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联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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024 together with the unaudited comparative figures for the corresponding period of 2023, as follows:

	Six Months Ended June 30,	
	2024	2023
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	233,364	201,286
Diversified-industries Operation	231,139	199,279
Industrial Incubations and Investments	2,229	2,011
Elimination	(4)	(4)
Net profit contributions attributable to equity holders of the Company	286	668
Diversified-industries Operation	1,433	1,733
Industrial Incubations and Investments	(451)	(405)
Unallocated	(696)	(660)
Basic earnings per share (RMB)	0.12	0.29
Diluted earnings per share (RMB)	0.11	0.28

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue contributions from the Company and its subsidiaries' businesses

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Change in amount	Change %
Diversified-industries				
Operation	231,139	199,279	31,860	16%
Lenovo	207,998	177,407	30,591	17%
Levima Group	3,427	3,247	180	6%
Joyvio Group	16,815	15,549	1,266	8%
BIL	2,899	3,076	(177)	(6%)
Industrial Incubations and Investments	2,229	2,011	218	11%
Elimination	(4)	(4)	–	–
Total	233,364	201,286	32,078	16%

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

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Change in amount	Change %
Diversified-industries				
Operation	1,433	1,733	(300)	(17%)
Lenovo	1,106	650	456	70%
Levima Group	79	183	(104)	(57%)
Joyvio Group	(291)	239	(530)	(222%)
BIL	539	661	(122)	(18%)
Industrial Incubations and Investments	(451)	(405)	(46)	N/A
Unallocated	(696)	(660)	(36)	N/A
Total	286	668	(382)	(57%)

Asset allocation of the Company and its subsidiaries' businesses

Unit: RMB million

	As of June 30, 2024	As of December 31, 2023	Change in amount	Change %
Diversified-industries				
Operation	559,307	543,372	15,935	3%
Lenovo	269,518	261,392	8,126	3%
Levima Group	19,448	17,964	1,484	8%
Joyvio Group	22,250	21,800	450	2%
BIL	248,091	242,216	5,875	2%
Industrial Incubations and Investments	97,793	101,721	(3,928)	(4%)
Unallocated	27,017	24,540	2,477	10%
Elimination	(5,175)	(3,900)	(1,275)	N/A
Total	678,942	665,733	13,209	2%

Business Review

In the first half of 2024, under the strong leadership of the CPC Central Committee with President Xi Jinping at its core. China's economy remained broadly stable, continuing its recovery trajectory and achieving steady growth. China accelerated the cultivation of new growth drivers and competitive strengths, making solid progress towards high-quality development. However, economic performance across different parts of China showed some disparity, mainly caused by increasing challenges amid the evolving external environment and sluggish domestic demand. During the Reporting Period, Legend Holdings adhered to its primary mission of pursuing high-quality development by proactively addressing challenges and prioritizing stability while pursuing progress. Considering sci-tech innovation a growth driver, Legend Holdings expanded its presence in frontier industries such as artificial intelligence, biopharmaceuticals, advanced materials and new energy. By actively fostering these emerging and future industries, Legend Holdings accelerated its efforts to develop new quality productive forces and reinforced its core competitiveness.

- ***Innovation drives business growth and technology spearheads future industry***

Staying true to its aspiration of revitalizing the country through business, Legend Holdings proactively explored new business opportunities in emerging frontiers while consolidating its leading position in the traditional industries. Adhering to the principle of driving industrial innovation through sci-tech innovation, Legend Holdings made new breakthroughs in building up modernized industrial system with its own characteristics. During the Reporting Period, Legend Holdings increased its investment in technological development and innovation, with accumulative R&D investments increasing 3.4% to RMB7.3 billion. These investments enabled the Company to achieve breakthroughs in major strategic products, including the launch of the first AI PCs with five characteristics and several AI servers. Focusing on strategic emerging industries, the Legend Holdings Family Group has invested in nearly 40 technology projects to support national self-reliance and strength in science and technology. To date, the Family Group has invested in a total of 120 specialized and innovative enterprises, with over 150 new quality unicorn companies in the portfolio. The Legend Holdings Family Group has seen a high success rate in identifying and cultivating such companies, the proportion of which within some of our funds' portfolio reached as high as 25%.

- ***Building momentum and capabilities, developing new quality productive forces***

Developing new quality productive forces is an intrinsic requirement and a key focus for promoting high-quality development. Legend Holdings has always been committed to serving national strategies and actively promoting the high-quality development of the manufacturing industry chain. By advancing new industrialization and boosting China's strategic strength in manufacturing, product quality, cyberspace, and digital development, Legend Holdings has introduced intelligent transformation solutions to empower the transformation and upgrading of China's manufacturing industry. Currently, 90% of China's top 500 manufacturers, over 1,000 leading manufacturing enterprises, and more than 2,000 growth manufacturing enterprises have received support from the Legend Holdings Family Group. Meanwhile, funds under the management of Legend Holdings have invested over RMB20 billion in the manufacturing sector, promoting the listing of dozens of manufacturing enterprises and fostering about 20 niche-sector leaders in the industry, driving the development of China's advanced manufacturing. As the world's leading AI full-stack product portfolio and solution service provider, Legend Holdings has intensified its efforts to expand its footprint in AI and promote AI applications. It is committed to building a vibrant AI+ application ecosystem with cumulative investments in over 250 AI-related companies, ranking at the forefront of the industry. In addition, focusing on strategically emerging industries, Legend Holdings has stepped up investments in new growth engines such as advanced materials, innovative drugs, biomanufacturing, commercial space, and the low-altitude economy. The Company has also made forward-looking investments in future industries, making early moves in quantum technology and life sciences, which are expected to become new pillars of its industrial system and the growth drivers for new quality productive forces. Meanwhile, Legend Holdings has extensively applied its digital and AI technologies to actively promote the industrialization of digital sectors and digital transformation of various industries. This includes supporting the proactive construction of digital infrastructure, and building a nationwide integrated computing power network to advance the deep integration of the digital economy with the real economy.

- ***Seizing green opportunities to achieve high-quality development through innovation***

When developing new quality productive forces, Legend Holdings is dedicated to ecological preservation and sustainable development. The Company has kept in mind that “lucid waters and lush mountains are invaluable assets” and has integrated this principle into its operations. Lenovo was the first domestic high-tech manufacturer to pass the Science Based Targets initiative (SBTi) net-zero target validation. The Lenovo (Tianjin) Smart Innovation Service Industrial Park, which began operations in 2023, represents the highest level of zero-carbon intelligent manufacturing in the industry, while the Lenovo (Wuhan) Industrial Base was awarded the first Zero Carbon Factory Certificate in China’s ICT industry. Additionally, through continuous technological innovation and optimization, Lenovo has improved its liquid cooling solutions. Lenovo’s warm-water cooling technology has reduced data center PUE values to 1.1, reducing electricity consumption and CO₂ emissions by 42% compared to traditional cooling solutions. With over 70,000 units of this technology deployed globally, Lenovo has helped data centers achieve the goal of being more environmentally friendly, efficient, and low-carbon. Levima Advanced Materials is leading the charge in green industries through the application of green technology. The first half of the year saw the completion of projects such as ultra-high molecular weight polyethylene lithium-ion battery separator materials, lithium-ion carbonate battery solvents, VC lithium-ion battery additives, and PLA. In addition, the EVA and POE photovoltaic adhesive film materials and PPC projects are scheduled to be completed and put into operation in 2025. Furthermore, Levima Advanced Materials has further advanced green production through various measures such as technological breakthroughs, process improvements, and equipment upgrades, significantly reducing CO₂ emissions. ZQET Group is expanding in the photovoltaic industry. It has invested in a 20GW N-type high-efficiency solar cell smart manufacturing project, with the first phase already in operation. The open-circuit voltage of its core products reaches 741mV, and the highest conversion efficiency in mass production exceeds 26.8%, with a yield rate of more than 96%, which ranks in the top tier of the industry.

During the Reporting Period, Legend Holdings posted revenue of RMB233,364 million, a 16% year-on-year increase; the net profit was RMB2,805 million; the net profit attributable to equity holders of Legend Holdings was RMB286 million, a decrease of 57% year on year. The decline was mainly attributable to the following factors: (1) A year-on-year decline of profits contributed by the diversified-industries operation segment as a result of market and industry volatility amid an increasingly challenging and uncertain global economy; and (2) A year-on-year decline of the investment gain in the industrial incubations and investments segment because of the unfavorable market environment.

Diversified-industries Operation

Overview

With the aspiration of revitalizing the country through business, Legend Holdings, as a controlling shareholder, pursues 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 diversified-industries operation segment includes:

- Lenovo (Stock Code: 00992.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 sale;
- BIL, our subsidiary, which mainly provides comprehensive banking services, such as those regarding corporate, institutional, retail and private banking and capital markets; and
- Joyvio Group, our subsidiary, which operates businesses mainly in the fields of modern agriculture and food.

Highlights

- During the Reporting Period, Lenovo reported profitability improvements across all areas of its business, driven by significant progress in capturing hybrid AI opportunities. Lenovo took the lead in defining and launching multiple AI PCs with five key characteristics in the industry and launched multiple AI servers that support all main architectures, along with an array of AI solutions and services. This demonstrates the strong leadership and competitive edge of its full-stack product portfolio in the industry. Meanwhile, Lenovo continued to make progress in its service-oriented transformation, driving the non-PC revenue mix to a record high of nearly 47% in the second quarter. In addition, Lenovo remained committed to investing in innovation, with a year-on-year increase of 3% in its R&D investment.

- During the Reporting Period, Levima Advanced Materials continued to optimize its product mix in line with its innovation-driven development strategy and annual business plan. Levima Advanced Materials increased the proportion of high-margin products such as EVA and specialty surfactants. While ensuring the safe, stable, and efficient operation of all production facilities, Levima Advanced Materials improved its overall operation and management level. By closely aligning with the national development strategy and intensifying its focus on innovation and R&D, Levima Advanced Materials achieved new milestones through innovation, realized steady growth across various businesses. Levima Advanced Materials invested in new business, and promoted the construction of new projects as planned, with its business in multiple areas growing steadily and operating profit increasing year-on-year. In addition, Levima Advanced Materials was included in the 2024 China Brand Value Evaluation Information list and was named one of the Best Managed Companies in China for the fourth consecutive year. Levima Advanced Materials also successfully passed the certification review for its High- and New-Technology Enterprise (HNTE) status. Levima Research Institute also received an HNTE certification for the first time, while Levima Chemical was qualified as an innovative small and medium-sized enterprise (SME) and a specialized and innovative SME in Shandong Province.
- Despite a challenging and complex macroeconomic environment during the Reporting Period, BIL delivered a strong financial performance thanks to the resilience of its business model and robust risk management capabilities. BIL reported a net profit after tax of EUR83 million, with Assets Under Management (AUM) increasing to EUR45.5 billion, and customer loans rising to EUR16.6 billion. Meanwhile, BIL showcased sound asset quality and strong liquidity indicators, with CET-1 (Common Equity Tier 1) ratio (before profit allocation for 2024) remaining healthy at 13.88%, and the liquidity coverage ratio at 191%. Its ratings by both Moody's and Standard & Poor's remained high relative to the banking industry at A2/Stable/P-1 and A-/Stable/A-2, respectively.
- During the Reporting Period, Joyvio Group recorded revenue of RMB16,185 million, a year-on-year increase of 8% primarily driven by its fruit business. Despite challenges caused by reduction in overseas fruit production and supply, as well as sluggish domestic consumption, Joyvio Group expanded the market share of its core products and achieved breakthroughs in overseas sales thanks to its strong operational capabilities and extensive channel networks. Meanwhile, by actively implementing "Digital" measures for intelligent operations and management, Joyvio Group's blueberry production rose to a record high, further solidifying its advantages and position in the premium blueberry market.

During the Reporting Period, the diversified-industries operation segment's revenue and net profit were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	231,139	199,279
Net profit	3,953	3,262
Net profit attributable to equity holders of Legend Holdings	<u>1,433</u>	<u>1,733</u>

During the Reporting Period, revenue from the diversified-industries operation segment was RMB231,139 million, a year-on-year increase of 16%. The net profit attributable to equity holders of Legend Holdings was RMB1,433 million, a year-on-year decline of 17%. As part of diversified-industries operation, Lenovo seized the opportunity of AI and achieved performance growth in its Intelligent Devices Group and Solutions and Services Group segments driven by AI. The decline in profits was mainly caused by the continued loss of Joyvio Group due to factors such as higher feed prices and other cost expenses, as well as the continuous rise in financial expenses.

Lenovo

Lenovo, a Fortune 500 company, develops, manufactures and sells high-end technology products and provides related services to corporate and individual customers. As of June 30, 2024, Legend Holdings held 31.41% equity interest in Lenovo, directly and indirectly.

In the first half of 2024, Lenovo reported profitability improvements due to the significant progress it made across all areas of business by capturing the opportunities hybrid AI brought. Lenovo took the lead in defining and launching multiple AI PCs with five key characteristics, namely embedded personal large model and natural interaction of personal intelligence, embedded personal knowledge base, local heterogeneous AI computing power include CPU, GPU and NPU, open AI application ecosystem, personal privacy protection and data security. It also launched multiple AI servers that support all mainstream architectures, along with an array of AI solutions and services. This demonstrates the strong leadership and competitive edge of its full-stack AI product portfolio in the industry. Meanwhile, Lenovo continued to make progress in its service-oriented transformation, with the proportion of its non-PC revenue in total revenue mix increasing to nearly 47%, a historical high, in the second quarter. In addition, Lenovo remained committed to investing in innovation, driving R&D investment up 3% year-on-year.

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

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	207,998	177,407
Net profit	3,632	2,017
Net profit attributable to equity holders of Legend Holdings	<u>1,106</u>	<u>650</u>

During the Reporting Period, Lenovo posted revenue of RMB207,998 million, up 17% year on year. The increase was mainly attributable to the growth of multiple businesses, including (1) the 41% year-on-year increase in Infrastructure Solutions Group revenue, driven by the stronger-than-expected demand from Cloud Service Providers and the continuously rebounding demand from SMEs; (2) Intelligent Devices Group's fourth consecutive quarter of revenue growth that outperformed the market, especially with PC and premium smartphone businesses recording 9% and 114% year-on-year revenue growth, respectively; and (3) Solutions & Services Group's thirteen consecutive quarter of double-digit year-over-year revenue growth, driven by the robust customer demand for its X-as-a-Service and AI-enabled solutions.

Lenovo's net profit attributable to equity holders of Legend Holdings increased by 70% year over year to RMB1,106 million, primarily driven by revenue growth and enhanced overall profitability as a result of an increased proportion of high-margin and high value-added product sales.

Intelligent Devices Group (IDG)

The IDG segment comprises PC, tablet, smartphone, and other smart device businesses. During the Reporting Period, the segment achieved strong growth driven by the launch of new products and the rebounding demand for commercial devices, especially for those high value-added ones. IDG's revenue and operating profit reached RMB155.5 billion and RMB11.4 billion, reflecting year-on-year growth of 12% and 25%, respectively. The operating profit margin increased to 7.3%, with premium PCs accounting for 30.3% of total sales.

During the Reporting Period, the PC business maintained its market-leading position in both shipments and activations. According to the latest third-party data, Lenovo holds a 23% global market share, growing faster than the market average. In May, Lenovo launched the world's first AI PC with five key characteristics in the China market, receiving positive feedback for its outstanding performance and user experience.

Meanwhile, the business beyond PCs also achieved solid performance. Both the smartphone and tablet businesses posted double-digit revenue growth, with hypergrowth in premium smartphones. In the second quarter, the smartphone business recorded year-over-year revenue growth of 252% in Asia Pacific (“AP”) and 62% in Europe-Middle East-Africa (“EMEA”). Driven by the sales growth of new devices such as Edge and Razr, premium smartphones contributed a record 30% as a percentage of total revenues.

Going forward, IDG will continue to deliver ground-breaking innovations across its portfolio to unleash the full potential of a personal AI agent while leveraging and deepening its strategic partnerships to build a more diversified portfolio and richer ecosystem. Lenovo’s leading market share and favorable market feedback on its products will lay a solid foundation for the PC business to increase its average selling price and sales volume that are expected to outpace the market average, thus improving profitability continuously. Moreover, Lenovo will actively increase its investment in R&D, constantly optimize the inferencing speed of its models, and reduce memory consumption; it is also committed to extending its differentiation to components and software. In addition, Lenovo will further increase its investment in non-PC areas, focusing on new businesses such as electronic accessories and coworking solutions to further develop non-PC businesses.

Infrastructure Solutions Group (ISG)

Lenovo is committed to developing industry-leading end-to-end integrated solutions with its full-stack product and solution portfolio, broad customer coverage and unique ODM+ (Original Design and Manufacturing) model. During the Reporting Period, as the demand for AI computing power continued to rise, the demand for AI servers remained strong, and the growth in inference demand drove the upgrade of general-purpose servers. Against this backdrop, ISG capitalized on the market opportunity for its comprehensive product portfolio, and as a result, achieved revenue of RMB40.4 billion, up by 41% year on year, a new record high. Increased investment in new projects and a slower-than-expected upgrade of the old projects caused pressure on ISG costs, resulting in a loss of RMB1 billion for the segment, but the loss in the second quarter was significantly reduced both year over year and quarter over quarter.

During the Reporting Period, the ISG business achieved record highs across key indicators of its business segments. In the storage device market, Lenovo firmly maintained its position as the third largest company globally and ranked first in mainstream storage field. Both the storage business and the high-performance computing business achieved the highest-ever revenue in the first half of the year.

Looking ahead, Lenovo will further drive the recovery of profitability for ISG. Amid surging demand for high computing performance, Lenovo is continuously enhancing its product competitiveness and delivery capability. Leveraging comprehensive product lines, strong R&D and service capabilities, and the advantages of Lenovo Heterogeneous Intelligent Computing Platform, Lenovo is well-positioned to provide clients in various industries with complete AI infrastructure solutions, encompassing both software and hardware. In the future, Lenovo will continue to enhance the competitiveness of its high profit and high value-added portfolio. The Enterprise & Small-and-Medium Business (ESMB) segment will also capitalize on growth opportunities in AI-powered edge computing, hybrid cloud, high-performance computing, and solutions for the Telco/communication sectors. The Cloud Service Provider (CSP) segment will adopt a unique ODM+ business model to address growing demand for vertically integrated supply chains, while striking a better balance between standard products and customized ones. Meanwhile, Lenovo will leverage its industry-leading liquid cooling technology to meet growing AI workload demands and seize other growth opportunities in the AI server and storage market while deepening relationships with key strategic partners to build an infrastructure platform that supports hybrid AI solutions.

Solutions and Services Group (SSG)

Solutions and Services Group (SSG) focuses on the fast-growing “New IT” services segment and aims for Lenovo’s service-oriented transformation. SSG consists of three businesses, namely Support Services, Managed Services and Project & Solution Services. During the Reporting Period, SSG delivered its 13th consecutive quarter of double-digit year-on-year revenue growth with over 20% operating margin, and registered revenue of RMB26.3 billion, a 13% increase year on year. SSG contributed to an operating profit of RMB5.6 billion, a year-on-year 17% increase. The operating margin further increased to 21.2%, significantly higher than those of other business segments.

During the Reporting Period, the Support Services segment achieved a year-on-year revenue growth of 3%, with bookings rising for three consecutive quarters. The continued growth in Device-as-a-Service (DaaS) and Infrastructure-as-a-Service (IaaS) segments drove an 18% year-on-year revenue growth in Managed Services, with new contract value up nearly 40% in the second quarter alone. The Project & Solution Services segment’s revenue rose by 27% year-on-year, primarily driven by smart factory IoT and smart warehousing solutions. In the second quarter, revenue of sustainability solutions, including those related to ARS (Asset Recovery Service) and carbon offset services, increased by 56% year-on-year.

Looking ahead, the demand from enterprises for hybrid AI solutions will remain strong. Lenovo will embed AI functions into its critical general-purpose solutions, such as digital workplace, hybrid cloud, and sustainability solutions; it will continue to develop more AI-native services and launch specialized AI-embedded services and solutions tailored to customer needs; it will also drive continued growth in SSG by providing high value-added support services for deployed PCs and infrastructure. Furthermore, Lenovo will strengthen cooperation with channel and business partners to help customers accelerate their 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 new material products. As of June 30, 2024, Legend Holdings held 51.77% equity interest in Levima Advanced Materials.

In terms of strategic layout, Levima Advanced Materials remained focused on the new materials sector, and expanded its presence by investing heavily in new energy materials, biodegradable materials, electronic materials and other specialty materials through the following projects:

- (1) In the field of new energy materials, Levima Advanced Materials is actively expanding its POE and lithium-ion battery additives businesses. It has already established a strong footprint in the categories of EVA photovoltaic adhesive film materials, lithium-ion battery separator materials, and lithium-ion battery solvents. On the basis of the existing 150,000-ton-per-year EVA production capacity, Levima is building its 200,000-ton-per-year EVA equipment, which is planned to be put into production in 2025. EVA production capacity of Levima Advanced Materials is expected to exceed 350,000 tons when the new capacity comes on stream. This will primarily support the production of high value-added products, such as photovoltaic film materials, and will also enable Levima Advanced Materials to have both world-leading tubular and autoclave EVA production devices, enhancing operational flexibility and optimizing the product mix. In addition, in January 2024, Levima Advanced Materials successfully commissioned a VA device with an annual capacity of 90,000 tons, which marks a milestone that it achieves a complete self-supply of raw materials for its existing EVA devices. This will ensure a stable supply of VA raw materials for the new 200,000-ton-per-year EVA device under construction and further reduce production costs. While maintaining its competitive strength in EVA products, Levima Advanced Materials is also expanding its presence in the POE business, with plans to develop a project with an annual capacity of 300,000 tons to produce high-end olefin materials, such as POE photovoltaic adhesive film materials and tougheners using its proprietary process technology. The Phase I 100,000-ton-per-year POE project is expected to be completed and operational in 2025. This will enable Levima Advanced Materials to offer both EVA and POE photovoltaic adhesive film products, thus diversifying its portfolio in new energy photovoltaic materials and strengthening its core competitiveness. This will also generate synergistic benefits, given Levima Advanced Materials' existing business presence in new energy materials like UHMWPE as well as solvents and additives for lithium-ion batteries. In March 2024, Levima Advanced Materials' 20,000-ton-per-year UHMWPE device became operational. Designed as a high-end product, it employs the jointly developed new and continuous processing technology to ensure product quality. The device has already produced five grades of products, including high-end separator materials and fiber materials, which are currently undergoing customer trials with sales expected to gradually ramp up. As for the 100,000-ton-per-year lithium-ion carbonate ester solvent project, the main raw materials required, including Ethylene Oxide (EO) and carbon dioxide, are all self-produced by Levima, which can create synergies within its

industrial chain and promote resource recycling and multi-purpose use. Additionally, the 4,000-ton-per-year VC device of Huayu Tongfang is scheduled to be operational in 2024, offering products with technical and industry chain advantages. Levima Advanced Materials is committed to expanding its footprint across multiple categories of new energy battery materials. It continues to monitor industry developments, enhance its materials synthesis and R&D application platform for innovative battery materials, and intensify R&D and investment efforts for new products. With these efforts, the industrial layout of a variety of new energy battery materials will take shape.

- (2) In terms of biodegradable materials and bio-based chemicals, Levima Advanced Materials grew its footprint across multiple products, including PLA and PPC, by leveraging its proprietary technologies. The “Biodegradable Material Polylactic Acid Project (生物可降解材料聚乳酸項目)” utilizes Levima Advanced Materials’ proprietary comprehensive-industry-chain technology, encompassing “Starch-High-gloss pure lactic acid-High-gloss pure lactide-Polylactic acid”. This project has now entered the trial production phase. The project “R&D and Industrialization Demonstration of Supercritical Polymerization of Biodegradable CO₂-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項目)”, jointly proposed by Levima Advanced Materials and relevant institutes of the Chinese Academy of Sciences, has been listed as a national key R&D program by the Ministry of Science and Technology. The 50,000-ton-per-year PPC facility in construction is expected to become operational in 2025, which will achieve the synergy between the existing production bases and industrial chains, promote resource recycling and multi-purpose use, and deliver the benefits of industrial chain integration. Furthermore, Levima Advanced Materials has developed key technologies for the chemical recycling of biodegradable materials, as well as enzyme catalysis and separation and purification of bio-based chemicals. Levima Advanced Materials also promoted the development and industrialization of new biomaterials, such as innovative bio-based sugar substitutes.
- (3) In the realm of electronic materials, Levima Advanced Materials is dedicated to electronic specialty gases and wet electronic chemicals. It has developed multiple ultra-high purity electronic specialty gas preparation technologies, all with fully independent intellectual property rights. Coupled with extensive production experience, premium product quality, and strong product development capabilities, Levima Advanced Materials boasts technological advantages, particularly in electronic-grade hydrogen chloride and chlorine products. All of these has won Levima Advanced Materials’ recognition from downstream customers. In May 2024, Levima Advanced Materials’ electronic grade high-purity specialty gas device with an annual capacity of 10,000 tons was successfully commissioned. Moving forward, Levima Advanced Materials plans to expand its production capacity further, diversify its product portfolio, and enhance its competitiveness in niche segments, with a focus on electronic specialty gas and wet electronic chemicals.

- (4) In terms of other specialty materials, Levima Advanced Materials continued to enhance its product competitiveness by developing high value-added PP specialties. In response to the evolving consumer demand in EOD products, Levima Advanced Materials has focused on creating green, low-carbon, and high-margin specialty surfactants. To date, Levima Advanced Materials has developed over 40 product series and more than 100 industrialized products. The special isocyanate (XDI) project, jointly developed by Levima Advanced Materials and relevant institutes of the Chinese Academy of Sciences, has been listed as a national key R&D program by the Ministry of Science and Technology. With the pilot process already completed, construction of the project is set to commence soon. (XDI is a critical material known for its high strength, adhesiveness, elasticity, and durability, making it essential for high-end optical resins, TPU protective films, and specialty coatings and adhesives. Given its strong market potential, particularly in high-end optical resins, the project aims to reduce China's reliance on imports of XDI.)

In terms of production and operations, Levima Advanced Materials has continued to make technical breakthroughs, optimize operational management, and ensure safe, stable and efficient operations of all of its facilities, thus achieving cost reduction and efficiency enhancement. More than ten technological breakthroughs were made, contributing to lower consumption of raw coal and thermal coal, extended operational cycle of gasifiers, higher operational efficiency of EVA devices, and optimized PP production cost. By capitalizing on synergies, Levima Advanced Materials has boosted the recycling and multi-purpose use of devices and improved the operating efficiency of utilities. Meanwhile, Levima Advanced Materials strengthened Health, Safety, and Environment (HSE) management and implemented the guidelines of “putting safety first, prioritizing risk prevention, realizing comprehensive management, full participation and continuous improvement” to ensure production safety. During the Reporting Period, Levima Advanced Materials enhanced occupational health management, risk control, and accident prevention, while continuously improving safety governance and environmental protection management. Levima Advanced Materials has further optimized its supply chain system, backed by a sound procurement management system. As a “National Green Factory”, Levima Advanced Materials has always attached great importance to ecological protection and pollution prevention to drive green and low-carbon production.

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 like specialty surfactants. Meanwhile, according to the latest developments of new projects, Levima Advanced Materials took actions to promote sales of new products and identify potential customers. Its overseas business has covered a number of leading players in the industry, further increasing sales for premium and customized products.

In terms of innovation, Levima Advanced Materials remains committed to the innovation-driven development strategy. It has made R&D efforts in basic materials through both independent and collaborative activities. During the Reporting Period, Levima Advanced Materials stepped up R&D efforts and made significant progress in innovation. In the realm of new energy materials, Levima Advanced Materials accelerated the development of key functional materials for new batteries, such as solid-state batteries and semi-solid-state batteries. Notable technical achievements were made in key functional materials, such as electrolytes and silicon-carbon anodes, and it drove forward the pilot process for several new types of battery materials. On biomaterials, Levima Advanced Materials built a new molecular biology platform to advance the industrialization of bio-based sugar substitutes. In terms of electronic materials, it acquired the ability to develop process technologies for high-purity specialty gases through an enhanced engineering platform for quantitative calculations. In the field of specialty materials, Levima Advanced Materials promoted the development of high-end products with multi-industry application, such as specialty surfactants and polyethers. These efforts were supported by stronger product and technical advantages, further solidifying Levima Advanced Materials' industry position.

During the Reporting Period, Levima Advanced Materials passed the certification review for its High- and New-Technology Enterprise (HNTE) status; Levima Research Institute, its subsidiary, was certified as an HNTE. Levima Chemical, another of its subsidiaries, was named an innovative SME and a specialized and innovative SME in Shandong Province. Through continuous development and innovation of new products and technologies, Levima Advanced Materials completed the laboratory R&D for 14 new products and processes, the production technology development for 4 new products and the industrialization of 9 new products while adding 16 granted patents. As of the end of the Reporting Period, Levima Advanced Materials has held a total of 248 granted patents.

Levima Advanced Materials was included in the 2024 China Brand Value Evaluation Information list and the Shandong Petroleum and Chemical Industry Top 100 Enterprises List of Enterprises Innovation Index. It also won 2023 Zaozhuang City Outstanding Contribution Enterprises Award and was granted as one of the Best Managed Companies in China for the fourth consecutive years. In addition, it was included in the SZSE Component Index, the Shenzhen Stock Connect, the FTSE Russell Large Cap, the CSI 500 and the CSI Photovoltaic Industry Index, and was designated as eligible for margin trading and short selling.

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

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	3,427	3,247
Net profit	151	348
Net profit attributable to equity holders of Legend Holdings	79	183

During the Reporting Period, focusing on innovation-driven development strategy and its annual business plan, Levima Group has achieved safe and stable operation of its facilities and significantly improved profitability in its main business by continuously optimizing product mix and strengthening operational management. Levima Group recorded revenue of RMB3,427 million and its net profit attributable to equity holders of Legend Holdings was RMB79 million, a 57% year-on-year decrease mainly due to a reduction in the enterprise development support funds received compared to the previous year.

BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has always played an active role in the main stages of Luxembourg's economic development. It is one of the top three banks 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 June 30, 2024, Legend Holdings held 89.98% equity interest in BIL.

Prior to the acquisition by Legend Holdings, BIL's operations 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.

In the first half of the year, the European economy began to recover, albeit at a very slow pace. In early June, the European Central Bank announced a 25-basis point cut in interest rates. During the Reporting Period, capitalizing on its emerging technologies and evolving market trends, BIL continued to promote strategic transformations and upgrades to build momentum for sustainable growth. BIL remained committed to supporting its diverse clientele, which included entrepreneurs, institutions and individual clients, with a suite of innovative financial solutions as well as comprehensive and professional advisory services, 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. By integrating AI R&D into various fields such as business marketing, customer services, and risk management, BIL achieved multi-scenario and large-scale intelligent empowerment. This integration has enabled BIL to offer customers more adaptable products and deliver diversified and differentiated user experience. In addition, 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. Moreover, BIL has launched a range of products in green financing, including solar panel loans for energy-saving buildings, 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. Besides, it plans to launch a whole new business of offering ESG solutions for clients by the end of 2024, which has already obtained ESG-related certification.

During the Reporting Period, despite a complex macroeconomic environment, BIL delivered a sound financial performance by virtue of the resilience of its businesses and its solid risk management capabilities:

- During the Reporting Period, faced with a challenging macroeconomic environment, BIL still posted total revenue of EUR363 million, a slight decrease of 3% year on year, and reported a net profit after tax of EUR83 million, down 19% year on year, primarily caused by a decrease in interest income amidst Luxembourg’s economic slowdown and uncertain interest rate. In addition, BIL’s net profit after tax was also impacted by higher expenses mainly due to the amortization of the new Core Banking System.
- During the Reporting Period, Assets Under Management (AUM) increased to EUR45.5 billion, compared with EUR43.8 billion at the end of 2023. Customer deposits remained stable at EUR18.5 billion, flat compared with the end of 2023. Customer loans increased to EUR16.6 billion, up from EUR16.3 billion at the end of 2023.
- At the end of June 2024, BIL showcased sound asset quality and strong liquidity indicators, with CET-1 ratio (before profit allocation for 2024) remaining healthy at 13.88%, and the liquidity coverage ratio at 191%.
- At the end of June 2024, 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:

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	2,899	3,076
Net profit	599	735
Net profit attributable to equity holders of Legend Holdings	539	661

Joyvio Group

Joyvio Group is a company in our diversified-industries operation segment that focuses on agriculture and food. Joyvio Group’s core businesses cover high-end fruits and premium animal protein, and it is now expanding its footprint in the smart nutrition and digital and intelligent agricultural and food services. As of June 30, 2024, Legend Holdings held 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. In the seafood supply chain, Joyvio Group owns KB Food, a leading Australian seafood supplier, Joyvio Food (Stock Code: 300268.SZ) and 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)/profit during the Reporting Period are as follows:

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	16,815	15,549
Net (loss)/profit	(429)	162
Net (loss)/profit attributable to equity holders of Legend Holdings	(291)	239

During the Reporting Period, Joyvio Group's fruit business reported 13.65% revenue growth while its net profit dropped due to the unfavourable market environment. Its overseas salmon business suffered a continuous loss due to the pressure from geopolitical conflicts pushing up feed costs, inflation-induced expenses, and a large interest burden caused by rising US dollar rates. These factors combined resulted in revenue of RMB16,815 million for Joyvio Group, a year-on-year increase of 8%, and a net loss attributable to equity holders of Legend Holdings of RMB291 million.

(1) Fruit business

During the Reporting Period, in the face of lower overseas production of strategic core products such as cherries and durians, Joy Wing Mau successfully maintained the supply of these two core products thanks to its solid reputation and robust operations. To address the challenges of weak domestic consumption, Joy Wing Mau proactively explored overseas markets. Following its success in the Asian market, Joy Wing Mau achieved a year-on-year revenue increase of 26% in the North American market. Meanwhile, Joy Wing Mau continued to strengthen its supply chain infrastructure. Its newly built intelligent warehousing and logistics centers in Shenyang and Shenzhen have been operating efficiently and have been recognized as global benchmarks for intelligent warehousing and logistics centers by leading global fruit suppliers, such as Zespri. As of June 30, 2024, Joyvio Group held 39.46% equity interest in Joy Wing Mau.

During the Reporting Period, Bountifresh comprehensively upgraded its blueberry varieties, achieving record-high output and driving year-on-year revenue growth. This success was attributed to its improved independent technical capabilities and fully digitalized operation management. Apart from maintaining its leading position in the blueberry market, Bountifresh also saw significant benefits from its high-end premium apple business, which has entered the mass production phase and received market recognition for its world-class product quality. To identify new growth opportunities, Bountifresh focused on enhancing place-of-origin standardization, informatization, and branding in new categories such as pineapples and pomelos. As of June 30, 2024, Joyvio Group held 63.78% equity interest in Bountifresh.

(2) *Animal protein business*

During the Reporting Period, Australis Seafoods S.A., a subsidiary of Joyvio Food, continued to experience operating losses due to factors such as higher costs driven by geopolitical conflicts and inflation, increased interest expenses amid rising U.S. dollar interest rates, and overproduction compensation. China Starfish, Joyvio Food's subsidiary, saw a decrease in both revenue and net profit, but still maintained its position as an industry leader despite sluggish demand from both domestic and overseas markets. Joyvio Food launched an innovative offline fresh-cut chain brand which initially gained market recognition by creating new consumption scenarios. As of June 30, 2024, Joyvio Group held 46.08% equity interest in Joyvio Food.

During the Reporting Period, KB Food's second processing factory on Australia's east coast commenced operations, thereby expanding its seafood processing network to cover the entire territory of Australia. With the support of the nationwide processing network, its supermarket business maintained a revenue growth of over 20% for three consecutive years. In a strategic move to expand its catering business footprint into the 3R food market, KB Food launched "BlueWave", a brand for high value-added products. As of June 30, 2024, Joyvio Group held 100% equity interest in KB Food.

(3) *Digital and intelligent agricultural and food businesses*

During the Reporting Period, Joyvio Group's digital and intelligent agricultural and food businesses covered digital, intelligent consulting and turnkey implementation services, agri-food SaaS solution services, and intelligent equipment R&D and manufacturing. Joyvio Group started the commercialization of digital and intelligent agri-food services for industrial partners. Additionally, Joyvio Group continued to explore ways to provide digital and intelligent agri-food services, integrating software and hardware operation and maintenance.

Industrial Incubations and Investments

Overview

Legend Holdings stays committed to its aspiration of revitalizing the country 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 development or generating substantial financial returns, Legend Holdings intends to nurture or establish a range of potential 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 home 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 freight business;
- ZQET Group, an industrial holding group corporation focusing on new energy and innovative technology, which provides services for new energy and innovative technology enterprises through its industrial operations, industrial investments and financial services;
- JC Finance & Leasing, which mainly provides financial leasing services for micro, small and medium-sized enterprises (MSMEs);
- Hony Capital, which runs private equity investment, real estate investment, public offering fund, hedge fund and venture capital businesses;
- Shanghai Neuromedical Center, which specializes in neurology and provides 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, the investment property.

During the Reporting Period, the industrial incubations and investments segment's revenue and net loss were set out as follows:

Unit: RMB million

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Revenue	2,229	2,011
Net loss	(452)	(387)
Net loss attributable to equity holders of Legend Holdings	(451)	(405)

During the Reporting Period, revenue from the industrial incubations and investments segment was RMB2,229 million, a year-on-year increase of 11%. Net loss attributable to equity holders of Legend Holdings was RMB451 million, mainly due to the year-on-year decrease in investment income impacted by the volatile capital markets.

Legend Capital

Legend Capital is one of the leading private equity investment institutions in China. As of June 30, 2024, 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 RMB special fund, with a combined AUM of over RMB80 billion. As of June 30, 2024, Legend Capital had raised additional funds of approximately RMB300 million.

During the Reporting Period, Legend Capital completed 8 new investment projects, covering innovative and growth-stage enterprises in advanced manufacturing, technology and services, TMT and healthcare sectors. It partially or completely exited 19 projects.

During the Reporting Period, three of Legend Capital's portfolio companies successfully went public in both domestic and international capital markets, namely Qunabox Group (趣致集團), Yonz Technology Co., Ltd. (永臻股份), and Aidite (Qinhuangdao) Technology Co., Ltd. (愛迪特). As of June 30, 2024, 113 of Legend Capital's portfolio companies had gone public (excluding those listed on the 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 technology.

As of June 30, 2024, Legend Star managed 11 funds, the combined AUM of which reached nearly RMB5 billion. It has invested in over 350 high-quality domestic and international enterprises, including iDreamSky Games (樂逗遊戲), Teemsun (國科天成), Pony.ai (小馬智行), CiDi (希迪智駕), KHAT (孔輝科技), Axera (愛芯元智), Baichuan AI (百川智能), AISpeech (思必馳), Zhongchu Guoneng (中儲國能), Orienspace (東方空間), Keymed Biosciences (康諾亞生物), PegBio (派格生物), Edge Medical (精鋒醫療), HuiHe Healthcare (匯禾醫療).

During the Reporting Period, Legend Star invested in over 10 domestic and overseas projects across various niche segments, including Embodied AI, low-altitude economy, advanced manufacturing, biopharmaceuticals, and digital and intelligent healthcare. Among the projects under management, nearly 30 secured the next round of funding, and Legend Star exited over 10 projects.

Fullhan Microelectronics

In 2020, Legend Holdings made its first strategic investment in Fullhan Microelectronics through its subsidiaries, gaining its foothold in the semiconductor sector. As of June 30, 2024, Legend Holdings held 15.74% 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 special-purpose video processing, smart IoT and smart automotive products. Through tireless technological innovation, Fullhan Microelectronics has become an “internationally renowned and domestically leading” provider of chips and technical services in terms of intelligent vision.

In the first half of 2024, Fullhan Microelectronics continued to lead the market with its products and solutions by consistently investing in technological innovation, enhancing R&D capabilities, and delivering differentiated products. It also launched new products that better matched customer needs through rapid iteration, and intensified efforts to expand innovative applications, with emerging applications expected to spur new growth trajectories.

In the special-purpose video processing business, Fullhan Microelectronics provides customers with intelligent security algorithm support and a comprehensive suite of chip solutions. It continues to lead the market with its advanced technology and design capabilities, closely tracking trends in the special-purpose video processing chip industry and maintaining strong cooperation with top industry players. In the smart IoT segment, Fullhan Microelectronics consistently upgrades its products in response to market demand. These products are applied in everyday electronic devices such as smart door locks based on image recognition, treadmill monitoring systems, floor sweeping robots, and domestic surveillance cameras. Meanwhile, in collaboration with leading consumer electronics providers, Fullhan Microelectronics has launched a series of vision products for home use, which are market leaders due to their low power consumption, ultra-high definition and stability. In the smart automotive products segment, Fullhan Microelectronics has further enhanced the interface rate and chip performance of its new-generation in-vehicle ISP products, making them more adaptable to the clarity, precision, and response time of new energy vehicles with large onboard screens. In addition, its products have been adopted in various in-vehicle camera applications, including rearview cameras, surround-view cameras, driver monitoring cameras, cockpit monitoring cameras, and streaming media cameras. Fullhan Microelectronics has passed the AEC-Q100 certification as well as the ISO 26262:2018 ASIL D Automotive Functional Safety Process Certification. It has also established a robust automotive-grade chip R&D and quality management system, with its in-vehicle chips now integrated into the supply chain of several well-known automotive vision system manufacturers.

Going forward, Fullhan Microelectronics will focus on video-based chips to meet the client's needs for high-performance chips by leveraging its robust capabilities in chip R&D and design. Meanwhile, 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 commercial digital operations, Lakala is committed to the philosophy of "people-oriented payments", actively implementing the operation strategy of "promoting digital payments, sharing digital technology, and delivering digital value". As of June 30, 2024, Legend Holdings held 26.14% equity interest in Lakala.

During the Reporting Period, Lakala made progress in providing services for digital operations. Focusing on enhancing the full-link digital service experience, Lakala optimized its procedures including reaching, contracting with and serving the merchants through more precise and effective digital means. Lakala met the payment needs of different customer segments through more complete and convenient digital hardware and software products and satisfied the merchants' need for digital operations with diversified Payment + SaaS solutions. With further improvements in availability, convenience, and standardization of its payment services, Lakala's capability to support commercial digital operations reached a new milestone. Lakala saw continued expansion in the number of micro and small merchants served, alongside rapid growth in the number of medium- and large-sized merchants. Lakala maintained its industry-leading position in terms of the overseas card acceptance network and the number of terminals. Overseas bank card acceptance and QR code transactions totaled RMB2.15 trillion in which the QR code transaction volume grew by 28% year-on-year, with each indicator continually leading the industry and gaining market share.

EAL

EAL mainly engages in the air freight business. As of June 30, 2024, Legend Holdings held 13.29% equity interest in EAL.

During the Reporting Period, EAL continued its efforts to pursue progress while ensuring stability. It remains committed to implementing the new development philosophy in a complete, accurate, and comprehensive manner, while better coordinating development and safety. Focusing on its core business of air freight, EAL gave full play to its regional advantages and proactively pursued market opportunities. With safety as its bottom line, EAL continued to improve operational efficiency, enhance market competitiveness and strive for high-quality development.

In the air express business, EAL effectively coordinated development and safety, steadily increasing operational efficiency. During the Reporting Period, EAL disposed of two B747 freighters and acquired three B777F freighters upon the expiry of the underlying finance leases, achieving uniformity in its fleet types. As of the end of the Reporting Period, EAL's all-cargo fleet totaled 14 B777 freighters, with the uniformity of fleet type contributing to lower owning and operating costs. With Shanghai as the primary hub, EAL continued to optimize its fleet and air freight network, increasing flight frequencies on long-haul routes to Europe and the United States where cross-border e-commerce demand is strong. In July 2024, EAL set up a South China branch to reinforce Shenzhen's role as the secondary hub, boosting its business expansion and service capacity in South China. Additionally, EAL expanded its route network through cooperation and intermodal collaboration, supported by deepened partnerships with other carriers. EAL continued to promote its "port-to-port" products and expand product coverage. EAL also intensified marketing efforts for transport services from China to Europe and the United States via Shanghai. In terms of comprehensive ground services, EAL took various measures to expand the market and ensure stable profits. It enhanced the design of value-added service products to meet the needs of different customers. Meanwhile, the one-stop air service center project is progressing on

track, providing personalized services such as priority feeder services on the ramp, green channels at freight terminals, and door-to-door delivery. Furthermore, EAL made efforts to improve air transportation and transshipment and streamline customs clearance, advancing the project of pre-positioned freight terminals to extend the service chain. EAL had been adding new capacity. Phase II of the Western Freight Area of Shanghai Pudong International Airport will soon become operational. A joint venture between EAL and Shanghai Airport Group has been established to provide smart freight terminal services at Shanghai Pudong International Airport. The construction of the smart freight terminal is progressing as planned and is expected to be completed by the end of 2025. By then, it will further enhance the operational efficiency and market competitiveness of EAL's freight terminals. In terms of cold storage construction, EAL is building a new cold storage project at the freight terminal of Shanghai Pudong Airport Logistics Center. Upon completion, the project will add 6,700 square meters of cold storage to support cold chain business. For comprehensive logistics solutions, EAL maintained high revenue growth by capitalizing on opportunities arising from the development of cross-border e-commerce. Targeting top cross-border e-commerce customers, EAL launched the “YiYouXuan (翼優選)” and “YiSuYun (翼速運)”, offering optimized full-link export services and customized and standardized cross-border logistics solutions. To drive the growth of the cold chain business, EAL established a wholly-owned subsidiary, Eastern Airlines Cold Chain Logistics (Shanghai) Co., Ltd., by coordinating its internal cold chain resources.

ZQET Group

To meet the needs of strategic planning and operational development in its new phase, Zhengqi Holdings Corporation (“Zhengqi Holdings”) officially changed its name to Zhengqi Energy Technology Group Corporation (“ZQET Group”) in July 2024. This rebranding signifies ZQET Group's commitment to building a new energy industry ecosystem with a new mission to “capitalize on green development and support scientific and technological enterprises”. ZQET Group is an industrial holding group focusing on new energy and innovative technology. Committed to boosting the real economy, ZQET Group has centered its efforts on building a new energy industry ecosystem through its “industry + investment & financing (產業+投融)” business model. Concurrently, ZQET Group has continued to promote the development of innovative technology enterprises, aiming to foster new quality productive forces through technological innovation. ZQi Solar Technology, a wholly-owned subsidiary of ZQET Group, specializes in the R&D, manufacturing, and sales of high-efficiency cells and modules. As of June 30, 2024, Legend Holdings held 94.62% equity interest in ZQET Group.

By the end of the Reporting Period, ZQi Solar Technology had established a first-class technical team in China, a leading automated production line, and a scientific and efficient management system. It launched 182 and 210R N-type high-efficiency TOPCon cells, achieving mass production efficiency that ranks among the top tier of the industry. Committed to the development strategy of “refining technology and attaining success through quality (精進技術、以質取勝)”, ZQi Solar Technology has consistently explored high-efficiency photovoltaic conversion technology. The open-circuit voltage of its core product, the 210R-166B double-sided N-TOPCon cell, reaches 741mV, with the highest conversion efficiency in mass production exceeding 26.8% and a yield rate surpassing 96%. By the end of the Reporting Period, ZQi Solar Technology has submitted applications for six patents to the China National Intellectual Property Administration, all of which have been accepted. These include three invention patents and three utility model patents.

In terms of equity investment, among its portfolio companies, Hefei Snowky Electric Co., Ltd. (雪祺電氣) was listed on the main board of the Shenzhen Stock Exchange on January 11, 2024; Changzhou Wujin Zhongrui Electronic Technology Co., Ltd. (中瑞股份) went public on ChiNext on April 8, 2024; Hanshow Technology Co., Ltd. (漢朔科技) was approved for listing on ChiNext on June 21, 2024; Bayzed Health Group Inc. (佰澤醫療) submitted its application for listing on the Hong Kong Stock Exchange on April 26, 2024; and Anhui Xiaoxiao Science and Technology Inc. (小小科技) was listed on the NEEQ on July 23, 2024. By the end of the Reporting Period, ZQET Group had invested in 73 companies, 16 of which had become listed or had been approved to go public. Measured by money invested, 40% of its invested companies have gone public. Anhui Zhidao Investment Co., Ltd. (志道投資), ZQET Group's wholly-owned subsidiary, managed nine private equity funds.

ZQET Group continued to improve the structure of its credit business, with a strategic focus on emerging industries supported by the central government. ZQET Group increased its proportion of clients from emerging industries such as semiconductors, high-end equipment manufacturing, advanced materials, new energy, energy conservation and environmental protection.

JC Finance & Leasing

JC Finance & Leasing is a Legend Holdings' subsidiary, specializing 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, public services and transportation. As of June 30, 2024, Legend Holdings held 90.31% equity interest in JC Finance & Leasing.

JC Finance & Leasing achieved robust business growth during the Reporting Period, posting a year-on-year revenue growth of 21.6%. Committed to serving the real economy, JC Finance & Leasing increased its support for MSMEs. Loans to financial leasing projects rose 21.8% year on year. Leasing assets increased to RMB14.5 billion compared to the beginning of the year. The number of MSMEs that JC Finance & Leasing served exceeded 5,000, a 13% increase compared to the beginning of the year. During the Reporting Period, JC Finance & Leasing issued a syndicated loan of USD100 million plus EUR100 million and asset-backed notes amounting to RMB1.2 billion. The proceeds will be used to support domestic MSMEs and create jobs. Additionally, JC Finance & Leasing received stronger market recognition, with its credit rating upgraded to AA+.

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 June 30, 2024, Hony Capital mainly managed eight equity investment funds, three property funds, one cultural industry fund, one venture 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 (中國玻璃), 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 (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 + operation" capabilities. It manages about 900,000 square meters of commercial property assets in first-tier cities. As a subsidiary of Hony Capital, Hony Horizon Fund Management Co., Ltd. (弘毅遠方基金) is a public offering fund management company that specializes in secondary market investment and fund management services. It manages eight public offering 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 that specializes in the secondary market investments. It boasts a combination of both "Human + Intelligence" and "China + World", with a focus on investment management and strategic direct investment businesses.

Shanghai Neuromedical Center

Shanghai Neuromedical Center is a specialized hospital built in accordance with specialized tertiary hospital standards. It specializes in clinical neuroscience and comprehensive hospital services. As of June 30, 2024, Legend Holdings held 58% equity interest in Shanghai Neuromedical Center through its subsidiary.

During the Reporting Period, Shanghai Neuromedical Center further advanced its neurology specialty and other comprehensive departments to facilitate medical discipline development and enhance its overall medical practices. In 2021, Shanghai Neuromedical Center was certified and licensed as a National Stroke Center by the China Stroke Center Alliance. When the Minimally Invasive Stroke Treatment Branch of Shandong Stroke Society was established in May 2024, several experts and doctors from Shanghai Neuromedical Center were elected to be the standing committee members or members of such Branch, owing to their profound academic attainments and rich clinical experience. These achievements are strong proof of Shanghai Neuromedical Center's expertise in the specialty of neurology.

Shanghai Neuromedical Center has consistently fulfilled its social responsibilities by organizing various public welfare activities to serve nearby residents and those in remote areas, thereby alleviating the healthcare burden on families in need. In June 2024, Shanghai Neuromedical Center co-hosted the 18th International Epilepsy Caring Day, a large-scale public welfare event. Through this initiative, the center raised awareness about epilepsy among patients and their families, provided clear diagnosis and standardized treatments for patients with various types and stages of epilepsy, and tried to help more of those in need get grants from public welfare.

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 June 30, 2024, Legend Holdings held 13.11% equity interest in Hankou Bank.

Committed to “serving localities and SMEs”, Hankou Bank continued to strengthen its relationships with the government, enterprises, and residents, focusing on promoting technology finance, green finance, inclusive finance, senior care finance, and digital finance. In the first half of 2024, Hankou Bank issued Tier 2 capital bonds to better support its operations and management. Prioritizing support for Wuhan’s “965” industrial cluster scheme, the bank increased the supply of credit to the enterprises included in the scheme, driving a growth of 10.71% in the balance of such loans. Hankou Bank also launched an exclusive savings deposit product for pension issuers, bringing in RMB12.916 billion in deposits. Additionally, it optimized its digital restructuring and improved its evaluation mechanism for digital transformation.

Bybo Dental

Committed to providing high-quality dental healthcare services to the middle class while pursuing customers’ best experience, Bybo Dental strived to establish itself as a leading dental chain enterprise in China. As of June 30, 2024, Legend Holdings held 21.23% equity interest in Bybo Dental.

Bybo Dental continued to upgrade dental healthcare services, improve dental health of its patients, and lead the way in innovation by offering quality dental care combined with insurance services. In the first half of 2024, Bybo Dental introduced a long-term dental insurance plan in Shanghai. Patients could use their Shanghai personal medical insurance accounts to pay premiums. This represents another milestone in Bybo Dental’s business and service model. In addition, Bybo Dental continued to regularly monitor its diagnostic and treatment indicators, enhanced patient follow-up and return visits, and organized thematic events for new and existing patients to boost communication. These approaches and practices contributed to a significant increase in the number of follow-up visits during the Reporting Period. As of June 30, 2024, Bybo Dental operated 172 outlets, including 24 hospitals and 148 clinics, across 20 municipalities and provinces. They all together housed 1,723 dental chairs.

Raycom Property Investment and Raycom Technology

Legend Holdings, through its subsidiaries, Raycom Property Investment Co., Ltd. (融科物業投資有限公司) and Raycom Technology Co., Ltd. (融科智地科技股份有限公司), holds high-grade office buildings in the Zhongguancun area of Beijing: Raycom Infotech Park Building A, B and C^{Note}. These properties, either for rental or for the Family Group’s own use, have been awarded the Green Building Council’s “Leadership in Energy and Environmental Design (LEED)” certification for their high-standard energy-saving and environmentally friendly design. As of June 30, 2024, the occupancy rate of Raycom Infotech Park is approximately 91%, with the fair value of the three buildings amounting to RMB11.66 billion (excluding the self-used areas).

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

Financial Review

Finance costs

Finance costs after deducting capitalized amounts increased from RMB4,663 million for the six months ended June 30, 2023 to RMB4,730 million for the six months ended June 30, 2024. Increase in finance costs as compared to the same period last year was mainly attributed to the increase in bank loans and overdrafts as well as factoring costs.

Taxation

Our taxation increased from RMB170 million for the six months ended June 30, 2023 to RMB314 million for the six months ended June 30, 2024. Increase in taxation was mainly due to the increase in profit before tax as compared to the same period last year.

Capital expenditures and capital commitments

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

As of June 30, 2024, we had RMB4,447 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 includes cash and cash equivalents, balances with central banks, bank deposits and restricted funds. As of June 30, 2024, our cash at bank and on hand were RMB71,837 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 24%, 8%, 15%, 35%, 2% and 16%, respectively, while the amount as of December 31, 2023 was RMB63,782 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 28%, 11%, 14%, 31%, 2% and 14%, 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

	As of June 30, 2024	As of December 31, 2023
Bank loans		
– Unsecured loans	28,620	31,858
– Guaranteed loans	22,846	22,811
– Collateralized loans	14,570	9,669
Other loans		
– Unsecured loans	500	500
– Guaranteed loans	276	292
– Collateralized loans	8,010	6,674
Corporate bonds		
– Unsecured bonds	48,575	48,863
– Guaranteed bonds	851	495
– Collateralized bonds	2,811	3,351
	127,059	124,513
Less: Non-current portion	(68,288)	(68,358)
Current portion	58,771	56,155

As of June 30, 2024, among our total borrowings, 47% was denominated in RMB (December 31, 2023: 51%), 30% was denominated in USD (December 31, 2023: 31%) and 23% was denominated in other currencies (December 31, 2023: 18%). If categorized by whether the interest rates were fixed or not, the fixed-rate borrowings and the floating-rate borrowings accounted for 55% and 45% of our total borrowings, respectively, while as of December 31, 2023 accounted for 58% and 42%, respectively. The increase in our indebtedness was mainly due to the increase in bank loans and other loans.

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

Unit: RMB million

	As of June 30, 2024	As of December 31, 2023
Within 1 year	58,771	56,155
After 1 year but within 2 years	20,290	20,596
After 2 years but within 5 years	23,090	22,981
After 5 years	24,908	24,781
	127,059	124,513

As of June 30, 2024, we had the following major corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
The Company	Corporate bonds	RMB	July 6, 2016	10 years	RMB2,000 million
Lenovo	Medium term notes	USD	April 24, 2020 and 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 (i)	USD	June 14, 2019	5 years	USD62.5 million
BIL	Bank subordinate bonds	EUR	June 8, 2016	12 years	EUR50 million
BIL	Bank subordinate bonds	USD	October 18, 2016	12 years	USD100 million
BIL	Bank subordinate bonds	EUR	May 18, 2021	10.25 years	EUR100 million
BIL	Bank subordinate bonds	EUR	February 1, 2023	10.25 years	EUR100 million
BIL	Medium term notes	JPY	September 1, 2021 and February 8, 2022	5 years	JPY1,000 million
BIL	Medium term notes	EUR	2014-2024	1-20 years	EUR2,122 million
BIL	Medium term notes	USD	2020-2024	1.5-5 years	USD47 million
BIL	Medium term notes	CHF	November 30, 2020	4.6 years	CHF180 million
BIL	Medium term notes	GBP	November 5, 2021 and January 19, 2022	5 years	GBP6 million
BIL	Medium term notes	CNH	November 3, 2023	3 years	CNH300 million

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
JC Finance & Leasing	Asset-backed notes	RMB	October 27, 2022	1-2 years	RMB6 million
JC Finance & Leasing	Asset-backed notes	RMB	May 8, 2023	1-2 years	RMB179 million
JC Finance & Leasing	Asset-backed notes	RMB	August 9, 2023	1-2 years	RMB755 million
JC Finance & Leasing	Asset-backed notes	RMB	December 6, 2023	1-2 years	RMB790 million
JC Finance & Leasing	Corporate bonds	RMB	January 5, 2024	3 years	RMB350 million
JC Finance & Leasing	Asset-backed notes	RMB	March 28, 2024	2-3 years	RMB1,080 million

The annual interest rates of our bonds listed above as of June 30, 2024 ranged from 0% to 7.2%.

- (i) In August 2024, the Company, as the ultimate controlling shareholder of Joyvio Food, entered into a Convertible Bond Transfer Agreement with Cangyuan Investment Co., Ltd. (“Cangyuan Investment”), under which the Company acquired the Bonds issued by Fresh Investment SpA (including (i) the principal amount of USD62.5 million, (ii) the deferred interest bonds (PIK Bonds), (iii) all accrued and outstanding Cash Interests) and Cangyuan Investment’s rights and obligations in respect of the transferred bonds.

Current ratio and total debts to total capital ratio

	As of June 30, 2024	As of December 31, 2023
Current ratio (<i>times</i>)	0.7	0.7
Total debts to total capital ratio	56%	55%

Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the Reporting Period remained unchanged as compared with December 31, 2023. 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 Common Equity Tier 1 ratio of BIL stood at 13.88% (before profit allocation for 2024), bespeaking robust business stability. Moreover, despite a current ratio of less than 1, we have the 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 increased slightly at the end of the Reporting Period compared to December 31, 2023, which was mainly due to the decrease in the size of our total equity.

Pledged assets

As of June 30, 2024, we pledged the assets of RMB26.2 billion to secure our borrowings, assets of RMB1.5 billion to secure other payables and accruals and other non-current liabilities.

As of June 30, 2024, BIL's other financial assets measured at amortized cost and loans to customers and credit institutions with an aggregate carrying value of RMB7.3 billion were encumbered.

As of June 30, 2024, other restricted assets were mainly restricted deposits of RMB2.4 billion, and financial assets measured at fair value through profit or loss of RMB80 million.

Contingencies

Our contingencies primarily comprise: (i) the banking business of the Group engaging in the provision of various guarantees to its clients in the ordinary course of business; 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 guarantee risks provided in connection with our banking business and made provisions accordingly. As of June 30, 2024 and December 31, 2023, the provisions made by us were RMB127 million and RMB130 million respectively.

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

	<i>Unit: RMB million</i>	
	As of June 30, 2024	As of December 31, 2023
Guarantee business	4,946	6,476
Other guarantee		
– Related parties	570	622
– Unrelated parties	74	100

Fluctuations in exchange rates and any relevant hedging

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

Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended June 30, 2024

		Unaudited	
		Six months ended June 30,	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods and services	5	<u>231,392,441</u>	<u>199,153,610</u>
Interest income		6,571,100	4,890,718
Interest expense		<u>(4,599,365)</u>	<u>(2,758,334)</u>
Net interest income	5	<u>1,971,735</u>	<u>2,132,384</u>
Total revenue	5	233,364,176	201,285,994
Cost of sales and services	7	<u>(192,982,358)</u>	<u>(165,532,039)</u>
Gross profit		40,381,818	35,753,955
Selling and distribution expenses	7	(12,686,946)	(10,670,024)
General and administrative expenses	7	(20,616,616)	(18,840,333)
Expected credit loss	7	(743,313)	(223,897)
Investment income and gains	6	874,112	1,000,726
Other losses-net		(190,716)	(1,140,735)
Finance income	8	775,236	1,148,902
Finance costs	8	(4,729,984)	(4,663,467)
Share of profit of associates and joint ventures accounted for using the equity method	5	<u>55,377</u>	<u>19,808</u>
Profit before income tax		3,118,968	2,384,935
Income tax expense	9	<u>(314,006)</u>	<u>(169,648)</u>
Profit for the period		<u>2,804,962</u>	<u>2,215,287</u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (CONTINUED)*For the six months ended June 30, 2024*

		Unaudited	
		Six months ended June 30,	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
– Equity holders of the Company		285,854	667,950
– Other non-controlling interests		2,519,108	1,547,337
		<u>2,804,962</u>	<u>2,215,287</u>
Earnings per share for the profit attributable to the equity holders of the Company <i>(expressed in RMB per share)</i>			
Basic earnings per share	<i>10</i>	<u>0.12</u>	<u>0.29</u>
Diluted earnings per share	<i>10</i>	<u>0.11</u>	<u>0.28</u>
Dividends	<i>19</i>	<u>–</u>	<u>471,257</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Profit for the period	2,804,962	2,215,287
Other comprehensive (losses)/income:		
Items that will not be reclassified to income statement		
Change in fair value of non-trading equity securities measured at fair value through other comprehensive (losses)/income, net of taxes	(345,086)	114,451
Change in credit risk on financial liabilities measured at fair value through profit, net of taxes	351	2,684
Share of other comprehensive income of associates using equity accounting, net of taxes	23	–
Remeasurements of post-employment benefit obligation, net of taxes	(69,717)	226,512
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	–	(2,448)
Items that may be reclassified subsequently to income statement		
Change in fair value of debt securities measured at fair value through other comprehensive income/ (losses), net of taxes	5,470	(8,595)
Currency translation differences	(4,490,633)	1,789,223
Share of other comprehensive income of associates using equity accounting, net of taxes	34,011	40,959
Fair value change on cash flow hedges, net of taxes	1,067,340	1,189,917
Other comprehensive (losses)/income for the period, net of taxes	(3,798,241)	3,352,703
Total comprehensive (losses)/income for the period	(993,279)	5,567,990
Attributable to:		
– Equity holders of the Company	(1,109,566)	2,647,988
– Other non-controlling interests	116,287	2,920,002
	(993,279)	5,567,990

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at June 30, 2024

		Unaudited As at June 30, 2024 RMB'000	Audited As at December 31, 2023 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		33,777,668	33,957,749
Right-of-use assets		5,386,780	5,952,991
Investment properties	11	15,707,872	15,454,282
Intangible assets		70,290,311	72,629,625
Associates and joint ventures using equity accounting	5	16,181,150	16,243,201
Associates measured at fair value through profit or loss	5	13,664,401	14,778,452
Financial assets at fair value through other comprehensive income		6,816,197	5,834,084
Financial assets at fair value through profit or loss		13,007,742	12,124,523
Loans to customers		98,202,849	99,100,694
Loans to credit institutions		7,575	–
Derivative financial assets		3,758,010	3,763,806
Other financial assets at amortised cost		58,386,736	57,941,454
Deferred income tax assets		23,565,756	22,256,383
Other non-current assets		13,934,222	12,992,357
Total non-current assets		372,687,269	373,029,601

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at June 30, 2024

		Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
	<i>Note</i>		
Current assets			
Inventories		57,914,208	46,877,633
Consumable biological assets		1,120,402	1,253,509
Properties under development		19,252	19,252
Accounts and notes receivables	<i>12</i>	73,698,011	73,920,969
Prepayments, other receivables and other current assets	<i>13</i>	35,574,308	39,902,791
Loans to customers		32,782,194	33,539,980
Loans to credit institutions		2,833,858	2,369,338
Derivative financial assets		1,500,487	854,527
Financial assets at fair value through profit or loss		18,598,521	20,174,378
Financial assets at fair value through other comprehensive income		48,879	32,401
Other financial assets at amortised cost		10,327,491	9,975,814
Balances with central banks		1,340,382	1,302,861
Restricted deposits		2,772,195	2,876,541
Bank deposits		96,110	31,939
Cash and cash equivalents		67,628,357	59,571,033
Total current assets		306,254,655	292,702,966
Total assets		678,941,924	665,732,567

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at June 30, 2024

	<i>Note</i>	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		2,356,231	2,356,231
Reserves		<u>53,319,239</u>	<u>54,608,337</u>
Total equity attributable to equity holders of the Company		55,675,470	56,964,568
Perpetual securities		1,362,817	1,361,913
Other non-controlling interests		44,928,992	45,426,285
Put option written on non-controlling interests	15(iii)(1), 16(c)(1)	<u>(3,633,810)</u>	<u>(3,633,810)</u>
Total equity		<u>98,333,469</u>	<u>100,118,956</u>
LIABILITIES			
Non-current liabilities			
Borrowings	17	68,288,287	68,357,872
Lease liabilities		2,358,889	2,648,255
Amounts due to credit institutions		613,264	651,431
Amounts due to customers		3,544,019	3,473,989
Derivative financial liabilities		1,651,262	1,878,907
Deferred revenue		10,427,784	10,223,176
Retirement benefit obligations		1,712,175	1,691,093
Provisions	18	1,427,896	1,566,356
Financial liabilities at fair value through profit or loss		15,919,657	16,324,913
Deferred income tax liabilities		9,273,464	9,364,377
Other non-current liabilities	16	<u>6,297,037</u>	<u>6,948,721</u>
Total non-current liabilities		<u>121,513,734</u>	<u>123,129,090</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at June 30, 2024

		Unaudited As at June 30, 2024	Audited As at December 31, 2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and notes payables	<i>14</i>	90,266,359	77,802,993
Other payables and accruals	<i>15</i>	104,869,923	106,727,031
Amounts due to credit institutions		36,444,290	28,590,518
Amounts due to customers		138,516,474	141,535,061
Financial liabilities at fair value through profit or loss		7,379,134	6,799,953
Derivative financial liabilities		803,783	1,681,868
Provisions	<i>18</i>	6,378,531	6,485,875
Advance from customers		1,965,551	1,306,372
Deferred revenue		10,236,406	11,248,679
Income tax payables		2,630,759	3,054,764
Lease liabilities		832,560	1,096,417
Borrowings	<i>17</i>	58,770,951	56,154,990
Total current liabilities		459,094,721	442,484,521
Total liabilities		580,608,455	565,613,611
Total equity and liabilities		678,941,924	665,732,567

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Unaudited													
	Attributable to the equity holders of the Company													
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for share scheme RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000		Perpetual securities RMB'000	Other non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000
As at January 1, 2024	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
Profit for the period	-	-	-	-	-	-	-	-	-	285,854	-	2,519,108	-	2,804,962
Other comprehensive (losses)/income	-	-	-	(284,524)	-	-	-	-	-	-	-	(55,092)	-	(339,616)
Fair value changes on financial assets at fair value through other comprehensive income	-	-	-	316	-	-	-	-	-	-	-	35	-	351
Credit risk changes on financial liabilities measured at fair value through profit or loss	-	-	-	34,034	-	-	356,749	-	-	-	-	710,591	-	34,034
Share of other comprehensive income of associates using equity accounting	-	-	-	-	-	-	-	(1,481,247)	-	-	-	(3,009,386)	-	1,067,340
Fair value change on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	(48,969)	-	(48,969)
Currency translation differences	-	-	-	-	-	-	-	-	(20,748)	-	-	-	-	(20,748)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	(20,748)	-	-	-	-	(20,748)
Total comprehensive (losses)/income for the period	-	-	-	(250,174)	-	-	356,749	(1,481,247)	(20,748)	285,854	-	116,287	-	(993,279)
Total transfer to retained earnings	-	-	-	(2,626)	-	-	-	-	-	2,626	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	33,653	-	-	68,659	-	102,312
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(105,822)	-	(105,822)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(278,994)	-	-	(620,447)	-	(899,441)
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	(6,302)	-	-	228,932	-	222,630
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	(2,390)	-	-	1,169	-	(1,221)
Transfer to reserve	-	-	-	-	-	-	-	-	27,411	-	-	-	-	27,411
Share of other reserve of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	164,950
Share-based compensation	-	-	-	-	20,260	60,530	-	-	-	-	-	(347,268)	-	245,740
Dividends declared and paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(347,268)
Coupon paid/interest adjustment holders of perpetual securities	-	-	-	-	-	-	-	-	-	(33,700)	904	(3,753)	-	(36,549)
Total transactions with owners, recognised directly in equity	-	-	-	-	20,260	60,530	-	-	(226,622)	(33,700)	904	(613,580)	-	(792,208)
As at June 30, 2024	2,356,231	11,281,940	919,845	(597,953)	4,550,053	(146,665)	165,283	(4,531,449)	(3,754,740)	45,432,925	1,362,817	44,928,992	(3,633,810)	98,333,469

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the six months ended June 30, 2024

	Unaudited													
	Attributable to the equity holders of the Company													
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for share scheme RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Perpetual securities RMB'000	Other non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000	Total RMB'000
As at January 1, 2023	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	(3,653,810)	102,155,626
Profit for the period	-	-	-	-	-	-	-	-	-	667,950	-	1,547,337	-	2,215,287
Other comprehensive income/(losses)	-	-	-	104,239	-	-	-	-	-	-	-	1,617	-	105,856
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	-	-	-	2,415	-	-	-	-	-	-	-	269	-	2,684
Share of other comprehensive income of associates using equity accounting	-	-	-	40,959	-	-	-	-	-	-	-	-	-	40,959
Fair value change on cash flow hedges	-	-	-	-	-	-	321,721	-	-	-	-	868,196	-	1,189,917
Currency translation differences	-	-	-	-	-	-	-	1,439,617	-	-	-	349,606	-	1,789,223
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	73,290	-	-	153,222	-	226,512
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	(2,203)	-	-	-	-	-	-	-	(245)	-	(2,448)
Total comprehensive income for the period	-	-	-	145,410	-	-	321,721	1,439,617	73,290	667,950	-	2,920,002	-	5,567,990
Total transfer to retained earnings	-	-	-	(3,843)	-	-	-	-	-	3,843	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,532	-	1,532
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,601)	-	(2,601)
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	(739,002)	-	-	(1,986,690)	-	(2,725,692)
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	19,164	65,419	-	596,946	-	616,110
Transfer to reserve	-	-	-	-	-	-	-	-	713	-	-	(1,475)	-	64,657
Share of other reserve of associates	-	-	-	-	-	-	-	-	(18,037)	-	-	78	-	(17,959)
Share-based compensation	-	-	-	-	3,633	129,379	-	-	-	(471,257)	-	294,327	-	427,339
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	(375,874)	-	(847,131)
Coupon paid/interest adjustment holders of perpetual securities	-	-	-	-	-	-	-	-	-	(34,467)	882	(3,838)	-	(37,423)
Total transactions with owners, recognised directly in equity	-	-	-	-	3,633	129,379	-	-	(737,162)	(440,305)	882	(1,477,595)	-	(2,521,168)
As at June 30, 2023	2,356,231	11,281,940	919,845	14,352	4,323,761	(207,195)	176,231	(2,936,762)	(1,492,869)	49,753,426	1,361,000	43,286,298	(3,653,810)	105,202,448

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	20,443,880	1,661,064
Income tax paid	(2,590,331)	(3,633,160)
Net cash generated from/(used in) operating activities	<u>17,853,549</u>	<u>(1,972,096)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment, and intangible assets	(6,068,632)	(6,713,159)
Proceeds from sale of property, plant and equipment, and intangible assets	93,811	416,848
Purchases of financial assets at fair value through profit or loss	(2,524,783)	(4,023,955)
Proceeds from the disposal of financial assets at fair value through profit or loss	3,589,546	4,506,744
Dividends from financial assets at fair value through profit or loss	107,335	104,225
Capital injection in associates measured at fair value through profit or loss	(124,243)	(184,885)
Distributions from associates measured at fair value through profit or loss	437,120	1,692,416
Acquisition of and capital injection in associates and joint ventures using equity accounting	(3,204)	(17,507)
Proceeds from disposal of associates using equity accounting	36,692	626,455
Dividends from associates using equity accounting	188,795	116,532
Purchases of financial assets at fair value through other comprehensive income	(26,315)	(141,798)
Disposal of financial assets at fair value through other comprehensive income	290,232	373,971
Dividends from financial assets at fair value through other comprehensive income	430	8,297
Disposal of financial assets at amortized cost	85,002	138,914
Acquisition of subsidiaries, net of cash acquired	(125,419)	87,501
Disposal of subsidiaries, net of cash disposed	5,542	7,263
Loans (granted to)/repaid from related parties and third parties	(34,800)	498,837
Interest received	416,880	672,052
Decrease/(increase) in fixed deposits for more than 3 months	2,209	(62,474)
Net cash used in investing activities	<u>(3,653,802)</u>	<u>(1,893,723)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(CONTINUED)**

For the six months ended June 30, 2024

	Unaudited	
	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities		
Proceeds from borrowings	86,921,070	43,469,963
Repayments of borrowings	(88,999,312)	(49,274,576)
Repayments of lease liabilities	(574,774)	(543,731)
Issue of bonds, net of issuance costs	4,320,657	1,491,540
Other capital contributions from non-controlling interests	167,307	146,090
Distribution to other non-controlling interests	(353,921)	(440,191)
Transaction with other non-controlling interests	(918,949)	(2,744,018)
Repurchase of convertible preferred shares	–	(322,667)
Interest paid	(5,446,690)	(5,361,087)
	<hr/>	<hr/>
Net cash used in financing activities	(4,884,612)	(13,578,677)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	9,315,135	(17,444,496)
Cash and cash equivalents at beginning of the period	59,571,033	81,159,017
Exchange (losses)/gains on cash and cash equivalents	(1,257,811)	2,532,897
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	67,628,357	66,247,418
	<hr/>	<hr/>

1. GENERAL INFORMATION

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

The registered address of the Company is Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan South Road, Hai Dian District, Beijing, PRC.

The Company operates its business through two sectors: diversified-industries operation and industrial incubations and investments.

The diversified-industries operation consists of operations in (a) Lenovo Group Limited (“Lenovo”), which is primarily engaged in providing innovative intelligent devices and infrastructure, and offers 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 includes investments in aviation logistics, financial services, medical and health care, and office leasing services, etc.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2023 which has been prepared in accordance with IFRS Accounting Standards (“IFRS”) by the Group, and all public announcements made by the Company during the interim reporting period.

2.1 *Going concern basis*

As at December 31, 2023, one Chile subsidiary of Joyvio Food Co., Ltd. (“Joyvio Food”), 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 RMB4,913 million to exercise their right to demand for acceleration of repayment under the relevant agreements as of June 30, 2024, which originally would come due after one year, the Group has classified such borrowings as current liabilities.

As at June 30, 2024, the current liabilities of the Group were approximately RMB459,095 million, exceeding the current assets of approximately RMB152,840 million. Of which, RMB58,771 million represents current bank loans and other borrowings repayable within 12 months, and the Group’s cash and cash equivalents amounted to RMB67,628 million.

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

2. BASIS OF PREPARATION (CONTINUED)

2.1 *Going concern basis (continued)*

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 June 30, 2024, taking into consideration the following plans and measures:

- (i) As at June 30, 2024, the current assets, current liabilities and net current liabilities of BIL, a subsidiary of the Company, are RMB75,771 million, RMB190,101 million and RMB114,330 million, respectively, which have been reflected in the condensed 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 condensed 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 RMB12,149 million, RMB1,302 million and RMB2,453 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 13.88%, Tier 1 ratio was 15.37% and Capital Adequacy ratio was 18.18% (before 2024 profit allocation), these ratios were all exceeding 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 for the six months ended June 30, 2024 is RMB17,854 million. The Company's management expects that the operating performance will be stable or improved in the coming twelve months and the Group will be able to continue to generate operating cash inflow in the coming twelve months. 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.

2. BASIS OF PREPARATION (CONTINUED)

2.1 *Going concern basis (continued)*

- (iii) In respect of the above overdue loan of the Chile subsidiary of Joyvio Food, the subsidiary has repaid the borrowing as of June 30, 2024, 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 at June 30, 2024, the Group has unutilised project loan facilities and general facilities of RMB50,417 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.

2. BASIS OF PREPARATION (CONTINUED)

2.1 *Going concern basis (continued)*

The directors have reviewed the Group's cash flow projections prepared by management, which covered a period of no less than twelve months from June 30, 2024. 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 June 30, 2024. Accordingly, the directors consider that it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2023, except as described below.

3.1 *New and amended standards and interpretations adopted*

The following amended standards and interpretations are mandatory for the first time for the Group's financial year beginning on January 1, 2024 and are applicable for the Group:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and non-current Liabilities with Covenants
IAS 16 (Amendments)	Lease Liabilities in a Sale-and-Leaseback
International Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contain a Repayment on Demand Clause
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements

3. ACCOUNTING POLICIES (CONTINUED)

3.2 *New and amended standards not yet adopted*

The following are new and amended standards that have been issued but are not yet effective for the financial year beginning on January 1, 2024 and have not been early adopted.

		Effective for financial year beginning on or after
IAS 21 (Amendments)	Lack of exchangeability	January 1, 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be Determined

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

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, 2024 and have not been early adopted by the Group. The Group's assessment of the impact of these new and amended standards is still in progress.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the sources of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty came from the significant judgements that applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2023.

5. 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.

5. SEGMENT INFORMATION (CONTINUED)

Diversified-industries Operation:

- Lenovo, which is primarily engaged in providing innovative intelligent devices and infrastructure, and offers 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 includes investments in 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.

5. SEGMENT INFORMATION (CONTINUED)

Revenue and Profit

Six months ended June 30, 2024

	Unaudited							
	Diversified-industries Operation			Industrial incubations and investments		Unallocated RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000				
Segment revenue								
Sales/provide services to external customers	207,997,565	3,426,953	16,814,555	1,086,526	2,066,842	-	-	231,392,441
Net interest income	-	-	-	1,812,696	159,039	-	-	1,971,735
Inter-segment sales/provide services	-	-	-	-	2,698	-	(2,698)	-
Total	207,997,565	3,426,953	16,814,555	2,899,222	2,228,579	-	(2,698)	233,364,176
Segment results								
Profit/(losses) before income tax	4,456,043	179,635	(512,508)	671,315	(747,744)	(927,773)	-	3,118,968
Income tax (expense)/credit	(824,302)	(28,183)	83,057	(72,616)	296,095	231,943	-	(314,006)
Profit/(losses) for the period	3,631,741	151,452	(429,451)	598,699	(451,649)	(695,830)	-	2,804,962
Profit/(losses) attributable to equity holders of the Company for the period	1,106,169	79,355	(290,897)	538,710	(451,653)	(695,830)	-	285,854
Other segment information:								
Depreciation and amortisation	(5,046,503)	(329,413)	(279,885)	(303,142)	(75,549)	(3,697)	-	(6,038,189)
Impairment loss for non-current assets (Note 7)	(667,471)	(531)	(194,625)	-	(32,995)	-	-	(895,622)
Investment income and gains/(losses) (Note 6)	1,477,388	(20,757)	3,429	98,825	(684,773)	-	-	874,112
Finance income (Note 8)	405,032	60,667	23,604	-	23,806	300,785	(38,658)	775,236
Finance costs (Note 8)	(2,848,058)	(107,115)	(429,595)	-	(258,949)	(1,124,925)	38,658	(4,729,984)
Share of (losses)/profit of associates and joint ventures accounted for using the equity method	(111,309)	2,364	42,601	-	121,721	-	-	55,377
Material non-cash items other than depreciation and amortisation	(785,634)	-	(25,598)	-	(605)	-	-	(811,837)
Capital expenditure	4,153,469	1,252,033	550,552	202,461	48,141	155	-	6,206,811

5. SEGMENT INFORMATION (CONTINUED)

Revenue and Profit (continued)

Six months ended June 30, 2023

	Unaudited							
	Diversified-industries Operation			Industrial incubations and investments		Unallocated RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000	investments RMB'000			
Segment revenue								
Sales/provide services to external customers	177,407,105	3,246,824	15,549,280	1,093,689	1,856,712	-	-	199,153,610
Net interest income	-	-	-	1,982,096	150,288	-	-	2,132,384
Inter-segment sales/provide services	-	-	-	-	4,118	-	(4,118)	-
Total	177,407,105	3,246,824	15,549,280	3,075,785	2,011,118	-	(4,118)	201,285,994
Segment results								
Profit/(losses) before income tax	2,502,912	414,726	34,593	830,999	(518,040)	(880,255)	-	2,384,935
Income tax (expense)/credit	(486,294)	(67,212)	127,682	(96,428)	132,540	220,064	-	(169,648)
Profit/(losses) for the period	2,016,618	347,514	162,275	734,571	(385,500)	(660,191)	-	2,215,287
Profit/(losses) attributable to equity holders of the Company for the period	650,345	183,477	238,858	660,967	(405,506)	(660,191)	-	667,950
Other segment information:								
Depreciation and amortisation	(4,656,666)	(344,814)	(294,306)	(203,429)	(84,401)	(3,898)	-	(5,587,514)
Impairment loss for non-current assets (Note 7)	(6,219)	(4,463)	(15,759)	-	-	-	-	(26,441)
Investment income and gains/(losses) (Note 6)	831,169	18,212	340,491	87,147	(276,293)	-	-	1,000,726
Finance income (Note 8)	579,631	29,349	24,120	-	35,388	491,669	(11,255)	1,148,902
Finance costs (Note 8)	(2,744,893)	(83,801)	(323,466)	-	(272,343)	(1,250,219)	11,255	(4,663,467)
Share of (losses)/profit of associates and joint ventures accounted for using the equity method	(73,714)	305	70,117	-	23,100	-	-	19,808
Material non-cash items other than depreciation and amortisation	(1,119,432)	-	-	-	-	-	-	(1,119,432)
Capital expenditure	7,527,616	681,495	295,817	270,230	133,735	1,006	-	8,909,899

5. SEGMENT INFORMATION (CONTINUED)

Assets and liabilities

As at June 30, 2024

	Unaudited					
	Diversified-industries Operation			Industrial incubations and investments RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000			
Segment assets	269,518,421	19,447,649	22,250,320	97,792,822	(5,174,692)	678,941,924
Segment liabilities	242,174,921	10,842,554	17,670,618	35,189,059	(2,755,591)	580,608,455
Associates and joint ventures using equity accounting	1,701,753	316,999	532,920	13,629,478	-	16,181,150
Associates measured at fair value through profit or loss	-	-	-	13,664,401	-	13,664,401

As at December 31, 2023

	Audited					
	Diversified-industries Operation			Industrial incubations and investments RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000			
Segment assets	261,391,520	17,963,616	21,800,147	101,720,739	(3,899,085)	665,732,567
Segment liabilities	233,267,668	9,346,996	16,613,698	35,526,822	(1,486,199)	565,613,611
Associates and joint ventures using equity accounting	1,807,936	315,705	493,269	13,626,291	-	16,243,201
Associates measured at fair value through profit or loss	-	-	-	14,778,452	-	14,778,452

5. SEGMENT INFORMATION (CONTINUED)

(a) Revenue from external customers

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
China	63,463,942	54,817,219
Asia-Pacific region excluding China	38,539,711	33,771,118
Europe/Middle east/Africa	56,972,044	46,953,516
Americas	74,388,479	65,744,141
Total	<u>233,364,176</u>	<u>201,285,994</u>

(b) Analysis of revenue by timing of revenue recognition

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At a point in time	218,810,491	187,597,127
Over time	14,553,685	13,688,867
Total	<u>233,364,176</u>	<u>201,285,994</u>

6. INVESTMENT INCOME AND GAINS

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
(Losses)/gains on disposal/dilution of associates	(2,960)	328,155
Gains on disposal of subsidiaries	168,454	1,823
Gains on remeasurement of written put option liability (Note 15(iii)(1))	1,018,887	–
Fair value losses/dividend income/disposal gains from associates measured at fair value through profit or loss	(830,185)	(327,253)
Disposal gains/fair value gains/dividend income from financial instruments at fair value through profit or loss and others	519,916	998,001
	874,112	1,000,726

7. EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Cost of inventories sold	181,630,919	154,557,032
Employee benefit expense	22,428,728	20,949,813
Office and administrative expense	2,830,025	3,111,673
Advertising costs	3,383,083	2,254,505
Depreciation and amortisation	6,038,189	5,587,514
Impairment loss for loans to customers	383,255	244,306
Impairment loss/(reversal) for other financial assets	360,058	(20,409)
Impairment loss for non-current assets	895,622	26,441
Customer support service	1,716,702	1,912,646
Consultancy and professional fees	2,008,314	1,313,435
Labs and testing	1,043,158	733,492
Lease payments	59,318	53,876
Taxes and surcharges	460,973	351,579
Transportation expense	556,731	642,167
Inventory write-down	430,941	1,322,533
Other expenses (i)	2,803,217	2,225,690
	227,029,233	195,266,293

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

8. FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Interest expense (<i>i</i>):		
– Bank loans and overdrafts	1,654,754	1,488,754
– Other loans	365,281	384,854
– Bonds	814,817	969,315
– Lease liabilities	70,214	66,291
Factoring costs	1,817,254	1,727,352
Interest costs on put option liability	7,664	26,901
	<hr/>	<hr/>
Finance costs	4,729,984	4,663,467
	<hr/>	<hr/>
Finance income (<i>i</i>):		
– Interest income on bank deposits and money market funds	(633,013)	(1,047,772)
– Interest income on loans to related parties	(12,730)	(15,492)
– Interest income on loans to non-related parties	(129,493)	(85,638)
	<hr/>	<hr/>
Finance income	(775,236)	(1,148,902)
	<hr/>	<hr/>
Net finance costs	3,954,748	3,514,565
	<hr/>	<hr/>

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

9. 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 the Chinese Mainland is based on a statutory rate of 25%. Income tax of other group entities operating in overseas countries and regions are calculated at the rates applicable in the respective jurisdictions.

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current income tax		
Current income tax on profits for the period	1,866,019	1,829,963
Land appreciation tax	<u>–</u>	<u>4,986</u>
	1,866,019	1,834,949
Deferred income tax	(1,552,013)	(1,665,301)
	<u>(1,552,013)</u>	<u>(1,665,301)</u>
Income tax expense	314,006	169,648
	<u>314,006</u>	<u>169,648</u>

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

10. EARNINGS PER SHARE

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

	Unaudited	
	Six months ended June 30,	
	2024	2023
Basic earnings attributable to the equity holders of the Company (<i>RMB'000</i>)	<u>285,854</u>	<u>667,950</u>
Diluted impact on earnings (<i>RMB'000</i>) (i)	<u>(38,157)</u>	<u>(13,793)</u>
Diluted earnings attributable to the equity holders of the Company (<i>RMB'000</i>)	<u>247,697</u>	<u>654,157</u>
Weighted average number of issued ordinary shares (<i>thousands</i>)	<u>2,356,231</u>	2,356,231
Less weighted average number of shares held for share incentive plan (<i>thousands</i>)	<u>(8,545)</u>	<u>(13,607)</u>
Weighted average number of issued ordinary shares for calculating basic earnings per share (<i>thousands</i>)	<u>2,347,686</u>	<u>2,342,624</u>
Potential dilutive effect arising from share incentive plan (<i>thousands</i>) (ii)	<u>–</u>	<u>2,271</u>
Weighted average number of issued ordinary shares for calculating diluted earnings per share (<i>thousands</i>) (ii)	<u>2,347,686</u>	<u>2,344,895</u>
Earnings per share		
– Basic (<i>RMB per share</i>)	<u>0.12</u>	<u>0.29</u>
– Diluted (<i>RMB per share</i>)	<u>0.11</u>	<u>0.28</u>

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

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

11. INVESTMENT PROPERTIES

	Unaudited	
	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
At beginning of the period	15,454,282	15,807,609
Additions	1,490	3,830
Fair value losses	(58,118)	(76,657)
Disposals	(29,140)	(153,583)
Transfer from property, plant and equipment	347,240	–
Exchange adjustment	(7,882)	20,353
	<hr/>	<hr/>
At the end of the period	15,707,872	15,601,552

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

The valuations are derived using the income capitalisation method and the discounted cash flow method.

As at June 30, 2024 and December 31, 2023, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs.

The fair value losses are recognised in "other losses" of condensed consolidated interim income statement.

Investment properties held by the Group were mainly revalued at the end of June 30, 2024 and December 31, 2023, based on valuations performed by independent qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"). JLL is an industry specialist in investment property valuation, who has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

12. ACCOUNTS AND NOTES RECEIVABLES

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Accounts and notes receivables at amortised cost		
Trade receivables	4,600,448	4,104,819
Notes receivables	370,282	344,443
Receivables arising from finance leases	7,953,800	7,415,198
Less: allowances of impairment loss	(622,426)	(640,160)
	<hr/>	<hr/>
Accounts receivable and notes receivable measured at amortised cost-net	12,302,104	11,224,300
Trade receivables measured at FVOCI		
Trade receivables financing (i)	61,395,907	62,696,669
	<hr/>	<hr/>
Accounts and notes receivables	73,698,011	73,920,969
	<hr/>	<hr/>

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

As at June 30, 2024, the allowance of impairment loss of trade receivables financing is RMB1,028 million (As at December 31, 2023: RMB642 million).

12. ACCOUNTS AND NOTES RECEIVABLES (CONTINUED)

As at June 30, 2024 and December 31, 2023, the ageing analysis of the trade receivables and trade receivables financing based on invoice date was as follows:

	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
Up to 3 months	60,817,024	61,089,292
3 to 6 months	3,176,794	3,759,692
6 months to 1 year	2,042,949	1,122,919
1 to 2 years	494,936	1,093,786
2 to 3 years	335,331	260,237
Over 3 years	157,542	117,998
	<u>67,024,576</u>	<u>67,443,924</u>

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

Credit terms of Lenovo and Joyvio Group granted to customers are around 0-120 days and 60-90 days respectively while other subsidiaries do not have specific credit terms.

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Receivables from parts subcontractors	8,739,372	11,999,347
Prepayments	5,429,427	6,166,803
Prepaid tax	10,026,850	9,049,994
Amounts due from related parties	1,924,517	1,665,665
Advance to suppliers	3,688,129	4,700,558
Deposits receivable	457,972	333,638
Advance to employees	66,269	61,956
Interest receivable	120,511	137,472
Others	5,566,909	6,234,518
	36,019,956	40,349,951
Less: allowances for impairment loss	(445,648)	(447,160)
	35,574,308	39,902,791

14. TRADE AND NOTES PAYABLES

	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
Trade payables	72,583,080	69,361,996
Notes payables	17,683,279	8,440,997
	<u>90,266,359</u>	<u>77,802,993</u>

As at June 30, 2024 and December 31, 2023, the ageing analysis of the trade payables based on invoice date were as follows:

	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
0-30 days	46,530,195	41,778,258
31-60 days	14,136,529	16,394,565
61-90 days	6,888,144	6,030,051
91 days-1 year	4,895,467	5,014,473
Over 1 year	132,745	144,649
	<u>72,583,080</u>	<u>69,361,996</u>

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

15. OTHER PAYABLES AND ACCRUALS

	Unaudited As at June 30, 2024 RMB'000	Audited As at December 31, 2023 RMB'000
Payable to parts subcontractors	43,929,422	39,285,335
Allowance for billing adjustment (i)	14,951,919	19,513,696
Accrued expenses	14,987,232	13,961,883
Payroll payable	5,022,136	6,360,304
Other taxes payable	2,414,157	3,048,282
Amounts due to related parties (ii)	643,077	637,934
Social security payable	1,549,334	1,396,125
Deposits payable	597,139	561,597
Interest payable	335,415	419,433
Royalty payable	327,220	437,704
Deferred consideration	33,138	112,800
Written put option liability (iii)	3,286,412	4,555,476
Others	16,793,322	16,436,462
	104,869,923	106,727,031

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

(ii) As at June 30, 2024 and December 31, 2023, the amounts due to related parties are unsecured.

(iii) Written put option liability

- (1) Pursuant to the joint venture agreement entered into between Lenovo and Fujitsu Limited (“Fujitsu”), Lenovo and Fujitsu are respectively granted call and put options which entitle Lenovo to purchase from Fujitsu and Development Bank of Japan (“DBJ”), or Fujitsu and DBJ to sell to Lenovo, 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together “FCCL”). Both options are exercisable as at June 30, 2024. 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.

The financial liability that may become payable under the put option is initially recognized at present value of redemption amount within other non-current liabilities with a corresponding charge directly to equity, as a put option written on non-controlling interests.

The put option liability shall be re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the condensed consolidated interim income statement (*Note 6*). In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

- (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.

16. OTHER NON-CURRENT LIABILITIES

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Deferred considerations (a)	178,683	177,577
Government incentives and grants received in advance (b)	1,156,028	1,186,205
Written put option liability (c)	829,477	817,305
Long-term payables	3,059,045	3,617,351
Others	1,073,804	1,150,283
	<u>6,297,037</u>	<u>6,948,721</u>

(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 amortised cost basis. Deferred consideration due within one year is reclassified to “other payables and accruals”.

As at June 30, 2024 and December 31, 2023, the potential undiscounted amounts of future payments in respect of the deferred considerations that the Group could be required to make to the respective shareholders/sellers under the arrangements are as follows:

	Unaudited	Audited
	As at	As at
	June 30, 2024	December 31, 2023
Joint venture with NEC Corporation	USD25 million	USD25 million

16. OTHER NON-CURRENT LIABILITIES (CONTINUED)

(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 is obliged to fulfil certain conditions under the terms of the government incentives and grants. Government incentives and grants are credited to the condensed consolidated interim income statement upon fulfilment of those conditions. Government incentives and grants relating to assets are credited to the condensed consolidated interim income statement on a straight-line basis over the expected lives of the related assets.

(c) Written put option liability

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

- (1) Pursuant to the 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 Lenovo to purchase from Yuan Jia, or Yuan Jia to sell to Lenovo, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately USD69 million).
- (2) Pursuant to the contract of Sino-Foreign Equity Joint Venture entered into between Joyvio Group, the subsidiary of the Company, and Shaoxing Keqiao Joyvio Equity Investment Partnership (Limited Partnership) (“Shaoxing Keqiao Fund”) in 2023, the Company granted Keqiao Fund the put option which entitles Shaoxing Keqiao Fund to sell its whole or a part of interest in Joyvio Group, 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.

17. BORROWINGS

	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
Bank loans		
– Unsecured loans	28,620,236	31,857,697
– Guaranteed loans	22,845,824	22,810,779
– Collateralised loans	14,569,957	9,669,146
Other loans (i)		
– Unsecured loans	500,000	500,000
– Guaranteed loans	275,884	292,075
– Collateralised loans	8,009,930	6,674,000
Corporate bonds		
– Unsecured bonds	48,575,445	48,863,288
– Guaranteed bonds	851,144	494,569
– Collateralised bonds	2,810,818	3,351,308

	127,059,238	124,512,862
Less: current portion	(58,770,951)	(56,154,990)

Non-current portion	68,288,287	68,357,872
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Borrowings are repayable as follows:

	Unaudited As at June 30, 2024 <i>RMB'000</i>	Audited As at December 31, 2023 <i>RMB'000</i>
Within 1 year	58,770,951	56,154,990
After 1 year but within 2 years	20,289,658	20,596,231
After 2 years but within 5 years	23,090,205	22,980,462
After 5 years	24,908,424	24,781,179
	127,059,238	124,512,862

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

18. PROVISIONS

	Unaudited					Total RMB'000
	Environmental		Restructuring RMB'000	Guarantees RMB'000	Others RMB'000	
	Warranties RMB'000	restoration RMB'000				
As at January 1, 2024	7,099,721	178,640	547,202	129,662	97,006	8,052,231
Provision made	2,326,014	55,025	396,223	67,400	2,128	2,846,790
Amount utilised/Unused amounts reversed	(2,358,599)	(46,131)	(414,926)	(65,571)	(19,268)	(2,904,495)
Exchange adjustment	(158,814)	(18,265)	(2,626)	(4,949)	(3,445)	(188,099)
As at June 30, 2024	6,908,322	169,269	525,873	126,542	76,421	7,806,427
Non-current portion	(1,092,411)	(144,261)	(3,929)	(126,255)	(61,040)	(1,427,896)
Current portion	5,815,911	25,008	521,944	287	15,381	6,378,531
As at January 1, 2023	7,646,156	203,540	27,061	100,422	114,944	8,092,123
Provision made	2,050,244	57,325	1,452,831	–	1,954	3,562,354
Amount utilised/Unused amounts reversed	(2,697,774)	(72,512)	(620,941)	(36,333)	(21,144)	(3,448,704)
Acquisition of subsidiaries	–	–	–	25,957	–	25,957
Exchange adjustment	230,181	(8,121)	34,864	5,399	6,226	268,549
As at June 30, 2023	7,228,807	180,232	893,815	95,445	101,980	8,500,279
Non-current portion	(1,298,390)	(156,431)	(4,041)	(93,868)	(67,790)	(1,620,520)
Current portion	5,930,417	23,801	889,774	1,577	34,190	6,879,759

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.

19. DIVIDENDS

The Board did not recommend the payment of any interim dividend in respect of the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

At the Company's annual general meeting held on June 27, 2024, the profit distribution plan of the Company for the year ended December 31, 2023 to pay no dividend was considered and approved.

COMPLIANCE WITH THE CODE OF GOVERNANCE

Throughout the Reporting Period, the Company has applied and complied with the code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. The Company reviews the compliance of the Corporate Governance Code on a regular basis in order to ensure that the Company has complied with the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board has adopted its own Model Code for Securities Transactions by Directors, Supervisors and Senior Management of the Company (hereinafter referred to as the “Model Code”), the terms of which are not less favorable than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to 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 Reporting Period.

REVIEW OF INTERIM RESULTS

During the period from January 1, 2024 to June 27, 2024, members of the Audit Committee comprised of Ms. HAO Quan (Chairperson), Mr. SUO Jishuan and Mr. YIN Jian’an. During the period from June 27, 2024 to June 30, 2024, members of the Audit Committee comprised of Ms. HAO Quan (Chairperson), Ms. YANG Hongmei and Mr. YIN Jian’an. The Chairperson of the Audit Committee has professional qualifications in accounting and has complied with the requirements of Rule 3.21 under the Listing Rules.

The interim results of the Company for the Reporting Period were unaudited but had been reviewed by the Audit Committee. The Audit Committee did not have any disagreement with the accounting treatment adopted by the Company.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

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

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-vinyl acetate copolymer
“Fullhan Microelectronics”	Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a joint stock limited company incorporated under the laws of the PRC and listed on the ChiNext Board on the SZSE (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 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 Levima Group
“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

“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 “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
“PP”	polypropylene
“Raycom Property Investment”	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 six months ended June 30, 2024
“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
“XDI”	a special type of isocyanates
“ZQET Group”	Zhengqi Energy Technology Group Corporation (正奇能源科技集團股份有限公司) (formerly known as Zhengqi Holdings Corporation), 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

August 30, 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 of the Company are Mr. ZHU Linan, Mr. ZHAO John Huan, Ms. CHEN Jing and Ms. YANG Hongmei; and the Independent Non-executive Directors of the Company are Ms. HAO Quan, Mr. YIN Jian'an and Mr. YUAN Li.

In case of any discrepancies between the English version and the Chinese version of this announcement, the Chinese version shall prevail.