and environmental protection, digital information, agri-food, healthcare services, public services, and transportation. As of December 31, 2023, Legend Holdings held a 90.31% equity interest in JC Finance & Leasing.

As the Chinese economy recovered, JC Finance & Leasing seized the opportunity to achieve robust business growth during the Reporting Period. The leasing assets increased to RMB13,708 million as compared to the beginning of the year and its revenue has seen a year-on-year growth as of the end of the Reporting Period. JC Finance & Leasing served altogether 4,500 MSMEs, continuously providing high-quality financial services to entity enterprises. During the Reporting Period, JC Finance & Leasing issued its first RMB-denominated ESG syndicated loan of RMB600 million and three asset-backed notes (ABN), with a total financing of RMB3.79 billion. The proceeds will be used to support domestic MSMEs, create jobs, and practice sustainable development. During the Reporting Period, JC Finance & Leasing was listed among China's top 50 financial leasing companies by Forbes in 2022, and won the China Financial Leasing Achievement Award for 2023 and the 2023 Top Human Resources Management Awards, garnering further recognition from the market.

## ***Hony Capital***

Hony Capital runs private equity investment, real estate private equity investment, securities funds (onshore publicly offered funds and offshore privately offered funds), dedicated investment accounts, and proprietary capital investment businesses. As of December 31, 2023, Hony Capital mainly managed eight equity investment funds, three property funds, one cultural industry fund, one capital fund, one green capital fund, the Technology and Innovation Capital Fund (科創創投基金), and the Hongshang Capital Fund (弘尚創投基金).

Hony Capital has strategically concentrated its private equity investment business within China, targeting key sectors such as life and health, green and low-carbon initiatives, digital creative technology, mass consumption and services, and real estate investment. Through its investments, Hony Capital has added value to more than 100 industry leaders. Its portfolio companies include China Glass Holdings (中玻控股), CSPC Pharmaceutical Group (石藥集團), ZOOMLION (中聯重科), Simcere Pharmaceutical (先聲藥業), ByteDance (字節跳動), POWERKEEPER (電管家), Shanghai Chengtou Holding (城投控股), Jin Jiang International Holdings (錦江股份), ENN Natural Gas (新奧股份), and Meishubao (美術寶). Hony Capital's private real estate fund business has focused on value-added commercial real estate investments within the central cities of China. It has established a large-scale and unique competitive edge in China's real estate investment market with a unique blend of "real estate + finance + operations" capabilities. It has about 900,000 square meters of commercial property assets under management in first-tier cities. Hony Horizon Fund Management Co., Ltd. (弘毅遠方基金) is a public offering fund management company operating under Hony Capital that specializes in secondary market investments and fund management services. It manages eight public funds, including six hybrid funds, one index fund, and one bond fund. Owned by Hony Capital, Goldstream Investment (金涌投資) is a multi-manager, multi-strategy, and multi-asset investment and service platform powered by human and machine intelligence and oriented towards both domestic and overseas markets.

## ***Shanghai Neuromedical Center***

Shanghai Neuromedical Center is a specialized hospital built in accordance with specialized tertiary hospital standards. It specializes in clinical neuroscience and also provides comprehensive healthcare services. As of December 31, 2023, Legend Holdings held a 58% equity interest in Shanghai Neuromedical Center through its subsidiary.

During the Reporting Period, Shanghai Neuromedical Center further developed its advanced neurology specialty and other departments to facilitate medical discipline development and improve its overall medical practices. Benefiting from over a decade of development and efforts, Shanghai Neuromedical Center was certified and licensed by the China Heart Failure Association (中國心衰中心), which marked an important milestone of Shanghai Neuromedical Center as its overall treatment techniques for heart failure, rules of diagnosis and treatments as well as management have been highly recognized. In response to the ongoing reform of national health insurance payment methods, Shanghai Neuromedical Center has stepped up efforts to improve diagnosis and treatment, medical quality, and cost management, which have resulted in more cost-effective use of health insurance funds, reduced medical care expenses for the people, and a higher-quality development and refinement.

During the Reporting Period, Shanghai Neuromedical Center placed a consistent emphasis on academic exchanges and continuing education. The Center organized a series of academic training and exchange events to facilitate learning, discussions, and collaboration, to further promote the advancement of neurology and provide better and safer healthcare services.

### ***Hankou Bank***

Hankou Bank primarily operates commercial banking businesses covering corporate banking, retail banking, and the financial markets. It operates a network covering all the cities in Hubei Province, and it also has branches in Chongqing. As of December 31, 2023, Legend Holdings held a 13.11% equity interest in Hankou Bank.

Throughout 2023, Hankou Bank pooled in wisdom and efforts to contribute to Wuhan's practice in advancing China's modernization drive. It remained focused on its core businesses, leveraging its strong footing in local markets and adhering to national strategies and regional planning, including those pertaining to the Yangtze River Economic Belt and the initiatives to establish Hubei Province as a pioneer area for fostering a new development paradigm. Hankou Bank made substantial progress toward its goal of high-quality development and enhanced its competitive edge by staying focused on key initiatives, addressing weaknesses, and leveraging its strengths. Adhering to regulatory requirements and conforming with the standards of leading peers, it has continuously advanced operational transformation and has made solid gains in exploring high-quality operation models of modern commercial banks.

In 2023, Hankou Bank was recognized as the Best Rural Revitalization Service Bank of the Year in the Gold Medal Award of Chinese Financial Institutions for 2023 by the *Financial Times*, and the Outstanding Corporate Brand for High-Quality Development of Finance for 2023 at the ninth Green Development Forum hosted by Xinhuanet. It also received the Innovative Model Award in the Inclusive Finance category for 2023 by People's Daily Online.

### ***Bybo Dental***

Bybo Dental is a leading provider of comprehensive dental healthcare services spanning the entire dental lifecycle from prevention to treatment. Its services encompass diagnosis and treatment, personalized services and health plan formulation with great emphasis on the long-term maintenance of oral health. Its practice prioritized prevention over treatment and promotes the public awareness of oral health. During the Reporting Period, ByBo Dental delivered a certain extent of growth in both revenue and profit by capitalizing on market opportunities and leveraging its advantages to offer high-quality dental care combined with its integrated insurance services. As of December 31, 2023, Legend Holdings held a 21.23% equity interest in Bybo Dental.

As of December 31, 2023, Bybo Dental operated 177 outlets, including 23 hospitals and 154 clinics, across 20 municipalities and provinces. Together, they housed 1,828 dental chairs. Bybo Dental has continued to improve its discipline development, medical care quality, and services. It has embraced new digital technology in dental implants for enhanced precision and consistency to ensure minimally invasive results for patients. It also further improved dentists' capabilities and refined their operational management through telemedicine, a service platform, and digitized operational data.

## ***Raycom Property Investment and Raycom Technology***

Through its subsidiaries, Raycom Property Investment and Raycom Technology, Legend Holdings holds high-end office buildings, the Raycom Infotech Park's Buildings A, B, and C in Zhongguancun, Beijing<sup>note</sup>. Raycom Infotech Park is leased as premium office space and shops, with a portion reserved for our use. The buildings hold the US Green Building Council's "Leadership in Energy and Environmental Design" (LEED) certification for their energy-efficient design. As of December 31, 2023, Raycom Infotech Park's occupancy rate was about 92%, and the fair value of its investment properties amounted to RMB11.7 billion (excluding the portion reserved for our use).

*Note:* Raycom Infotech Park's Buildings A, B, and C are located at No. 2, Ke Xue Yuan Nanlu, Haidian District, Beijing 100190, and the termination dates of the relevant land use rights are 2051, 2057, and 2053, respectively.

## **FINANCIAL REVIEW**

### **Finance costs**

Finance costs after deducting capitalized amounts increased from RMB6,912 million for the year ended 2022 to RMB9,129 million for the year ended 2023. Increase in finance costs was mainly attributed to escalated interest rates of borrowings denominated in foreign currencies and the utilization of the factoring project of Lenovo, a subsidiary of the Company.

### **Taxation**

Our taxation decreased from RMB2,455 million for the year ended 2022 to RMB1,794 million for the year ended 2023. Decrease in the amount of taxation was mainly due to the decrease in profit before tax.

### **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 December 31, 2023, we had RMB4,175 million of capital expenditures contracted but not yet generated. Such capital commitments were mainly used for purchases of property, plant and equipment, and investment.

### **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, balances with central banks, bank deposit and restricted funds. As of December 31, 2023, our cash at bank and on hand were RMB63,782 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 28%, 11%, 14%, 31%, 2% and 14%, respectively, while the amount as of December 31, 2022 was RMB84,403 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 22%, 16%, 23%, 26%, 1% and 12%, 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.

In the foreseeable future, on top of the cash generated from the Company's operations accumulated over the years and to be acquired in the future, we expect to continue to maintain finance portions of our capital expenditures with bank loans, other loans and corporate bonds at a proper scale.

## 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<br/>December 31,<br/>2023</b> | As of<br>December 31,<br>2022 |
|----------------------------------|--|-------------------------------|
| <b>Bank loans</b>                |  |                               |
| – Unsecured loans                | <b>31,858</b>                          | 33,203                        |
| – Guaranteed loans               | <b>22,811</b>                          | 20,790                        |
| – Collateralized loans           | <b>9,669</b>                           | 8,403                         |
| <b>Other loans</b>               |  |                               |
| – Unsecured loans                | <b>500</b>                             | 870                           |
| – Guaranteed loans               | <b>292</b>                             | 727                           |
| – Collateralized loans           | <b>6,674</b>                           | 5,592                         |
| <b>Corporate bonds</b>           |  |                               |
| – Unsecured                      | <b>44,880</b>                          | 54,959                        |
| – Asset-backed notes             | <b>3,351</b>                           | 2,270                         |
| – Convertible bonds              | <b>4,478</b>                           | 5,673                         |
|                                  | <b>124,513</b>                         | 132,487                       |
| <b>Less: Non-current portion</b> | <b>(68,358)</b>                        | (81,585)                      |
| <b>Current portion</b>           | <b>56,155</b>                          | 50,902                        |

As of December 31, 2023, among our total borrowings, 51% was denominated in RMB(December 31, 2022: 47%), 31% was denominated in USD (December 31, 2022: 34%) and 18% was denominated in other currencies (December 31, 2022: 19%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 58% and 42% of our total borrowings, respectively, while as of December 31, 2022 accounted for 58% and 42%, 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 dates indicated:

*Unit: RMB million*

|                                  | <b>As of<br/>December 31,<br/>2023</b> | As of<br>December 31,<br>2022 |
|----------------------------------|--|-------------------------------|
| Within 1 year                    | <b>56,155</b>                          | 50,902                        |
| After 1 year but within 2 years  | <b>20,596</b>                          | 25,680                        |
| After 2 years but within 5 years | <b>22,981</b>                          | 25,949                        |
| After 5 years                    | <b>24,781</b>                          | 29,956                        |
|                                  | <b>124,513</b>                         | 132,487                       |

As of December 31, 2023, we had the following major corporate bonds outstanding:

| <b>Issuer</b> | <b>Type of bonds</b>      | <b>Currency</b> | <b>Issuance date</b>                      | <b>Term</b> | <b>Principal amount</b> |
|---------------|---------------------------|-----------------|---|-------------|-------------------------|
| The Company   | Corporate bonds           | RMB             | July 6, 2016                              | 10 years    | RMB2,000 million        |
| The Company   | Corporate bonds           | RMB             | January 15, 2019                          | 5 years     | RMB1,000 million        |
| The Company   | Corporate bonds           | RMB             | June 21, 2019                             | 5 years     | RMB2,000 million        |
| Lenovo        | Convertible bonds         | USD             | January 24, 2019                          | 5 years     | USD11 million           |
| Lenovo        | Medium term notes         | USD             | April 24, 2020 and<br>May 12, 2020        | 5 years     | USD965 million          |
| Lenovo        | Medium term notes         | USD             | November 2, 2020                          | 10 years    | USD900 million          |
| Lenovo        | Medium term notes         | USD             | July 27, 2022                             | 5.5 years   | USD600 million          |
| Lenovo        | Medium term notes         | USD             | July 27, 2022                             | 10 years    | USD563 million          |
| Lenovo        | Convertible bonds         | USD             | August 26, 2022                           | 7 years     | USD675 million          |
| Joyvio Food   | Convertible bonds         | USD             | June 14, 2019                             | 5 years     | USD62.5 million         |
| BIL           | Bank subordinate<br>bonds | EUR             | June 8, 2016                              | 12 years    | EUR50 million           |
| BIL           | Bank subordinate<br>bonds | USD             | October 18, 2016                          | 12 years    | USD100 million          |
| BIL           | Bank subordinate<br>bonds | EUR             | May 18, 2021                              | 10.25 years | EUR100 million          |
| BIL           | Bank subordinate<br>bonds | EUR             | February 1, 2023                          | 10.25 years | EUR100 million          |
| BIL           | Medium term notes         | JPY             | September 1, 2021 and<br>February 8, 2022 | 5 years     | JPY1,000 million        |

| Issuer                  | Type of bonds      | Currency | Issuance date                            | Term        | Principal amount |
|-------------------------|--------------------|----------|--|-------------|------------------|
| BIL                     | Medium term notes  | EUR      | 2014-2023                                | 1-20 years  | EUR1,734 million |
| BIL                     | Medium term notes  | USD      | 2019-2023                                | 0.5-5 years | USD44 million    |
| BIL                     | Medium term notes  | CHF      | November 30, 2020                        | 4.6 years   | CHF180 million   |
| BIL                     | Medium term notes  | SEK      | January 29, 2021                         | 3 years     | SEK167 million   |
| BIL                     | Medium term notes  | GBP      | November 5, 2021 and<br>January 19, 2022 | 5 years     | GBP6 million     |
| BIL                     | Medium term notes  | RMB      | November 3, 2023                         | 3 years     | CNH300 million   |
| JC Finance &<br>Leasing | Asset-backed notes | RMB      | May 31, 2022                             | 1-2 years   | RMB27 million    |
| JC Finance &<br>Leasing | Asset-backed notes | RMB      | October 27, 2022                         | 1-2 years   | RMB290 million   |
| JC Finance &<br>Leasing | Asset-backed notes | RMB      | May 8, 2023                              | 1-2 years   | RMB452 million   |
| JC Finance &<br>Leasing | Asset-backed notes | RMB      | August 9, 2023                           | 1-2 years   | RMB1,452 million |
| JC Finance &<br>Leasing | Asset-backed notes | RMB      | December 6, 2023                         | 1-2 years   | RMB1,130 million |

The annual interest rates of our bonds listed above as of December 31, 2023 ranged from 0% to 7.20%.

### Current ratio and total debts to total capital ratio

|                                    | <b>As of<br/>December 31,<br/>2023</b> | As of<br>December 31,<br>2022 |
|------------------------------------|--|-------------------------------|
| Current ratio (times)              | <b>0.7</b>                             | 0.8                           |
| Total debts to total capital ratio | <b>55%</b>                             | 56%                           |

### *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, 2022. Current ratio of less than 1 was mainly 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 13.37% (before profit allocation for 2023), 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, 2022, which mainly due to the decrease in the size of our total debts.

### **Pledged assets**

As of December 31, 2023, we pledged the assets of RMB26.3 billion (December 31, 2022: RMB21.3 billion) to secure our borrowings, assets of RMB2 billion (December 31, 2022: RMB3 billion) to secure other payables and accruals and other non-current liabilities.

As of December 31, 2023, BIL's other financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and loans to customers and credit institutions with an aggregate carrying value of RMB5.5 billion (December 31, 2022: RMB10.1 billion) were encumbered.

Other restricted assets were mainly restricted deposits of RMB2.5 billion (December 31, 2022: RMB1.7 billion), and financial assets measured at fair value through profit or loss of RMB80 million (December 31, 2022: RMB80 million).

### **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 December 31, 2023 and December 31, 2022, the provisions made by us were RMB130 million and RMB100 million respectively.

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

|   | <i>Unit: RMB million</i>               |                               |
|---|--|-------------------------------|
|   | <b>As of<br/>December 31,<br/>2023</b> | As of<br>December 31,<br>2022 |
| Financial guarantee of guarantee business | <b>6,476</b>                           | 8,171                         |
| Other guarantee                           |  |                               |
| – Related parties                         | <b>622</b>                             | 1,728                         |
| – Unrelated parties                       | –                                      | 180                           |

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

## **FINAL DIVIDEND**

The Board recommends that no dividend be paid for the year ended December 31, 2023 (2022: RMB0.20 per share).

## CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2023

|   |      | Year ended December 31, |                          |
|---|------|-------------------------|--------------------------|
|   |      | 2023                    | 2022                     |
|   | Note | RMB'000                 | RMB'000                  |
| Sales of goods and services   | 3    | <u>431,637,448</u>      | <u>480,695,487</u>       |
| Interest income   | 3    | 11,202,292              | 5,072,941                |
| Interest expense  | 3    | <u>(6,827,574)</u>      | <u>(2,105,731)</u>       |
| Net interest income   |      | <u>4,374,718</u>        | <u>2,967,210</u>         |
| <b>Total revenue</b>  | 3    | <b>436,012,166</b>      | 483,662,697              |
| Cost of sales and services  | 6    | <u>(358,781,651)</u>    | <u>(398,208,721)</u>     |
| <b>Gross profit</b>   |      | <b>77,230,515</b>       | 85,453,976               |
| Selling and distribution expenses   | 6    | (23,301,787)            | (25,363,417)             |
| General and administrative expenses   | 6    | (39,367,180)            | (38,917,593)             |
| Expected credit loss  | 6    | (1,385,977)             | (727,954)                |
| Investment losses   | 4    | (1,810,241)             | (2,990,551)              |
| Other (losses)/gains – net  | 5    | (1,518,200)             | 698,827                  |
| Finance income  | 7    | 2,194,418               | 1,460,073                |
| Finance costs   | 7    | (9,129,040)             | (6,911,733)              |
| Share of (losses)/profit of associates and joint ventures accounted for using the equity method |      | <u>(488,580)</u>        | <u>147,784</u>           |
| <b>Profit before income tax</b>   |      | <b>2,423,928</b>        | 12,849,412               |
| Income tax expense  | 8    | <u>(1,793,620)</u>      | <u>(2,455,439)</u>       |
| <b>Profit for the year</b>  |      | <b><u>630,308</u></b>   | <b><u>10,393,973</u></b> |

**CONSOLIDATED INCOME STATEMENT (CONTINUED)***For the year ended December 31, 2023*

|  |             | <b>Year ended December 31,</b> |                          |
|--|-------------|--------------------------------|--------------------------|
|  |             | <b>2023</b>                    | <b>2022</b>              |
|  | <i>Note</i> | <b>RMB'000</b>                 | <b>RMB'000</b>           |
| <b>Profit attributable to:</b>   |             |                                |                          |
| – Equity holders of the Company  |             | <b>(3,874,279)</b>             | 1,167,063                |
| – Other non-controlling interests  |             | <b>4,504,587</b>               | 9,226,910                |
|  |             | <b><u>630,308</u></b>          | <b><u>10,393,973</u></b> |
| <b>(Loss)/earnings per share for the profit attributable to the equity holders of the Company</b><br><i>(expressed in RMB per share)</i> |             |                                |                          |
| Basic (loss)/earnings per share  | 9           | <b><u>(1.65)</u></b>           | <b><u>0.50</u></b>       |
| Diluted (loss)/earnings per share  | 9           | <b><u>(1.68)</u></b>           | <b><u>0.37</u></b>       |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

|  | Year ended December 31, |                   |
|--|-------------------------|-------------------|
|  | 2023                    | 2022              |
|  | RMB'000                 | RMB'000           |
| <b>Profit for the year</b>   | <b>630,308</b>          | <b>10,393,973</b> |
| <b>Other comprehensive income/(loss):</b>  |                         |                   |
| <b>Items that will not be reclassified to income statement:</b>  |                         |                   |
| Change in fair value of equity securities measured at fair value through other comprehensive income, net of taxes                | (328,765)               | (709,003)         |
| Changes in financial liabilities at fair value through profit or loss attributable to changes in their credit risk, net of taxes | 4,924                   | 8,160             |
| Share of other comprehensive income of associates using equity accounting, net of taxes  | 3,874                   | 28,565            |
| Remeasurements of post-employment benefit obligation, net of taxes   | 198,017                 | 756,205           |
| Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes                      | 13,713                  | 558               |
| <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 income, net of taxes                  | 4,132                   | (70,711)          |
| Currency translation differences   | 2,103,019               | 1,582,730         |
| Share of other comprehensive income/(loss) of associates using equity accounting   | 37,429                  | (3,046)           |
| Fair value change on cash flow hedges, net of taxes  | 238,370                 | (1,088,444)       |
| <b>Other comprehensive loss for the year, net of taxes</b>   | <b>2,274,713</b>        | <b>505,014</b>    |
| <b>Total comprehensive income for the year</b>   | <b>2,905,021</b>        | <b>10,898,987</b> |
| <b>Attributable to:</b>  |                         |                   |
| – Equity holders of the Company  | (2,715,030)             | 2,465,803         |
| – Other non-controlling interests  | 5,620,051               | 8,433,184         |
|  | <b>2,905,021</b>        | <b>10,898,987</b> |

## CONSOLIDATED BALANCE SHEET

As at December 31, 2023

|   |      | As at December 31, |                    |
|---|------|--------------------|--------------------|
|   |      | 2023               | 2022               |
|   | Note | RMB'000            | RMB'000            |
| <b>ASSETS</b>   |      |                    |                    |
| <b>Non-current assets</b>   |      |                    |                    |
| Property, plant and equipment                                     |      | 33,957,749         | 32,230,915         |
| Right-of-use assets   |      | 5,952,991          | 5,959,354          |
| Investment properties   |      | 15,454,282         | 15,807,609         |
| Intangible assets   |      | 72,629,625         | 68,394,957         |
| Associates and joint ventures using equity accounting             |      | 16,243,201         | 16,714,672         |
| Associates measured at fair value through profit or loss          |      | 14,778,452         | 18,521,268         |
| Financial assets at fair value through other comprehensive income |      | 5,834,084          | 6,682,661          |
| Financial assets at fair value through profit or loss             |      | 12,124,523         | 10,959,316         |
| Loans to customers  | 12   | 99,100,694         | 82,584,125         |
| Derivative financial assets                                       |      | 3,763,806          | 5,856,183          |
| Other financial assets at amortised cost                          |      | 57,941,454         | 51,077,681         |
| Deferred income tax assets  |      | 22,256,383         | 20,299,139         |
| Other non-current assets  |      | 12,992,357         | 12,036,748         |
| <b>Total non-current assets</b>                                   |      | <b>373,029,601</b> | <b>347,124,628</b> |

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2023

|   |      | As at December 31, |                    |
|---|------|--------------------|--------------------|
|   |      | 2023               | 2022               |
|   | Note | RMB'000            | RMB'000            |
| <b>Current assets</b>   |      |                    |                    |
| Inventories   |      | 46,877,633         | 55,976,227         |
| Consumable biological assets                                      |      | 1,253,509          | 1,240,637          |
| Properties under development                                      |      | 19,252             | 19,252             |
| Accounts and notes receivables                                    | 10   | 73,920,969         | 77,932,211         |
| Prepayments, other receivables and other current assets           | 11   | 39,902,791         | 33,377,120         |
| Loans to customers  | 12   | 33,539,980         | 44,999,257         |
| Loans to credit institutions                                      |      | 2,369,338          | 4,214,574          |
| Derivative financial assets                                       |      | 854,527            | 1,028,367          |
| Financial assets at fair value through profit or loss             |      | 20,174,378         | 21,322,964         |
| Financial assets at fair value through other comprehensive income |      | 32,401             | 1,852,118          |
| Other financial assets at amortised cost                          |      | 9,975,814          | 7,583,530          |
| Balances with central banks                                       | 13   | 1,302,861          | 1,309,158          |
| Restricted deposits   | 13   | 2,876,541          | 1,800,681          |
| Bank deposits   | 13   | 31,939             | 134,427            |
| Cash and cash equivalents   | 13   | 59,571,033         | 81,159,017         |
| <b>Total current assets</b>                                       |      | <b>292,702,966</b> | <b>333,949,540</b> |
| <b>Total assets</b>   |      | <b>665,732,567</b> | <b>681,074,168</b> |

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2023

|   |          | As at December 31, |             |
|---|----------|--------------------|-------------|
|   |          | 2023               | 2022        |
|   | Note     | RMB'000            | RMB'000     |
| <b>EQUITY AND LIABILITIES</b>                                     |          |                    |             |
| <b>Equity attributable to equity holders of the Company</b>       |          |                    |             |
| Share capital   | 14       | 2,356,231          | 2,356,231   |
| Reserves  |          | 54,608,337         | 60,229,196  |
| <b>Total equity attributable to equity holders of the Company</b> |          |                    |             |
|   |          | 56,964,568         | 62,585,427  |
| Perpetual securities  | 15       | 1,361,913          | 1,360,118   |
| Other non-controlling interests                                   |          | 45,426,285         | 41,843,891  |
| Put option written on non-controlling interests                   | 18(c)(1) | (3,633,810)        | (3,633,810) |
| <b>Total equity</b>   |          |                    |             |
|   |          | 100,118,956        | 102,155,626 |
| <b>LIABILITIES</b>  |          |                    |             |
| <b>Non-current liabilities</b>                                    |          |                    |             |
| Borrowings  | 20       | 68,357,872         | 81,584,846  |
| Lease liabilities   |          | 2,648,255          | 2,893,169   |
| Amounts due to credit institutions                                |          | 651,431            | 2,324,565   |
| Amounts due to customers  | 19       | 3,473,989          | 2,986,590   |
| Derivative financial liabilities                                  |          | 1,878,907          | 1,843,337   |
| Deferred revenue  |          | 10,223,176         | 9,730,974   |
| Retirement benefit obligations                                    |          | 1,691,093          | 2,045,291   |
| Provisions  | 21       | 1,566,356          | 1,844,006   |
| Financial liabilities at fair value through profit or loss        |          | 16,324,913         | 11,053,595  |
| Deferred income tax liabilities                                   |          | 9,364,377          | 9,675,846   |
| Other non-current liabilities                                     | 18       | 6,948,721          | 7,924,679   |
| <b>Total non-current liabilities</b>                              |          |                    |             |
|   |          | 123,129,090        | 133,906,898 |

**CONSOLIDATED BALANCE SHEET (CONTINUED)***As at December 31, 2023*

|   |             | <b>As at December 31,</b> |                |
|---|-------------|---------------------------|----------------|
|   |             | <b>2023</b>               | <b>2022</b>    |
|   | <i>Note</i> | <i>RMB'000</i>            | <i>RMB'000</i> |
| <b>Current liabilities</b>                                    |             |                           |                |
| Trade and notes payables                                      | 16          | <b>77,802,993</b>         | 80,492,436     |
| Other payables and accruals                                   | 17          | <b>106,727,031</b>        | 106,070,837    |
| Amounts due to credit institutions                            |             | <b>28,590,518</b>         | 22,898,166     |
| Amounts due to customers                                      | 19          | <b>141,535,061</b>        | 153,161,123    |
| Financial liabilities at fair value through<br>profit or loss |             | <b>6,799,953</b>          | 4,228,212      |
| Derivative financial liabilities                              |             | <b>1,681,868</b>          | 2,563,646      |
| Provisions  | 21          | <b>6,485,875</b>          | 6,248,117      |
| Advance from customers  |             | <b>1,306,372</b>          | 1,749,006      |
| Deferred revenue  |             | <b>11,248,679</b>         | 11,263,168     |
| Income tax payables   |             | <b>3,054,764</b>          | 4,281,068      |
| Lease liabilities   |             | <b>1,096,417</b>          | 1,153,466      |
| Borrowings  | 20          | <b>56,154,990</b>         | 50,902,399     |
| <b>Total current liabilities</b>                              |             | <b>442,484,521</b>        | 445,011,644    |
| <b>Total liabilities</b>                                      |             | <b>565,613,611</b>        | 578,918,542    |
| <b>Total equity and liabilities</b>                           |             | <b>665,732,567</b>        | 681,074,168    |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

|   | Attributable to the equity holders of the Company |                          |                                      |                                |   |   |                            |                             |                          |                              |                                 |  |  |                  |
|---|---|--------------------------|--------------------------------------|--------------------------------|---|---|----------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|--|--|------------------|
|   | Share capital<br>RMB'000                          | Share premium<br>RMB'000 | Statutory surplus reserve<br>RMB'000 | Revaluation reserve<br>RMB'000 | Share-based compensation reserve<br>RMB'000 | Shares held for share scheme<br>RMB'000 | Hedging reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | Other reserve<br>RMB'000 | Retained earnings<br>RMB'000 | Perpetual securities<br>RMB'000 | Other non-controlling interests<br>RMB'000 | Put option written on non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| As at December 31, 2022   | 2,356,231   | 11,281,940               | 919,845                              | (127,215)                      | 4,320,128                                   | (336,574)                               | (145,490)                  | (4,376,379)                 | (828,997)                | 49,521,938                   | 1,360,118                       | 41,843,891                                 | (3,633,810)  | 102,155,626      |
| Profit for the year   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | (3,874,279)                  | -                               | 4,504,587                                  | -  | 630,308          |
| Other comprehensive (loss)/income   | -   | -                        | -                                    | (278,063)                      | -   | -                                       | -                          | -                           | -                        | -                            | -                               | (46,570)                                   | -  | (324,633)        |
| Fair value changes on financial assets at   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| fair value through other comprehensive income   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| Credit risk changes on financial liabilities  | -   | -                        | -                                    | 4,431                          | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 493  | -  | 4,924            |
| measured at fair value through profit or loss   | -   | -                        | -                                    | 41,303                         | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | 41,303           |
| Share of other comprehensive income of associates using equity accounting                     | -   | -                        | -                                    | -                              | -   | -                                       | (45,976)                   | -                           | -                        | -                            | -                               | 284,346                                    | -  | 238,370          |
| Fair value change on cash flow hedges   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 711,423                                    | -  | 2,103,019        |
| Currency translation differences  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | 1,391,596                   | -                        | -                            | -                               | -  | -  | -                |
| Remeasurement of post-employment benefit obligations  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | 32,000                   | -                            | -                               | 166,017                                    | -  | 198,017          |
| Revaluation of investment properties upon reclassification from property, plant and equipment | -   | -                        | -                                    | 13,958                         | -   | -                                       | -                          | -                           | -                        | -                            | -                               | (245)                                      | -  | 13,713           |
| Total comprehensive (loss)/income for the year  | -   | -                        | -                                    | (218,371)                      | -   | -                                       | (45,976)                   | 1,391,596                   | 32,000                   | (3,874,279)                  | -                               | 5,620,051                                  | -  | 2,905,021        |
| Total transfer to retained earnings   | -   | -                        | -                                    | 433                            | -   | -                                       | -                          | (65,419)                    | -                        | 64,986                       | -                               | 4,073                                      | -  | 4,073            |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended December 31, 2023

|   | Attributable to the equity holders of the Company |                          |                                      |                                |   |   |                            |                             |                          |                              |                                 |  |  |                  |
|---|---|--------------------------|--------------------------------------|--------------------------------|---|---|----------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|--|--|------------------|
|   | Share capital<br>RMB'000                          | Share premium<br>RMB'000 | Statutory surplus reserve<br>RMB'000 | Revaluation reserve<br>RMB'000 | Share-based compensation reserve<br>RMB'000 | Shares held for share scheme<br>RMB'000 | Hedging reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | Other reserve<br>RMB'000 | Retained earnings<br>RMB'000 | Perpetual securities<br>RMB'000 | Other non-controlling interests<br>RMB'000 | Put option written on non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| Total transactions with owners, recognised directly in equity   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 14,757                                     | -  | 14,757           |
| Acquisition of subsidiaries                                     | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | (1,547)                                    | -  | (1,547)          |
| Disposal of subsidiaries  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (2,660,848)                 | -                        | -                            | -                               | 114,267                                    | -  | (2,546,581)      |
| Transaction with other non-controlling interests                | -   | -                        | -                                    | -                              | -   | -                                       | -                          | 17,672                      | -                        | -                            | -                               | 609,048                                    | -  | 626,720          |
| Contribution from other non-controlling interests               | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| Issuance of convertible bonds                                   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | 1,112                    | 923                          | -                               | 4,274                                      | -  | 6,309            |
| Transfer to reserve   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (68,309)                    | -                        | -                            | -                               | 253  | -  | (68,056)         |
| Share of other reserve of associates                            | -   | -                        | -                                    | -                              | -   | 129,379                                 | -                          | -                           | -                        | -                            | -                               | 735,530                                    | -  | 1,074,574        |
| Share-based compensation  | -   | -                        | -                                    | -                              | 209,665                                     | -                                       | -                          | -                           | -                        | (471,257)                    | -                               | (3,511,168)                                | -  | (3,982,425)      |
| Dividends paid and declared (NOTE 22)                           | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| Coupon paid/interest adjustment holders of perpetual securities | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | (64,166)                     | 1,795                           | (7,144)                                    | -  | (69,515)         |
| Total transactions with owners, recognised directly in equity   | -   | -                        | -                                    | -                              | 209,665                                     | 129,379                                 | -                          | (2,710,373)                 | (534,500)                | 1,795                        | (2,041,730)                     | -  | -  | (4,945,764)      |
| As at December 31, 2023   | 2,356,231   | 11,281,940               | 919,845                              | (345,153)                      | 4,529,793                                   | (207,195)                               | (191,466)                  | (3,050,202)                 | (3,507,370)              | 45,178,145                   | 1,361,913                       | 45,426,285                                 | (3,633,810)  | 100,118,956      |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended December 31, 2023

|   | Attributable to the equity holders of the Company |                          |                                      |                                |   |   |                            |                             |                          |                              |                                 |  |  |                  |
|---|---|--------------------------|--------------------------------------|--------------------------------|---|---|----------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|--|--|------------------|
|   | Share capital<br>RMB'000                          | Share premium<br>RMB'000 | Statutory surplus reserve<br>RMB'000 | Revaluation reserve<br>RMB'000 | Share-based compensation reserve<br>RMB'000 | Shares held for share scheme<br>RMB'000 | Hedging reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | Other reserve<br>RMB'000 | Retained earnings<br>RMB'000 | Perpetual securities<br>RMB'000 | Other non-controlling interests<br>RMB'000 | Put option written on non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| <b>As at January 1, 2022</b>  | 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                   | 1,538,457                       | 35,006,747                                 | (5,024,368)  | 92,810,724       |
| Profit for the year   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | 1,167,063                    | -                               | 9,226,910                                  | -  | 10,393,973       |
| Other comprehensive (loss)/income   | -   | -                        | -                                    | (700,388)                      | -   | -                                       | -                          | -                           | -                        | -                            | -                               | (79,326)                                   | -  | (779,714)        |
| Fair value changes on financial assets at fair value through other comprehensive income       | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| Credit risk changes on financial liabilities measured at fair value through profit or loss    | -   | -                        | -                                    | 7,342                          | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 818  | -  | 8,160            |
| Share of other comprehensive income of associates using equity accounting                     | -   | -                        | -                                    | 25,519                         | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | 25,519           |
| Fair value change on cash flow hedges   | -   | -                        | -                                    | -                              | -   | -                                       | (252,968)                  | -                           | -                        | -                            | -                               | (835,476)                                  | -  | (1,088,444)      |
| Currency translation differences  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | 1,958,077                   | -                        | -                            | -                               | (375,347)                                  | -  | 1,582,730        |
| Remeasurement of post-employment benefit obligations  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | 260,656                  | -                            | -                               | 495,549                                    | -  | 756,205          |
| Revaluation of investment properties upon reclassification from property, plant and equipment | -   | -                        | -                                    | 502                            | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 56   | -  | 558              |
| Total comprehensive (loss)/income for the year  | -   | -                        | -                                    | (667,025)                      | -   | -                                       | (252,968)                  | 1,958,077                   | 260,656                  | 1,167,063                    | -                               | 8,433,184                                  | -  | 10,898,987       |
| Total transfer to retained earnings   | -   | -                        | -                                    | 11,025                         | -   | -                                       | -                          | -                           | -                        | (11,025)                     | -                               | -  | -  | -                |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended December 31, 2023

|  | Attributable to the equity holders of the Company |                          |                                      |                                |   |   |                            |                             |                          |                              |                                 |  |  |                  |
|--|---|--------------------------|--------------------------------------|--------------------------------|---|---|----------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|--|--|------------------|
|  | Share capital<br>RMB'000                          | Share premium<br>RMB'000 | Statutory surplus reserve<br>RMB'000 | Revaluation reserve<br>RMB'000 | Share-based compensation reserve<br>RMB'000 | Shares held for share scheme<br>RMB'000 | Hedging reserve<br>RMB'000 | Exchange reserve<br>RMB'000 | Other reserve<br>RMB'000 | Retained earnings<br>RMB'000 | Perpetual securities<br>RMB'000 | Other non-controlling interests<br>RMB'000 | Put option written on non-controlling interests<br>RMB'000 | Total<br>RMB'000 |
| Total transactions with owners, recognised directly in equity            | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | -                |
| Acquisition of subsidiaries  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 219,520                                    | -  | 219,520          |
| Disposal of subsidiaries   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | (18,876)                                   | -  | (18,876)         |
| Transaction with other non-controlling interests                         | -   | -                        | -                                    | -                              | -   | -                                       | -                          | 213,820                     | -                        | -                            | -                               | 453,408                                    | -  | 667,228          |
| Contribution from other non-controlling interests                        | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | 977,489                                    | -  | 977,489          |
| Issuance of convertible bonds  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | 278,679                  | -                            | -                               | 652,074                                    | -  | 930,753          |
| Repurchase of convertible bond   | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (206,957)                   | -                        | -                            | (200,000)                       | (484,254)                                  | -  | (691,211)        |
| Decrease of perpetual capital  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | -                        | -                            | -                               | -  | -  | (200,000)        |
| Transfer to reserve  | -   | -                        | -                                    | -                              | -   | -                                       | -                          | 4,772                       | (135,319)                | -                            | -                               | (16,375)                                   | -  | (146,922)        |
| Recognize repurchase obligations based on the convertible bond agreement | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (589,270)                   | -                        | -                            | -                               | (31,014)                                   | -  | (620,284)        |
| Share of other reserve of associates                                     | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (44,939)                    | -                        | -                            | -                               | 289  | -  | (44,650)         |
| Share-based compensation   | -   | -                        | -                                    | -                              | 547,912                                     | -                                       | -                          | -                           | -                        | -                            | -                               | 1,119,152                                  | -  | 1,667,064        |
| Transfer to statutory surplus reserve                                    | -   | -                        | 223,616                              | -                              | -   | -                                       | -                          | -                           | -                        | (223,616)                    | -                               | -  | -  | -                |
| Dividends paid and declared (Note 22)                                    | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | (942,306)                | -                            | -                               | (3,281,098)                                | -  | (4,223,604)      |
| Coupon paid/interest adjustment to holders of perpetual securities       | -   | -                        | -                                    | -                              | -   | -                                       | -                          | -                           | (61,680)                 | 1,661                        | (6,869)                         | -  | -  | (66,888)         |
| Exercise of put option written on non-controlling interest               | -   | -                        | -                                    | -                              | -   | -                                       | -                          | (214,776)                   | -                        | -                            | -                               | (1,179,486)                                | 1,390,538  | (3,704)          |
| Total transactions with owners, recognised directly in equity            | -   | -                        | 223,616                              | -                              | 547,912                                     | -                                       | -                          | (538,671)                   | (1,363,121)              | (198,339)                    | (1,596,040)                     | 1,390,538                                  | -  | (1,534,085)      |
| As at December 31, 2022  | 2,356,231   | 11,281,940               | 919,845                              | (127,215)                      | 4,320,128                                   | (336,574)                               | (145,490)                  | (4,376,379)                 | (828,997)                | 49,521,938                   | 1,360,118                       | 41,843,891                                 | (3,663,810)  | 102,155,626      |

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

|   |      | Year ended December 31, |                     |
|---|------|-------------------------|---------------------|
|   |      | 2023                    | 2022                |
|   | Note | RMB'000                 | RMB'000             |
| <b>Cash flows from operating activities</b>   |      |                         |                     |
| Cash generated from operations  | 23   | 14,044,385              | 51,384,148          |
| Income tax paid   |      | (5,088,636)             | (3,831,988)         |
| <b>Net cash generated from operating activities</b>   |      | <b>8,955,749</b>        | <b>47,552,160</b>   |
| <b>Cash flows from investing activities</b>   |      |                         |                     |
| Purchases of property, plant and equipment and intangible assets                              |      | (14,776,433)            | (14,295,810)        |
| Proceeds from sale of property, plant and equipment and intangible assets                     |      | 470,477                 | 260,906             |
| Purchase of financial assets at fair value through profit or loss                             |      | (12,709,623)            | (9,515,945)         |
| Proceeds from the disposal of financial assets at fair value through profit or loss           |      | 12,196,185              | 9,682,542           |
| Dividends from financial assets at fair value through profit or loss                          |      | 221,844                 | 219,449             |
| Capital injection in associates measured at fair value through profit or loss                 |      | (458,500)               | (1,153,492)         |
| Distributions from associates measured at fair value through profit or loss                   |      | 2,563,393               | 1,821,010           |
| Acquisition of and capital injection in associates and joint ventures using equity accounting |      | (120,803)               | (1,150,052)         |
| Proceeds from disposal of associates using equity accounting                                  |      | 958,034                 | 1,677,866           |
| Dividends from associates using equity accounting   |      | 371,735                 | 518,212             |
| Purchase of financial assets at fair value through other comprehensive income                 |      | (354,017)               | (697,615)           |
| Disposal of financial assets at fair value through other comprehensive income                 |      | 400,305                 | 674,611             |
| Dividends from financial assets at fair value through other comprehensive income              |      | 18,539                  | 34,862              |
| Acquisition of subsidiaries, net of cash acquired   |      | (1,006,477)             | (3,356,034)         |
| Disposal of subsidiaries, net of cash disposed  |      | 66,217                  | 20,953              |
| Loans repaid/(granted to) from related parties and third parties                              |      | 517,092                 | (891,130)           |
| Interest received   |      | 1,234,203               | 701,518             |
| (Increase)/decrease in fixed deposits for more than 3 months                                  |      | (91,107)                | 506,262             |
| Disposal of financial assets at amortized cost and derivative financial instruments           |      | 138,914                 | 92,082              |
| <b>Net cash used in investing activities</b>  |      | <b>(10,360,022)</b>     | <b>(14,849,805)</b> |

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended December 31, 2023

|   |      | Year ended December 31, |                     |
|---|------|-------------------------|---------------------|
|   |      | 2023                    | 2022                |
|   | Note | RMB'000                 | RMB'000             |
| <b>Cash flows from financing activities</b>                 |      |                         |                     |
| Proceeds from borrowings                                    |      | 109,527,783             | 113,114,490         |
| Repayments of borrowings                                    |      | (118,169,010)           | (126,167,090)       |
| Repayments of lease liabilities                             |      | (1,034,871)             | (1,624,010)         |
| Issue of convertible bonds, net of issuance costs           |      | –                       | 4,470,533           |
| Issue of other bonds, net of issuance costs                 |      | 4,221,351               | 11,385,604          |
| Repurchase of convertible bonds                             |      | –                       | (3,671,472)         |
| Repurchase of convertible preferred shares                  |      | (327,464)               | –                   |
| Payment of put option liabilities                           |      | –                       | (1,895,000)         |
| Capital injections from other non-controlling interests     |      | 1,981,985               | 817,638             |
| Distribution to other non-controlling interests             |      | (3,577,213)             | (3,261,485)         |
| Transaction with other non-controlling interests            |      | (4,340,172)             | 87,984              |
| Dividends paid to equity holders of the Company             | 22   | (443,759)               | (836,012)           |
| Interest paid   |      | (10,468,186)            | (7,464,504)         |
|   |      | <u>(22,629,556)</u>     | <u>(15,043,324)</u> |
| <b>Net cash used in financing activities</b>                |      |                         |                     |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      |                         |                     |
|   |      | (24,033,829)            | 17,659,031          |
| Cash and cash equivalents at beginning of year              |      | 81,159,017              | 59,956,630          |
| Exchange losses on cash and cash equivalents                |      | 2,445,845               | 3,543,356           |
|   |      | <u>59,571,033</u>       | <u>81,159,017</u>   |
| <b>Cash and cash equivalents at end of year</b>             | 13   |                         |                     |

## 1. GENERAL INFORMATION

Legend Holdings Corporation (the “Company”) is a joint stock company with limited liability under Company Law of the People’s Republic of China (“PRC”). It was incorporated in November 1984 under the name of Chinese Academy of Sciences Computer Technology Research Institute New Technology Development Company (中國科學院計算技術研究所新技術發展公司), as an enterprise owned by the whole people (全民所有制企業). Since then, the Company has completed a series of reorganizations and was converted into a joint stock limited liability company on February 18, 2014, the registered capital is RMB23.56 billion 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and requirements of the Hong Kong Companies Ordinance (Cap. 622) under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss (including derivative instruments), associates measured at fair value through profit or loss, investment properties and biological assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involve a higher degree of judgment or complexity, or the areas where assumptions and estimates that are significant to the consolidated financial statements.

#### 2.1.1 *Going concern basis*

As of December 31, 2023, one Chile subsidiary of Joyvio Food Co., Ltd., a subsidiary of the Company, has a short-term loan of RMB7.8 million overdue. Such event of default may cause the lenders of relevant borrowings amounting to RMB8,323 million to exercise their right to demand for acceleration of repayment under the relevant agreements, which originally would come due after one year. The Group has classified such borrowings as current liabilities.

As of December 31, 2023, the current liabilities of the Group were approximately RMB442,485 million, exceeding the current assets of approximately RMB149,782 million. Of which, RMB56,155 million represents current bank loans and other borrowings repayable within 12 months, and the Group’s cash and cash equivalents amounted to RMB59,571 million.

The above circumstances indicated material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company have carefully considered the operation characteristics of different business lines, the future liquidity, the operation performance and the available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from December 31, 2023, taking into consideration the following plans and measures:

- (i) As at 31 December 2023, the current assets, current liabilities and net current liabilities of Banque Internationale à Luxembourg S.A. (“BIL”), a subsidiary of the Company, are RMB70,478 million, RMB184,931 million and RMB 114,453 million, respectively, which have been reflected in the consolidated financial statements of the Group. As a financial institution in banking business, BIL does not distinguish its assets and liabilities between current and non-current in its own financial statements. For the purpose of preparation of the consolidated financial statements of the Group, the assets and liabilities of BIL are classified into current/non-current assets and liabilities based on the collection/realization/repayment period as agreed in the relevant contracts. The Common equity tier 1 capital, additional tier 1 capital and tier 2 capital are RMB12,035 million, RMB1,375 million and RMB2,624 million, respectively, computed in accordance with the Basel III rules, the Capital Requirements Regulation and other relevant bank capital regulatory requirements currently in force. Common equity tier 1 capital ratio was 13.37%, Tier 1 ratio was 14.90%, and Capital Adequacy ratio was 17.82% (before 2023 profit allocation). These ratios were all exceeding the basic regulatory requirements, which indicated BIL’s sufficient ability to continue as a going concern. The Group will continue to implement comprehensive capital management at BIL level to further enhance the resilience of capital risks and ensure the relative stability of the capital adequacy ratio of BIL.
- (ii) The Group’s net operating cash inflow in 2023 is RMB8,956 million. The company’s management expects that the operating performance will be stable or improved in 2024 and the Group will be able to continue to generate operating cash inflow in 2024. The Group will continue its efforts to implement measures to strengthen its operating cash flows and working capital position, including expediting collection of outstanding trade receivables and deferring discretionary capital expenditures, if necessary.

- (iii) In respect of the above overdue loan of the Chile subsidiary of Joyvio Food Co., Ltd, in February 2024, the subsidiary has reached agreement with the lender to enter into an extension agreement for the remaining borrowing upon repayment of part of the borrowing, and the event of default has been settled thereafter. As of the date of this report, the Group has not received any notice from relevant lenders to demand for acceleration of the repayment of other loans due to the above event of defaults. The management of the Group will discuss and negotiate with the respective lenders and seek to obtain waiver of compliance with the covenant requirements from the respective lenders or further revise the terms and covenant requirements, if needed.
- (iv) As of 31 December 2023, the Group has unutilised project loan facilities and general facilities of RMB50,968 million. The Group will also negotiate with the banks to extend such facilities and to secure new facilities. The directors are confident that the new borrowings will be obtained in due course, to provide sufficient funding for the Group's project related payments or other operating expenditures.
- (v) The Group holds a number of equity investments, including several highly liquid equity investments in listed companies, which the Group intends to sell partially within the next twelve months. Management is confident that the disposal of such equity investments will provide proceeds for the partial repayment of the outstanding borrowings due and improve the group's repayment ability.
- (vi) The Company will exert its capital management ability as a holding company, including providing financial guarantee or financial support in due course to the subsidiaries, to ensure the timely repayment of various borrowings of subsidiaries.

The directors have reviewed the Group's cash flow projections prepared by management, which covered a period of no less than twelve months from 31 December 2023. In the opinion of the directors, taking into account the anticipated cash inflows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its repayment obligations as and when they fall due in the coming twelve months from 31 December 2023. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

### ***2.1.2 New and amended standards and interpretations adopted***

The following amended standards and interpretation are mandatory for the first time for the Groups financial year beginning on January 1, 2023 and are applicable for the Group:

|  |  |
|--|--|
| IFRS 17  | Insurance Contracts  |
| IAS 1 and IFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies  |
| IAS 8 (Amendments)                               | Definition of Accounting Estimates   |
| IAS 12 (Amendments)                              | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| IAS 12 (Amendments)                              | International Tax Reform – Pillar Two Model Rules                                |

Except for the Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction, other amendments to IFRS and IAS effective for the financial year beginning on January 1, 2023 do not have a material impact on the Group's consolidated financial statements.

The Group has initially applied the Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction, from January 1, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases liabilities. For leases liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases that results in a similar outcome to the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Group has recognized a separate deferred tax asset in relation to its lease liability and a deferred tax liability in relation to its right-of-use asset. However, there is no impact on the Group's consolidated financial statements because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings at January 1, 2022 as a result of the change.

### ***2.1.3 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, 2023 and have not been early adopted.

|   |  | <b>Effective for<br/>financial year<br/>beginning on<br/>or after</b> |
|---|--|---|
| IAS 1 (Amendments)                          | Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants                             | 1 January 2024  |
| IAS 16 (Amendments)                         | Lease Liabilities in a Sale-and-Leaseback  | 1 January 2024  |
| International Interpretation 5 (Amendments) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contain a Repayment on Demand Clause | 1 January 2024  |
| IAS 7 and IFRS 7 (Amendments)               | Supplier Finance Arrangements  | 1 January 2024  |
| IAS 21 (Amendments)                         | Lack of Exchangeability  | 1 January 2025  |
| IFRS 10 and IAS 28 (Amendments)             | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture  | To be Determined  |

### ***Impact of new standard released not yet adopted***

Certain new and amended accounting standards have been published that are not mandatory for the financial year beginning on January 1, 2023 and have not been early adopted by the Group. The Group's assessment of the impact of these new and amendment standards is still in progress.

### 3. 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.

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; and
- 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.

Year ended December 31, 2023

|   | Industrial Operations |                            |                            |                    |  |                    | Unallocated<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|---|-----------------------|----------------------------|----------------------------|--------------------|--|--------------------|------------------------|------------------------|------------------|
|   | Lenovo<br>RMB'000     | Levima<br>Group<br>RMB'000 | Joyvio<br>Group<br>RMB'000 | BIL<br>RMB'000     | Industry<br>Incubation &<br>Investments<br>RMB'000 |                    |                        |                        |                  |
| <b>Segment revenue</b>  |                       |                            |                            |                    |  |                    |                        |                        |                  |
| Sales/provide services to external customers  | 392,493,151           | 6,879,147                  | 26,089,616                 | 2,119,085          | 4,056,449  | -                  | -                      | 431,637,448            |                  |
| Interest income   | -                     | -                          | -                          | 10,835,372         | 366,920  | -                  | -                      | 11,202,292             |                  |
| Interest expense  | -                     | -                          | -                          | (6,827,574)        | -  | -                  | -                      | (6,827,574)            |                  |
| Inter-segment sales/provide services  | -                     | -                          | -                          | -                  | 7,680  | -                  | (7,680)                | -                      |                  |
| <b>Total</b>  | <b>392,493,151</b>    | <b>6,879,147</b>           | <b>26,089,616</b>          | <b>6,126,883</b>   | <b>4,431,049</b>                                   | <b>-</b>           | <b>(7,680)</b>         | <b>436,012,166</b>     |                  |
| <b>Segment results</b>  |                       |                            |                            |                    |  |                    |                        |                        |                  |
| Profit/(loss) before income tax   | 8,353,493             | 510,855                    | (1,303,051)                | 1,650,317          | (4,950,455)  | (1,837,231)        | -                      | 2,423,928              |                  |
| Income tax (expense)/credit   | (1,631,617)           | (66,801)                   | 156,291                    | (187,411)          | (523,390)  | 459,308            | -                      | (1,793,620)            |                  |
| <b>Profit/(loss) for the year</b>   | <b>6,721,876</b>      | <b>444,054</b>             | <b>(1,146,760)</b>         | <b>1,462,906</b>   | <b>(5,473,845)</b>                                 | <b>(1,377,923)</b> | <b>-</b>               | <b>630,308</b>         |                  |
| <b>Profit/(loss) attributable to equity holders<br/>of the Company for the year</b>                 | <b>1,981,533</b>      | <b>227,681</b>             | <b>(447,788)</b>           | <b>1,316,324</b>   | <b>(5,574,106)</b>                                 | <b>(1,377,923)</b> | <b>-</b>               | <b>(3,874,279)</b>     |                  |
| <b>Segment assets</b>   | <b>261,391,520</b>    | <b>17,963,616</b>          | <b>21,800,147</b>          | <b>242,215,721</b> | <b>101,720,739</b>                                 | <b>24,539,909</b>  | <b>(3,899,085)</b>     | <b>665,732,567</b>     |                  |
| <b>Segment liabilities</b>  | <b>233,267,668</b>    | <b>9,346,996</b>           | <b>16,613,698</b>          | <b>220,894,634</b> | <b>35,526,822</b>                                  | <b>51,449,992</b>  | <b>(1,486,199)</b>     | <b>565,613,611</b>     |                  |
| <b>Other segment information:</b>   |                       |                            |                            |                    |  |                    |                        |                        |                  |
| Depreciation and amortisation   | (9,652,468)           | (691,087)                  | (642,034)                  | (442,181)          | (171,815)  | (7,647)            | -                      | (11,607,232)           |                  |
| Impairment loss for non-current assets<br>(Note 6)  | (6,311)               | -                          | (319,244)                  | -                  | (100,763)  | -                  | -                      | (426,318)              |                  |
| Investment income and gains/loss (Note 4)   | 1,352,963             | 15,521                     | 197,090                    | 178,553            | (3,554,368)  | -                  | -                      | (1,810,241)            |                  |
| Finance income  | 1,133,628             | 93,592                     | 39,785                     | -                  | 179,002  | 769,133            | (20,722)               | 2,194,418              |                  |
| Finance costs   | (5,358,077)           | (177,559)                  | (667,172)                  | -                  | (468,834)  | (2,478,120)        | 20,722                 | (9,129,040)            |                  |
| Share of profit/(loss) of associates and<br>joint ventures accounted for using<br>the equity method | (141,297)             | 3,601                      | 50,175                     | -                  | (401,059)  | -                  | -                      | (488,580)              |                  |
| Material non-cash items other than<br>depreciation and amortisation                                 | (2,265,733)           | -                          | (51,196)                   | -                  | (15,300)   | -                  | -                      | (2,332,229)            |                  |
| Capital expenditure   | 11,982,349            | 1,929,834                  | 709,008                    | 688,067            | 1,691,868  | 3,817              | -                      | 17,004,943             |                  |
| Associates and joint ventures using equity<br>accounting  | 1,807,936             | 315,705                    | 493,269                    | -                  | 13,626,291   | -                  | -                      | 16,243,201             |                  |
| Associates measured at fair value through<br>profit or loss   | -                     | -                          | -                          | -                  | 14,778,452   | -                  | -                      | 14,778,452             |                  |

Year ended December 31, 2022

|   | Industrial Operations          |   |   |                             |   |                    | Unallocated<br>RMB'000 | Elimination<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------------|---|---|-----------------------------|---|--------------------|------------------------|------------------------|------------------|
|   | Lenovo<br>(Restate)<br>RMB'000 | Levima<br>Group<br>(Restate)<br>RMB'000 | Joyvio<br>Group<br>(Restate)<br>RMB'000 | BIL<br>(Restate)<br>RMB'000 | Industry<br>Incubations &<br>Investments<br>RMB'000 |                    |                        |                        |                  |
| <b>Segment revenue</b>  |                                |   |   |                             |   |                    |                        |                        |                  |
| Sales/provide services to external customers  | 444,397,338                    | 9,045,102                               | 21,567,859                              | 2,071,545                   | 3,613,643   | -                  | -                      | 480,695,487            |                  |
| Interest income   | -                              | -                                       | -                                       | 4,597,572                   | 475,369   | -                  | -                      | 5,072,941              |                  |
| Interest expense  | -                              | -                                       | -                                       | (2,105,731)                 | -   | -                  | -                      | (2,105,731)            |                  |
| Inter-segment sales/provide services  | -                              | -                                       | -                                       | -                           | 6,202   | -                  | (6,202)                | -                      |                  |
| <b>Total</b>  | <b>444,397,338</b>             | <b>9,045,102</b>                        | <b>21,567,859</b>                       | <b>4,563,386</b>            | <b>4,095,214</b>                                    | <b>-</b>           | <b>(6,202)</b>         | <b>483,662,697</b>     |                  |
| <b>Segment results</b>  |                                |   |   |                             |   |                    |                        |                        |                  |
| Profit/(loss) before income tax   | 17,252,288                     | 1,000,403                               | (1,847,288)                             | 1,085,715                   | (2,880,970)   | (1,760,736)        | -                      | 12,849,412             |                  |
| Income tax (expense)/credit   | (3,765,001)                    | (16,531)                                | 81,533                                  | (61,319)                    | 865,695   | 440,184            | -                      | (2,455,439)            |                  |
| <b>Profit/(loss) for the year</b>   | <b>13,487,287</b>              | <b>983,872</b>                          | <b>(1,765,755)</b>                      | <b>1,024,396</b>            | <b>(2,015,275)</b>                                  | <b>(1,320,552)</b> | <b>-</b>               | <b>10,393,973</b>      |                  |
| <b>Profit/(loss) attributable to equity holders of the Company for the year</b>               | <b>4,188,042</b>               | <b>503,507</b>                          | <b>(793,877)</b>                        | <b>921,751</b>              | <b>(2,331,808)</b>                                  | <b>(1,320,552)</b> | <b>-</b>               | <b>1,167,063</b>       |                  |
| <b>Segment assets</b>   | <b>274,520,303</b>             | <b>15,205,632</b>                       | <b>23,087,946</b>                       | <b>242,629,393</b>          | <b>106,088,820</b>                                  | <b>22,696,418</b>  | <b>(3,154,344)</b>     | <b>681,074,168</b>     |                  |
| <b>Segment liabilities</b>  | <b>247,314,749</b>             | <b>7,242,861</b>                        | <b>17,629,621</b>                       | <b>223,572,903</b>          | <b>30,411,356</b>                                   | <b>55,901,396</b>  | <b>(3,154,344)</b>     | <b>578,918,542</b>     |                  |
| <b>Other segment information:</b>   |                                |   |   |                             |   |                    |                        |                        |                  |
| Depreciation and amortisation   | (9,003,942)                    | (590,620)                               | (577,886)                               | (407,976)                   | (158,546)   | (8,434)            | -                      | (10,747,404)           |                  |
| Impairment loss for non-current assets (Note 6)   | -                              | -                                       | (1,998,637)                             | (14,395)                    | -   | -                  | -                      | (2,013,032)            |                  |
| Investment income and gains/loss (Note 4)   | 458,762                        | 2,803                                   | 148,075                                 | 263,603                     | (3,863,794)   | -                  | -                      | (2,990,551)            |                  |
| Finance income  | 788,955                        | 42,782                                  | 25,402                                  | -                           | 65,977  | 558,616            | (21,659)               | 1,460,073              |                  |
| Finance costs   | (3,665,049)                    | (150,462)                               | (540,295)                               | -                           | (475,844)   | (2,101,742)        | 21,659                 | (6,911,733)            |                  |
| Share of (loss)/profit of associates and joint ventures accounted for using the equity method | (657,606)                      | 1,182                                   | 61,962                                  | -                           | 742,246   | -                  | -                      | 147,784                |                  |
| Material non-cash items other than depreciation and amortisation                              | (2,322,523)                    | -                                       | (34,012)                                | -                           | (62,872)  | -                  | -                      | (2,419,407)            |                  |
| Capital expenditure   | 15,195,519                     | 2,180,381                               | 1,366,503                               | 840,364                     | 71,736  | 5,193              | -                      | 19,659,696             |                  |
| Associates and joint ventures using equity accounting   | 2,516,349                      | 291,536                                 | 698,707                                 | -                           | 13,208,080  | -                  | -                      | 16,714,672             |                  |
| Associates measured at fair value through profit or loss                                      | -                              | -                                       | -                                       | -                           | 18,521,268  | -                  | -                      | 18,521,268             |                  |

(a) Revenue from external customers

|                                     | Year ended December 31, |                    |
|-------------------------------------|-------------------------|--------------------|
|                                     | 2023                    | 2022               |
|                                     | <i>RMB'000</i>          | <i>RMB'000</i>     |
| China                               | 119,159,276             | 136,713,406        |
| Asia-Pacific region excluding China | 72,194,321              | 75,804,733         |
| Europe/Middle East/Africa           | 141,800,615             | 114,952,209        |
| Americas                            | 102,857,954             | 156,192,349        |
| <b>Total</b>                        | <b>436,012,166</b>      | <b>483,662,697</b> |

(b) Non-current assets

|                                     | As at December 31, |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | 2023               | 2022               |
|                                     | <i>RMB'000</i>     | <i>RMB'000</i>     |
| China                               | 68,998,507         | 62,866,736         |
| Asia-Pacific region excluding China | 15,087,247         | 18,569,077         |
| Europe/Middle East/Africa           | 13,613,672         | 15,736,450         |
| Americas                            | 34,144,511         | 26,981,885         |
| <b>Total</b>                        | <b>131,843,937</b> | <b>124,154,148</b> |

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

(c) **Analysis of revenue by timing of revenue recognition**

|                    | <b>Year ended December 31,</b> |                           |
|--------------------|--------------------------------|---------------------------|
|                    | <b>2023</b>                    | <b>2022</b>               |
|                    | <b><i>RMB'000</i></b>          | <b><i>RMB'000</i></b>     |
| At a point in time | <b>407,449,854</b>             | 460,294,119               |
| Over time          | <b>28,562,312</b>              | 23,368,578                |
|                    | <b><u>436,012,166</u></b>      | <b><u>483,662,697</u></b> |

(d) **Revenue recognized in relation to deferred revenue and advance from customers**

As at December 31, 2023, deferred revenue and advance from customers amounting to RMB22,778 million (2022: RMB22,743 million) primarily relate to the Group's unsatisfied performance obligations for which consideration has been received at the reporting date. Revenue is recognized in the period when the performance obligations are satisfied. RMB13,012 million (2022: RMB11,250 million) was recognized as revenue during the year that was included in such balance at the beginning of the year.

(e) **Transaction price allocated to the remaining performance obligations**

Revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

|                    | <b>Year ended December 31,</b> |                          |
|--------------------|--------------------------------|--------------------------|
|                    | <b>2023</b>                    | <b>2022</b>              |
|                    | <b><i>RMB'000</i></b>          | <b><i>RMB'000</i></b>    |
| Within one year    | <b>12,555,051</b>              | 13,012,174               |
| More than one year | <b>10,223,176</b>              | 9,730,974                |
| <b>Total</b>       | <b><u>22,778,227</u></b>       | <b><u>22,743,148</u></b> |

#### 4. INVESTMENT LOSSES

|   | Year ended December 31, |                    |
|---|-------------------------|--------------------|
|   | 2023                    | 2022               |
|   | RMB'000                 | RMB'000            |
| Gains on disposal/dilution of associates  | 383,879                 | 692,873            |
| Losses on disposal of subsidiaries  | (58,477)                | (30,944)           |
| Dividend income from financial assets at fair value through other comprehensive income  | 17,508                  | 11,995             |
| Fair value losses and dividend income from associates measured at fair value through profit or loss                           | (1,122,164)             | (1,393,686)        |
| Disposal gains, fair value losses, dividend income from financial instruments at fair value through profit or loss and others | (1,030,987)             | (2,270,789)        |
|   | <u>(1,810,241)</u>      | <u>(2,990,551)</u> |

#### 5. OTHER (LOSSES)/INCOME – NET

|   | Year ended December 31, |                |
|---|-------------------------|----------------|
|   | 2023                    | 2022           |
|   | RMB'000                 | RMB'000        |
| Government grants   | 1,473,784               | 805,567        |
| Losses on disposal of property, plant and equipment and intangible assets | (137,579)               | (96,328)       |
| Fair value (losses)/gains on investment properties                        | (122,878)               | 1,414,414      |
| Net foreign exchange losses   | (598,959)               | (1,133,800)    |
| Severance and related costs (i)   | (1,502,482)             | (23,628)       |
| Non-recourse factoring costs  | (91,662)                | (94,258)       |
| Others  | (538,424)               | (173,140)      |
|   | <u>(1,518,200)</u>      | <u>698,827</u> |

- (i) As of December 31, 2023, due to industry challenges, our subsidiary Lenovo has announced resource allocation measures and incurred severance and related expenses to further improve efficiency and competitiveness.

## 6. EXPENSES BY NATURE

|  | Year ended December 31, |                    |
|--|-------------------------|--------------------|
|  | 2023                    | 2022               |
|  | RMB'000                 | RMB'000            |
| Cost of inventories sold                   | 338,214,194             | 372,504,108        |
| Employee benefit expense                   | 42,715,982              | 38,766,612         |
| Office and administrative expense          | 5,967,295               | 5,349,488          |
| Advertising costs                          | 5,906,802               | 7,059,614          |
| Depreciation and amortisation              | 11,607,232              | 10,747,404         |
| Impairment loss for loan to customers      | 380,675                 | 366,551            |
| Impairment loss for other financial assets | 1,005,302               | 361,403            |
| Impairment loss for non-current assets (i) | 426,318                 | 2,013,032          |
| Consultancy and professional fees          | 2,559,182               | 2,287,274          |
| Customer support service                   | 3,766,634               | 4,877,821          |
| Auditors' remuneration-audit services      | 108,518                 | 93,890             |
| Auditors' remuneration-non audit services  | 9,377                   | 6,266              |
| Labs and testing                           | 1,950,493               | 2,211,457          |
| Lease payments                             | 126,783                 | 205,079            |
| Tax and surcharges                         | 746,255                 | 1,056,576          |
| Transportation expense                     | 1,196,109               | 1,073,438          |
| Inventory write-down                       | 851,196                 | 1,610,784          |
| Other expenses (ii)                        | 5,298,248               | 12,626,888         |
|  | <b>422,836,595</b>      | <b>463,217,685</b> |

- (i) For the year ended December 31, 2023, impairment loss on non-current assets mainly consists of impairment loss of intangible assets of RMB408 million (2022: RMB1,345 million) and impairment loss of property, plant and equipment of RMB0.3 million (2022: RMB664 million).
- (ii) 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.

## 7. FINANCE INCOME AND COSTS

|   | Year ended December 31, |                    |
|---|-------------------------|--------------------|
|   | 2023                    | 2022               |
|   | <i>RMB'000</i>          | <i>RMB'000</i>     |
| Interest expense ( <i>i</i> ):                                |                         |                    |
| – Bank loans and overdrafts                                   | 2,999,010               | 2,386,954          |
| – Other loans   | 715,824                 | 626,375            |
| – Bonds   | 1,844,730               | 2,054,491          |
| – Lease liabilities   | 153,664                 | 163,363            |
| Factoring costs   | 3,397,954               | 1,599,905          |
| Interest costs on put option liability                        | 34,895                  | 80,645             |
|   | <u>9,146,077</u>        | <u>6,911,733</u>   |
| <b>Total finance costs</b>                                    | <b>9,146,077</b>        | <b>6,911,733</b>   |
| Less: The amount of capital capitalization of eligible assets | (17,037)                | –                  |
|   | <u>9,129,040</u>        | <u>6,911,733</u>   |
| <b>Finance costs</b>  | <b>9,129,040</b>        | <b>6,911,733</b>   |
| Interest income ( <i>i</i> ):                                 |                         |                    |
| – Interest income on bank deposits and money market funds     | (1,862,516)             | (1,182,486)        |
| – Interest income on loans to related parties                 | (112,979)               | (152,264)          |
| – Interest income on loans to non-related parties             | (218,923)               | (125,323)          |
|   | <u>(2,194,418)</u>      | <u>(1,460,073)</u> |
| <b>Finance income</b>   | <b>(2,194,418)</b>      | <b>(1,460,073)</b> |
| <b>Net finance costs</b>                                      | <b>6,934,622</b>        | <b>5,451,660</b>   |

- (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 consolidated income statement. Interest income and expense generated from micro-loan business are displayed in “interest income” and “cost of sales and services” in the consolidated income statement.

## 8. 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.

|                           | <b>Year ended December 31,</b> |                       |
|---------------------------|--------------------------------|-----------------------|
|                           | <b>2023</b>                    | <b>2022</b>           |
|                           | <i><b>RMB'000</b></i>          | <i><b>RMB'000</b></i> |
| Current income tax        | <b>3,837,732</b>               | 3,998,097             |
| Deferred income tax       | <b>(2,044,112)</b>             | (1,542,658)           |
|                           | <u><b>1,793,620</b></u>        | <u>2,455,439</u>      |
| <b>Income tax expense</b> | <u><b>1,793,620</b></u>        | <u>2,455,439</u>      |

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:

|   | <b>Year ended December 31,</b> |                       |
|---|--------------------------------|-----------------------|
|   | <b>2023</b>                    | <b>2022</b>           |
|   | <i><b>RMB'000</b></i>          | <i><b>RMB'000</b></i> |
| Profit before tax   | <b>2,423,928</b>               | 12,849,412            |
| <b>Tax effects of:</b>  |                                |                       |
| Tax calculated at domestic rates applicable in countries or regions concerned | <b>461,432</b>                 | 2,602,927             |
| Income not subject to tax   | <b>(2,249,803)</b>             | (3,579,549)           |
| Expenses not deductible for tax purposes                                      | <b>2,537,256</b>               | 2,879,751             |
| Utilisation of previously unrecognised tax losses/temporary differences       | <b>(890,159)</b>               | (1,263,704)           |
| Deferred income tax assets not recognised                                     | <b>2,527,711</b>               | 2,055,081             |
| Others  | <b>(597,805)</b>               | (288,614)             |
|   | <u><b>1,788,632</b></u>        | <u>2,405,892</u>      |
| Corporate income tax  | <b>1,788,632</b>               | 2,405,892             |
| Land value added tax  | <b>4,988</b>                   | 49,547                |
|   | <u><b>1,793,620</b></u>        | <u>2,455,439</u>      |
| <b>Income tax expense</b>   | <u><b>1,793,620</b></u>        | <u>2,455,439</u>      |

## 9. (LOSS)/EARNINGS PER SHARE

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

|  | <b>Year ended December 31,</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2023</b>                    | <b>2022</b>      |
| Basic (loss)/earnings attributable to equity holders of the Company (RMB'000)  | <b>(3,874,279)</b>             | 1,167,063        |
| Diluted impact on (loss)/earnings (RMB'000) (i)  | <b>(70,395)</b>                | (296,737)        |
|  | <b><u>(3,944,674)</u></b>      | <u>870,326</u>   |
| Diluted (loss)/earnings attributable to the equity holders of the Company (RMB'000)                                  |                                |                  |
| Weighted average number of issued ordinary shares (thousands)  | <b>2,356,231</b>               | 2,356,231        |
| Less shares held for share incentive plan (thousands)  | <b>(11,926)</b>                | (17,390)         |
|  | <b><u>2,344,305</u></b>        | <u>2,338,841</u> |
| Weighted average number of issued ordinary shares for calculating basic (loss)/earnings per share (thousands)        |                                |                  |
| Potential dilutive effect arising from share incentive plan (thousands) (ii)   | <b>3,109</b>                   | 8,952            |
|  | <b><u>2,347,414</u></b>        | <u>2,347,793</u> |
| Weighted average number of issued ordinary shares for calculating diluted (loss)/earnings per share (thousands) (ii) |                                |                  |
| (Loss)/earnings per share  |                                |                  |
| – Basic (RMB per share)  | <b>(1.65)</b>                  | 0.50             |
| – Diluted (RMB per share)  | <b>(1.68)</b>                  | 0.37             |

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

(ii) Diluted (loss)/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 subscription rights and share options 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 and share options to ordinary shares.

## 10. ACCOUNTS AND NOTES RECEIVABLES

|  | <b>As at December 31,</b> |                |
|--|---------------------------|----------------|
|  | <b>2023</b>               | 2022           |
|  | <b>RMB'000</b>            | <b>RMB'000</b> |
| <b>Accounts and notes receivables at amortised cost</b>                        |                           |                |
| Trade receivables  | <b>4,104,819</b>          | 6,958,288      |
| Notes receivables  | <b>344,443</b>            | 246,385        |
| Receivables arising from finance leases  | <b>7,415,198</b>          | 6,936,750      |
| Less: allowances of impairment loss  | <b>(640,160)</b>          | (683,105)      |
|  | <hr/>                     | <hr/>          |
| <b>Accounts receivable and notes receivable measured at amortised cost-net</b> | <b>11,224,300</b>         | 13,458,318     |
| <b>Trade receivables measured at FVOCI</b>                                     |                           |                |
| Trade receivables financing (i)  | <b>62,696,669</b>         | 64,473,893     |
|  | <hr/>                     | <hr/>          |
| Account and notes receivables  | <b>73,920,969</b>         | 77,932,211     |
|  | <hr/>                     | <hr/>          |

- (i) Lenovo, a subsidiary of the Company, will factor a portion of its accounts receivable depending on its daily fund management needs. The business model is to collect contractual cash flows and sell them for the purpose, therefore, Lenovo Group's accounts receivable are classified as financial assets measured at fair value through other comprehensive income.

As at December 31, 2023, the allowance of impairment loss of receivables financing is RMB642 million (As at December 31, 2022: RMB1,006 million).

As at December 31, 2023 and 2022, the ageing analyses of the trade receivables and trade receivables financing based on invoice date were as follows:

|                    | <b>As at December 31,</b> |                |
|--------------------|---------------------------|----------------|
|                    | <b>2023</b>               | 2022           |
|                    | <b>RMB'000</b>            | <b>RMB'000</b> |
| Up to 3 months     | <b>61,089,292</b>         | 64,570,146     |
| 3 to 6 months      | <b>3,759,692</b>          | 4,690,993      |
| 6 months to 1 year | <b>1,122,919</b>          | 2,031,868      |
| 1 to 2 years       | <b>1,093,786</b>          | 758,288        |
| 2 to 3 years       | <b>260,237</b>            | 293,719        |
| Over 3 years       | <b>117,998</b>            | 93,301         |
|                    | <hr/>                     | <hr/>          |
|                    | <b>67,443,924</b>         | 72,438,315     |
|                    | <hr/>                     | <hr/>          |

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

## 11. PREPAYMENT, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

|                                       | As at December 31, |                   |
|---------------------------------------|--------------------|-------------------|
|                                       | 2023               | 2022              |
|                                       | <i>RMB'000</i>     | <i>RMB'000</i>    |
| Receivables from parts subcontractors | 11,999,347         | 6,384,128         |
| Prepayments                           | 6,166,803          | 8,271,667         |
| Prepaid tax                           | 9,049,994          | 8,011,448         |
| Amounts due from related parties      | 1,665,665          | 1,300,286         |
| Advance to suppliers                  | 4,700,558          | 3,080,163         |
| Deposits receivable                   | 333,638            | 1,254,241         |
| Advance to employees                  | 61,956             | 74,138            |
| Adjustment for in-transit products    | –                  | 59,297            |
| Interest receivable                   | 137,472            | 134,643           |
| Others                                | 6,234,518          | 5,162,096         |
|                                       | <u>40,349,951</u>  | <u>33,732,107</u> |
| Less: allowances for impairment loss  | (447,160)          | (354,987)         |
|                                       | <u>39,902,791</u>  | <u>33,377,120</u> |

## 12. LOANS TO CUSTOMERS

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

|  | As at December 31, |                    |
|--|--------------------|--------------------|
|  | 2023               | 2022               |
|  | <i>RMB'000</i>     | <i>RMB'000</i>     |
| Banking service (a)                      | 130,065,806        | 124,526,554        |
| Other service (b)                        | 6,151,222          | 6,839,526          |
|  | <u>136,217,028</u> | <u>131,366,080</u> |
| Less: allowances for impairment loss (c) | (3,576,354)        | (3,782,698)        |
|  | <u>132,640,674</u> | <u>127,583,382</u> |
| Less: current portion                    | (33,539,980)       | (44,999,257)       |
|  | <u>99,100,694</u>  | <u>82,584,125</u>  |

(a) **Banking service**

|   | <b>As at December 31,</b> |                |
|---|---------------------------|----------------|
|   | <b>2023</b>               | <b>2022</b>    |
|   | <b>RMB'000</b>            | <b>RMB'000</b> |
| On demand and short notice                  | <b>12,082,903</b>         | 1,659,467      |
| Finance leases                              | <b>2,109,701</b>          | 1,622,359      |
| Other term loans                            | <b>115,873,202</b>        | 121,244,728    |
| <b>Total</b>                                | <b>130,065,806</b>        | 124,526,554    |
| Less: allowances for impairment loss        |                           |                |
| – Stage 1                                   | <b>(303,343)</b>          | (350,873)      |
| – Stage 2                                   | <b>(177,185)</b>          | (242,426)      |
| – Stage 3                                   | <b>(1,664,421)</b>        | (1,612,551)    |
| <b>Total allowances for impairment loss</b> | <b>(2,144,949)</b>        | (2,205,850)    |
| <b>Net loans to customers</b>               | <b>127,920,857</b>        | 122,320,704    |

(b) **Other service**

|   | <b>As at December 31,</b> |                |
|---|---------------------------|----------------|
|   | <b>2023</b>               | <b>2022</b>    |
|   | <b>RMB'000</b>            | <b>RMB'000</b> |
| Direct loans and pawn loans to customers    | <b>3,702,137</b>          | 4,321,005      |
| Entrusted loans to customers                | <b>2,449,085</b>          | 2,518,521      |
| <b>Total</b>                                | <b>6,151,222</b>          | 6,839,526      |
| Less: allowances for impairment loss        |                           |                |
| – Stage 1                                   | <b>(100,509)</b>          | (104,044)      |
| – Stage 2                                   | <b>(50,566)</b>           | (81,084)       |
| – Stage 3                                   | <b>(1,280,330)</b>        | (1,391,720)    |
| <b>Total allowances for impairment loss</b> | <b>(1,431,405)</b>        | (1,576,848)    |
| <b>Net loans to customers</b>               | <b>4,719,817</b>          | 5,262,678      |

(c) Allowance for impairment loss

|  | Stage 1<br><i>RMB'000</i>         | Stage 2<br><i>RMB'000</i>         | Stage 3<br><i>RMB'000</i>         | Total<br><i>RMB'000</i>         |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>As at January 1, 2022</b>               | (420,102)                         | (254,709)                         | (2,986,779)                       | (3,661,590)                     |
| Allowance made (i)                         | (491,107)                         | (383,020)                         | (595,681)                         | (1,469,808)                     |
| Unused amounts reversed (ii)               | 395,420                           | 306,004                           | 398,240                           | 1,099,664                       |
| Transfer of stages, write-off and disposal | 71,684                            | 13,061                            | 242,171                           | 326,916                         |
| Exchange adjustment                        | (10,812)                          | (4,846)                           | (62,222)                          | (77,880)                        |
| <b>As at December 31, 2022</b>             | <b>(454,917)</b>                  | <b>(323,510)</b>                  | <b>(3,004,271)</b>                | <b>(3,782,698)</b>              |
|  | <b>Stage 1<br/><i>RMB'000</i></b> | <b>Stage 2<br/><i>RMB'000</i></b> | <b>Stage 3<br/><i>RMB'000</i></b> | <b>Total<br/><i>RMB'000</i></b> |
| <b>As at January 1, 2023</b>               | <b>(454,917)</b>                  | <b>(323,510)</b>                  | <b>(3,004,271)</b>                | <b>(3,782,698)</b>              |
| Allowance made (i)                         | (355,342)                         | (437,457)                         | (1,160,458)                       | (1,953,257)                     |
| Unused amounts reversed (ii)               | 389,827                           | 526,361                           | 644,356                           | 1,560,544                       |
| Transfer of stages, write-off and disposal | 39,219                            | 14,824                            | 662,549                           | 716,592                         |
| Exchange adjustment                        | (22,639)                          | (7,969)                           | (86,927)                          | (117,535)                       |
| <b>As at December 31, 2023</b>             | <b>(403,852)</b>                  | <b>(227,751)</b>                  | <b>(2,944,751)</b>                | <b>(3,576,354)</b>              |

(i) Including the impact of current period accruals and parameter updates on the loss allowance.

(ii) Including reversal of allowance for impairment loss for written-off assets.

**13. BALANCES WITH CENTRAL BANK, RESTRICTED DEPOSITS, BANK DEPOSITS, CASH AND CASH EQUIVALENTS**

|   | As at December 31,       |                          |
|---|--------------------------|--------------------------|
|   | 2023                     | 2022                     |
|   | <i>RMB'000</i>           | <i>RMB'000</i>           |
| <b>Balances with central bank</b>   |                          |                          |
| Cash and balances with central banks of the country of the subsidiaries                                 | <u>1,302,861</u>         | <u>1,309,158</u>         |
| <b>Restricted deposits</b>  |                          |                          |
| Deposits for guarantee business   | 65,251                   | 47,738                   |
| Deposits for notes payables and borrowings  | 1,745,188                | 1,147,420                |
| Other restricted deposits   | <u>1,066,102</u>         | <u>605,523</u>           |
|   | <u>2,876,541</u>         | <u>1,800,681</u>         |
| <b>Bank deposits</b>  |                          |                          |
| Matured between three to twelve months  | <u>31,939</u>            | <u>134,427</u>           |
| <b>Cash and cash equivalents</b>  |                          |                          |
| Cash at bank and in hand  | 33,023,797               | 37,278,080               |
| Cash and balances with central banks of the country of the subsidiaries (other than mandatory reserves) | 19,776,542               | 29,545,706               |
| Loans and advances to credit institutions   | 4,738,922                | 5,174,235                |
| Money market funds  | <u>2,031,772</u>         | <u>9,160,996</u>         |
|   | <u>59,571,033</u>        | <u>81,159,017</u>        |
| <b>Total</b>  | <u><b>63,782,374</b></u> | <u><b>84,403,283</b></u> |
| Maximum exposure to credit risk   | <b>63,782,374</b>        | 84,403,283               |
| Effective annual interest rates   | <b>0.0%-11.8%</b>        | 0.0%-13.8%               |

## 14. SHARE CAPITAL

|  | As at December 31, 2023     |                                    | As at December 31, 2022 |                                    |
|--|-----------------------------|------------------------------------|-------------------------|------------------------------------|
|  | Number of<br>shares         | Share<br>capital<br><i>RMB'000</i> | Number of<br>shares     | Share<br>capital<br><i>RMB'000</i> |
| – H shares                                       | <b>1,271,853,990</b>        | <b>1,271,854</b>                   | 1,271,853,990           | 1,271,854                          |
| – Domestic shares                                | <b>1,084,376,910</b>        | <b>1,084,377</b>                   | 1,084,376,910           | 1,084,377                          |
| <b>Ordinary shares issued and<br/>fully paid</b> | <b><u>2,356,230,900</u></b> | <b><u>2,356,231</u></b>            | <u>2,356,230,900</u>    | <u>2,356,231</u>                   |

## 15. PERPETUAL SECURITIES

On November 14, 2019, BIL issued a total of EUR175 million Fixed Rate Resettable Callable Perpetual Additional Tier 1 Capital Notes (the “Notes”) which were admitted to trading on a regulated market in the European Economic Area (“EEA”) and/or offered to the public other than any retail investors in the EEA. The net proceeds were about RMB1,380 million. The annual coupon rate of the Notes for the first 6 years is 5.25%, resetting every 5 years thereafter. Interest is payable semi annually in arrear on 14 May and 14 November of each year commencing on May 14, 2020, the Notes were used to strengthen BIL’s Additional Tier 1 capital.

As (a) BIL may elect, at its sole and absolute discretion, to cancel in whole or in part the payment of interest on the Notes and may pay dividends on its ordinary shares notwithstanding such cancellation; (b). The Notes have no fixed maturity, noteholders do not have the right to call for their redemption and BIL may, at its option, redeem the Notes at any time in the six months prior to and including November 14, 2025 or on any interest payment date thereafter, the Notes do not contain any contractual obligation to pay cash or other financial assets, and are classified as a component of non-controlling interests within Equity for accounting purpose.

## 16. TRADE AND NOTES PAYABLES

|                | As at December 31, |                |
|----------------|--------------------|----------------|
|                | 2023               | 2022           |
|                | <i>RMB'000</i>     | <i>RMB'000</i> |
| Trade payables | <b>69,361,996</b>  | 59,611,240     |
| Notes payables | <b>8,440,997</b>   | 20,881,196     |
|                | <hr/>              | <hr/>          |
|                | <b>77,802,993</b>  | 80,492,436     |
|                | <hr/>              | <hr/>          |

At December 31, 2023 and 2022, the ageing analyses of the trade payables based on invoice date were as follows:

|                | As at December 31, |                |
|----------------|--------------------|----------------|
|                | 2023               | 2022           |
|                | <i>RMB'000</i>     | <i>RMB'000</i> |
| 0-30 days      | <b>41,778,258</b>  | 33,286,369     |
| 31-60 days     | <b>16,394,565</b>  | 14,057,680     |
| 61-90 days     | <b>6,030,051</b>   | 5,858,504      |
| 91 days-1 year | <b>5,014,473</b>   | 6,314,470      |
| Over 1 year    | <b>144,649</b>     | 94,217         |
|                | <hr/>              | <hr/>          |
|                | <b>69,361,996</b>  | 59,611,240     |
|                | <hr/>              | <hr/>          |

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

## 17. OTHER PAYABLES AND ACCRUALS

|   | As at December 31,        |                           |
|---|---------------------------|---------------------------|
|   | 2023                      | 2022                      |
|   | <i>RMB'000</i>            | <i>RMB'000</i>            |
| Payable to parts subcontractors                 | 39,285,335                | 38,991,539                |
| Allowance for billing adjustment (i)            | 19,513,696                | 21,643,344                |
| Accrued expenses                                | 13,961,883                | 14,484,019                |
| Payroll payable                                 | 6,360,304                 | 7,923,782                 |
| Other taxes payable                             | 3,048,282                 | 2,945,947                 |
| Amounts due to related parties (ii)             | 637,934                   | 887,969                   |
| Social security payable                         | 1,396,125                 | 1,087,920                 |
| Deposits payable                                | 561,597                   | 554,235                   |
| Interest payable                                | 419,433                   | 474,665                   |
| Royalty payable                                 | 437,704                   | 445,358                   |
| Deferred consideration                          | 112,800                   | 97,408                    |
| Written put option liability (iii) (note 18(c)) | 4,555,476                 | 3,151,892                 |
| Others  | 16,436,462                | 13,382,759                |
|   | <b><u>106,727,031</u></b> | <b><u>106,070,837</u></b> |

- (i) Allowance for billing adjustment relates primarily to allowances for future volume discounts, price protection, rebates and customer sales returns.
- (ii) As at December 31, 2023 and 2022, the amounts due to related parties are unsecured.
- (iii) 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 are exercisable as at December 31, 2023. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

## 18. OTHER NON-CURRENT LIABILITIES

|  | <b>As at December 31,</b> |                |
|--|---------------------------|----------------|
|  | <b>2023</b>               | 2022           |
|  | <b>RMB'000</b>            | <b>RMB'000</b> |
| Deferred considerations (a)                              | <b>177,577</b>            | 174,616        |
| Government incentives and grants received in advance (b) | <b>1,186,205</b>          | 1,045,955      |
| Written put option liability (c)                         | <b>817,305</b>            | 1,794,288      |
| Long-term payables                                       | <b>3,617,351</b>          | 3,347,107      |
| Others   | <b>1,150,283</b>          | 1,562,713      |
|  | <b>6,948,721</b>          | 7,924,679      |

### (a) Deferred considerations

Pursuant to the completed Business Combination, the Group is required to pay the Deferred Consideration in cash to the relevant shareholders/sellers by reference to certain terms set out in the respective agreements with the then shareholders/sellers. As at the balance sheet date, the deferred consideration is calculated on an amortised cost basis. Deferred consideration due within one year is reclassified to “other payables and accruals”.

As at December 31, 2023 and 2022, 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>As at December 31,</b> |               |
|------------------------------------|---------------------------|---------------|
|                                    | <b>2023</b>               | 2022          |
|                                    | <b>USD25 million</b>      | USD25 million |
| Joint venture with NEC Corporation |                           |               |

### (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 consolidated income statement upon fulfilment of those conditions. Government incentives and grants relating to assets are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

**(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 consolidated income statement at each balance sheet date. In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

- (1) Pursuant to the option agreement entered into between a wholly owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP (“Yuan Jia”) on January 11, 2022, which holds 99.31% interest in Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd (“ZJSB”), Lenovo and Yuan Jia are respectively granted call and put options which entitle the Group 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 US\$70 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. As of December 31, 2023, due to the put option issued to Saturn meeting the condition to exercise, it has been reclassified as a current liability and reported as “Other payables and accruals”.
- (3) Pursuant to the contract of The Sino-Foreign Equity Joint Venture Contract (“the Contract”) entered into between the Company in 2023, Joyvio Group, the subsidiary of the Company, and Shaoxing Keqiao Joyvio Equity Investment Partnership (Limited Partnership) (“Keqiao Fund”), the Company granted Keqiao Fund the put option which entitles Keqiao Fund 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 RMB0.6 billion.

## 19. AMOUNT DUE TO CUSTOMERS

|                                      | As at December 31, |                |
|--------------------------------------|--------------------|----------------|
|                                      | 2023               | 2022           |
|                                      | <i>RMB'000</i>     | <i>RMB'000</i> |
| Demand deposits and savings deposits | 87,959,469         | 109,822,392    |
| Term deposits                        | 57,047,611         | 46,313,085     |
| Cash collateral                      | 1,970              | 12,236         |
|                                      | <hr/>              | <hr/>          |
| <b>Total</b>                         | <b>145,009,050</b> | 156,147,713    |
| Less: Non-current portion            | <b>(3,473,989)</b> | (2,986,590)    |
|                                      | <hr/>              | <hr/>          |
| Current portion                      | <b>141,535,061</b> | 153,161,123    |
|                                      | <hr/>              | <hr/>          |

Amount due to customers is all from BIL.

## 20. BORROWINGS

|                         | As at December 31,  |                |
|-------------------------|---------------------|----------------|
|                         | 2023                | 2022           |
|                         | <i>RMB'000</i>      | <i>RMB'000</i> |
| Bank loans              |                     |                |
| – Unsecured loans       | 31,857,697          | 33,203,541     |
| – Guaranteed loans      | 22,810,779          | 20,789,706     |
| – Collateralised loans  | 9,669,146           | 8,403,071      |
| Other loans (i)         |                     |                |
| – Unsecured loans       | 500,000             | 870,000        |
| – Guaranteed loans      | 292,075             | 727,336        |
| – Collateralised loans  | 6,674,000           | 5,592,000      |
| Corporate bonds         |                     |                |
| – Unsecured bonds       | 44,880,211          | 54,959,341     |
| – Asset-backed notes    | 3,351,308           | 2,269,731      |
| – Convertible bonds (1) | 4,477,646           | 5,672,519      |
|                         | <hr/>               | <hr/>          |
|                         | <b>124,512,862</b>  | 132,487,245    |
| Less: Current portion   | <b>(56,154,990)</b> | (50,902,399)   |
|                         | <hr/>               | <hr/>          |
| Non-current portion     | <b>68,357,872</b>   | 81,584,846     |
|                         | <hr/>               | <hr/>          |

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

As at December 31, 2023 and 2022, the carrying amount of the borrowings approximates their fair value.

(1) Convertible bonds

- A. On 24 January 2019, Lenovo completed the issuance of 5-Year USD675 million convertible bonds bearing annual interest at 3.375% due in January 2024 (“the 2024 Convertible Bonds”) to third party professional investors (“the bondholders”). The proceeds were used to repay previous notes and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2024 Convertible Bonds into ordinary shares of Lenovo at a conversion price of HKD7.99 per share, subject to adjustments. The conversion price was adjusted to HKD6.19 per share effective on December 1, 2023.

On August 29, 2022, approximately USD455 million in principal amount of the 2024 Convertible Bonds were purchased by Lenovo. As of December 31, 2022, the outstanding principal amount was approximately USD220 million. During the period, approximately USD209 million in principal amount of the 2024 Convertible Bonds were converted at the adjusted conversion price at the time of the respective conversion and cancelled. At December 31, 2023, approximately USD11 million in principal amount of the 2024 Convertible Bonds remained outstanding, which were fully converted into 13,588,173 shares at the adjusted conversion price of HKD6.19 per share in January 2024.

- B. On August 26, 2022, Lenovo completed the issuance of 7-Year USD675 million convertible bonds bearing annual interest at 2.5% due in August 2029 (“the 2029 Convertible Bonds”) to the bondholders. The proceeds were used to repay the previous convertible debenture and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of Lenovo at a conversion price of HKD9.94 per share, subject to adjustments. The conversion price was adjusted to HKD9.42 per share effective on July 29, 2023. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HKD9.42 per share, the 2029 Convertible Bonds will be convertible into 561,675,955 shares.

Lenovo will repay the outstanding principal amount of the 2029 Convertible Bonds previously unredeemed, converted or repurchased and cancelled upon maturity on August 26, 2029. On August 26, 2026, the bondholders will have the right, at the bondholders’ option, to require Lenovo to redeem part or all of the 2029 Convertible Bonds at their principal amount.

At any time after September 9, 2026 and prior to August 26, 2029, Lenovo will have the right to redeem in whole, but not in part, the 2029 Convertible Bonds for the time being outstanding at their principal amount upon occurrence of certain specified conditions.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds was allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

Lenovo expects that it will be able to meet its redemption obligations based on the financial position of Lenovo had conversion of the 2029 Convertible Bonds not exercised on maturity.

C. Fresh Investment SpA, a subsidiary of the Company, has completed the issuance of convertible bonds of USD125 million to Cangyuan Investment Co., Ltd. ("Cangyuan Investment") in 2019. Cangyuan Investment has the right to convert the convertible bonds into the shares of Fresh Investment SpA within 60 months, at the share's price evaluated by a third-party evaluator which is agreed by the two parties when conversion. The proceeds were used to acquire the shares of Australis Seafoods S.A.. In July 2022, Joyvio Group and Cangyuan Investment entered into the Convertible Bond Transfer Agreement, under which Joyvio Group was assigned the principal amount of USD62.5 million convertible bonds issued by Fresh Investment SpA held by Cangyuan Investment and the deferred payment of interest corresponding to such portion of convertible bonds. As at December 31, 2023, the remaining convertible bonds held by Cangyuan Investment have not yet been converted.

(a) Effective interest rates per annum on borrowings are as follows:

|             | <b>As at December 31,</b> |                    |
|-------------|---------------------------|--------------------|
|             | <b>2023</b>               | <b>2022</b>        |
| Bank loans  | <b>1.44%-11.52%</b>       | 1.72%-9.28%        |
| Other loans | <b><u>4.06%-8.50%</u></b> | <u>4.21%-7.40%</u> |

(b) Borrowings are repayable as follows:

|                                  | <b>As at December 31,</b> |                    |
|----------------------------------|---------------------------|--------------------|
|                                  | <b>2023</b>               | 2022               |
|                                  | <b><i>RMB'000</i></b>     | <i>RMB'000</i>     |
| Within 1 year                    | <b>56,154,990</b>         | 50,902,399         |
| After 1 year but within 2 years  | <b>20,596,231</b>         | 25,679,638         |
| After 2 years but within 5 years | <b>22,980,462</b>         | 25,949,240         |
| After 5 years                    | <b>24,781,179</b>         | 29,955,968         |
|                                  | <b><u>124,512,862</u></b> | <u>132,487,245</u> |

(c) The carrying amounts of the Group's borrowings are denominated in the following currencies:

|        | <b>As at December 31,</b> |                    |
|--------|---------------------------|--------------------|
|        | <b>2023</b>               | 2022               |
|        | <b><i>RMB'000</i></b>     | <i>RMB'000</i>     |
| RMB    | <b>63,031,190</b>         | 62,518,162         |
| USD    | <b>38,979,032</b>         | 45,044,188         |
| EUR    | <b>17,182,499</b>         | 20,244,026         |
| HKD    | <b>2,944,664</b>          | 2,647,083          |
| CHF    | <b>1,533,876</b>          | 1,399,411          |
| Others | <b>841,601</b>            | 634,375            |
|        | <b><u>124,512,862</u></b> | <u>132,487,245</u> |

## 21. PROVISIONS

|                                | Warranties<br>RMB'000 | Environmental<br>restoration<br>RMB'000 | Restructuring<br>RMB'000 | Financial<br>guarantees<br>RMB'000 | Other<br>provisions<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------|-----------------------|---|--------------------------|------------------------------------|--------------------------------|------------------|
| <b>As at January 1, 2023</b>   | <b>7,646,156</b>      | <b>203,540</b>                          | <b>27,061</b>            | <b>100,422</b>                     | <b>114,944</b>                 | <b>8,092,123</b> |
| Provision made                 | 4,574,554             | 111,334                                 | 1,502,482                | 917                                | 3,351                          | 6,192,638        |
| Unused amounts reversed        | -                     | -                                       | (2,147)                  | (60,516)                           | (14,037)                       | (76,700)         |
| Amount utilised                | (5,263,058)           | (128,679)                               | (984,810)                | (156)                              | (14,240)                       | (6,390,943)      |
| Exchange adjustment            | 142,069               | (7,555)                                 | 4,616                    | 40,952                             | 6,988                          | 187,070          |
| Acquisition of subsidiaries    | -                     | -                                       | -                        | 48,043                             | -                              | 48,043           |
| <b>At end of the year</b>      | <b>7,099,721</b>      | <b>178,640</b>                          | <b>547,202</b>           | <b>129,662</b>                     | <b>97,006</b>                  | <b>8,052,231</b> |
| Non-current portion            | (1,215,966)           | (158,164)                               | (4,032)                  | (125,580)                          | (62,614)                       | (1,566,356)      |
| <b>As at December 31, 2023</b> | <b>5,883,755</b>      | <b>20,476</b>                           | <b>543,170</b>           | <b>4,082</b>                       | <b>34,392</b>                  | <b>6,485,875</b> |
| <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                 | 4,835,581             | 150,880                                 | 23,452                   | 156                                | 57,980                         | 5,068,049        |
| Unused amounts reversed        | -                     | -                                       | (1,354)                  | (51,691)                           | -                              | (53,045)         |
| Amount utilised                | (5,813,356)           | (150,167)                               | (47,240)                 | (226)                              | (15,389)                       | (6,026,378)      |
| Exchange adjustment            | 516,558               | (5,607)                                 | (2,853)                  | 2,739                              | 2,769                          | 513,606          |
| Acquisition of subsidiaries    | -                     | -                                       | -                        | 53,676                             | -                              | 53,676           |
| <b>At end of the year</b>      | <b>7,646,156</b>      | <b>203,540</b>                          | <b>27,061</b>            | <b>100,422</b>                     | <b>114,944</b>                 | <b>8,092,123</b> |
| Non-current portion            | (1,501,359)           | (173,906)                               | (3,808)                  | (97,966)                           | (66,967)                       | (1,844,006)      |
| <b>As at December 31, 2022</b> | <b>6,144,797</b>      | <b>29,634</b>                           | <b>23,253</b>            | <b>2,456</b>                       | <b>47,977</b>                  | <b>6,248,117</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 employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency.

## 22. DIVIDENDS

The Board recommends that no dividend be paid for the period ending 31 December 2023. The dividends to be paid in 2023 and 2022 are RMB444 million (RMB0.20 per share) and RMB836 million (RMB0.40 per share) respectively.

## 23. CASH GENERATED FROM OPERATIONS

|  | Year ended December 31, |                   |
|--|-------------------------|-------------------|
|  | 2023                    | 2022              |
|  | <i>RMB'000</i>          | <i>RMB'000</i>    |
| <b>Profit before income tax</b>  | <b>2,423,928</b>        | 12,849,412        |
| <b>Adjustments for:</b>  |                         |                   |
| Impairment loss for non-current assets   | 426,318                 | 2,013,032         |
| Impairment loss on loans to customers  | 380,675                 | 366,551           |
| Impairment loss on other financial assets  | 1,005,302               | 361,403           |
| Inventory write-down   | 851,196                 | 1,610,784         |
| Depreciation of property, plant and equipment  | 4,069,414               | 3,549,028         |
| Depreciation of right-of-use assets  | 1,407,178               | 1,294,989         |
| Amortisation   | 6,130,640               | 5,903,387         |
| Losses on disposal of property, plant and equipment and intangible assets  | 137,579                 | 96,328            |
| Fair value losses/(gains) on investment properties   | 122,878                 | (1,414,414)       |
| Fair value losses/(gains) on consumable biological assets  | 139,271                 | (1,120,986)       |
| Fair value losses/(gains) on financial liabilities   | 847,143                 | (1,139,064)       |
| Disposal (gains)/fair value losses/dividend income from financial assets at fair value through profit or loss and others | 183,844                 | 3,409,853         |
| Fair value losses and dividend income from associates measured at fair value through profit or loss                      | 1,122,164               | 1,393,686         |
| Net finance costs  | 6,934,622               | 5,451,660         |
| Gains on disposal/dilution of associates   | (383,879)               | (692,873)         |
| Losses on disposal of subsidiaries   | 58,477                  | 30,944            |
| Dividend income from financial assets at fair value through other comprehensive income                                   | (17,508)                | (11,995)          |
| Share-based payments   | 2,332,229               | 2,419,407         |
| Share of losses/(profits) of associates and joint ventures using equity accounting                                       | 488,580                 | (147,784)         |
| Net foreign exchange losses  | 598,959                 | 1,133,800         |
| <b>Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):</b>      |                         |                   |
| Inventories, consumable biological assets and properties under development   | 10,247,663              | 5,616,721         |
| Trade and other receivables  | (4,357,999)             | 31,949,936        |
| Loans repaid and other financial instruments   | (12,255,002)            | 8,932,945         |
| Amount due to customers and credit institutions  | (7,119,445)             | 2,421,662         |
| Trade and other payables   | (1,729,842)             | (34,894,264)      |
| <b>Cash generated from operating activities</b>  | <b>14,044,385</b>       | <b>51,384,148</b> |

## 24. COMMITMENTS

### (a) Capital commitments

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

|                               | As at December 31, |                  |
|-------------------------------|--------------------|------------------|
|                               | 2023               | 2022             |
|                               | RMB'000            | RMB'000          |
| Property, plant and equipment | 1,040,824          | 912,636          |
| Intangible assets             | 17,523             | 13,269           |
| Investments (i)               | 3,117,123          | 4,181,980        |
| <b>Total</b>                  | <b>4,175,470</b>   | <b>5,107,885</b> |

(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.

### (b) Loans commitments

|  | As at December 31, |                   |
|--|--------------------|-------------------|
|  | 2023               | 2022              |
|  | RMB'000            | RMB'000           |
| Unused credit lines granted to credit institutions | 1,539,148          | 19,635            |
| Unused credit lines granted to customers           | 28,938,836         | 26,560,506        |
| <b>Total</b>                                       | <b>30,477,984</b>  | <b>26,580,141</b> |

## **CORPORATE GOVERNANCE CODE**

During the year ended December 31, 2023, the Company complied with all code provisions of the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 of the Listing Rules.

The Company reviews the compliance of the Corporate Governance Code on an annual basis in order to ensure that the Company has complied with the code provisions. Efforts have been made to continuously enhance our corporate governance standards with reference to the best recommended practices.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by the Directors and Supervisors (the “Model Code”), which is no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules. Specific enquiry has been made of all the Directors and Supervisors, and all the Directors and Supervisors confirmed that they had complied with the Model Code during the period ended December 31, 2023.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the year ended December 31, 2023, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

During the year ended December 31, 2023, members of the Audit Committee comprised of Ms. HAO Quan (Chairperson), Mr. SUO Jishuan and Mr. YIN Jian’an.

The Audit Committee reviewed the results of the Group for the year ended December 31, 2023 and discussed with the management the accounting policies and practices adopted by the Company, and its internal controls and financial reporting matters.

## **AUDITOR**

PricewaterhouseCoopers (“PwC”) was appointed as the Company’s auditor for the year ended December 31, 2023. The 2023 consolidated financial statements of the Company prepared in accordance with IFRS Accounting Standards were audited by PwC.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF HONG KONG STOCK EXCHANGE AND THE COMPANY**

This announcement was published on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.legendholdings.com.cn](http://www.legendholdings.com.cn)). The annual report for the year ended December 31, 2023 will be despatched to the Shareholders and published on the websites of Hong Kong Stock Exchange and the Company in due course.

### **DEFINITIONS**

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

|   |   |
|---|---|
| “AI”  | Artificial Intelligence   |
| “associate(s)”                                | for the purpose of this announcement, 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 Dental Group Co., Ltd. (泰康拜博醫療集團有限公司), a limited liability company incorporated under the laws of the PRC, and our associate   |
| “China Starfish”                              | China Starfish Co., Ltd. (青島國星食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Food  |
| “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)  |

|                            |   |
|----------------------------|---|
| “CSP”                      | cloud service providers   |
| “Director(s)”              | the director(s) of the Company  |
| “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  |
| “EVA”                      | ethylene-vinylacetate copolymer   |
| “ESMB”                     | enterprise and small and medium businesses  |
| “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)               |
| “GPU”                      | graphics processing unit  |
| “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 partners   |
| “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   |
| “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: 992), and our subsidiary                                      |
| “Levima Chemicals”         | Levima (Shandong) Chemicals Co., Ltd (聯泓(山東)化學有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Levima Advanced Materials   |

|   |  |
|---|--|
| “Levima Group”                          | Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary  |
| ”Levima Advanced Materials”             | Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), 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 a subsidiary of the Company      |
| “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   |
| “NEEQ”                                  | National Equities Exchange and Quotations (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” or<br>“neurology specialty” | 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 |
| “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   |
| “PLA”                                   | polylactic acid  |
| “POE”                                   | polyolefin elastomer   |
| “PP”                                    | polypropylene  |
| “PPC”                                   | poly propylene carbonate   |
| “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 |
| “Reporting Period”                  | for the year ended December 31, 2023   |
| “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  |
| “Shareholder(s)”                    | holder(s) of the shares of the Company   |
| “Shenzhen Stock Exchange” or “SZSE” | 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   |
| “TMT”                               | technology, media and telecom  |
| “UHMWPE”                            | ultra-high molecular weight polyethylene   |
| “VA”                                | vinyl acetate  |
| “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  |

By order of the Board  
**Legend Holdings Corporation**  
**NING Min**  
*Chairman*

March 28, 2024

*As at the date of this announcement, the Executive Directors of the Company are Mr. NING Min and Mr. LI Peng; the Non-executive Directors are Mr. ZHU Linan, Mr. ZHAO John Huan, Mr. SUO Jishuan and Mr. YANG Jianhua; and the Independent Non-executive Directors are Mr. MA Weihua, Ms. HAO Quan and Mr. YIN Jian'an.*

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