联想控股
LEGEND HOLDINGS
BUILDING GREAT COMPANIES

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

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

(Stock Code: 3396)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

The board of directors of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2015 together with the unaudited comparative figures for the corresponding period of last year, as follows:

FINANCIAL HIGHLIGHTS

- Revenue of the Group was RMB142.1 billion, representing a year-on-year increase of 13%
- Net profit attributable to equity holders of the Company was RMB4,015 million, representing a year-on-year increase of 209%
- Basic earnings per share were RMB2.00, representing a year-on-year increase of 208%

	Six months ended June 30, 2015 (unaudited) *(RMB million)*	Six months ended June 30, 2014 (unaudited) *(RMB million)*
Revenue	**142,101**	125,691
Strategic investments	**142,099**	125,696
Financial investments	**9**	3
Unallocated	**–**	–
Inter-segment elimination	**(7)**	(8)
Net profit	**5,116**	2,546
Strategic investments	**3,374**	2,832
Financial investments	**2,151**	116
Unallocated	**(409)**	(402)
Inter-segment elimination	**–**	–
Net profit attributable to equity holders of the Company	**4,015**	1,298
Earnings per share-Basic (RMB)	**2.00**	0.65
Earnings per share-Diluted (RMB)	**2.00**	0.64

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Legend Holdings is committed to cultivating industry-leading companies and enhancing the Company's long-term value through dynamic portfolio management. The Group has identified and been cultivating a number of outstanding companies based on its clear understanding of China's development patterns, flexible investment techniques and extensive management expertise. Legend Holdings has established a significant presence across a wide span of industries and gathered a wealth of portfolio companies, which allows it to gradually realize the value of its investment portfolio. We constantly provide value-added services to our portfolio companies and optimize our resource allocation and asset portfolio to achieve sustainable value growth.

Through its strategic investment business, the Group invests in six major sectors: IT, financial services, modern services, agriculture and food, property and chemicals and energy materials. For our portfolio companies, profitable exit is not our top concern in terms of investment and management. We, therefore, are able to focus on the healthy growth of our portfolio companies in the best possible direction and from a long-term perspective. Relying on our distinctive insight and experience in incubating successful businesses, we provide financial support, brand endorsement, management training and other value-added services to our portfolio companies. We regularly monitor, evaluate and optimize our portfolio to ensure a long-term growth. We also realize the value of our portfolio companies in the capital market for investment returns when appropriate.

Our financial investment business consists of angel investments, venture capital and private equity investments throughout a company's life cycle. We directly invest in listed and unlisted companies. We also hold equity interest in the general partners of some of the venture capital and private equity funds in which we invest. These funds are usually a mix of our own capital and those raised from third party investors. Our financial investment business has generated sufficient cash inflow, allowing us to identify and secure appropriate investment targets in the constantly-changing market environment.

Operating Highlights

Strategic Investments

Further enhancing value of portfolio companies

During the Reporting Period, Legend Holdings continued to help its portfolio companies in analyzing industry trends and development rules, formulating the right strategic and deployment plans and equipped them with effective management and internal control techniques so that they could stay on the right track of development, enhance their operating efficiency and achieve the optimal results. Legend Holdings provided sufficient capital support to portfolio companies in various forms, including equity investments, shareholders loans and bank guarantees, and powered the development of traditional industries with Internet-based technologies and innovative business models.

Zhengqi Financial

Zhengqi Financial is engaged in providing SMEs with financial services, including direct or entrusted loans, guarantees, pawn and financial leasing. Legend Holdings helped Zhengqi Financial further increase its market share by consolidating its leading position in the financial service market for SMEs in Anhui Province. On top of it, Zhengqi Financial has also been pursing expansion in financial service markets outside of Anhui Province by setting up Shenzhen Chengzheng Microcredit Co., Ltd., which registered a rapid year-on-year growth of 21% in the first half of 2015. Meanwhile, relying on our experiences and professional judgment, Zhengqi Financial is actively exploring new businesses to further diversify its business offerings and enhance its risk-management capabilities.

Lakala

Legend Holdings makes strategic investments in a way that allows startup companies sufficient time and room to refine their business model and make value-oriented deployment, without being bounded by short-term financial or operational targets. With strategic support over the years, Lakala, an associate of the Group, has successfully created a full slate of payment channels and payment scenarios with abundant customer and business resources; it has also created a relatively high entry barrier and has become a third-party offline payment platform with an absolute leading position. As the industry evolves, we came to realize the huge financial demand at both ends of Lakala's extensive payment network, as well as the tremendous advantage of Lakala's valuable customer base and big data in tapping into a wider spectrum of financial services businesses. As a result, Lakala officially announced its entry into the Internet finance business and gradually grew into a comprehensive Internet finance platform after obtaining a number of licenses for financial services, such as bank card payment processing, mobile payment, cross-border payment, online micro loan and credit investigation. During the Reporting Period, Legend Holdings also helped Lakala to embrace new external investors, resulting in a boost of its valuation from RMB3 billion at the last round of fund-raising to a current level of RMB10.45 billion. This has secured for Lakala attractive opportunities and considerable external resources for future development, better prepared itself for entry into the capital market, and allowed us, as an investor, to further release the value of our portfolio company through the capital market.

Bybo

Bybo is one of the best known dental care service chains in China. Since our investment in Bybo in July 2014, we have been actively supporting Bybo in its nation-wide strategic deployment and accelerated expansion. As of December 31, 2014, Bybo owned 9 hospitals and 66 clinics, and those numbers increased to 17 and 78 respectively as of June 30, 2015. Relying on our extensive experiences and expertise in the consumer goods and service sector, we have been extending our best support to Bybo in terms of strategic planning, management building and financial resources. In line with Bybo's fast expansion and our strategic investment philosophy, Bybo is going to focus on sustainable development with rational strategies and at a proper pace in outlet opening, seize the opportunities emerging with favorable state policies and momentum in the market to set up a client-oriented service system and doctor-focused management system, so as to establish itself as a career platform trusted by the doctors leveraging on its increasing brand influences and build up reputation by virtue of its superior, safe and comfortable medical services. Meanwhile, Legend Holdings has been helping Bybo in improving its human resources and IT systems, thus making them compatible with the fast expansion of its business.

Continue with new investments and substantiate the "Internet+" investment theme

Legend Holdings closely follows opportunities arising from the transformation of conventional industries driven by technical innovations and the increasing popularity of the Internet. In addition to our investment in eloancn.com (翼龍貸), which provides P2P loan service to agricultural industry, farm villages and peasants and small and micro enterprises, we were constantly building up new portfolios in such sectors as modern services, agriculture and food, so as to expand our presence in the relevant industries.

In March 2015, the Group acquired 48.23% interests (after full dilution) in Social Touch at a consideration of USD58.50 million. Social Touch is a provider of the latest enterprise mobile marketing solutions, which helps its corporate customers to establish connections with consumers in a new environment and manage these connections in an effective way.

In November 2014, the Group entered into an agreement to acquire 16.67% interests (after full dilution) in Century Wenkang at a consideration of USD50 million, the acquisition is expected to be completed in the second half of 2015. Relying on its resources of doctors and hospitals accumulated over the years, Century Wenkang has successfully built up one of the biggest Internet-based one-stop medical service platforms in China, providing patients with full-spectrum medical and health-care services over the Internet.

In May 2015, the Group acquired 23% interests (after full dilution) in Cloud Farm at a consideration of RMB61.64 million. Cloud Farm is China's first Internet-based agriculture-related service provider which integrates agriculture-oriented e-commerce, customization and trading of agricultural products, rural logistics, agricultural technology services and rural finance.

We believe that these new portfolio companies, which are actively changing the conventional industries with emerging Internet and mobile Internet technologies in their respective fields, have rapid growth potential.

Financial investments

Legend Holdings continued to realize investment yields and dividends in cash through financial investments to power the continuous expansion and operation of the Group. In the first half of 2015, the stock markets of Mainland China and Hong Kong have witnessed strong growth, which was followed by drastic fluctuations. The majority of funds in which we have invested, including Legend Capital and Hony Capital, chose to exit quite a number of their investments in the right time of the first half with considerable returns, by way of our understanding of China's economy and market. During the Reporting Period, the financial investments segment contributed a profit of RMB2,151 million to the Group.

We believe that the availability of sufficient capital reserve would give us a head-start in identifying and seizing investment opportunities amid market turbulence.

Revenue contribution from the Group's businesses

(In RMB million)

	Six months ended June 30, 2015	Six months ended June 30, 2014	**Change**	**Change %**
Strategic investments	**142,099**	125,696	16,403	13%
IT	**135,150**	121,279	13,871	11%
Financial services	**422**	461	(39)	(9%)
Modern services	**596**	235	361	154%
Agriculture and food	**920**	822	98	12%
Property	**4,340**	1,974	2,366	120%
Chemicals and energy materials	**671**	925	(254)	(27%)
Financial investments	**9**	3	6	199%
Unallocated	**–**	–	–	N/A
Inter-segment elimination	**(7)**	(8)	1	N/A
Total	**142,101**	125,691	16,410	13%

Profit contribution from the Group's businesses

(In RMB million)

	Six months ended June 30, 2015	Six months ended June 30, 2014	**Change**	**Change %**
Strategic investments	**3,374**	2,832	542	19%
IT	**1,292**	2,345	(1,053)	(45%)
Financial services	**630**	534	96	18%
Modern services	**(211)**	201	(412)	(205%)
Agriculture and food	**(73)**	(166)	93	N/A
Property	**1,733**	85	1,648	1,941%
Chemicals and energy materials	**3**	(167)	170	N/A
Financial investments	**2,151**	116	2,035	1,757%
Unallocated	**(409)**	(402)	(7)	N/A
Inter-segment elimination	**–**	–	–	N/A
Total	**5,116**	2,546	2,570	101%

Asset allocation of the Group

(In RMB million)

	June 30, 2015	December 31, 2014	Change	Change %
Strategic investments	**245,581**	254,881	(9,300)	(4%)
IT	**159,039**	176,038	(16,999)	(10%)
Financial services	**13,348**	11,097	2,251	20%
Modern services	**6,235**	4,993	1,242	25%
Agriculture and food	**4,685**	4,269	416	10%
Property	**52,424**	48,619	3,805	8%
Chemicals and energy materials	**9,850**	9,865	(15)	–
Financial investments	**44,762**	31,717	13,045	41%
Unallocated	**15,251**	12,098	3,153	26%
Inter-segment elimination	**(10,876)**	(9,694)	(1,182)	N/A
Total	**294,718**	289,002	5,716	2%

IT

Overview

The Group is engaged in IT business through its subsidiary Lenovo. Lenovo is a Fortune 500 company which develops, manufactures and sells high-end portable electronic devices and provides related services to the consumers and corporate customers. Lenovo had a better balanced product mix after integrating Motorola and System X, contributing to a smooth expansion. After expanding its business portfolio by incorporating the mobile and enterprise business into the existing PC business, Lenovo not only remained a leading position in the industry of PC business, but also saw its mobile and enterprise business significantly boosted, thanks to two new growth drivers arising from the acquisition.

In the second quarter of this year, the global PC market further deteriorated due to a number of factors, including macro economic conditions, currency fluctuations and tepid demand prior to the release of Windows 10. Despite the challenges, Lenovo continued to outperform the PC market through effective strategy execution, with its market share growing to a record-breaking height in its history: in respect of its mobile business, according to a preliminary estimation, Lenovo's share of the global smartphone market dropped by 0.5% to 4.7%, mainly due to the weakening demand and intense competition in China's smartphone market as well as the critical challenges in Brazilian and the Latin American markets which accounted for a majority of Motorola's business, plus the hindering factor that Motorola was in a period of transition for new product launch, which resulted in a weak momentum of business development. In respect of enterprise business which includes System X, Lenovo remained the third largest manufacturer in the world and regained its status as the largest manufacturer in the x86 server market in China, according to a preliminary estimation.

Business Highlights

- In the second quarter of 2015, Lenovo outperformed the general PC market in terms of PC sales, with its market share growing to the record-breaking 20.6%, leaving the closest rival further behind. According to a preliminary estimation, Lenovo outperformed the global PC market with a record-high market share of 19.4%;

- According to a preliminary estimation, Lenovo remained the third largest manufacturer in the world in terms of enterprise level business and regained its status as the largest manufacturer in the x86 server market in China.

Revenue of our IT segment increased by 11% year on year to RMB135,150 million, which is mainly due to the additional revenue as a result of Lenovo's integration of System X and Motorola's business. Net profit of our IT segment declined by 45% year on year to RMB1,292 million, which is mainly due to Lenovo's mobile business incurring a significant loss before tax as a result of the depression in China's smartphone market and weak performance of Motorola as well as the non-cash expenses associated with mergers and acquisitions as a result of the accounting treatment.

In order to bring its overall business back on the growing track, Lenovo planed to take a series of measures with an aim to cut down the expenses by USD650 million for the second half of 2015 and accomplish an annual saving of approximately USD1.35 billion. Such measures include a lay-off of approximately 3,200 non-manufacturing employees worldwide, accounting for approximately 10% of the total non-manufacturing employees and approximately 5% of the total 60,000 employees worldwide. These measures will incur restructuring expenses of approximately USD600 million as well as additional expenses of approximately USD300 million for cleaning up inventory of mobile phones in the second quarter of 2015/16 fiscal year.

IT segment's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended 30 June, 2015	For the six months ended 30 June, 2014
Revenue	**135,150**	121,279
Net profit	**1,292**	2,345

Financial services

Overview

The Group has a significant presence in the financial service sector. As at the end of the Reporting Period, the Group was engaged in financial services and quasi-financial services such as banking, trust, insurance brokerage, third-party payment, SME loans, financing guarantee, financial lease, pawn and Internet finance through its subsidiary Zhengqi Financial and associates Hankou Bank, Suzhou Trust, Union Insurance, Lakala and eloancn.com.

During the Reporting Period, revenue of the Group's financial services segment decreased from RMB461 million to RMB422 million, representing a decrease of 9% compared with the same period of 2014. However, if excluding the accounting effect of consolidating Union Insurance during the same period of 2014 but no longer consolidating it starting from the end of 2014, there was an actual increase of 21%.

During the Reporting Period, net profit of our financial services segment increased from RMB534 million to RMB630 million, representing an increase of 18% compared with the same period of 2014. The increase in profit for the period was mainly due to the significant increase in Zhengqi Financial's loan and financial lease businesses as well as the gains arising from the investments in our associates.

During the Reporting Period, the Company aggressively expanded its presence in the Internet finance sector, resulting in a rapid expansion of the P2P business of eloancn.com, our invested associate.

Financial services segment's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**422**	461
Net profit	**630**	534

Operating highlights

- Our loan and lease businesses were growing steadily with reinforced market status: the increase in the revenue of the financial services segment was mainly due to the significant increase in the loan and financial lease businesses of our subsidiary Zhengqi Financial. Zhengqi Financial has reinforced its position in the SME financial service market through aggressive market penetration and constant improvement on its service quality.

- Lakala managed to make profit and significantly increased its market value: Lakala was accelerating its penetration in the financial services sector aiming to establish an eco-system of Internet finance, leveraging its strengths in the financial payment sector. During the Reporting Period, we helped Lakala introduce external investors in order to better reflect the value of Lakala's Internet finance business and make better use of its abundant external resources, which resulted in a significant appreciation of its inherent value. According to the latest round of its strategic financing in June 2015, Lakala received a capital injection of RMB1.45 billion from certain strategic investors, driving its post-money valuation up to RMB10.45 billion.

Zhengqi Financial

Zhengqi Financial is mainly engaged in providing financial services for SMEs, including direct or entrusted loans, guarantee, pawn and financial leases. Zhengqi Financial aims to continuously expand its market share leveraging its position as a leading SME financial services provider in Anhui Province, and has started to actively develop and expand its presence in the financial services market in other regions as it set up Shenzhen Chengzheng Microcredit Co., Ltd. in the second half of 2014. In addition, Zhengqi Financial has been actively exploring and enhancing its service capacity in order to secure potential customers, which resulted in a rapid growth of its financial leasing business. During the Reporting Period, Zhengqi Financial's operating income increased from RMB348 million to RMB422 million, representing an increase of 21% compared with the same period of 2014.

During the first half of 2015, Zhengqi Financial was striving to enhance its risk control capability while consolidating its leading position within Anhui Province and gradually expanding to neighbouring markets, which resulted in a steady growth in its direct loans and pawn businesses. As at June 30, 2015, the period-end balance of the extended loans increased by 9% or RMB362 million to RMB4,535 million, compared with RMB4,173 million as at the end of 2014.

Since its entry into the financial leasing sector in 2013, Zhengqi Financial has been constantly improving its services in the professional leasing sector while promoting cooperation with its corporate customers in order to secure potential customers, which registered a rapid growth in business. As at June 30, 2015, the period-end balance of the lease receivables from the leasing business increased by RMB707 million or 85% to RMB1,537 million, compared with RMB830 million as at the end of 2014.

Zhengqi Financial's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**422**	348
Net profit	**238**	217

Associates in the financial services segment

Associates of the Group in the financial services segment include Hankou Bank, Suzhou Trust, Lakala, Union Insurance and eloancn.com. During the Reporting Period, our associates contributed a total profit of RMB392 million to the financial services segment (RMB317 million for the corresponding period of 2014), an increase of which being attributable to the contribution of Lakala as detailed below.

During the Reporting Period, Lakala contributed a profit of RMB437 million to the Group (a profit of RMB283 million to the Group for the same period of 2014) as a result of its introduction of new strategic investors, which resulted in the Group's equity interests being diluted and gains recognized in accordance with IFRS. In addition, as Lakala was constantly consolidating its leading position in the financial services sector leveraging its fast-growing business volume, it managed to turn around its business during the Reporting Period and started to contribute profit to the Group.

Relying on its strength in financial payment sector, Lakala has been constantly expanding its strategic presence in the financial sector, trying to build an eco-system of Internet finance, which resulted in a constant enhancement of its inherent value. According to the latest round of its strategic financing in June 2015, Lakala received an injection of RMB1.45 billion from certain strategic investors, driving its post-money valuation up to RMB10.45 billion.

Modern services

Overview

The Group's engagement in the modern services sector includes: the dental care service business through its subsidiary Bybo, the logistics service business through its subsidiary Zeny Supply Chain, the car rental service business through its associate CAR, as well as the senior care service and the "Internet+" sector. In these sectors, brand is an important resource regarded by both the customers and service providers. Through our strategic deployment in these sectors, we strive to enhance the quality, and thus brand awareness and influences of our products and services.

The Group continued its deployment in the modern services and the "Internet+" sectors. During the Reporting Period, the Group made a strategic investment in Social Touch and the transaction has been successfully completed (with 48.23% shareholding), and entered into a strategic investment agreement with Century Wenkang, which is engaged in the Internet-based medical care service business (with 16.67% shareholding), and as at the end of the Reporting Period, the transaction has not been completed.

Modern services segment's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**596**	235
Net (loss)/profit	**(211)**	201

Operating highlights

- Our dental care service segment continued to expand its presence in the market across the country, with a rapid growth in operating revenue as well as gross margin;

- We continued to expand our regional presence in the cold-chain logistics business. During the Reporting Period, we have signed an equity acquisition agreement with Dongjiang Harbor and a business acquisition agreement in respect of the acquisition of a cold-chain business in Zhengzhou, Henan Province. As at the end of the Reporting Period, the transaction has not been completed.

Dental care

Bybo is a dental care service provider and one of the best known dental chains in China. We invested in Bybo in July 2014.

In 2015, the Chinese Government continued to support privately-owned medical institutions and advance the reform of the national medicine and healthcare system with frequent release of supporting policies for the optimization of resource allocation and service upgrading, appointing to a promising future for private medical institutions. Against the backdrop of favourable policies, Bybo has accelerated its strategic deployment across the country aiming to build a century-old brand and the top dental care service brand over the past one year. As at December 31, 2014, Bybo owned 9 hospitals and 66 clinics, and as at June 30, 2015, the numbers increased to 17 and 78, respectively. Fast strategic deployment resulted in fast growth in revenue, economies of scale as well as gross profit.

By penetrating the market across the country for business expansion, Bybo successfully furthered its business deployment during the Reporting Period. Although new outlets were generally sustaining operating losses due to heavy start-up costs and a period of time was needed for its business to turn positive, their losses were gradually narrowing with the profitability of established outlets constantly improving as their professional services and brand awareness gradually gained popularity and recognition, indicating that our dental care business is developing at a steady pace and in a healthy manner. In addition, Bybo has built up significant presence and gained remarkable brand awareness in areas such as Beijing, Guangzhou, Shanghai, Shenzhen, Zhuhai and Hainan, and is in a position to expand its network coverage across the country through organic growth and acquisitions, achieving even better economies of scale and profit rate, improving the profitability of Bybo as a whole.

Bybo's revenue and net loss for the Reporting Period were set forth as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**410**	N/A
Net (loss)	**(49)**	N/A

Logistics

We are engaged in the logistics business through our subsidiary Zeny Supply Chain. Our logistics businesses included cold-chain logistics, express delivery and storage.

During the Reporting Period, we continued to expand our regional deployment in the cold-chain business sector. We have signed agreements to acquire the equity interests of Dongjiang Harbor and the cold-chain business in Zhengzhou, Henan Province. As at the end of the Reporting Period, the transactions have not been completed.

The revenue of our logistics segment increased by RMB35 million compared with the same period of 2014, mainly due to the significant growth in our cold-chain, express delivery and storage businesses. As for our express delivery business, the strategic adjustment in line with the industrial environment is expected to be completed in the second half of the year.

Net loss increased by RMB137 million compared with the same period of 2014, mainly because the express delivery business incurred significant costs and expenses during the expansion of the business while the increase in revenue is slower than that in costs.

Logistics segment's revenue and net loss for the Reporting Period were set forth as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**186**	151
Net (loss)	**(235)**	(98)

Car rental

During the Reporting Period, our associate CAR contributed a profit of RMB97 million to the Group, which was accounted for using the equity method, representing a significant increase compared with the same period of 2014, which was mainly due to strong growth of its business.

Agriculture and food

Overview

With the increasing per capita disposable income of the Chinese consumers and the changes in their consumption patterns, we believe that they are seeking to improve their lifestyle. Encouraged by the great growth potential of the agriculture and food industry, we are actively seeking opportunities in the relevant industries. We focus on those particular sectors within the agriculture and food industry that we believe will benefit most from its developments.

Operating highlights

- Our agricultural business reported a substantial increase in the sales of agricultural products including blueberries and kiwifruit through continuously improving its planting technologies and developing new sources of supply and sales channels, and accomplished a significant reduction of loss for the Reporting Period through constant improvement on its management expertise and operating efficiency as compared with the same period of last year;

- The Company made an additional strategic investment in Cloud Farm, intending to use it as a platform to enhance conventional agriculture through the Internet, integrate the upstream and downstream resources, and reshape conventional agriculture with Internet technology to create "a new agricultural eco-system". Cloud Farm is China's first Internet-based agriculture-related service provider which integrates areas such as agriculture-oriented e-commerce, customization and trading of agricultural products, rural logistics, agricultural technology services and rural finance.

Agriculture and food segment's revenue and net loss for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**920**	822
Net (loss)	**(73)**	(166)

Agriculture

In 2015, China's fruit industry maintained its steady growth while the global economy was yet to get out of the woods and the domestic macro-economy was also under considerable downward pressure. Our agriculture business targeted consumers demanding safe and high-quality products. Our agriculture business is conducted through our subsidiary Joyvio, which focuses primarily on providing premium fruits and agricultural products, such as kiwifruit, blueberries, tea and imported wine. During the first half of 2015, key operating indicators such as revenue, net profit and operating cash flow of our agriculture business were constantly improving.

During the Reporting Period, the revenue of our agriculture business increased by 30%, from RMB228 million to RMB297 million, which was mainly due to: 1) our continuous investment in agricultural technology, leading to constant upgrade of planting technology and expertise and enhancement in product quality and production capacity; 2) further development of supply channels of agricultural products leading to broadened product range as well as the increased sales volume of our popular products, giving us more flexibility in identifying better products, especially imported premium fruits, such as cherries and avocados; 3) continuous expansion and optimization of our sales channels: in addition to the continuing integration of traditional wholesale channels, we were also constantly improving our online marketing channels while eagerly trying such new channels as social network communities. The narrowing of net loss was mainly due to the continuous enhancement of our operational efficiency, optimization of cost structure and strengthening of cost control along with the expansion of our agriculture business.

Agriculture business's revenue and net loss for the Reporting Period were set forth as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**297**	228
Net (loss)	**(14)**	(69)

Chinese Liquor

Our subsidiary Funglian is engaged in the production and sales of Chinese liquor and owns four regional brands, i.e. "Bancheng", "Confucius Family", "Wenwang" and "Wuling".

Under the influences of the macro-control policies and the in-depth adjustment of the industry, the Chinese liquor market was hit with head winds in recent years. During the Reporting Period, the Chinese liquor industry was still in recession; however, with the completion of adjustment to the distributors' inventory and the arrival of the peak season, the Chinese liquor industry has touched the bottom and begun to rebound slowly, observing a slight increase in both sales and prices. During the Reporting Period, the revenue of our Chinese liquor business increased by 5%, primarily due to the timely adjustment of its existing product mix by Funglian, and the vigorous development of new products and exploration of multiple marketing models which focused primarily on the strategic markets. The narrowing of net loss was mainly due to optimization of product cost structure in order to increase gross margin, and the enhancement of management efficiency in parallel with rising revenue.

The revenue and net loss of Chinese liquor business for the Reporting Period were set forth as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**623**	594
Net (loss)	**(59)**	(97)

Property

Overview

According to the National Bureau of Statistics of the PRC, the total investment in property development in China was RMB4,395.5 billion during the Reporting Period, representing a nominal increase of 4.6%; the total area of properties under construction was 6,375,630,000 square meters, representing an increase of 4.3%; the total area of the newly-commenced properties was 674,790,000 square meters, representing a decrease of 15.8%; the total area of completed properties was 329,410,000 square meters, representing a decrease of 13.8%; the total area of commercial properties sold was 502,640,000 square meters, representing an increase of 3.9%; and the total value of properties sold was RMB3,425.9 billion, representing an increase of 10.0%.

During the Reporting Period, the investment in the newly-commenced properties declined with overall investment recovering slowly. The area of completed properties was less than the area of properties sold while the property industry was focusing on reducing inventories.

Operating highlights

- Benefiting from the contribution of high-margin sales in tier-one and tier-two cities, the gross margin of average sales price per unit has improved significantly compared with the same period of 2014;

- The area of available-for-lease properties has increased significantly. In addition to the significant fair value gains during the Reporting Period, it will also contribute stable profits and cash flow to the Group in the future.

The Group is engaged in the real estate business through its subsidiary Raycom Real Estate. Our real estate business consists of 1) development and sale of residential properties; 2) development, sale, lease and management of office buildings and industrial parks, with the ability to develop properties specifically to the requirements of our corporate customers; and 3) property management services provided via our joint venture, FPD Raycom Property Management Co., Ltd.. Our real estate business is mainly focused in the tier-one cities and the affluent tier-two and tier-three cities in Southeast, Southwest and Central China.

For the first half of 2015, the sales revenue of our residential properties and office buildings underwent a rapid growth compared with the same period of previous year, Hefei Raycom City I in Anhui Region and Chongqing Raycom City both rendered encouraging sales results. Revenue of our real estate segment increased significantly to RMB4.34 billion, an increase of 120% over the same period of previous year.

During the Reporting Period, there was a significant growth in the area and the unit price of the properties completed and delivered to the clients compared with the previous year, which led to a significant growth in both gross profit and gross margin, with gross profit for the Reporting Period increasing by RMB1.17 billion; Meanwhile, Block B of Raycom Info Tech Centre, a high-end multi-functional compound held by the Company for lease purpose, was completed and delivered to the clients, and converted into a property for investment, contributing a once-off profit of RMB1,586 million as premium on fair value.

Our property segment's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**4,340**	1,974
Net profit	**1,733**	85

As at June 30, 2015, the development status of our real estate projects is shown as follows:

			Completed						Under development				Held for Future Development		
Project	Location	Site Area (sq.m.)	GFA Completed (sq.m.)	GFA sold and Delivered (sq.m.)	GFA sold and Undelivered (sq.m.)	Saleable GFA Remaining Unsold (sq.m.)	Rentable GFA Held for Investment (sq.m.)	Actual Completion Date	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Expected Completion Date	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Raycom Attributable Interest %
Wisdom Castle (千章嘉園)	Beijing	117,672	85,980	55,338	15,074	15,544	–	12-2014	53,092	53,080	–	12-2015	37,476	–	80
Olive City (橄欖城)	Beijing	132,451	398,221	385,716	1,701	8,633	–	08-2014	–	–	–	–	–	–	100
Raycom Chuangyi Center (融科創意中心)	Beijing	19,750	78,445	65,996	–	12,450	–	01-2013	–	–	–	–	–	–	66.9
Blocks A and C of Raycom Info Tech Centre (融科資訊中心A&C座)	Beijing	27,128	102,264	–	–	–	101,744	09-2004	–	–	–	–	–	–	100
Block B of Raycom Info Tech Centre (融科資訊中心B座)	Beijing	15,388	60,004	–	–	–	59,922	03-2015	–	–	–	–	–	–	100
SOHU New Media Plaza (搜狐新媒體大廈)	Beijing	6,443	28,517	28,517	–	–	–	03-2013	–	–	–	–	–	–	100
Parc de Vincennes (鈞廷)	Beijing	47,824	120,633	117,411	63	3,158	–	09-2014	–	–	–	–	–	–	100
Xiang Xue Lan Xi (香雪蘭溪)	Beijing	81,979	204,948	204,948	–	–	–	09-2011	–	–	–	–	–	–	100
Fenghe Yuan (豐合園)	Tianjin	67,392	24,455	22,076	91	1,992	–	06-2014	78,851	28,703	63,558	08-2015	–	–	30.6
Lakeside Origin (橡樹灣)	Tianjin	584,786	75,509	34,824	7,855	27,209	–	11-2014	–	–	–	–	320,520	–	95
Taiyin Yuan (泰怡園)	Tianjin	18,214	27,321	26,380	142	799	–	09-2014	–	–	–	–	–	–	30.6
Han Tang Yuan (瀚棠園)	Tianjin	64,320	–	–	–	–	–	–	69,004	56,749	18,633	12-2015	52,857	–	29.8
Xin Yi Wan & Yi Jin Tai (心貽灣&貽錦台)	Tianjin	195,331	545,241	545,241	–	–	–	10-2012	–	–	–	–	–	–	54
Allinsun Garden (璦驪山)	Hangzhou	70,464	127,004	31,758	20,338	73,422	–	07-2014	–	–	–	–	–	–	100
Cover life (璦頤灣)	Hangzhou	60,801	–	–	–	–	–	–	151,954	150,623	10,861	09-2016	–	–	100
Xiaoshan Dikuai (蕭山地塊)	Hangzhou	107,876	–	–	–	–	–	–	–	–	–	–	–	277,690	100
Raycom Skyline (融科天城)	Wuhan	87,366	400,700	381,183	1,069	9,784	2,454	05-2014	–	–	–	–	–	–	100
Raycom Luoyu Road Centre (珞瑜路中心)	Wuhan	15,890	62,294	58,639	243	2,475	–	07-2013	–	–	–	–	–	–	100
Raycom Flower Garden (花滿庭)	Wuhan	112,860	–	–	–	–	–	–	191,821	81,311	125,060	12-2015	–	–	100
Raycom Celestial Heigh (融科天域)	Wuhan	47,129	–	–	–	–	–	–	164,911	–	–	07-2017	–	–	35.7
Raycom Zhi Gu (融科智穀)	Wuhan	187,042	–	–	–	–	–	–	–	–	–	–	349,769	–	100
Teng Wang Ge (滕王閣)	Chongqing	250,007	–	–	–	–	–	–	29,519	–	–	10-2017	794,312	–	100
Golden Age (金色時代)	Chongqing	112,876	–	–	–	–	–	–	197,243	172,432	34,563	10-2017	84,644	–	100
Chongqing Raycom City (重慶融科城)	Chongqing	634,625	984,096	886,722	8,445	42,834	–	11-2014	117,685	86,442	29,638	10-2016	–	–	100
First Sea (東南海)	Changsha	215,778	553,037	471,498	192	15,103	–	11-2013	85,223	40,918	6,048	12-2016	3,161	–	75
La Villa (檀香山)	Changsha	111,674	282,778	279,335	681	93	–	12-2012	–	–	–	–	–	–	100
Jin Jiang Ming Zhu (靳江明珠)	Changsha	46,380	–	–	–	–	–	–	–	–	–	–	161,395	–	95
San Wan Ying Chi (三萬英尺)	Changsha	34,852	167,064	167,064	–	–	–	03-2008	–	–	–	–	–	–	100
Wu Tong Li (梧桐裏)	HeFei	69,779	–	–	–	–	–	–	127,710	50,057	80,110	12-2015	124,083	–	60
Raycom Splendor Nonet (融科九重錦)	HeFei	74,916	232,927	221,565	593	7,539	–	08-2012	–	–	–	–	–	–	100

			Completed						Under development				Held for Future Development		
Project	Location	Site Area	GFA Completed	GFA sold and Delivered	GFA sold and Undelivered	Saleable GFA Remaining Unsold	Rentable GFA Held for Investment	Actual Completion Date	GFA Under Development	Saleable/ Rentable GFA	GFA Pre-sold	Expected Completion Date	Planned GFA	Land Use Rights Not Yet Obtained	Raycom Attributable Interest
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*		*(sq.m.)*	*(sq.m.)*	*(sq.m.)*		*(sq.m.)*	*(sq.m.)*	%
Hefei Raycom City (合肥融科城項目)	HeFei	401,595	280,752	247,354	2,731	29,887	–	01-2015	257,560	116,534	165,528	12-2016	–	981,599	61.42
Nine Jade City (玖瑞尚城)	Wuxi	122,496	83,912	69,508	1,001	12,330	–	06-2014	–	–	–	–	225,672	–	95
Balance City (玖玖城)	Wuxi	92,258	101,524	95,921	260	5,343	–	06-2011	116,233	108,220	27,031	08-2016	–	–	100
Jinhua Bay Shi Jia (金瑚灣世家)	Wuxi	133,298	82,163	63,264	1,847	14,319	–	12-2013	67,164	65,103	5,295	08-2015	38,636	–	100
Project Yixing (宜興項目)	Wuxi	32,556	52,089	52,089	–	–	–	12-2010	–	–	–	–	–	–	60
Kunming Legend Tech City (昆明聯想科技城)	Kunming	93,174	107,361	93,695	3,883	9,500	–	12-2014	171,027	79,381	89,737	12-2015	–	–	51
Kunming Legend Tech City (昆明聯想科技城)	Kunming	326,392	–	–	–	–	–	–	95,545	91,912	41,955	08-2016	1,086,951	–	51
Yan Qi Du (雁栖渡)	Dalian	140,289	–	–	–	–	–	–	196,280	181,170	11,967	12-2016	–	–	50
Blue Lifang (藍立方)	Sanya	22,328	–	–	–	–	–	–	78,398	48,417	34,569	12-2016	–	–	60
Haitang Bay (海棠灣項目)	Sanya	587,382	–	–	–	–	–	–	–	–	–	–	177,136	–	65
Daqing Legend Tech City (大慶聯想科技城)-Plot I	Daqing	118,578	324,340	175,821	12,925	60,205	–	06-2013	–	–	–	–	97,854	–	100
Daqing Legend Tech City (大慶聯想科技城)-2B	Daqing	168,329	–	–	–	–	–	–	–	–	–	–	–	437,656	100
Daqing Legend Tech City (大慶聯想科技城)-3A	Daqing	199,973	–	–	–	–	–	–	–	–	–	–	–	201,972	100
Daqing Legend Tech City (大慶聯想科技城)-2C	Daqing	75,929	–	–	–	–	–	–	–	–	–	–	–	174,637	100
Daqing Legend Tech City (大慶聯想科技城)-2A-1	Daqing	42,276	–	–	–	–	–	–	–	–	–	–	101,461	–	100
Daqing Legend Tech City (大慶聯想科技城)-2D	Daqing	103,424	–	–	–	–	–	–	–	–	–	–	–	104,458	100
Daqing Legend Tech City (大慶聯想科技城)-2A-4	Daqing	24,560	–	–	–	–	–	–	–	–	–	–	–	120,345	100
Daqing Legend Tech City (大慶聯想科技城)-2A-5	Daqing	22,279	–	–	–	–	–	–	–	–	–	–	–	82,434	100
Daqing Legend Tech City (大慶聯想科技城)- Cloud Computing 2A-3	Daqing	27,551	–	–	–	–	–	–	14,335	14,335	–	12-2015	18,727	–	100
Private Palace In City (朝宗原築)	Jiangyin	83,824	35,043	27,361	672	6,955	–	06-2012	66,364	55,203	9,362	12-2015	–	–	100
Raycom Up Town (融科上城)	Tangshan	131,205	201,116	180,845	7,884	11,519	–	04-2013	–	–	–	–	–	–	42
Jiu Yu Yi Pin (九域一品)	Jingdezhen	152,157	48,108	14,196	11,686	9,916	–	11-2013	–	–	–	–	263,058	–	100
Total		**6,720,846**	**5,877,846**	**5,004,264**	**99,377**	**381,011**	**164,120**		**2,329,919**	**1,480,590**	**753,915**		**3,937,712**	**2,380,791**	

Chemicals and Energy Materials

Overview

The Chemicals and Energy Materials Business segment consists of the fine chemical and energy materials businesses, which focuses on innovative products with growth potential emerging during the transformation of China's chemical industry as well as the lithium-ion battery designed for new energy vehicles. We are engaged in the production of fine chemical and new chemical materials through our subsidiary Levima, and engaged in the lithium-ion battery business through our subsidiary Phylion. During the Reporting Period, as a support for our subsidiaries to achieve better development, we helped Phylion bring in new investors, which resulted in the Group's shareholding in Phylion being diluted from 50.77% to 44.51%.

Chemicals and energy materials segment's revenue and net profit for the Reporting Period are as follows:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**671**	925
Net profit/(loss)	**3**	(167)

During the Reporting Period, the revenue of chemicals and energy materials business decreased by RMB254 million as compared with the same period of previous year, due to the continuous recession of the traditional chlor-alkali and coal industry. At the same time, the Group made adjustments to the operating strategies in view of the change of the market, which resulted in smaller losses as compared with the same period of last year. In addition, Phylion introduced strategic investors and incurred a relevant earning of RMB139 million arising from the disposal of subsidiaries as it was no longer included in the consolidation financial statement. Therefore, chemicals and energy materials business segment recorded a profit of RMB3 million for the Reporting Period.

Chemical

We are engaged in the chemical business through our subsidiary Levima.

Levima's subsidiary, Jining Zhongyin Electrochemical Co., Ltd. ("Zhongyin Electrochemical"), produces chlor-alkali products, including caustic soda, cyclohexanone, paste PVC resin and chlorparaffin. During the Reporting Period, the chlor-alkali industry, in which Zhongyin Electrochemical (a subsidiary of Levima) was operating, suffered from overcapacity while the demand from the downstream remained weak, resulting in narrowed gross profit margin and poor profitability.

Levima's subsidiaries, Shandong Shenda Chemicals Co., Ltd. ("Shenda Chemicals") and Shandong Haoda Chemicals Co., Ltd. ("Haoda Chemicals"), owns facilities for manufacturing olefin-related products with methanol and facilities for DCC processing of ethylene, respectively. The construction of the production facilities, e.g. DMTO, PP, EO and EOD for Shenda Chemicals and Haoda Chemicals started in June 2012 have been successfully completed and put into trial operation. The EVA is still under construction and expected to be completed in the third quarter for trial operation.

Levima remained market-oriented and carried on its business under the principle of profit maximization. For chlor-alkali business, it has limited or suspended the production of some of its chlor-alkali facilities. With the above approaches, it realized an increase in gross profit, notwithstanding the revenue decreasing as compared with the previous year. For Shenda Chemicals and Haoda Chemicals, Levima aimed at steadily increasing the workload of their facilities while further reducing their energy consumption. During the Reporting Period, Levima recorded a loss of RMB157 million, representing a decrease of 6% over the corresponding period of the previous year.

Energy materials

During the Reporting Period, the electric bicycle markets home and abroad experienced a steady growth. With the gradual release of subsidies by the State and local governments to the vehicles powered by lithium-ion battery, demand for electric vehicles was in a fast-growing trend.

By helping expand the market shares of those leading brands at home and abroad, Phylion accomplished a sharp increase in sales. Meanwhile, Phylion has strengthened its internal management, exercised strict control over costs, and managed to maintain a higher gross margin in contrast to the decline of market price. For the first half of 2015, Phylion recorded a sales revenue of RMB190 million, representing an increase of 35% as compared with the previous year, with a profit of RMB21 million, achieving positive profitability compared with the previous year.

Financial investment

Our financial investment segment includes venture capital, private equity investment, angel investment and venture incubator and other minority equity investments.

The following table sets forth the interim results of the financial investment segment for the Reporting Period of 2015 compared with the same period of 2014:

(In RMB million)

	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Revenue	**9**	3
Investment income and gains	**2,773**	285
Profits of associates and joint ventures accounted for using the equity method	**201**	46
Net profit	**2,151**	116

As seen in the above table, investment income and gains increased from RMB285 million for the first half of 2014 to RMB2,773 million for the same period of 2015, mainly due to the increase in the gains from our associate fund investments and minority equity investments in line with performance of the capital market in the first half of 2015, including the investees of our funds and minority equity investments which were expanding quickly as they entered a period of rapid development with growing competitiveness and market shares, resulting in a greater appreciation to their inherent value.

During the Reporting Period, Legend Capital fully or partially exited from a total of 13 investment projects while Hony Capital fully or partially exited from a total of 12 investment projects, realizing a total exit gain of RMB2,387 million for Legend Holdings. As at June 30, 2015, the public market value of Legend Capital's and Hony Capital's listed projects accounted for more than 20% and 55% of their total investment value respectively.

Profits of associates and joint ventures accounted for using the equity method increased from RMB46 million for 2014 to RMB201 million for 2015, mainly because we, who hold equity interest in a general partner, shared a rather high return as the associate fund leveraged favourable market conditions in the first half of 2015 and secured significant return through timely exits.

Legend Star focuses on seed stage investments in the TMT and healthcare industries, aiming to become "the most high-tech savvy angel investor". By taking advantage of nearly thirty years of experiences in establishing and investing in technology business ventures by Legend Holdings, it joins hands with excellent entrepreneurs to build outstanding technology enterprises. As of June 30, 2015, Legend Star has invested in 103 projects, involving a total investment of RMB567 million. For the period from January 2015 to June 2015, a total of 12 projects have entered into refinancing arrangements amounting to a total of RMB342 million.

BUSINESS OUTLOOK

Looking forward, we will further our aggressive business deployment with dynamic management, adhere to the two-wheel-driving model with balanced development of our strategic investment and financial investment businesses and inspire active interaction and resource sharing between our business segments while constantly improving our management expertise, optimizing our investment portfolios and innovating our operating and investment strategies, with an aim to constantly cultivating outstanding companies in China.

Financial review

Net interest expense

The Group's net interest expenses after deducting capitalized amounts increased from RMB1,244 million for the six months ended June 30, 2014 to RMB1,679 million for the six months ended June 30, 2015. Increase in the net interest expenses was mainly due to increase in the total borrowings.

Taxation

The Group's taxation increased from RMB899 million for the six months ended June 30, 2014 to RMB1,360 million for the six months ended June 30, 2015. Increase in the amount of taxation was mainly due to increase in the profit before taxation as compared with the corresponding period of last year.

Capital expenditures and capital commitments

The Group's capital expenditures mainly arise from factory building, improvements of machinery and equipment, addition of intangible assets and payment for acquisition. Capital expenditures were mainly funded by internally generated resources and external borrowings.

As at June 30, 2015, the Group had RMB11,220 million of capital expenditures contracted, but not yet generated and RMB21,646 million of capital expenditures granted, but not yet contracted. Such capital commitments were mainly used for property development, addition of 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, short-term and long-term borrowings, facilities and debt financing including corporate bonds and private placement bonds, to satisfy our future funding needs.

Cash and cash equivalents

As of June 30, 2015, our cash and cash equivalents include RMB42,211 million of cash at bank and in hand and money market funds, among which, RMB, US dollar, HK dollar, EUR and other currencies accounted for 34%, 30%, 29%, 1% and 6%, respectively, while the amount as at December 31, 2014 was RMB35,773 million, among which, RMB, US dollar, HK dollar, EUR and other currencies accounted for 46%, 43%, 1%, 3% and 7%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits with reputable PRC and foreign banks.

Due to our business nature, we have relied on bank loans, other loans and the issuance of corporate bonds to fund a substantial portion of our capital requirements and we expect to continue to finance portions of our capital expenditures with raised capital, bank loans, other loans and corporate bonds at a proper scale in the foreseeable future.

Indebtedness

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

(In RMB million)

	As at June 30, 2015	As at December 31, 2014
Bank loans		
– Unsecured loans	**22,002**	20,677
– Guaranteed loans	**14,068**	14,469
– Collateralized loans	**7,541**	7,156
Other loans		
– Unsecured loans	**217**	15
– Guaranteed loans	**12,711**	10,905
– Collateralized loans	**2,385**	1,678
Corporate bonds		
– Unsecured	**24,915**	20,991
– Guaranteed	**230**	230
	84,069	76,121
Less: non-current portion	**(56,416)**	(56,550)
Current portion	**27,653**	19,571

As of June 30, 2015, among our total borrowings, 73% was dominated in RMB (December 31, 2014: 70%), 26% was dominated in US dollar (December 31, 2014: 29%) and 1% was dominated in other currencies (December 31, 2014: 1%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 79% and 21% of our total borrowings, respectively, while as at December 31, 2014 accounted for 88% and 12%, respectively. Increase in our indebtedness was mainly due to growth and expansion of our strategic investment business.

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

(In RMB million)

	As at June 30, 2015	As at December 31, 2014
Within 1 year	**27,653**	19,571
After 1 year but within 2 years	**15,198**	16,523
After 2 years but within 5 years	**37,945**	36,962
After 5 years	**3,273**	3,065
	84,069	76,121
Wholly repayable within 5 years	**80,796**	73,056

As of June 30, 2015, we had the following corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount	As of June 30, 2015
The Company	Corporate bonds	RMB	October 8, 2008	7 years	RMB2,000 million	RMB1,999 million
The Company	Corporate bonds	RMB	October 31, 2011	7 years	RMB2,900 million	RMB2,886 million
The Company	Corporate bonds	RMB	November 30, 2012	10 years	RMB2,300 million	RMB2,285 million
The Company	Private placement bonds	RMB	March 6, 2013	3 years	RMB2,000 million	RMB1,998 million
Brave Rise Investments Limited, a subsidiary of Joyvio	Guaranteed bonds	RMB	May 24, 2013	3 years	RMB230 million	RMB230 million
The Company	Private placement bonds	RMB	March 21, 2014	5 years	RMB2,000 million	RMB1,977 million
The Company	Private placement bonds	RMB	March 27, 2014	5 years	RMB740 million	RMB734 million
Lenovo	Long term notes	USD	May 8, 2014	5 years	USD1,500 million	RMB9,116 million
Lenovo	Long term notes	RMB	June 10, 2015	5 years	RMB4,000 million	RMB3,920 million

The annual interest rates of our bonds listed above as of June 30, 2015 ranged from 4.70% to 7.00%.

As of June 30, 2015, the Company had undrawn bank facilities of RMB73.9 billion.

Current ratio and debt to equity ratio

	June 30, 2015	December 31, 2014
Current ratio (Times)	**1.2**	1.2
Debt to equity ratio (%)	**60.8%**	76.3%

Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the Reporting Period remained stable compared to December 31, 2014.

Debt to equity ratio

Debt to equity ratio is calculated by dividing our net debt (total borrowings less cash and cash equivalents) as a percentage of total equity at the end of each financial period. The decrease in the debt to equity ratio at the end of the Reporting Period as compared with that as of December 31, 2014 was mainly due to the substantial increase in equity as a result of the listing on June 29, 2015.

Pledged Assets

As of June 30, 2015, the Group pledged the assets of RMB19.8 billion (December 31, 2014: RMB20.7 billion) for obtaining borrowings.

Contingent Liabilities

Our contingent liabilities primarily comprise (i) shareholder's guarantees we provided in respect of the borrowings provided by commercial banks and other financial institutions to associated companies and third parties for their business expansion, (ii) the guarantees we provided regarding the mortgage facilities granted by commercial banks to the purchasers of our properties in connection with our property business, and (iii) financial guarantees provided by our subsidiaries in the financial services business to small and medium-sized entities for their borrowings from certain banks.

We evaluated the financial position of financial guarantees provided in connection with our financial services business periodically and made provision accordingly. As of June 30, 2015 and December 31, 2014, the provision made by us was RMB147 million and RMB146 million respectively.

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

(In RMB million)

	June 30, 2015	December 31, 2014
Guarantee in respect of mortgage facilities for certain purchaser	**3,460**	3,309
Financial guarantee of guarantee business	**3,987**	4,046
Other guarantee		
– Related parties	**3,037**	4,420
– Unrelated parties	**1,500**	1,500

Dividend

As at May 28, 2015, we had declared an annual dividend of RMB366 million to shareholders for the year of 2014 prior to initial public offering and the dividend was settled as at June 10, 2015.

Save as the aforementioned dividend, our Board did not recommend the payment of any interim dividend for the six months ended June 30, 2015.

Details about the number of employees, remuneration policy, bonus, share option scheme and training plans

As at June 30, 2015, the Group had approximately 76,000 employees. Adhering to the talent retention ideas of "investing in valuable people (投資於有價值的人)", the Group attached great importance to internal talent cultivation, while actively introducing excellent talent from the outside; the Group continued to improve and work towards short-, middle- and long-term incentive systems that are both competitive and fair, optimize employee benefits and create a career platform and working environment that is full of learning and development opportunities. Meanwhile, the Group enhanced efforts in performance appraisal and talent review to further optimize the talent structure, which allowed the Group to maintain a professional talent team that is full of passion and provided the first-class HR guarantee for fulfilling the Group's strategies.

Fluctuations in exchange rates and any relevant hedging

We operate internationally and are exposed to foreign currency risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), US dollar ("USD") and Euro ("EUR"). Foreign currency risks arise from the future business transactions, recognised assets and liabilities and net investment in foreign operations denominated in a currency other than the functional currency of our subsidiaries. Each of our subsidiaries monitors the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimize the foreign exchange risk and enter into forward exchange contracts to mitigate the foreign currency risk as appropriate.

Use of proceeds from the Initial Public Offering

The net proceeds from the Company's initial public offering amounted to approximately HK$14.75 billion (equivalent to approximately RMB11.64 billion, including the proceeds received pursuant to the exercise of the Over-allotment Option in part), which is intended to be used as disclosed in the Prospectus of the Company.

As of June 30, 2015, the Company has not utilized any of the proceeds from initial public offering and all the proceeds had been deposited into a licensed bank in Hong Kong.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended June 30, 2015

		Unaudited Six months ended June 30,	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Sales of goods and services		**141,844,250**	125,455,457
Interest income		**412,218**	318,647
Interest expense		**(155,896)**	(83,171)
Net interest income		**256,322**	235,476
Total revenue		**142,100,572**	125,690,933
Cost of sales	*7*	**(118,474,507)**	(108,689,482)
Gross profit		**23,626,065**	17,001,451
Selling and distribution expenses	*7*	**(7,944,033)**	(6,090,294)
General and administrative expenses	*7*	**(12,756,216)**	(7,827,307)
Investment income and gains	*6*	**3,368,648**	992,076
Other income and gains		**1,369,063**	197,518
Finance income	*8*	**256,867**	341,598
Finance costs	*8*	**(1,678,657)**	(1,244,163)
Share of profit of associates and joint ventures accounted for using the equity method		**234,456**	74,054
Profit before income tax		**6,476,193**	3,444,933
Income tax expense	*9*	**(1,360,286)**	(899,421)
Profit for the period		**5,115,907**	2,545,512
Profit attributable to:			
– Equity holders of the Company		**4,014,787**	1,297,849
– Non-controlling interests		**1,101,120**	1,247,663
		5,115,907	2,545,512
Earnings per share for the profit attributable to the equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	*10*	**2.00**	0.65
Diluted earnings per share	*10*	**2.00**	0.64
Dividends	*20*	**366,025**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended June 30, 2015

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
Profit for the period	**5,115,907**	2,545,512
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligation, net of taxes	**(290,766)**	23,460
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(1,135,525)**	296,536
Share of other comprehensive income of associates	**93,404**	26,375
Change in fair value of available-for-sale financial assets, net of taxes	**1,991,120**	226,622
Fair value change on cash flow hedges, net of taxes	**(665,808)**	(154,864)
Other comprehensive (loss)/income for the period, net of taxes	**(7,575)**	418,129
Total comprehensive income for the period	**5,108,332**	2,963,641
Attributable to:		
– Equity holders of the Company	**5,101,809**	1,661,606
– Non-controlling interests	**6,523**	1,302,035
	5,108,332	2,963,641

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
As at June 30, 2015

	Note	**Unaudited As at June 30, 2015** *RMB'000*	Audited As at December 31, 2014 RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**2,793,984**	1,512,285
Property, plant and equipment		**20,763,704**	21,079,168
Investment properties	*11*	**9,557,854**	6,023,298
Intangible assets		**56,898,601**	56,386,519
Associates and joint ventures using equity accounting		**7,914,647**	6,990,086
Associates measured at fair value through profit or loss		**12,997,749**	12,676,928
Available-for-sale financial assets		**7,009,944**	3,549,532
Loans to customers		**–**	118,800
Deferred income tax assets		**4,602,446**	3,331,117
Other non-current assets		**2,037,915**	2,006,385
		124,576,844	113,674,118
Current assets			
Inventories		**18,399,084**	20,217,386
Properties under development		**27,870,458**	28,569,482
Completed properties held for sale		**5,993,451**	6,001,854
Trade and notes receivables	*12*	**33,067,193**	39,401,148
Prepayments, other receivables and current assets	*13*	**30,864,395**	32,632,921
Available-for-sale financial assets		**86,102**	114,100
Loans to customers		**4,445,711**	3,965,794
Derivative financial instruments		**316,523**	1,293,703
Financial assets at fair value through profit or loss		**1,501,138**	1,147,797
Restricted deposits		**1,381,295**	1,378,512
Bank deposits		**4,004,141**	4,831,811
Cash and cash equivalents		**42,211,215**	35,772,890
		170,140,706	175,327,398
Total assets		**294,717,550**	289,001,516

	Note	Unaudited As at June 30, 2015 RMB'000	Audited As at December 31, 2014 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*14*	**2,352,944**	2,000,000
Other reserves		**17,618,007**	5,482,489
Retained earnings		**28,152,129**	24,503,367
Total equity attributable to equity holders of the Company		**48,123,080**	31,985,856
Non-controlling interests		**22,022,576**	22,222,809
Put option written on non-controlling interests	*17(iii)*	**(1,343,399)**	(1,343,399)
Total equity		**68,802,257**	52,865,266
LIABILITIES			
Non-current liabilities			
Borrowings	*18*	**56,416,011**	56,550,145
Deferred revenue		**3,370,593**	3,742,876
Retirement benefit obligations		**2,504,650**	1,530,258
Provisions	*19*	**2,024,034**	2,595,523
Deferred income tax liabilities		**4,996,014**	3,409,654
Other non-current liabilities	*17*	**15,720,007**	16,549,953
		85,031,309	84,378,409
Current liabilities			
Trade and notes payables	*15*	**34,628,092**	49,755,181
Other payables and accruals	*16*	**56,054,594**	58,757,218
Derivative financial instruments		**407,435**	572,641
Provisions	*19*	**7,198,056**	7,050,244
Advance from customers		**8,225,660**	7,873,102
Deferred revenue		**4,164,175**	4,664,382
Current income tax liabilities		**2,553,188**	3,514,538
Borrowings	*18*	**27,652,784**	19,570,535
		140,883,984	151,757,841
Total liabilities		**225,915,293**	236,136,250
Total equity and liabilities		**294,717,550**	289,001,516
Net current assets		**29,256,722**	23,569,557
Total assets less current liabilities		**153,833,566**	137,243,675

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2015

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital	Share premium	Statutory surplus reserve	Revaluation reserve	Share-based compensation reserve	Hedging reserve	Exchange reserve	Other reserve	Retained earnings	Non-controlling interests	Put option written on non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2015	2,000,000	–	–	999,333	1,121,971	213,061	(2,405,894)	5,554,018	24,503,367	22,222,809	(1,343,399)	52,865,266
Profit for the period	–	–	–	–	–	–	–	–	4,014,787	1,101,120	–	5,115,907
Other comprehensive income/(loss)												
Fair value changes on available-for-sale financial assets	–	–	–	1,665,458	–	–	–	–	–	349,974	–	2,015,432
Reclassified to income statement on disposal of available-for-sale financial assets	–	–	–	(24,312)	–	–	–	–	–	–	–	(24,312)
Share of other comprehensive income of associates	–	–	–	93,404	–	–	–	–	–	–	–	93,404
Fair value change on forward foreign exchange contracts	–	–	–	–	–	(580,357)	–	–	–	(1,317,363)	–	(1,897,720)
Reclassified to income statement on forward foreign exchange contracts	–	–	–	–	–	376,934	–	–	–	854,978	–	1,231,912
Currency translation differences	–	–	–	–	–	–	(355,509)	–	–	(780,016)	–	(1,135,525)
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	–	(88,596)	–	(202,170)	–	(290,766)
Total comprehensive income/(loss) for the period	–	–	–	1,734,550	–	(203,423)	(355,509)	(88,596)	4,014,787	6,523	–	5,108,332
Issuance of new shares *(Note 14)*	352,944	11,615,818	–	–	–	–	–	–	–	–	–	11,968,762
Share issuance cost *(Note 14)*	–	(442,138)	–	–	–	–	–	–	–	–	–	(442,138)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(101,094)	–	(101,094)
Transaction with non-controlling interests	–	–	–	–	–	–	–	(235,746)	–	(339,743)	–	(575,489)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	10,882	–	10,882
Transfer to reserve	–	–	–	–	–	–	–	5,217	–	2,338	–	7,555
Share of share option reserve of an associate	–	–	–	–	7,632	–	–	–	–	–	–	7,632
Share-based compensation	–	–	–	–	97,713	–	–	–	–	222,596	–	320,309
Dividend paid	–	–	–	–	–	–	–	–	(366,025)	(1,735)	–	(367,760)
As at June 30, 2015	**2,352,944**	**11,173,680**	**–**	**2,733,883**	**1,227,316**	**9,638**	**(2,761,403)**	**5,234,893**	**28,152,129**	**22,022,576**	**(1,343,399)**	**68,802,257**

	Unaudited										
	Attributable to the equity holders of the Company										
	Paid-in capital/ Share capital *RMB'000*	Statutory surplus reserve *RMB'000*	Revaluation reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Hedging reserve *RMB'000*	Exchange reserve *RMB'000*	Other reserve *RMB'000*	Retained earnings *RMB'000*	Non-controlling interests *RMB'000*	Put option written on non-controlling interests *RMB'000*	Total *RMB'000*
As at January 1, 2014	660,860	330,430	880,343	733,284	68,734	(1,865,885)	6,020,892	20,206,766	18,285,139	(1,343,399)	43,977,164
Profit for the period	–	–	–	–	–	–	–	1,297,849	1,247,663	–	2,545,512
Other comprehensive income/(loss)											
Fair value changes on available-for-sale financial assets	–	–	364,205	–	–	–	–	–	1,172	–	365,377
Reclassified to income statement on disposal of available-for-sale financial assets	–	–	(138,755)	–	–	–	–	–	–	–	(138,755)
Share of other comprehensive income of associates	–	–	26,375	–	–	–	–	–	–	–	26,375
Fair value change on forward foreign exchange contracts	–	–	–	–	(107,540)	–	–	–	(223,250)	–	(330,790)
Reclassified to income statement on forward foreign exchange contracts	–	–	–	–	57,194	–	–	–	118,732	–	175,926
Currency translation differences	–	–	–	–	–	154,651	–	–	141,885	–	296,536
Remeasurements of post-employment benefit obligations	–	–	–	–	–	–	7,627	–	15,833	–	23,460
Total comprehensive income/ (loss) for the period	–	–	251,825	–	(50,346)	154,651	7,627	1,297,849	1,302,035	–	2,963,641
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	9,605	–	9,605
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(40,226)	–	(40,226)
Transaction with non-controlling interests	–	–	–	–	–	–	(319,527)	–	(328,623)	–	(648,150)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	63,150	–	63,150
Transfer to reserve	–	–	–	–	–	–	3,193	–	3,480	–	6,673
Share of share option reserve of an associate	–	–	–	50,013	–	–	–	–	–	–	50,013
Share-based compensation	–	–	–	24,632	–	–	–	–	51,135	–	75,767
Contribution from a shareholder	–	–	–	–	–	–	53,200	–	–	–	53,200
Release of escrow shares for settlement of acquisition consideration	–	–	–	–	–	–	10,077	–	20,915	–	30,992
Reclassification share of reserve in associate to income statement upon dilution	–	–	–	–	–	–	(120,484)	–	–	–	(120,484)
Dividend paid	–	–	–	–	–	–	–	–	(348,524)	–	(348,524)
Conversion into a joint stock limited liability company	1,339,140	(330,430)	(336,863)	–	–	–	(1,162,347)	490,500	–	–	–
As at June 30, 2014	2,000,000	–	795,305	807,929	18,388	(1,711,234)	4,492,631	21,995,115	19,018,086	(1,343,399)	46,072,821

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six months ended June 30, 2015

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Cash generated from operations	**(6,691,235)**	3,362,633
Income tax paid	**(2,556,691)**	(1,439,709)
Net cash (used in)/generated from operating activities	**(9,247,926)**	1,922,924
Cash flows from investing activities		
Purchases of property, plant and equipment, and intangible assets	**(3,622,536)**	(4,675,184)
Proceeds from sale of property, plant and equipment, and intangible assets	**150,816**	39,454
Purchase of financial assets at fair value through profit or loss	**(252,144)**	(431,918)
Proceeds from the disposal of financial assets at fair value through profit or loss	**14,225**	823,638
Distributions from financial assets at fair value through profit or loss	**93,281**	5,006
Capital injection in associates measured at fair value through profit or loss	**(608,251)**	(760,866)
Distributions from associates measured at fair value through profit or loss	**3,152,975**	410,036
Acquisition of associates and joint ventures using equity accounting	**(238,209)**	(199,672)
Proceeds from partial disposal of associates using equity accounting	**–**	54,480
Dividends from associates using equity accounting	**34,648**	342,485
Purchase of available-for-sale financial assets	**(1,155,806)**	(1,174,248)
Proceeds from disposal of available-for-sale financial assets	**238,382**	81,097
Dividends from available-for-sale financial assets	**29,992**	65,127
Acquisition of subsidiaries, net of cash acquired	**(213,564)**	(579,238)
Disposal of subsidiaries, net of cash disposed	**166,504**	(78,536)
Decrease in restricted deposits	**–**	206,746
Interest received	**392,818**	290,043
Decrease/(increase) in bank deposits	**946,529**	(2,238,273)
Net cash used in investing activities	**(870,340)**	(7,819,823)

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
Cash flows from financing activities		
Proceeds from borrowings	**17,433,171**	20,718,540
Repayments of borrowings	**(13,402,016)**	(9,467,837)
Issuance of new shares	**11,968,762**	–
Payment of expense on issuance of new shares	**(37,443)**	–
Capital contributions from non-controlling interests	**10,882**	63,150
Distribution to non-controlling interests	**(6,632)**	(348,524)
Transaction with non-controlling interests	**(580,260)**	(637,009)
Cash proceeds from issuance of bonds, net of issuance costs	**3,928,291**	11,845,388
Dividends paid to equity holders of the Company	**(366,025)**	–
Interest paid	**(2,288,260)**	(1,883,598)
Net cash generated from financing activities	**16,660,470**	20,290,110
Net increase in cash and cash equivalents	**6,542,204**	14,393,211
Cash and cash equivalents at beginning of the period	**35,772,890**	35,461,855
Exchange losses on cash and cash equivalents	**(103,879)**	(149,528)
Cash and cash equivalents at the end of the period	**42,211,215**	49,705,538

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The address of the Company's registered office is 10F, Tower A, Raycom Info Tech Park, 2 Ke Xue Yuan Nan Lu, Hai Dian District, Beijing 100190, PRC.

The Group operates businesses through two principal business platforms, strategic investments and financial investments. The strategic investments consist of operations in (a) IT industry, which is primarily engaged in the development, manufacturing and marketing high-quality and easy-to-use technology products and services for customers and enterprises; (b) financial services industry, which offers services including short-term financing, credit guarantees, entrusted loans, finance lease, banking, insurance brokerage services, payment and internet finance and trusts, customised financial solutions to customers; (c) modern services industry, which operates in modern services including dental care, logistics, senior care and car rental business; (d) agriculture and food industry, which is mainly engaged in planting and sales of premium fruit and tea products in agriculture business, and producing and selling various Chinese liquor brands; (e) property industry, which is engaged in the business of the development and sale of residential properties and office buildings, office rental services and property management services to projects that the Group developed; and (f) chemicals and energy materials industry, which includes the fine chemicals and energy materials and lithium-ion battery businesses. The financial investments platform conducts investment in private equity and venture capital 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.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2015 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 financial information of the Group for the year ended December 31, 2014 (the "Accountant's Report") presented in the Appendix IA to the Prospectus of the Company, which has been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2014 included in the Accountant's Report.

The Group has adopted the following amendments and interpretation which are mandatory for the accounting period beginning on July 1, 2014:

Annual Improvement Project	Annual improvements 2010-2012 Cycle and 2011-2013 Cycle
IAS 19 (Amendment)	Employee benefits

The adoption of above amendments and interpretation does not have any significant financial effect on this condensed consolidated interim financial information.

The following are new standards and amendments to standards that have been issued but are not yet effective for the financial year beginning after January 1, 2015 and have not been early adopted.

IAS 1 (Amendment)	The disclosure initiative (1)
IAS 16 and IAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation (1)
IAS 28 and IFRS 10 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture (1)
IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception (1)
IFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation (1)
IFRS 14	Regulatory deferral accounts (1)
Annual Improvement Project	Annual Improvements 2012-2014 Cycle (1)
IFRS 15	Revenue from Contracts with Customers (2)
IFRS 9	Financial Instruments (2)

(1) Effective for the accounting period beginning on January 1, 2016
(2) Effective for the accounting period beginning on January 1, 2018

The Group will apply the above new standards and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above new standards and amendments to standards.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the Accountant's Report as contained in the Appendix IA of the Prospectus.

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.

The Group identifies 7 reportable segments as follows:

– IT segment, which is mainly engaged in the development, manufacturing and marketing high-quality and easy-to-use for technology products and services for customers and enterprises;.

– Financial services segment, which offers services including short-term financing, credit guarantees, entrusted loans, financial leasing, banking, insurance brokerage services, payment and internet finance and trusts, to provide customised financial solutions to customers;

– Modern services segment, which operates in consumer services including dental care, logistics and senior care businesses, and the car rental business;

– Agriculture and food segment, which are mainly engaged in planting and sales of premium fruit and tea products in agriculture business, and produce and sell various Chinese liquor brands;

– Property segment, which is primarily engaged in the business of the development and sale of residential properties and office buildings, office rental services and property management services to projects that the Group developed;

– Chemicals and energy materials segment, which are mainly engaged in the fine chemicals and fine new materials production services and lithium-ion battery business;

– Financial investments segment, which is engaged in investment in the private equity and venture capital 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.

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, interest income and finance costs, which cannot be directly identified to specific operating segments. Segment assets consist, primarily of land use rights, investment properties, property, plant and equipment, intangible assets, inventories, properties under development, completed properties held for sale, 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 profit before tax.

Revenue and Profit

Six months ended June 30, 2015

	Unaudited									
	Strategic investments									
	IT *RMB'000*	Financial services *RMB'000*	Modern services *RMB'000*	Agriculture and food *RMB'000*	Property *RMB'000*	Chemicals and energy materials *RMB'000*	Financial investment *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue										
Sales to external customers	135,150,302	165,433	596,085	919,618	4,332,460	671,077	9,275	–	–	141,844,250
Net interest income	–	256,322	–	–	–	–	–	–	–	256,322
Inter-segment sales	–	–	–	–	7,999	–	–	–	(7,999)	–
Total	135,150,302	421,755	596,085	919,618	4,340,459	671,077	9,275	–	(7,999)	142,100,572
Segment results										
Profit/(loss) before income tax	1,026,442	718,578	(144,624)	(63,987)	2,745,852	3,392	2,736,077	(545,537)	–	6,476,193
Income tax credit/(expense)	265,568	(89,042)	(65,888)	(8,769)	(1,012,855)	(878)	(584,806)	136,384	–	(1,360,286)
Profit/(loss) for the period	1,292,010	629,536	(210,512)	(72,756)	1,732,997	2,514	2,151,271	(409,153)	–	5,115,907
Other segment information:										
Depreciation and amortisation	(2,340,069)	(2,186)	(28,647)	(64,177)	(10,430)	(78,724)	(2,494)	(4,056)	–	(2,530,783)
Investment income and gains	10,132	441,104	(2,866)	202	–	146,671	2,773,405	–	–	3,368,648
Finance income	96,421	3,575	1,386	4,212	13,579	4,240	–	394,593	(261,139)	256,867
Finance costs	(735,710)	(66)	(53,316)	(85,207)	(187,100)	(71,328)	–	(807,069)	261,139	(1,678,657)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(1,348)	(43,332)	82,749	(3,357)	(1,608)	–	201,352	–	–	234,456
Material non-cash items other than depreciation and amortisation	(613,331)	–	–	–	–	–	–	–	–	(613,331)
Capital expenditure	2,573,091	4,739	89,128	96,958	172,113	388,240	232	–	–	3,324,501

Six months ended June 30, 2014

	Unaudited									
	Strategic investments									
	IT *RMB'000*	Financial services *RMB'000*	Modern services *RMB'000*	Agriculture and food *RMB'000*	Property *RMB'000*	Chemicals and energy materials *RMB'000*	Financial investment *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue										
Sales to external customers	121,278,849	225,798	234,857	821,851	1,965,828	925,164	3,110	–	–	125,455,457
Net interest income	–	235,476	–	–	–	–	–	–	–	235,476
Inter-segment sales	–	–	–	329	8,172	–	–	–	(8,501)	–
Total	121,278,849	461,274	234,857	822,180	1,974,000	925,164	3,110	–	(8,501)	125,690,933
Segment results										
Profit/(loss) before income tax	2,944,633	678,938	211,530	(148,505)	210,147	(169,704)	254,140	(536,246)	–	3,444,933
Income tax (expense)/credit	(599,348)	(144,663)	(10,553)	(18,076)	(125,228)	2,673	(138,276)	134,050	–	(899,421)
Profit/(loss) for the period	2,345,285	534,275	200,977	(166,581)	84,919	(167,031)	115,864	(402,196)	–	2,545,512
Other segment information:										
Depreciation and amortisation	(904,594)	(11,778)	(43,265)	(74,849)	(8,702)	(73,955)	(1,301)	(4,019)	–	(1,122,463)
Investment income and gains	1,872	399,044	306,131	–	–	–	285,029	–	–	992,076
Finance income	167,593	5,149	7,328	3,208	26,849	3,960	–	373,798	(246,287)	341,598
Finance costs	(452,345)	(7,407)	(47,447)	(92,039)	(65,584)	(119,789)	–	(705,839)	246,287	(1,244,163)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(8,419)	130,656	(92,925)	(303)	(1,184)	–	46,229	–	–	74,054
Material non-cash items other than depreciation and amortisation	(229,125)	–	–	–	–	–	–	(53,200)	–	(282,325)
Capital expenditure	3,826,356	4,499	168,200	176,246	24,710	1,524,677	4,744	–	–	5,729,432

Assets and liabilities

As at June 30, 2015

	Unaudited									
	Strategic investments									
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investment	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**159,039,380**	**13,348,348**	**6,234,680**	**4,684,993**	**52,423,689**	**9,850,013**	**44,761,435**	**15,250,758**	**(10,875,746)**	**294,717,550**
Segment liabilities	**137,066,909**	**5,300,261**	**3,092,844**	**5,329,644**	**38,232,186**	**10,067,087**	**1,739,759**	**35,895,349**	**(10,808,746)**	**225,915,293**
Investments in associates and joint ventures using equity accounting	**68,246**	**4,670,944**	**1,791,351**	**24,939**	**190,007**	**269,741**	**899,419**	**–**	**–**	**7,914,647**
Investments in associates measured at fair value through profit or loss	**–**	**–**	**–**	**–**	**–**	**–**	**12,997,749**	**–**	**–**	**12,997,749**

As at December 31, 2014

	Audited									
	Strategic investments									
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investment	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	176,037,596	11,097,298	4,992,888	4,268,603	48,619,370	9,865,179	31,717,453	12,098,462	(9,695,333)	289,001,516
Segment liabilities	152,055,088	3,998,334	2,285,068	5,137,533	36,508,301	10,004,754	1,179,988	34,595,517	(9,628,333)	236,136,250
Investments in associates and joint ventures using equity accounting	69,649	4,330,080	1,703,766	22,295	132,682	–	731,614	–	–	6,990,086
Investments in associates measured at fair value through profit or loss	–	–	–	–	–	–	12,676,928	–	–	12,676,928

(a) Total revenue

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
China	**45,159,195**	46,679,152
Overseas countries and regions	**96,941,377**	79,011,781
Total	**142,100,572**	125,690,933

(b) Non-current assets

	Unaudited As at June 30, 2015 RMB'000	Audited As at December 31, 2014 RMB'000
China	**52,726,210**	36,799,619
Overseas countries and regions	**37,985,933**	49,341,209
Total	**90,712,143**	86,140,828

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

6. INVESTMENT INCOME AND GAINS

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
Gains on disposal/dilution of associates	**432,053**	701,172
Gains on disposal of available-for-sale financial assets	**60,032**	81,097
Gains on disposal of subsidiaries	**139,473**	13,649
Dividend income from available-for-sale financial assets	**36,040**	63,121
Fair value gains and dividend income from associates measured at fair value through profit or loss	**2,468,196**	348,248
Fair value gains/(losses) and dividend income from financial assets at fair value through profit or loss	**218,907**	(218,991)
Others	**13,947**	3,780
	3,368,648	992,076

7. EXPENSES BY NATURE

	Unaudited Six months ended June 30, 2015 RMB'000	2014 RMB'000
Cost of inventories sold	**107,420,430**	99,737,020
Cost of properties sold	**2,447,017**	1,474,367
Employee benefit expense	**12,667,828**	9,566,143
Office and administrative expense	**2,774,187**	1,678,841
Advertising costs	**2,772,718**	2,070,998
Depreciation and amortisation	**2,530,783**	1,122,463
Customer support service	**768,767**	363,910
Consultancy and professional fees	**446,318**	845,412
Labs and testing	**266,182**	168,593
Operating lease payments	**625,406**	351,026
Business tax and surcharge and other taxes	**564,735**	461,147
Transportation expense	**188,600**	126,767
Inventory write-down	**721,784**	60,009
Other expenses *(i)*	**4,980,001**	4,580,387
	139,174,756	122,607,083

(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, and contribute to bringing inventories to their present location and condition. 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, 2015 RMB'000	2014 RMB'000
Interests		
– Bank loans and overdrafts repayable within 5 years	**531,790**	568,196
– Bank loans and overdrafts not wholly repayable within 5 years	**22,771**	45,570
– Other loans wholly repayable within 5 years	**1,121,845**	918,245
– Bonds wholly repayable within 5 years	**539,769**	325,057
– Bonds not wholly repayable within 5 years	**65,123**	65,078
Factoring costs	**143,292**	118,657
Interest costs on contingent considerations and put option liability	**21,804**	22,209
Commitment fee	**16,226**	41,017
Total finance costs	**2,462,620**	2,104,029
Less: amounts capitalised on qualifying assets	**(783,963)**	(859,866)
Finance costs	**1,678,657**	1,244,163
Finance income		
– Interest income on bank deposits and money market funds	**(232,424)**	(327,490)
– Interest income on loans to related parties	**(24,443)**	(14,108)
Finance income	**(256,867)**	(341,598)
Net finance costs	**1,421,790**	902,565

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

	Unaudited Six months ended June 30, **2015** ***RMB'000***	 2014 *RMB'000*
Current income tax		
Current tax on profits for the period	**941,354**	722,205
– Hong Kong profits tax	**48,889**	94,661
– Taxation in areas outside Hong Kong	**892,465**	627,544
Land appreciation tax	**352,759**	52,625
	1,294,113	774,830
Deferred income tax	**66,173**	124,591
Income tax expense	**1,360,286**	899,421

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.

	Unaudited Six months ended June 30, **2015**	 2014
Weighted average number of issued ordinary shares (thousands)	**2,003,900**	2,000,000
Basic earnings attributable to equity holders of the Company (RMB'000)	**4,014,787**	1,297,849
Diluted impact on earnings (RMB'000) *(i)*	**(8,600)**	(9,975)
Diluted earnings attributable to the equity holders of the Company (RMB'000)	**4,006,187**	1,287,874
Earnings per share:		
– Basic (RMB per share)	**2.00**	0.65
– Diluted (RMB per share)	**2.00**	0.64

(i) Diluted impact on earnings is due to the effect of two categories of dilutive instruments, namely share options and long-term incentive awards held by Lenovo.

11. INVESTMENT PROPERTIES

	Unaudited Six months ended June 30, 2015	2014
	RMB'000	*RMB'000*
At beginning of the period	**6,023,298**	5,705,381
Transfer from completed properties held for sale	**1,935,467**	–
Fair value gains	**1,599,089**	100,743
At the end of the period	**9,557,854**	5,806,124

Investment properties held by the group as at June 30, 2015 and December 31, 2014 were revalued based on valuations performed by independent qualified valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"). JLL is an industry specialist in investment property valuation, who has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

The valuations are derived using the income capitalisation method. There have been no changes in the valuation technique since December 31, 2014.

As at June 30, 2015 and December 31, 2014, 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.

Fair value gains on investment properties are recorded in "other income and gains" in the condensed consolidated interim income statement.

12. TRADE AND NOTES RECEIVABLES

	Unaudited As at June 30, 2015	Audited As at December 31, 2014
	RMB'000	*RMB'000*
Trade receivables	**30,511,419**	36,268,453
Notes receivables	**2,650,787**	3,259,744
Receivables arising from finance leases	**606,544**	319,657
Less: provision for impairment	**(701,557)**	(446,706)
Trade and notes receivables – net	**33,067,193**	39,401,148

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

As at June 30, 2015 and December 31, 2014, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Up to 3 months	**25,718,208**	33,588,932
3 to 6 months	**3,149,377**	1,796,070
6 months to 1 year	**1,283,170**	367,099
1 to 2 years	**244,184**	217,549
2 to 3 years	**46,557**	133,588
Over 3 years	**69,923**	165,215
	30,511,419	36,268,453

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

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Receivables from parts subcontractors	**9,969,523**	11,661,729
Prepayments	**5,340,305**	6,519,009
Prepaid tax	**5,435,274**	5,243,055
Adjustment for in-transit products *(i)*	**3,203,699**	2,493,176
Advance to suppliers	**1,732,315**	1,824,013
Amount due from non-controlling equity holders of subsidiaries	**1,744,172**	1,659,763
Amounts due from related parties	**1,130,701**	1,182,178
Deposits receivable	**462,574**	509,919
Advance to employees	**251,007**	226,057
Others	**1,643,875**	1,364,612
	30,913,445	32,683,511
Less: provision for bad debt	**(49,050)**	(50,590)
	30,864,395	32,632,921

(i) The Group defers the cost of shipped products until the goods are delivered and revenue is recognised. Adjustments are made on in-transit products and included in prepayments, other receivables and other current assets.

14. SHARE CAPITAL

Ordinary shares issued and fully paid	Share capital Number of shares *'000*	Share capital *RMB'000*
At January 1, 2015	**2,000,000**	2,000,000
Issuance of new shares *(i)*	**352,944**	352,944
At June 30, 2015	**2,352,944**	2,352,944
At January 1, 2014	**660,860**	660,860
Conversion into a joint stock limited liability company *(ii)*	**1,339,140**	1,339,140
At June 30, 2014	**2,000,000**	2,000,000

(i) On June 29, 2015, the Company completed its global public offering of shares ("Global Offering") by issuing 352,944,000 new shares with nominal value of RMB1.00 each at a price of HK$42.98 per share. The Company's shares were then listed on the Main Board of the Stock Exchange of Hong Kong.

The total gross proceeds from the Global Offering was approximately HK$15,169,533,120 (equivalent to approximately RMB11,968,761,632), of which share capital was approximately RMB352,944,000 and share premium was approximately RMB11,615,817,632. The share issuance costs relating to the Global Offering amounted to RMB442,137,826 and were deducted from share premium.

(i) On February 18, 2014, the Company was converted into a joint stock limited liability company by capitalising its equity attributable to the equity holders of the Company of RMB2,529,122,962 as at June 30, 2013, representing share capital and reserve of RMB2,000,000,000 and RMB529,122,962, respectively. The share capital represents 2,000,000,000 ordinary shares at RMB1.00 per share.

15. TRADE AND NOTES PAYABLES

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Trade payables	**33,711,419**	48,615,804
Notes payables	**916,673**	1,139,377
	34,628,092	49,755,181

As at June 30, 2015 and December 31, 2014, the ageing analyses of the trade payables based on invoice date were as follows:

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
0-30 days	**24,421,962**	38,642,051
31-60 days	**4,494,550**	5,599,572
61-90 days	**1,513,708**	2,139,781
90 days-1 year	**2,481,482**	1,388,691
Over 1 year	**799,717**	845,709
	33,711,419	48,615,804

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

16. OTHER PAYABLES AND ACCRUALS

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Payable to parts subcontractors	**22,819,247**	21,943,551
Allowance for billing adjustments *(i)*	**12,206,799**	13,949,897
Accrued expenses	**8,900,355**	8,635,500
Payroll payable	**2,337,684**	4,514,141
Other taxes payable	**1,012,218**	1,756,369
Amounts due to non-controlling equity holders of subsidiaries *(ii)*	**1,402,538**	1,567,346
Amounts due to related parties *(iii)*	**1,275,323**	1,241,353
Social security payable	**1,105,057**	789,517
Royalty payable	**732,330**	935,595
Deposits payable	**659,182**	676,212
Interest payable	**462,897**	398,560
Deferred consideration	**192,079**	261,104
Others	**2,948,885**	2,088,073
	56,054,594	58,757,218

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

(ii) As at June 30, 2015, RMB1,019 million of amounts due to non-controlling equity holders of subsidiaries is unsecured, bearing interest rate from 7.91% to 8.80% and repayable on demand. As at December 31, 2014, RMB720 million of amounts due to non-controlling equity holders of subsidiaries was unsecured, bearing interest rate of 9.60% and repayable on demand. The remaining balance is unsecured and interest free payables.

(iii) As at June 30, 2015 and December 31, 2014, RMB1,002 million and 856 million of amounts due to related parties are unsecured, bearing interest rate from 6.53% to 7.39%. The remaining balance is unsecured and interest free payables.

17. OTHER NON-CURRENT LIABILITIES

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Deferred considerations *(i)*	**8,369,761**	8,474,702
Contingent considerations *(i)*	**1,651,546**	1,902,091
Government incentives and grants received in advance *(ii)*	**1,662,555**	1,672,654
Written put option liability *(iii)*	**1,344,136**	1,338,684
Unfavourable lease contracts assumed	**533,318**	529,265
Loans from related parties	**–**	147,500
Guaranteed dividend to non-controlling equity holders of a subsidiary	**61,393**	66,954
Others	**2,097,298**	2,418,103
	15,720,007	16,549,953

(i) In connection with certain business combinations, the Group is required to pay in cash to the then respective shareholders/sellers contingent considerations with reference to certain performance indicators as written in the respective agreements with those then shareholders/sellers; and deferred consideration. Accordingly, non-current liabilities in respect of the present values of contingent and deferred considerations have been recognized. The contingent considerations are subsequently re-measured at their fair values as a result of change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the condensed consolidated interim income statement. Deferred consideration is subsequently measured at amortized cost.

As at June 30, 2015 and December 31, 2014, the potential undiscounted amounts of future payments in respect of the contingent and deferred considerations that the Group could be required to make to the respective shareholders/sellers under the arrangements are as follows:

	Unaudited As at June 30, 2015	Audited As at December 31, 2014
Joint venture with NEC Corporation	**Nil ~ USD325 million**	Nil ~ USD325 million
Joint venture with EMC Corporation	**USD39~59 million**	USD39~59 million
Stoneware Inc.	**Nil ~ USD48 million**	Nil ~ USD48 million
CCE *(a)*	**Nil ~ BRL 400 million**	Nil ~ BRL 400 million
Google Inc.	**USD1,464 million**	USD1,500 million

(a) CCE, the abbreviation of Digibras Industria do Brasil S.A., Digiboard Eletronica da Amazonia Ltda., and Dual Mix Comercio de Eletronicos Ltda., companies incorporated in Brazil.

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

(iii) Pursuant to the joint venture agreement entered into in 2012 between Lenovo and Compal Electronics, Inc. ("Compal") to establish a joint venture company ("JV Co") to manufacture notebook computer products and related parts, Lenovo and Compal are respectively granted call and put options which entitle Lenovo to purchase from Compal and Compal to sell to Lenovo the 49% Compal's interests in the JV Co. The call and put options will be exercisable at any time after October 1, 2019 and October 1, 2017, respectively. The maximum exercise price for the call and put options is approximately USD750 million.

The financial liability that may become payable under the put option is initially recognized at fair value within other non-current liabilities with a corresponding charge directly to equity, as a put option written on non-controlling interest with an amount of RMB1,343 million.

The put option liability shall be re-measured at its fair value resulting from the change in the expected performance of the JV Co at each balance sheet date, with any resulting gain or loss recognized in the condensed consolidated interim income statement.

In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

18. BORROWINGS

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Bank loans		
– Unsecured loans	**22,001,558**	20,677,196
– Guaranteed loans	**14,067,662**	14,469,046
– Collateralised loans	**7,541,319**	7,155,674
Other loans		
– Unsecured loans	**216,925**	15,395
– Guaranteed loans	**12,710,500**	10,905,000
– Collateralised loans	**2,385,458**	1,678,000
Corporate bonds		
– Unsecured	**24,915,373**	20,990,369
– Guaranteed	**230,000**	230,000
	84,068,795	76,120,680
Less: non-current portion	**(56,416,011)**	(56,550,145)
Current portion	**27,652,784**	19,570,535

Borrowings are repayable as follows:

	Unaudited As at June 30, 2015 *RMB'000*	Audited As at December 31, 2014 *RMB'000*
Within 1 year	**27,652,784**	19,570,535
After 1 year but within 2 years	**15,198,114**	16,522,878
After 2 years but within 5 years	**37,945,258**	36,962,155
After 5 years	**3,272,639**	3,065,112
	84,068,795	76,120,680
Wholly repayable within 5 years	**80,796,156**	73,055,568

19. PROVISIONS

	Warranties	Environmental restoration	Provision on guarantee	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the period	9,360,393	139,384	145,990	9,645,767
Provision made	3,145,648	14,070	860	3,160,578
Measurement period adjustments	417,773	–	–	417,773
Unused amounts reversed	(21,882)	(22,859)	–	(44,741)
Amount utilised	(3,777,489)	(23,974)	–	(3,801,463)
Exchange adjustment	(150,311)	(5,513)	–	(155,824)
At end of the period	8,974,132	101,108	146,850	9,222,090
Non-current portion	(1,938,616)	(85,418)	–	(2,024,034)
At June 30, 2015	7,035,516	15,690	146,850	7,198,056
At beginning of the period	6,777,430	114,415	145,511	7,037,356
Provision made	2,959,502	26,005	3,211	2,988,718
Unused amounts reversed	(36,259)	(96)	–	(36,355)
Amount utilised	(2,593,012)	(18,313)	–	(2,611,325)
Exchange adjustment	45,026	8,334	–	53,360
At end of the period	7,152,687	130,345	148,722	7,431,754
Non-current portion	(1,751,844)	(111,445)	(148,722)	(2,012,011)
At June 30, 2014	5,400,843	18,900	–	5,419,743

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.

20. DIVIDENDS

The directors did not recommend the payment of any interim dividend in respect of the six month ended June 30, 2015(six months ended 30 June 2014: Nil).

On May 28, 2015, the board of directors has resolved to declare an annual dividend of RMB0.18 per share to shareholders for the year of 2014 prior to initial public offering, Such dividend with a total amount of RMB366,025,000 was paid on June 10, 2015.

21. SUBSEQUENT EVENTS

(a) On July 17, 2015, the over-allotment option under the Company's Global Offering was partially exercised by the Joint Global Coordinators (on behalf of the International Underwriters) in respect of an aggregate of 3,286,900 H shares, representing approximately 0.93% of the Offer Shares initially available under the Global Offering. The over-allotment shares were issued and allotted by the Company at HK$42.98 per share, being the offer price per share under the Global Offering. In connection with the exercise of over-allotment option, 328,690 domestic shares (10% of the number of H shares issued) were converted into H shares and transferred to the National Social Security Fund.

(b) On August 7, 2015, Zhengqi Financial, a subsidiary of the Company, made an application to issue 3-year corporate bonds with an amount of RMB500 million. The corporate bonds issued are guaranteed by the Company. As of the date of this announcement, the issuance of bonds is in progress.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in order to safeguard interests of our shareholders and enhance the corporate value and accountability. The Company has complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules since the Listing Date of H Shares up until June 30, 2015.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors and Supervisors (the "Model Code"), which is no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and Supervisors, and all the Directors and Supervisors have confirmed that they had complied with the Model Code since the Listing Date and up until June 30, 2015.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises three members, namely, Ms. HAO Quan (Chairperson), Mr. ZHANG Xuebing and Mr. WANG Jin.

The unaudited interim financial information for the six months ended June 30, 2015 has been reviewed by the Audit Committee. The interim financial information was unaudited, but has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up until June 30, 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DEFINITION

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

"associated company(ies)"	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 policies decision of the investees, but without control or joint control rights over these policies
"Board"	board of directors of the Company
"Bybo"	Guangdong Bybo Dental Investment Management Co., Ltd. (廣東拜博口腔醫療投資管理有限公司), a limited liability company incorporated on June 30, 1999 under the laws of the PRC and our subsidiary owned as to 54.9% by us

"CAR"	CAR Inc., an exempted company incorporated in the Cayman Islands on April 25, 2014 with limited liability and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 699) and one of our associated companies
"Century Wenkang"	Century Wenkang (Beijing) Science and Technology Development Co., Ltd
"Cloud Farm"	Beijing Tianchen Cloud Farm Corporation
"Company", "our Company" or "Legend Holdings"	Legend Holdings Corporation (聯想控股股份有限公司) (formerly known as "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), "Beijing Legend Computer New Technology Development Company" (北京聯想計算機新技術發展公司), "Legend Group Holdings Company" (聯想集團控股公司) and "Legend Holdings Limited" (聯想控股有限公司)), a joint stock limited liability company incorporated on February 18, 2014 under the laws of PRC and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 3396)
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院國有資產經營有限責任公司), a wholly state-owned limited liability company incorporated on April 12, 2002 under the laws of the PRC
"DCC"	deep catalytic cracking
"DMTO"	the technique for using coal or natural gas instead of oil for production of ethylene and propene
"Domestic Shares"	ordinary shares issued by our Company, with a nominal value of RMB1.00, which are subscribed for or credited as paid in Renminbi
"Dongjiang Harbor"	Tianjin Dongjiang Harbor Cold-chain Commodities Trade Co., Ltd.
"eloancn.com"	Beijing Tongcheng Eloancn Network Co., Ltd.
"EO"	ethylene oxide
"EOD"	EO derivatives
"EVA"	ethylene-vinylacetate copolymer

"Funglian"	Funglian Holdings Limited (豐聯酒業控股集團有限公司), a limited liability company incorporated on July 16, 2012 under the laws of the PRC and our subsidiary owned as to 93.3% by us
"Group", "our Group", "our", "we" or "us"	our Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
"Hankou Bank"	Hankou Bank Co., Ltd. (漢口銀行股份有限公司), a joint stock limited liability company incorporated on December 15, 1997 under the laws of the PRC and one of our associated companies
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hony Capital"	a series of private equity investment funds, together with their respective management companies/general partners
"International Underwriters"	the group of international underwriters, led by the Joint Global Coordinators, that has entered into the International Underwriting Agreement
"Internet"	a global network of interconnected, separately administered public and private computer networks that uses the Transmission Control Protocol/Internet Protocol for communications
"Internet Protocol"	an agreed set of rules, procedures and formats by which information is exchanged over the Internet
"IT"	information technology
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), UBS AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C. and Morgan Stanley Asia Limited
"Joyvio"	Joyvio Group Co., Ltd. (佳沃集團有限公司), a limited liability company incorporated on May 18, 2012 under the laws of the PRC and our wholly-owned subsidiary
"Lakala"	Beijing Lakala Payment Limited (拉卡拉支付有限公司), a limited liability company incorporated on January 6, 2005 under the laws of the PRC and one of our associated companies

"Legend Capital"	a series of venture capital funds, together with their respective management companies/partnerships
"Legend Star"	Beijing Legend Star Venture Capital Co., Ltd. (北京聯想之星創業投資有限公司), a company incorporated on December 1, 2009 under the laws of the PRC and our wholly-owned subsidiary and Tianjin Legend Star Venture Capital Co., Ltd. (天津聯想之星創業投資有限公司), a limited liability company incorporated on January 9, 2012 under the laws of the PRC and our wholly owned subsidiary
"Lenovo"	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated on October 5, 1993 under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 0992)
"Levima"	Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated on April 12, 2012 under the laws of the PRC and our subsidiary owned as to 90% by us
"Listing Date of H Shares"	June 29, 2015
"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
"Motorola"	Motorola Mobility Holdings LLC, a limited company incorporated in the State of Delaware, USA and a wholly-owned subsidiary of Lenovo and, where the context requires, its relevant subsidiaries or affiliates or the brand name under which their products are marketed
"N/A"	not applicable
"Olefin"	unsaturated hydrocarbon containing one or more pairs of carbon atoms linked by a double bond
"P2P"	peer-to-peer, a type of loan business
"PC"	personal computer
"Phylion Battery"	Phylion Battery Co., Ltd. (蘇州星恒電源有限公司), a limited liability company incorporated on December 18, 2003 under the laws of the PRC and our associate owned as to 44.51% by us
"portfolio companies"	our subsidiaries and associated companies within our strategic investments business unless the context indicates otherwise
"PP"	polypropylene

"Prospectus"	the prospectus dated June 16, 2015 being issued in connection with first listing of the shares of the Company on the Hong Kong Stock Exchange
"Raycom Real Estate"	Raycom Real Estate Development Co., Ltd. (融科智地房地產股份有限公司), a joint stock limited liability company incorporated on June 11, 2001 under the laws of the PRC and our subsidiary owned as to approximately 93.09% by us
"Reporting Period"	the six months ended June 30, 2015
"SME"	small and medium-sized enterprise
"Social Touch"	Social Touch (Beijing) Technology Development Co., Ltd.
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Trust"	Suzhou Trust Ltd (蘇州信託有限公司), a limited liability company incorporated on September 18, 2002 under the laws of the PRC and one of our associated companies
"TMT"	technology, media, telecom
"Union Insurance"	Union Insurance Broker Group Co., Ltd. (聯保投資集團有限公司), a limited liability company incorporated on September 5, 2012 under the laws of the PRC and one of our associated companies
"Zeny Supply Chain"	Zeny Supply Chain Co., Ltd (增益供應鏈有限公司), a limited liability company incorporated on July 24, 2012 under the laws of the PRC and our subsidiary owned as to 94% by us
"Zhengqi Financial"	Zhengqi Anhui Financial Holdings Co., Ltd. (正奇安徽金融控股有限公司), a limited liability company incorporated on October 10, 2012 under the laws of the PRC and our subsidiary owned as to 92% by us

By order of the Board
Legend Holdings Corporation
ZHU Linan
Executive Director and President

Hong Kong, August 27, 2015

As at the date of this announcement, the Executive Directors of the Company are Mr. LIU Chuanzhi, Mr. ZHU Linan and Mr. ZHAO John Huan; the Non-executive Directors are Mr. WU Lebin, Mr. WANG Jin and Mr. LU Zhiqiang; and the Independent Non-executive Directors are Mr. MA Weihua, Mr. ZHANG Xuebing and Ms. HAO Quan.