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

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

(Stock Code: 03396)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

The Board of Legend Holdings Corporation announces the audited annual results of the Company and its subsidiaries for the year ended December 31, 2021 together with the comparative figures for the corresponding period of last year as follows:

FINANCIAL HIGHLIGHTS

- Consolidated revenue of the Company and its subsidiaries was RMB489,872 million, representing an increase of 17% compared with the corresponding period of last year
- Net profit attributable to equity holders of the Company reached RMB5,755 million, representing an increase of 49% compared with the corresponding period of last year
- Basic earnings per share was RMB2.46, representing an increase of 48% as compared with the corresponding period of last year
- The Board recommends the payment of a final dividend of RMB0.40 per ordinary share (before tax) for the year ended December 31, 2021, representing an increase of 11% as compared with the corresponding period of last year

	Year ended December 31,	
	2021	2020
	(RMB Million)	(RMB Million)
Revenue	489,872	417,567
Industrial operations	486,004	412,654
Industrial incubations and investments	3,875	4,933
Elimination	(7)	(20)
Net profit contributions attributable to equity holders of the Company	5,755	3,868
Industrial operations	5,857	2,751
Industrial incubations and investments	1,540	2,535
Unallocated	(1,642)	(1,418)
Basic earnings per share (RMB)	2.46	1.66
Diluted earnings per share (RMB)	2.28	1.62

CEO REPORT

Legend Holdings is an enterprise rooted in China and has integrated itself into the social and economic development of the country. While serving the domestic market, it has also gained presence and solid competitive edges in international markets. In 2021, against the backdrop of a complicated and changing international environment and the ravaging COVID-19 pandemic, the Chinese government decisively addressed the pandemic and launched a number of policies and measures to maintain the economic growth. Thanks to such policies and measures, the economy enjoyed a stable growth and the capital market was guaranteed an orderly development, which created an enabling environment for the operations of enterprises and a productive soil for their sustainable growth.

The year of 2021 marked a milestone in the history of the Communist Party of China and our country. Legend Holdings gained a clear understanding and shouldered the missions and social responsibilities of an enterprise in the new era through various means. Upholding our original aspiration of revitalizing the country through business, the Company strengthened our foothold in those industries it focused, proactively responded to the impacts of the pandemic and various external environmental changes, dynamically modified our business strategies and increased our investments in technology and innovation. With the joint efforts of the management and all our employees, Legend Holdings realized a revenue of RMB489.872 billion, representing an increase of 17% year-on-year, and a net profit attributable to equity holders of the Company of RMB5.755 billion, representing an increase of 49% year-on-year. Both revenue and profit hit historic high.

During the Reporting Period, we enriched the original aspiration of Legend Holdings to “revitalize the country through business”. We set our long-term core goal to establish and develop pillar businesses across industries. In addition, we gathered resources for enterprises through direct investments or investment funds management. We either directly operated and managed enterprises as a major shareholder, or, through sound governance structures, supported those promising partners or management teams in achieving their corporate development goals. Accordingly, we have re-organized the Company’s businesses and operations, and made adjustment to the business segments set out in our financial report based on scale and strategy. We consider that the two segments, namely industrial operations and industrial incubations and investments, would better reflect our insights of our strategic development.

The industrial operations segment includes principal subsidiaries held by Legend Holdings as a major shareholder, which have been allocated with substantial resources reached a considerable business size and have a significant influence to the long-term development of the Company. Through industrial development planning, in-depth cooperation with leader talents, reasonable and effective management and control methods with extensive empowerment and capability building, we guide and promote the solid growth of these companies, consolidate their positions in industries and strengthen their core competitive edges so as to establish them as our pillars, thereby realizing long-term and steady financial returns for Shareholders. We aim to establish a group of leading companies across the industries in which we have presence in order to provide a wide-range of customers with high-quality products and services, and through these companies, to promote the development of SMEs in relevant industrial chains and the progress of the overall industries.

Enterprises under our industrial incubations and investments segment are those either incubated or directly invested by Legend Holdings, or invested and managed by our fund platforms. Through these means, we further support the real economy, in particular, start-ups and growing-stage companies. Our resource allocation includes not only equity capital, but also financial support services and management consulting resources, thereby expanding our capacities to serve the industries. A considerable number of companies in this segment have good prospects and are regarded as important sources of value growth for Legend Holdings. If both parties' strategies are aligned, we may consider building a long-term equity relationship with very promising companies from this segment and incorporate them into the industrial operations segment.

During the Reporting Period, we proactively motivated our subsidiaries to increase their investments in technology and innovation and carry out the digital transformation and upgrading. We also established an Innovation Center which specialized in systematic researches on the trends of innovation and the advanced technologies in related science and technology fields at home and abroad, and exerted our strength to explore what we could do to make contributions to the technological advancement of our country. In addition, through direct investments or funds under our management, we increased our investments and strengthened the supports for the technology start-ups.

OPERATING HIGHLIGHTS

Record-high revenue and profit from industrial operations further consolidating business foundations

The industrial operations segment recorded a revenue of RMB486.004 billion, and the net profit attributable to equity holders of Legend Holdings amounted to RMB5.857 billion. For the past three years, the compound annual growth rates for revenue and net profit attributable to equity holders of Legend Holdings reached 11% and 46% respectively. At present, this segment contributes 99% of the revenue, 81% of the assets, and 79% of the net profit attributable to equity holders of Legend Holdings to the two major business segments.

- Leveraging the global sweeping wave of digitization and smart technologies, all the three business segments under Lenovo realized record-high revenues and their profitability further improved. The Intelligent Devices Group (IDG) continued to grow steadily with a record-high profit margin. The Infrastructure Solutions Group (ISG) reached a new milestone and realized profit for the first time in the fourth quarter of 2021 since the acquisition of IBM x86 server business. The Solutions and Services Group (SSG) maintained a high growth rate and continued to enhance profitability, achieving a higher profit margin. In 2021, Lenovo realized a revenue of RMB455.331 billion, representing an increase of 18% year-on-year, and the net profit attributable to equity holders of Legend Holdings amounted to RMB4.019 billion, representing an increase of 92% year-on-year.

- Garnering worldwide attention, Beijing Winter Olympics drew to a successful close recently, leaving exhilarating moments for China and the world at large. Lenovo proactively supported the Winter Olympics and provided 13,900 sets of integrated equipment and IT equipment operation and maintenance services for the entire process with 430 engineers, achieving the high standard of “zero failure”. It also built 800 high-performance computing systems for Beijing Meteorological Service, delivering minute-level accuracy and 100-meter-level weather forecast, creating the highest standard in the history of the Winter Olympics service. In addition, Lenovo provided its proprietary smart training solutions for the Chinese national short-track speed skating team and national speed skating team, helping Chinese Olympic athletes achieve great results.
- Benefiting from factors such as strong demands for new energy products, improved operational efficiency, and high-end differentiated product strategies, Levima Advanced Materials achieved record-high revenue. In addition, Levima Advanced Materials actively cultivated new profit growth and expanded into the field of biodegradable materials through the acquisition of Jiangxi Keyuan Bio-Material (江西科院生物) and made investments in new energy materials and other projects. Meanwhile, Levima Advanced Materials was selected into the CSI 500 Index and Shenzhen Component Index as a constituent stock successively, and has been included in the list of Shenzhen Stock Connect. In 2021, Levima Advanced Materials realized a revenue of RMB7.581 billion, representing an increase of 28% year-on-year, and a net profit attributable to equity holders of Legend Holdings of RMB565 million, representing an increase of 70% year-on-year.
- Joyvio Group continued to focus on its two main business lines, namely high-end fruit and premium animal protein. For fruit business, Joy Wing Mau actively dedicated more marketing efforts, vigorously promoted sales through e-commerce channels and further strengthen the “Joyvio” brand in the high-end markets. For premium animal protein, Joyvio Food benefited from the rebounding global salmon price, and therefore its businesses continued to recover. Meanwhile, it continued to put more efforts in the research and development of value-added products and expand diversified sales channels. In addition, Joyvio Group realized a return of capital through the disposals of its non-core businesses. In 2021, Joyvio Group recorded a revenue of RMB17.937 billion, an increase of 5% year-on-year and a net profit attributable to equity holders of Legend Holdings of RMB372 million, turning loss into profit.
- BIL constantly upgraded its business models and actively implemented its China strategies by providing facilities to Chinese enterprises and financial institutions “going global”, on the one hand, and by “bringing in” foreign capital to China, on the other. In 2021, BIL’s all key business indicators recorded year-on-year growth. CET-1 ratio went up to 14.15%. BIL’s ratings with both Moody’s and Standard & Poor’s stayed stable (at A2/Stable/P-1 and A-/Stable/A-2 respectively). In 2021, BIL realized a revenue of RMB4.465 billion, and its net profit attributable to equity holders of Legend Holdings amounted to RMB873 million, representing an increase of 35% year-on-year (excluding the impact on exchange rates).

Sound development of industrial incubations and investments fostering promising enterprises

The segment of industrial incubations and investments contributed a net profit attributable to equity holders of Legend Holdings of RMB1.540 billion, accounting for 21% in the two major segments. The Company owns leading fund management companies and a group of high-quality companies with great growth potential, for example:

- Legend Capital: in 2021, it retained its top rankings in the selection of primary market funds, with newly raised proceeds of RMB11.3 billion, assets under management of over RMB60 billion and 51 new projects under its investments, covering TMT, innovative consumption, medical and healthcare services, corporate services, intelligent manufacturing and other fields. It also partially or fully exited 54 projects, and 15 of its investee companies entered domestic and overseas capital markets, contributing a cash inflow of more than RMB2.3 billion to Legend Holdings.
- Legend Star: in 2021, it maintained its leading position in the selection of angel funds. Currently, its assets under management exceed RMB4 billion with more than 50 new domestic and overseas projects under its investments, covering cutting-edge technology, biomedicine, digital medicine, TMT and other areas. Nearly 90 projects under its management have completed the next round of private funding, whilst Legend Star has exited nearly 20 projects. Its investee Keymed Biosciences was listed on the Hong Kong Stock Exchange during the Reporting Period.
- Fullhan Microelectronics: it improved and upgraded its product lines through R&D and innovation. At present, it has comprehensively established itself in products and solutions in such fields as Smart Surveillance, Smart Home and Smart Automotive. In respect of Smart Surveillance, it has developed front- and back-end synergy and the ability to provide one-stop solutions. In respect of Smart Home, it has established cooperation with the three major domestic operators. In respect of Smart Automotive, it has accomplished the upgrading of its layout from post-installation to pre-installation and from image processing chips to transmission chips, while launching a series of competitive products. Thus, it achieved substantial year-on-year growth in performance.
- Lakala: it actively established its presence in digital RMB and became one of the only two payment institutions among the first 15 strategic partners of the People's Bank of China in digital RMB. Its settlement business continued to grow, maintaining its position in the market with leading the development of industry. Lakala also launched the pilot cloud supermarket platforms in 25 cities across the country, which digitally connected merchants, supply of merchandise, and logistics systems through the SaaS platform, and thus helped SMEs develop their businesses. During the Reporting Period, it recorded steady growth in both revenue and profit.

- EAL continued to increase its investments in and expanded freight capacity through multiple channels. It enhanced its cargo utilization rate through such measures as improving its air freight network and cargo operation standardization process. Furthermore, EAL promoted the district-port linkage model (區港聯動模式) featuring a “one-stop aviation services center” (一站式空服中心) with efforts to enhance and optimize its comprehensive ground service capabilities. EAL also expedited the development of a comprehensive logistics solution product system, with efforts to boost direct customer development and rapidly expand the business scale. During the Reporting Period, EAL achieved a surge in its revenue and profit.

More investments in science and technology innovation and greater support for technology start-ups

Legend Holdings has a glorious tradition in the industrialization of scientific and technological achievements, and will make more contributions to the development of innovative technological industries of China in the next step. In 2021, we continued to redouble our efforts, directly or indirectly, in the industrial incubation, investment and financial support in fields of science and technological innovation, with certain achievements made. For example,

- Lenovo will meet its goal of investing an annual average of RMB20 billion in R&D in the next three years and doubling its R&D personnel to no less than 24,000. At present, relevant work is progressing steadily. In the fourth quarter of 2021, it invested RMB3.5 billion, representing a year-on-year increase of 38%.
- Levima Advanced Materials adhered to its innovation-driven strategy with a 60% year-on-year increase in R&D investments, and stepped into the fields of new energy materials and biodegradable materials by actively working on new energy material projects such as EVA photovoltaic film, carbonate-based solvents for lithium batteries, and ultra-high molecular weight polyethylene as lithium battery separators, as well as biodegradable material projects such as PLA (polylactic acid) and PPC (polypropylene carbonate).
- Fullhan Microelectronics has constantly attached great importance to R&D innovation, maintained a high proportion of R&D investments, and promoted the improvement and upgrade of its product lines. It has developed a complete product line from simulation to digitization and from front end to back end, with its R&D expenditures up by more than 100% over the previous year.
- Legend Star and Legend Capital continuously provided their supports to technology start-ups, and invested in more than 100 new innovative technological projects. Hankou Bank provided financial services for over 4,000 technology-based enterprises. JC Finance & Leasing and Zhengqi Holdings provided a large number of technology-based enterprises with financial services such as leasing, factoring, small loans and equity investments. Through various means of financial support, we have fostered a large number of specialized and new enterprises in the scientific and technological innovation sector, and have become reliable partners of those enterprises in their path towards development.

Continued efforts to help investee companies to enter the capital markets

Legend Holdings continued to promote its investee enterprises to enter the capital market in 2021. Among the first batch of state-owned enterprises piloting the mixed ownership reform, EAL officially entered the capital market on June 9, 2021, becoming the “first stock in Chinese air logistics”. In addition, Legend Holdings also developed its investment capabilities covering corporate growth life-cycle at all stages via multiple platforms, and helped enterprises to grow through post-investment management and continuous empowerment. In 2021, a total of 21 investee companies entered the capital markets, which set a historic high.

Comprehensively intensified implementation of ESG-related initiatives

In 2021, Legend Holdings remained active in fulfilling its corporate social responsibilities, responded to the national policies of carbon peaking and neutrality and common prosperity, and strengthened and implemented its ESG-related initiatives in an all-round manner. For example:

With regard to energy conservation and emissions reduction, Lenovo has set up its goal of achieving net-zero carbon emissions by 2050, with efforts to fully leverage its advantages as a pioneer in ESG to promote its practical experience. Its “water-cooling servers with warm water”, new low-temperature solder paste as well as product packaging with bio-based material and bamboo fiber have been recognized and promoted by numerous authorities, including the United Nations Global Compact and the Ministry of Industry and Information Technology of the People’s Republic of China (MIIT). Levima Advanced Materials supported the national policies of carbon peaking and neutrality in its businesses, with vigorous efforts to develop new energy and biodegradable materials. During the Reporting Period, it successively launched a number of major projects, and effectively achieved the objectives of lower energy consumptions and greenhouse gas emissions through such initiatives as continuous reductions in unit consumption, device and technology improvements, and process optimization.

With regard to epidemic and disaster relief, Lenovo donated RMB50 million and gathered a team of 500 engineers to the frontline disaster-stricken areas during the rainstorm in the Henan province. Shanghai Neuromedical Center dispatched a medical volunteer team to support epidemic prevention frontline in Shanghai, and organized a team of experts to provide volunteer medical consultation in the local communities.

With regard to social responsibility and social welfare, Joy Wing Mau under Joyvio Group carried out “invigorating rural areas through the fruit industry” (鑫果興農), a strategy aimed at rural revitalization with the objective of promoting distinctive local fruits. To protect river dolphins and the ecological environment, Lenovo offered intelligent ecological solutions through donation. BIL formally became a signature-recognized bank of the United Nations Global Compact and the United Nations Principles for Responsible Banking (UN PRBs), and helped Chinese enterprises successfully issue green bonds. Legend Capital, as the first leading VC/PE institution in China joining United Nations Organization for Responsible Investment, has invested in over 20 “dual-carbon (雙碳)” technology-based enterprises.

OUTLOOK

In 2021, we performed several rounds of review and assessment of the Company's achievements and drawbacks in its various operations, and adopted a higher standard to study ways to realize the Company's long-term sustainable development under the new circumstances so as to bring medium and long-term sound returns for Shareholders. Based on the review of our past performance, we re-confirmed the original aspiration of Legend Holdings, i.e., to revitalize the country through business. The long-term development of the Company must be in line with the national strategy that China's sci-tech innovation empowers high-tech development. With industrial operations and technological innovation at the core of the Company's long-term development strategy, we will concentrate and allocate our resources in these fields. Meanwhile, we will continue to take corporate social responsibility as our strategic priority. Through our long-term and unremitting efforts, we will promote better ESG performance in Legend Holdings.

2022 will be another year of uncertainties. The COVID-19 epidemic shows no sign of a significant recovery. The international political and economic environment is changing drastically. The global supply chain systems are being substantially reorganized. Tremendous fluctuations are seen in the capital markets recently. However, in spite of such unfavorable factors, China's economic fundamentals that will sustain long-term growth remain unchanged. The Central Economic Work Conference proposed to prioritize stability while pursuing progress, and stride forward with confidence on the road of high-quality development.

In 2022, we will focus on our core strategy of industrial operations and technological innovation and further study and refine the Company's future development model and management systems in order to formulate clear development goals and strategic plans, and determine the areas and pace of the Company's resource allocation for the next step.

In terms of business management, stability is the Company's top priority. We will exert all our strength to stabilize our operations, and manage and control relevant risks. As for setting our goals, we will be more pragmatic instead of aggressive, make investments more prudently, reduce costs and increase efficiency. Nevertheless, our team still needs to enhance the quality of our assets through substantial investments, management and services, and strengthen the fundamentals of industrial operations. We will drive the improvement of businesses in the industrial operations segment from a long-term perspective to achieve steady growth of our businesses. In terms of the industrial incubations and investments, technological innovation is still the focus of our resource allocation. While proactively responding to possible value fluctuations of the capital markets, we also exert more efforts to seek and identify our new opportunities for value creation.

One of our high-priority tasks is to constantly align our resource allocation with the Company's strategic goals. In 2022, on the one hand, we will further intensify our efforts to promote the IPO of eligible enterprises. On the other hand, from the perspective of the long-term development of our investee enterprises, we will make efforts to introduce strategic shareholders who can provide more resources supports for those enterprises. Also, we will drive the relevant reorganizations so as to release their values and realize returns of resources for Legend Holdings.

As we vigorously advance our efforts in various businesses and management, we will also further improve our corporate governance to continuously upgrade its standards. We will, as always, enhance our organizational constructions, and review and revise our appraisal and incentive systems in order to upgrade the qualifications of our team and their management and business capacities, especially in the field of technological innovation where more training and introduction of professional talents is urgently needed.

Legend Holdings Corporation

LI Peng

Executive Director and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue contributions from the Company and its subsidiaries' businesses

Unit: RMB million

	2021	2020	Change in amount	Change %
Industrial operations	486,004	412,654	73,350	18%
Lenovo	455,331	384,992	70,339	18%
Levima Group	8,271	6,045	2,226	37%
Joyvio Group	17,937	17,037	900	5%
BIL	4,465	4,580	(115)	(3%)
Industrial incubations and investments	3,875	4,933	(1,058)	(21%)
Elimination	(7)	(20)	13	N/A
Total	489,872	417,567	72,305	17%

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

Unit: RMB million

	2021	2020	Change in amount	Change %
Industrial operations	5,857	2,751	3,106	113%
Lenovo	4,019	2,093	1,926	92%
Levima Group	593	355	238	67%
Joyvio Group	372	(368)	740	N/A
BIL	873	671	202	30%
Industrial incubations and investments	1,540	2,535	(995)	(39%)
Unallocated	(1,642)	(1,418)	(224)	N/A
Total	5,755	3,868	1,887	49%

Asset allocation of the Company and its subsidiaries' businesses

Unit: RMB million

	2021	2020	Change in amount	Change %
Industrial operations	548,037	517,759	30,278	6%
Lenovo	275,233	237,232	38,001	16%
Levima Group	13,107	10,074	3,033	30%
Joyvio Group	23,449	22,826	623	3%
BIL	236,248	247,627	(11,379)	(5%)
Industrial incubations and investments	114,808	116,522	(1,714)	(1%)
Unallocated	20,571	21,521	(950)	(4%)
Elimination	(2,730)	(4,069)	1,339	N/A
Total	680,686	651,733	28,953	4%

BUSINESS REVIEW

For the year ended December 31, 2021, Legend Holdings posted a revenue of RMB489,872 million, an increase of 17% year-on-year, mainly contributed by the growth of industrial operations segment. The segment seized market opportunities and took forward-looking steps, generating a revenue increase of 18% year-on-year.

The net profit attributable to equity holders of Legend Holdings amounted to RMB5,755 million, an increase of 49% year-on-year, which was mainly due to: 1) the continuous growth momentum of our industrial operations segment and its further enhanced profitability driven by the consolidation of its existing businesses advantages, the strengthening of our precise management and deepened innovation in all aspects; and 2) the significant impairment provision of CAR Inc., (“CAR”) during the corresponding period of last year. During the Reporting Period, the Company completed the disposal of the entire equity interest in CAR and realized a satisfactory investment return.

INDUSTRIAL OPERATIONS

Overview

As controlling shareholder, Legend Holdings regards revitalizing the country through business as our mission. Through pursuing long-term cultivation and in-depth layouts in each field we operate, we have created enterprises with industry-leading positions, scale advantages and excellent profitability through multiple means such as substantive investments and management and delicate management. Our industrial operations segment includes:

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

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	486,004	412,654
Net Profit	15,475	7,916
Net profit attributable to equity holders of Legend Holdings	5,857	2,751

During the Reporting Period, the revenue of our industrial operations segment was RMB486,004 million, representing a year-on-year increase of 18%. The growth was mainly due to the factors that: 1) Lenovo seized the high-growth and high-profit market opportunities generated by the acceleration of global digitalization and intelligent transformation, and its revenue increased by 18% to RMB455,331 million; 2) benefiting from strong demand for new energy products, improved operational efficiency and high-end diversification product strategy, Levima Group reported the revenue of an increase by 37% to RMB 8,271 million.

The net profit attributable to equity holders of Legend Holdings was RMB5,857 million, representing a year-on-year increase of 113%. The growth was mainly attributable to the factors that: 1) Lenovo continued to focus on high-profit business areas while strengthening its leading edges, which further improved its profitability; 2) the boom in the downstream demands of Levima Advanced Materials drove up the prices of its core products, while the deployment of upstream resources also created advantages in cost, which in all led to a year-on-year growth in the gross profit margins; 3) benefiting from the profit growth of fruit business, the reduction in losses of animal protein business, and the satisfactory return from the disposal of the equity interest in its investee companies, Joyvio Group successfully recorded a turnaround from loss to profit; 4) BIL improved assets quality, and delivered resilient performance with lower loan provisions year-on-year, resulting in a stellar growth in profit.

Lenovo

Lenovo, a Fortune Global 500 company, develops, manufactures and sells high-end technology products and provides related services to corporate and individual customers. As of December 31, 2021, we held 33.445% equity interest in Lenovo, directly and indirectly.

The continuous acceleration of digital transformation, strong demands of new IT services, the ever-increasing popularity of cloud and the trend of hybrid working brought tremendous market opportunities to Lenovo. During the Reporting Period, the three core businesses of Lenovo achieved record-high results and further improvement of profitability.

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	455,331	384,992
Net profit	12,966	7,544
Net profit attributable to equity holders of Legend Holdings	4,019	2,093

During the Reporting Period, Lenovo's revenue increased by 18% year-on-year to RMB455,331 million. Such increase was due to the following factors: 1) revenue of its industry-leading PC segment increased rapidly on the back of commercial recovery and strength in premium segments; 2) in the mobile space, a strong product portfolio and broader carrier ranging led to significant market share gains and hyper sales growth; 3) by capturing opportunities of the "New IT" trend, it further increased the penetration rate of service business, and the Solutions & Services Group (SSG) business achieved strong growth; 4) the infrastructure upgrade cycle promoted new spending in datacenters, thereby supporting the momentum of Infrastructure Solutions Group (ISG) business.

The net profit attributable to equity holders of Legend Holdings increased 92% to RMB4,019 million. Such increase was mainly due to the following factors: 1) driven by the high growth in high-profit market, the Intelligent Devices Group (IDG) achieved a record-high profit margin; 2) the profit margin of the SSG business far outweighed other businesses, and increased further during the Reporting Period, which promoted the overall profitability of Lenovo; 3) in the fourth quarter of 2021, ISG achieved profitability for the first time since the IBM x86 acquisition in 2014.

Intelligent Devices Group (IDG)

The IDG, consisting of the PC, tablet, smartphone, and other smart devices businesses, delivered a prominent growth in revenue and profit during the Reporting Period, with its operating profit margin of 7.5% reaching an all-time high. Benefiting from the acceleration of digital transformation and the increasing popularity of the “hybrid work model”, the market demand for PC business remained stable at a high level. It gradually shifted to the commercial and premium segment markets with high profitable and high value-added, leading to a significant increase in the revenue of high-end products such as workstations, premium Think-series and gaming product series.

During the Reporting Period, the revenue of non-PC business increased significantly with its revenue proportion in IDG business further growing. By continuously implementing the strategy of product innovation and product portfolio optimization, the smartphone business has achieved profitable growth for 7 consecutive quarters. In particular, its revenue achieved a year-on-year increase of 46% in the fourth quarter, the fastest growth among major phone manufacturers. The activation rate of devices reached the highest level since its acquisition of Motorola.

In the future, the IDG business will continue to drive consistent premium-to-market growth by addressing sector opportunities including the robust commercial upgrade cycle and the trend of premiumization. Meanwhile, it will keep increasing its investment in the innovation of high-end products to further improve the profitability of the business. The smartphone business will focus on the differentiation to take advantage of accelerated 5G adoption and a changing competitive landscape. Furthermore, Lenovo will continue to invest in IoT and related accessories market, so as to better seize the opportunities from the emerging market and expand the non-PC business.

Infrastructure Solutions Group (ISG)

As one of the fastest-growing suppliers in the global infrastructure segment, Lenovo is committed to establishing industry-leading end-to-end integrated solutions with its full-stack service capabilities to meet the diversified demands from customers. During the Reporting Period, benefiting from upgrading demands of global infrastructure and the rapid development of edge computing, hybrid cloud and AI depolyment, ISG’s revenue increased significantly and recorded profit successfully for the first time in the fourth quarter of 2021.

During the Reporting Period, the revenue of the Cloud Service Provider (CSP) increased rapidly. By fully taking advantage of its independent design and manufacturing capabilities, Lenovo provided integrated solutions covering design, manufacturing, supply chain and global services to its customers and further enlarged its customer base by enriching the product portfolios. In the future, Lenovo will continue to strengthen its existing advantages and launch product portfolios which will meet the customer demands better to further drive profitable growth.

In the fourth quarter of 2021, the sales volume of Enterprise & Small-and-medium Business (ESMB) created a new record in the past 5 years, winning various orders in high-margin product segments such as servers, software and services. In the future, while strengthening the high-margin and high value-added product portfolio business, Lenovo will enlarge its investment in fields such as edge computing, hybrid cloud solutions, high-performance computing and telecommunication, further improve the accumulation of related technologies and capacity building, aiming to seize the growth opportunities in the new era.

Solutions and Services Group (SSG)

Focusing on the fastest-growing “New IT” service segment, SSG consists of three business segments, namely Support Services, Managed Services and Project Services & Solutions. During the Reporting Period, benefiting from the acceleration of intelligent transformation, the consistent trend of “hybrid working”, commercial recovery, and increasing awareness in Environmental, Social and Governance (ESG), the revenue of SSG delivered a prominent growth with the operating profit margin further increased to 21.7%.

The hybrid work model fueled strong demand for Premier and Custom Fulfillment Services, while Sustainability Services (including Asset Recovery Services) gained a broader customer base. Support Services revenue surged due to rising service penetration. Driven by TruScale as-a-service portfolio solutions model, both revenue and profit of Managed Services increased; Project Services and Solutions reported a significant revenue growth, with Lenovo’s in-house Intellectual Property Solution further promoted. Moreover, its total contract value in fourth quarter more than tripled with important deals signed for Smart Retail.

Looking ahead, SSG will continue to seize the opportunities from the rapidly growing “New IT” trend and remote working. While increasing service penetration, SSG will continue to innovate and commit to R&D investments in order to drive business growth and enhance the profitability of Lenovo.

Levima Group

Levima Advanced Materials is held by the Company through Levima Group, our subsidiary. Levima Advanced Materials mainly engages in the R&D, production and sale of advanced material products. As of December 31, 2021, the Company held 51.77% equity interest in Levima Advanced Materials.

During the Report Period, Levima Advanced Materials actively responded to the rise of raw material prices and changing macroeconomic policies. Leveraging its core competitive advantages, Levima Advanced Materials achieved significant improvements in its performance. Furthermore, Levima Advanced Materials focused on its goal to “become a distinguished enterprise in the advanced materials platforms and to gain a presence in the leading industrial clusters in certain segments of the advanced material industry”, and made solid and steady progress.

In terms of strategy, Levima Advanced Materials has always attached great importance to building up its industrial chain system. In May 2021, Levima Advanced Materials completed the acquisition of Levima (Shandong) Chemicals Co., Ltd. (聯泓(山東)化學有限公司) (“Levima Chemicals”), an upstream methanol raw materials supplier. Through such investment, on one hand, it ensured the stable supply of upstream raw materials, and on the other hand, it also enabled further control and reduction of its raw material costs so as to strengthen its products’ competitiveness and risk resistance abilities. While improving and strengthening its existing business, Levima Advanced Materials has focused on two main perspectives, business upgrading and consumption upgrading. Focusing on advanced material “bottleneck” fields, Levima Advanced Materials adhered to the strategy of high-end, differentiation and precision, and actively grew its investment presence in the fields of new energy material, biodegradable material and specialized material in the niche categories:

- (1) In June and September 2021, Levima Advanced Materials gained the shareholding control of Jiangxi Keyuan Bio-Material Co., Ltd (江西科院生物新材料有限公司) (“Keyuan Bio-Material”) through capital injection and acquisition so as to achieve its strategic presence in the field of biodegradable materials. Relevant projects were under constructions;
- (2) In September 2021, Levima Advanced Materials established its subsidiary, Levima Green (Shandong) New Materials Co., Ltd. (聯泓格潤(山東)新材料有限公司) (“Levima Green”), which invests in the constructions of new energy material and biodegradable material integration projects;
- (3) In September 2021, Levima Advanced Materials initiated the investment on the development of “100,000 tons per year Lithium Materials and Carbonate Integration Device Project” (10萬噸／年鋰電材料－碳酸酯聯合裝置項目);
- (4) In September 2021, Levima Advanced Materials has initiated the investment on the development of “20,000 tons per year Ultra-high Molecular Weight Polyethylene and 90,000 tons per year Vinyl Acetate Integration Device Project” (2萬噸／年超高分子量聚乙烯和9萬噸／年醋酸乙烯聯合裝置項目) through Levima Chemicals, its subsidiary.

The implementation of the above projects further will reinforce the industrial layout of Levima Advanced Materials, improve its core competitiveness and foster new profit-growth drivers as well as laying a solid foundation for its continuous rapid development in the future.

In terms of operation, Levima Advanced Materials maintained safe, stable and efficient operation of all its devices, with operational efficiency constantly improving. The key consumption indicators of the DMTO device, such as methanol consumption per unit, continued to decrease and maintained its leading position in the industry. Since the commencement of IPO funding raising project OCC, the unit consumption of methanol, as a principal raw material, had further decreased, which enhanced its cost advantage. Meanwhile, after the acquisition of Levima Chemicals, all the methanol it produced will be supplied to Levima Advanced Materials through pipeline transportation, leading to a significant reduction of the logistic costs. Both companies have continued to optimize public utilities costs including water, electricity and gas, which further lowered production costs and improved overall operation efficiency as well as profitability.

In terms of market, Levima Advanced Materials continued to strengthen product development and market channel expansion. It dynamically optimized its product hybrid to gain leading position in China's relevant market shares such as EVA, PP, EOD and other products. During the Reporting Period, the EVA photovoltaic materials maintained high quality and reliable supply. Levima Advanced Materials maintained the largest market share of EVA cable products in China. The market share and influence of its thin-walled PP injection molding products remained in the leading positions in China. The sales of high-melting random copolymerized PP molding products increased significantly as compared to the corresponding period of last year. High-transparency PP molding products had been finalized and put into production. Its customer bases were continuously expanding and its influence in the industry had been heightened. The proportions of high gross profit margin products such as special surfactants and high-performance superplasticizers among EOD products have been increased. The special surfactant used in laundry gel capsules and photovoltaic industry as well as special fine material products such as high-end superplasticizer mother liquor and auxiliaries and high efficiency dispersants have been in continuous development.

In terms of innovation, Levima Advanced Materials progressed further in scientific and technological innovation and built up its reserves of innovative resources through both independent and collaborative research and development. During the Reporting Period, Levima Advanced Materials applied for 41 patents. By the end of 2021, Levima Advanced Materials had a total of 146 patents approved. By fully tapping into its advantages in research and development platforms, Levima Advanced Materials actively promoted the development of its new products and processes. It completed the laboratory research and development of 20 new products and processes, the production technology formulas of 18 new products, and the industrialization of 16 new products. In addition, in 2021, Levima Advanced Materials gained recognition as a "Top 500 Chinese Petroleum and Chemical Enterprise in 2021", "China's Top 500 Listed Companies by Market Capitalization in 2021", "2021 Chinese Companies for Excellent Management", "Key Enterprise for High-quality Development in High-end Chemicals in Shandong Province", "Top 50 Leading New Materials Companies in Shandong Province in 2021", "Innovation Award of Shandong Province", "May 1st Labour Certificate of Shandong Province", "Crew Innovation Award of Shandong Province", "Top 10 Industrial Clusters Leading Enterprise in Shandong Province", among others.

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	8,271	6,045
Net profit	1,166	617
Net profit attributable to equity holders of Legend Holdings	593	355

During the Reporting Period, Levima Group achieved a record revenue growth of RMB8,271 million, an increase of 37% year-on-year. Its net profit attributable to equity holders of Legend Holdings amounted to RMB593 million, an increase of 67% year-on-year. This was mainly attributable to its subsidiary, Levima Advanced Materials, which actively responded to the impacts of the surge in key raw materials prices and changes in macroeconomic policies, by taking extensive measures including optimization of its operation efficiency, adherence to its product positioning as well as the acquisitions of upstream resources. Its performance grew significantly leveraging its core competitive advantage.

Joyvio Group

Joyvio Group is the company in our industrial operations group focusing on agricultural and food. The core businesses of Joyvio Group are high-end fruit and premium animal protein. It also actively participates in fresh semi-finished products and agro-food technology businesses to grow its footprint. As of December 31, 2021, Legend Holdings held 81.72% equity interest in Joyvio Group.

In terms of the supply chain of fresh fruit, Joyvio Group owns Joy Wing Mau, which operates China's largest vertically integrated fruit company, and Bountifresh, China's leading fruit producer incubation and acceleration platform enterprise. Joy Wing Mau continued to deploy its resources in the global supply chain and its all-encompassing distribution networks, with "Joyvio", its high-end fruit brand, achieving greater brand influence and product diversification. Bountifresh continued to reinforce the operation of blueberry bases across China and promote the development and application of new fruit varieties and planting techniques.

In terms of seafood supply chain, domestically, Joyvio Group owns Qingdao Starfish, a Chinese leading seafood enterprise under Joyvio Food. Overseas, Joyvio Group owns Australis Seafoods S.A., Chile's leading salmon company under Joyvio Food, and KB Food, a Australian leading seafood supplier. We continued to expand and integrate our global animal protein supply chain based on this structure.

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	17,937	17,037
Net profit/(loss)	373	(984)
Net profit/(loss) attributable to equity holders of Legend Holdings	372	(368)

During the Reporting Period, Joy Wing Mau under Joyvio Group achieved a year-on-year increase in both revenue and net profit by reinforcing the advantages in its supply chains and channels and enlarging original single products strategy. Benefiting from the rebounding of international salmon price, the performance of Australis Seafoods S.A. (“Australis”) under Joyvio Food improved significantly. Besides, Joyvio Group realized certain investment returns by disposing the equity interests of Liquor Easy (Stock Code: 838883.NQ) and Hengshui Laobaigan (Stock Code: 600559.SH). Given all the above, the Joyvio Group recorded a revenue of RMB17,937 million, with a year-on-year increase of 5%; the net profit attributable to equity holders of Legend Holdings was RMB372 million, which achieved a turnaround from loss to profit.

(1) Fruit business

Joyvio Group is engaged in the midstream warehousing and downstream sale of the fruit business through its subsidiary Joy Wing Mau. As of December 31, 2021, Joyvio Group held 40.47% equity interest in Joy Wing Mau.

During the Reporting Period, Joy Wing Mau actively launched marketing campaigns, strived to promote e-commerce sales, and further enhanced the profile of its high-end fruit brand “Joyvio”. In terms of the sale channels, the new retail channel in e-commerce continued to thrive, with prominent sales growth in quality e-commerce customers such as those in Meituan Select (美團優選) and Pupu (樸樸). The mall and supermarket services model continued to improve and upgrade, with significant revenue growth in boutique supermarkets such as Sam’s Club and Olé. The original single product strategy enjoyed improving competitiveness, with Joyvio blueberries and durians achieving a growth in their market shares while maintaining their stable market premium rates. Meanwhile, Joy Wing Mau kept strengthening its supply chain construction, by scheduling a new generation of smart warehouse and logistics centers under construction in Shenyang and Shenzhen.

Bountifresh, another subsidiary of Joyvio Group in the fruit supply chain, is mainly engaged in the incubation of upstream fruit brands. As of December 31, 2021, Joyvio Group held 63.78% equity interest in Bountifresh.

During the Reporting Period, Bountifresh further increased its cooperation with HORTIFRUT, a world-leading blueberry company, on developing new blueberry varieties and planting techniques. Yield from its Yunnan blueberry base reached a record high, while the sales price and planting area enjoying a steady growth. Meanwhile, Bountifresh actively explored the apple and cherry seedling businesses, cultivated and introduced multiple world-leading fruit varieties for pioneering incubation and demonstrative planting.

(2) *Animal protein business*

Joyvio Group promotes its global presence in the premium animal protein industry through its subsidiaries Joyvio Food and KB Food. As of December 31, 2021, Joyvio Group held 46.08% equity interest in Joyvio Food and 100% equity interest in KB Food.

Joyvio Food owns Australis Seafoods S.A., a world-leading salmon company from Chile, and Qingdao Starfish, China's largest importer and distributor of arctic sweet shrimp and processor of snowfish. During the Reporting Period, the prices of salmon in the international markets continued to rebound and Joyvio Food's salmon business was gradually recovering. Meanwhile, it actively promoted the research and development of the value-added 3R products (namely "Ready-to-Cook, Ready-to-Heat, Ready-to-Eat"), while diversifying its sale channels. Qingdao Starfish maintained its industry-leading position as the largest importer and distributor of arctic sweet shrimp and processor of snowfish. Despite the impact of COVID-19 overseas leading to the rising costs of cross-border logistics and domestic inspections and quarantines, Joyvio Food took active measures to reduce costs and enhance efficiency, and effectively countered the adverse impacts.

During the Reporting Period, KB Food actively responded to the challenges brought by the pandemic recurrence in Australia and achieved sales growth from its catering channels. KB Food also built a high-quality seafood processing center in the east coast of Australia, further completed its business layout and reinforced the leading edge of its retail channels. As the export of Australian lobsters faced hindrance, KB Food made use of its advantages in domestic sale channels to actively enhance its domestic sales of lobsters and achieved a relatively high gross profit.

(3) *Fresh semi-Finished products business*

Joyvio Group manages its Fresh semi-Finished products business through its subsidiary Nine Masters. As of December 31, 2021, Joyvio Group held 99.99% equity interest in Nine Masters.

During the Reporting Period, Nine Masters seized the opportunity from the rapid recovery of domestic catering channels, and vigorously expanded bullfrog product sales, which further reinforced the advantages of bullfrog products. At the same time, Nine Masters made greater efforts on research and development and launched the blackfish processed products, thus forming its two major business lines of bullfrogs and blackfish. It also launched the 3R food brand "Doctor Yao" (沃小厨) and further optimized the 3R food coverages.

BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has always played an active role in the main stages of Luxembourg's economic development. It is the third-biggest bank in Luxembourg in terms of market share and is recognized as systemically important by the European Central Bank. As of December 31, 2021, we held 89.98% equity interest in BIL.

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

During the Reporting Period, BIL actively promoted the vibrant development of its businesses in China. In supporting "The Belt and Road Initiative" and Chinese enterprises in "going global", BIL successively launched new businesses including corporate financial consultancy, issuance of green bonds, listing and equity bridge financing. In supporting the introduction of foreign investments, BIL increased its support to European clients with business in China by offering new products and services including M&A loans and business consultancy. In addition, BIL attracted foreign capital to invest in China by establishing private equity funds in relation to China and launching China AMC products.

In the Luxembourg market, BIL actively explored a brand-new customer service system that connected the business scenarios of the entire business line of retail, corporate and institutional and wealth management.

During the Reporting Period, despite the adverse macro-economic environment, BIL still achieved a remarkable performance in its business segments of retail banking, corporate and institutional banking and wealth management.

- Assets under Management (AUM) reached EUR45.9 billion, increased from EUR43.7 billion at the end of 2020. Customer deposits increased by 4.6% to EUR20.7 billion, from EUR19.8 billion at the end of 2020. Customer loans increased by 6.1% to EUR16.3 billion, up from EUR15.4 billion at the end of 2020;
- In 2021, BIL reported a net profit attributable to equity holders of Legend Holdings of RMB873 million, representing a year-on-year increase of 30%, mainly due to the growth of its core businesses, and the year-on-year decrease of loan provisions;
- At the end of 2021, CET-1 ratio was 14.15%;
- At the end of 2021, BIL's ratings by both Moody's and Standard & Poor's remained unchanged at A2/Stable/P-1 and A-/Stable/A-2 respectively.

To better respond to the market in the post-pandemic era, BIL, after due consideration and review, upgraded its strategic plan to facilitate sustainable development in the long run. This upgraded strategy focuses on the following key priorities, where BIL believes it can best use its unique capabilities and has a strong right to win:

- By enhancing its synergic advantages among retail, corporate and institutional, and private banking, it aims to deliver added value to its clients;
- It will continue to develop its Chinese related business on a step-by-step basis, with the ambition to become a leading bank for serving the Chinese enterprises to “go global” and “bring in” European enterprises;
- By delivering its new core banking system that will enhance support for BIL’s businesses and boost operating efficiency;
- By designing and implementing a new target operating model and culture, BIL is set to become a robust and dynamic bank ready to face the future.

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	4,465	4,580
Net profit	970	739
Net profit attributable to equity holders of Legend Holdings	873	671

INDUSTRIAL INCUBATIONS AND INVESTMENTS

Overview

Legend Holdings integrates its own aspiration of revitalizing the country through business and the mission of driving China’s technological innovation development. Legend Holdings also fully utilizes its experience in supporting the industrialization of technological achievements and based on its professional advantages in fund investment, pursues its future goal of long-term development or abundant financial returns, and nurtures or establishes its presence in a range of enterprises with the potentials of taking up leading positions and having excellent profitability in multiple industries. Our industrial incubations and investments segment covers:

- Legend Capital, a fund management company under Legend Holdings which focuses on early-stage venture capital and growth-stage private equity investment;
- Legend Star, an early-stage investment and incubation segment of Legend Holdings, which provides specialized services for entrepreneurs in terms of early-stage investment and in-depth incubation;

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

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

	<i>Unit: RMB million</i>	
	2021	2020
Revenue	3,875	4,933
Net profit	2,215	2,520
Net profit attributable to equity holders of Legend Holdings	1,540	2,535

During the Reporting Period, the revenue from the industrial incubations and investments segment was RMB3,875 million, representing a year-on-year decrease of 21%, and the net profit attributable to equity holders of Legend Holdings was RMB1,540 million, representing a year-on-year decrease of 39%, mainly due to the decreased investment income and gains as a result of capital market volatilities and adjustments to industrial policies.

Legend Capital

Legend Capital is one of the leading private equity investment institutions in China. As of December 31, 2021, Legend Capital managed a total of eight USD general funds (two of which were settled), six RMB general growth funds (one of which was settled), four RMB TMT innovative funds, three USD funds specialising in the healthcare sector, three RMB funds specialising in the healthcare sector, two RMB funds specialising in the culture and sports sector, one fund focusing on the red-chip return concept and two USD continued funds with an AUM of over RMB65.6 billion. As of December 31, 2021, the total amount raised by the funds was RMB11.3 billion during the Reporting Period.

During the Reporting Period, Legend Capital accumulatively completed 51 new investment projects, covering innovative and growing-stage enterprises in the TMT and innovative consumption, healthcare, corporate services and intelligent manufacturing sectors.

During the Reporting Period, Legend Capital fully or partially exited 54 projects, contributing a cash inflow of over RMB2.3 billion for Legend Holdings, and bringing sound cash return. Among its portfolio companies, 15 enterprises went public on the domestic and overseas capital markets through IPO, namely CareRay Digital Medical Technology Co., Ltd. (江蘇康眾數字醫療科技股份有限公司), Beijing Kawin Technology Share-Holding Co., Ltd. (北京凱因科技股份有限公司), NexImmune, Inc., New Horizon Health Limited, Chemclin Diagnostics Co., Ltd. (科美診斷技術股份有限公司), Singular Genomics Systems, Inc., JD Logistics, Inc., EAL, Missfresh Limited, Qingdao BAHEAL Pharmaceutical Co., Ltd. (青島百洋醫藥股份有限公司), Dook Media Group Limited (讀客文化股份有限公司), Zhuhai Pantum Electronics Co., Ltd. (珠海奔圖電子有限公司), Shanghai Aohua Photoelectricity Endoscope CO., Ltd. (上海澳華內鏡股份有限公司), Hangzhou SF Intra-City Industrial Co., Ltd. (杭州順豐同城實業股份有限公司) and Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司). As of December 31, 2021, 95 of Legend Capital's portfolio companies went public (not including those listed on NEEQS).

Legend Star

Legend Star is one of China's leading angel investment institutions. With its unique brand advantages and resources, it has continued to systematically expand its presence in three major fields, i.e. TMT, medical health, and cutting-edge technology, since its establishment in 2008. Since 2014, Legend Star has been ranked successively in the top tier of the Annual Angel Investment/Early Stage Investment Institutions by professional institutions in the industry, including the Zero2IPO Group and the ChinaVenture Group.

As of December 31, 2021, Legend Star managed ten funds, the total AUM of which exceeded RMB4 billion. It has accumulatively invested in over 300 domestic and overseas projects, including iDreamSky Games (樂逗遊戲), Megvii Face ++ (曠視科技 face ++), AISpeech (思必馳), Yunding Technology (雲丁科技), Axera (愛芯科技), CAES (中儲國能), Pony.AI, CIDI (希迪智駕), Hai Robotics (海柔創新), Teemsun (國科天成), Burning Rock Dx (燃石醫學), Kintor Pharmaceuticals (開拓藥業), PegBio (派格生物), Keymed Biosciences (康諾亞生物), Axonics, HiFiBiO, Ribo Life Science (瑞博生物), Coyote Bioscience (卡尤迪生物), Jinfeng Medical (精鋒醫療) and other high quality projects. Keymed Biosciences was listed on Hong Kong Stock Exchange on July 8, 2021.

During the Reporting Period, the total number of domestic and overseas investment projects was more than 50, covering different niche segments such as cutting-edge technology, biotechnology, digital medicine and TMT. Among the projects under management, approximately 90 projects completed the next round of private financing, and we exited approximately 20 projects. The final closing of the 4th USD fund, the first round closing of the 5th RMB fund, the final closing of the biotechnology special fund and the first round closing of the artificial intelligence special fund were completed.

Fullhan Microelectronics

In 2020, Legend Holdings strategically invested in Fullhan Microelectronics via our subsidiary, gaining its first foothold in the field of semiconductors. On March 17, 2021, we continued to acquire 5.22% equity interest in Fullhan Microelectronics with the completion of registration of transfer on June 9. As of December 31, 2021, Legend Holdings held an aggregate of 15.90% equity interest in Fullhan Microelectronics through our subsidiary.

Fullhan Microelectronics is China's leading company specializing in the design and development of chips for video-based smart surveillance, smart home and smart automotive. It has been granted the title of state-level specialized and new "little giants" enterprise (國家級專精特新“小巨人”企業). Through years of proprietary research and development and innovation, the firm has developed a range of proprietary core technologies in chip algorithm research, IP core development, SoC chips implementation, product solutions and other areas, while always keeping a large proportion of investment in research and development. Fullhan Microelectronics maintains close strategic partnerships with benchmark security surveillance equipment manufacturers. Its ISP chip products (analog camera image processing chips) take the lead in the global security markets. The ISP in-vehicle products of Fullhan Microelectronics have obtained the relevant automobile-grade certifications and received mass procurements by mainstream automobile enterprises. Smart automotive has gradually become a new business growth area for Fullhan Microelectronics.

During the Reporting Period, Fullhan Microelectronics actively promoted technological innovation of research and development and continued to drive the improvement and upgrading of its product lines. In the field of smart surveillance, Fullhan Microelectronics further acquired 32.43% equity interest in Molchip Technology (Shanghai) Co., Ltd. (眸芯科技(上海)有限公司) ("Molchip Technology") to realize the control of Molchip Technology, which also perfected its back-end product lines and established an industry-leading one-stop solution for smart security-related products, further enhancing its business strategic layout. In the field of smart home, Fullhan Microelectronics launched competitive products and solutions to cater the demands on smart home and all kinds of intelligent scanning products under the new retail trend, featuring low standby power consumption, fast activation, stable connection, easy operating systems and strong adaptability to boost users' experience. Such products received good response in the market. Meanwhile, Fullhan Microelectronics actively sought for more operator customers and established cooperative relationships with three major operators in China. In the field of smart automotive, Fullhan Microelectronics further perfected its product lines and launched a series of competitive products covering from post-installation to pre-installation and from image-processing chips to transmission chips.

During the Reporting Period, the chips supply chain remained stretched amidst the booms of security and other industries due to keen demand from customers coupled with the domestic production demands within the supply chains and the impacts of the pandemic. Facing such a complex situation, Fullhan Microelectronics continued to strengthen its cooperation with upstream suppliers such as wafer manufacturers and chips packaging and testing firms as responsive measures to ensure stable productions and timely supply of products. Meanwhile, Fullhan Microelectronics also actively pursued market expansions and layout so as to generate prominent performance growth.

Legend Holdings engaged with Fullhan Microelectronics for greater cooperation in the semiconductor industry. We jointly founded Jiangyin Hanlian Zhixin Equity Investment Partnership (Limited Partnership) (江陰瀚聯智芯股權投資合夥企業(有限合夥)) (“Hanlian Semiconductor Industry Fund”). The industry fund mainly focuses on areas that are related to and have the potential of creating synergy with the core businesses of Fullhan Microelectronics, so as to create conducive conditions for Legend Holdings and Fullhan Microelectronics to follow industry trends closely and grasp industry advancements. Hanlian Semiconductor Industry Fund also received support from the local government. A strategic cooperation agreement was signed between Fullhan Microelectronics and Jiangsu Jiangyin People’s Government (江蘇省江陰市人民政府), under which the latter intended to invest RMB300 million in Hanlian Semiconductor Industry Fund and to coordinate the local resources to ensure packaging capacity. Joint efforts were made to promote the upgrading of the semiconductor industry, and improve the industrial layout and ecology.

Lakala

The principal operations of Lakala comprise merchant payment business and merchant technology service business. As a commercial digitalized operation service provider, Lakala upgrades and transforms its role from “collecting payments for merchants” to “making profits for merchants”, empowering merchants in the full spectrum of services covering payment, technology, supply of merchandise, logistics, finance, brand and marketing to give full play to their respective competitive edges in the internet era. As of December 31, 2021, the Company held 28.24% equity interest in Lakala.

In terms of merchant payment business, the settlement business of Lakala continued to grow, maintaining its position in the market with leading the development of industry. Lakala established the digital payment division and it was one of the only two payment institutions among the first 15 strategic partners of the People’s Bank of China in e-CNY. Lakala strategically invested in Skyee, one of the first approved cross-border payment service providers of Amazon USA, and completed the link between its system and Lakala platform. Furthermore, Lakala launched a cross-border technology platform to help SMEs conduct business more simply and effectively around the world. In terms of merchant technology service business, Lakala has successively launched trial operation for cloud supermarket platforms in 25 cities across China, which digitally connected merchants, supply of merchandise, and logistics systems through the SaaS platform, and expanded merchants’ source of supply and their SKU so as to help SMEs to grow their businesses.

EAL

EAL mainly engages in the air logistics business. On June 9, 2021, EAL entered the capital market through the completion of its IPO and was listed on the Shanghai Stock Exchange (Stock Code: 601156). As of December 31, 2021, Legend Holdings held 18.09% equity interest in EAL.

During the Reporting Period, the resurgence of COVID-19 pandemic brought new uncertainties to global economic recovery. Resumption of international passenger flights continued to be delayed. The mismatch of demand-supply resulted in ongoing shortages of air cargo capacities. Riding on the transformation and upgrade of the Chinese manufacturing industry, consumption upgrade and the development window period for Chinese brands going overseas, EAL actively expanded its freight capacity through multiple channels to enhance its capacities supply. As of the end of the Reporting Period, EAL owned 10 wide cargo planes, operated a total of 2,939 cargo flights from Shanghai and 141 cargo flights from Shenzhen, and exclusively engaged in the cargo business of more than 700 passenger planes of China Eastern Airlines. Meanwhile, EAL enhanced its cargo freight utilization rate through measures such as improving its airfreight networks and cargo operation standardization processes. Furthermore, EAL promoted the district-port linkage model (區港聯動模式) featuring a “one-stop aviation services center” (一站式空服中心) to enhance its market share of comprehensive ground services. EAL also expedited the development of a comprehensive logistics solution product system, increased its efforts to boost direct customer development and rapidly expand its business scale. In 2021, EAL recorded significant revenue and profit growth.

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

Zhengqi Holdings

Zhengqi Holdings is an innovative investment holding group focusing on technology innovation enterprises. Through the business model of “finance + investment + industry” (金融+投資+產業), it promotes the development of technology innovation enterprises through investment-loan linkage and various empowerment initiatives, and thus enhances the value of industrial chains. As of December 31, 2021, the Company held 94.62% equity interest in Zhengqi Holdings.

During the Reporting Period, Zhengqi Holdings maintained its business strategy of “optimizing resource allocation in targeted industries and regions with investment banking initiatives” (產業聚焦、投行引領、區域深耕、資源優配). It focused its business on emerging industries with strategic importance and their ecological chain encompassing semiconductors, high-end equipment manufacturing, advanced materials, new energy, energy conservation and environmental protection. From an investment bank perspective, it substantially increased its presence in such industries and constantly optimized and adjusted its business structure. It actively carried out strategic layout in the Yangtze River Delta, the Greater Bay Area, the Beijing-Tianjin-Hebei region and the Yangtze River Economic Belt. Through micro loans, credit guarantee, financial leasing, commercial factoring, equity investment and other business varieties, it provides a basket of investment-loan linkage and empowerment services for technology innovation enterprises, and cooperates with technology innovation enterprises for mutual benefit, win-win and common growth.

During the Reporting Period, Chemclin Diagnostics (科美診斷), an investment project of Zhengqi Holdings in biomedical sector, was successfully listed on April 9, 2021, while Gocom Technology (工大高科) was successfully listed on June 28, 2021, and Anhui Higasket Plastics (萬朗磁塑) successfully landed on the main board of the Shanghai Stock Exchange on January 24, 2022. In addition, Zhengqi Holdings has a number of investment companies whose listing applications have been accepted or are about to be submitted.

JC Finance & Leasing

JC Finance & Leasing, founded in November 2015, is Legend Holdings’ subsidiary specializing in financial leasing and related financial businesses. Backed by Legend Holdings’ brand and management expertise, JC Finance & Leasing collaborated with well-regarded domestic and overseas equipment manufacturers. It focuses on industries and industrial chains and develops its financial leasing business in fields that act as key growth drivers of China’s new economy, such as advanced manufacturing, energy conservation and environmental protection, digital information, agri-food, healthcare services, public services and transportation. As of December 31, 2021, the Company held 99.01% equity interest in JC Finance & Leasing.

During the Reporting Period, China’s economy continued to recover steadily, and the financial leasing industry remained in an adjustment stage amidst tightening financial regulation. JC Finance & Leasing seized the opportunity and actively adjusted its strategy to foster stable business growth. In 2021, JC Finance & Leasing achieved growth in revenue and profit. As of the end of the Reporting Period, its financial leasing business balance registered an increase to RMB11,766 million from the beginning of 2021. The improvement in performance was mainly attributable to the growth in new projects and the decrease in financing costs. During the Reporting Period, JC Finance & Leasing adhered to the positioning of serving the real economy, provided medium- and long-term financial supports to more than 3,700 MSMEs, and helped them achieve production capacity expansion and upgrade. The number of MSMEs served increased by 37.3% compared to the beginning of the year.

During the Reporting Period, JC Finance & Leasing continued to actively expand external financing. In 2021, the first overseas syndicated loan was issued, enabling it to successfully gain access to overseas financing avenues. In addition, the recognition of JC Finance & Leasing in the domestic capital market has been further improved. The optimization of the financing structure and the diversification of capital channels have further enhanced the ability and sustainability of JC Finance & Leasing to support the development of the real economy, as well as boosting its own business development.

Hony Capital

Hony Capital currently runs private equity, real estate, public offering fund management, hedge fund and venture capital businesses. As of December 31, 2021, Hony Capital mainly managed eight equity investment funds, three property funds, one cultural industry fund and one venture capital fund. Hony Horizon Fund Management Co., Ltd., a public offering fund management company under Hony Capital, specialising in investment and management businesses in the secondary market, managed seven public offering funds, including five hybrid funds and two index funds, as of the end of the Reporting Period.

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

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

During the Reporting Period, Hony Capital actively exited projects, thereby contributing a constant and stable cash return to Legend Holdings.

Shanghai Neuromedical Center

Founded in 2013, Shanghai Neuromedical Center is a specialized hospital built according to the standards of tertiary specialized hospitals, with a strong specialty of clinical neuroscience and comprehensive hospital features. As of December 31, 2021, we held 58% equity interest in Shanghai Neuromedical Center through our subsidiary.

During the Reporting Period, Shanghai Neuromedical Center kept strengthening the development of its advanced neurology specialty and other comprehensive departments, and introduced talents to various departments, so as to facilitate the medical discipline developments and improve medical techniques. In addition, among the first batch of hospitals that accepted portable medical insurance in the country, Shanghai Neuromedical Center was also one of the first hospitals to provide the direct settlement of expenses for outpatients on the basis of providing that to hospitalized patients under portable medical insurance. As a result, outpatients no longer need to pay out-of-pocket and claim reimbursement later. In February 2021, Shanghai Neuromedical Center officially established its operational management center to make its operational management more precise and standardized with a clear process, and lifted its service quality in various aspects to improve the patients' satisfaction. During the Reporting Period, the operating result of Shanghai Neuromedical Center was improved, and the number of outpatient visits, discharged patients and surgeries was increased.

Hankou Bank

Hankou Bank primarily conducts commercial banking businesses including corporate banking, retail banking and financial market business. Hankou Bank has a network covering all cities in Hubei Province, with branches in Chongqing. As of December 31, 2021, the Company held 13.11% equity interest in Hankou Bank. During the Reporting Period, Hankou Bank was actively preparing for its IPO.

In 2021, in the face of the complicated economic and financial situations, Hankou Bank has been making consistent efforts in synergizing its scale, quality, and efficiency, which largely alleviated the impact of COVID-19. Its main operating ratios were stable and promising, and its performance achieved remarkable results. Firstly, Hankou Bank served the new development paradigm and spared no effort in serving Hubei to develop into an important node in the domestic circulation and a strategic link in the domestic and international circulations. Secondly, it was set to speed up business transformations and accelerate structural adjustment. The proportion of high-yield assets was steadily increased, and high-cost liabilities were continuously reduced. Personal finance, transaction banking and other businesses grew rapidly. Thirdly, it strengthened the “two finance” (兩融) brand. Focusing on national strategies such as innovation-driven and inclusive finance, Hankou Bank strengthened the brand building of FinTech and neighborhood finance. Fourthly, Hankou Bank started digital transformation with the “14th Five-Year” IT plan, thereby promoting and implementing significant scientific and technological projects. During the Reporting Period, Hankou Bank was awarded the “2020 Outstanding Contribution Organization for Financial Support to Hubei’s Economic Development”, the “2021 Top Ten City Commercial Banks”, “2021 China Financial Innovation Award Top Ten Corporate Financial Innovation Award”, “The Forth Iron Horse Small and Medium-sized Banks”, “The Most Technologically Competitive Small and Medium-Sized Bank Award”, the “Top 10 Technological Innovation Banks in China’s Local Finance” and others.

Bybo Dental

Bybo Dental provides dental healthcare services. In February 2021, Taikang Life Insurance further strengthened its support of Bybo Dental by capital injection. As of December 31, 2021, we held 26.05% equity interest in Bybo Dental.

Bybo Dental is committed to providing dental health services covering the whole life cycle from prevention to treatment. As Bybo Dental actively leveraged the business synergy of dental healthcare and insurance, the revenue generated from insurance business channels increased continuously. As of December 31, 2021, Bybo Dental had 216 oral services outlets, including 44 hospitals and 172 clinics, covering 22 municipalities and provinces, with 2,155 dental chairs. In addition, Bybo Dental has always attached great importance to medical discipline development and talent reserve, and has established an overall sound mechanism for clinical education and research. It has set up dentists grading and admission standards and the study paths for promotion. Bybo Dental continues to improve its medical techniques and core competitiveness.

During the Reporting Period, the operating efficiency of Bybo Dental was improved. In the future, while constantly improving its medical techniques and service qualities, Bybo Dental will make further efforts on enhancing customers' loyalty and market share. Bybo Dental will keep on providing high-quality dental medical services as well as improving its financial performance.

Raycom Property and Raycom Technology

Through our subsidiaries, Raycom Property and Raycom Technology, we hold the high-end office buildings, namely Raycom Info Tech Park Tower A, Tower B, and Tower C in Zhongguancun, Beijing^{Note}. Raycom Info Tech Park is leased as premium offices and shops and for our own occupation. The buildings received the certification issued by US Green Building Council the "Leadership in Energy and Environmental Design" (LEED), for the high standards of its energy-efficient design. As of December 31, 2021, the occupancy rate of Raycom Info Tech Park was about 94%, and the fair value of investment properties amounted to RMB11.47 billion (excluding the portion for own use).

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

FINANCIAL REVIEW

Finance costs

Finance costs after deducting capitalized amounts decreased from RMB6,309 million for the year ended 2020 to RMB5,730 million for the year ended 2021. Decline in finance costs was mainly the result of a decrease in average total borrowings and financing costs during the period.

Taxation

Our taxation increased from RMB3,614 million for the year ended 2020 to RMB6,042 million for the year ended 2021. Increase in the amount of taxation was mainly due to the increase in profit before tax compared with last year.

Capital expenditures and capital commitments

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

As of December 31, 2021, we had RMB4,929 million of capital expenditures contracted but not yet generated. Such capital commitments were mainly used for purchases of property, plant and equipment, and investment.

Liquidity and financial resources

Our principal sources of funds have been, and we expect to continue to utilize, cash generated from operations, various short-term and long-term bank borrowings, credit facilities and debt financing including corporate bonds and private placement bonds, to satisfy our future funding needs.

Cash at bank and on hand

Our cash at bank and on hand include cash and cash equivalents, bank deposit and restricted funds. As of December 31, 2021, our cash at bank and on hand were RMB86,196 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 22%, 21%, 16%, 30%, 3% and 8%, respectively, while the amount as of December 31, 2020 was RMB79,827 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 29%, 30%, 15%, 13%, 3% and 10%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits in reputable PRC and foreign banks.

Due to our business nature, we have relied on bank loans, other loans and the issuance of corporate bonds to fund a substantial portion of our capital requirements and we expect to continue to maintain finance portions of our capital expenditures with 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:

Unit: RMB million

	As of December 31, 2021	As of December 31, 2020
Bank loans		
– Unsecured loans	33,306	32,353
– Guaranteed loans	17,731	20,475
– Collateralised loans	8,913	10,295
Other loans		
– Unsecured loans	870	870
– Guaranteed loans	1,566	820
– Collateralised loans	5,760	1,637
Corporate bonds		
– Unsecured	59,344	64,181
– Asset backed securities and notes	465	868
– Convertible bonds	4,914	4,890
	132,869	136,389
Less: non-current portion	(95,244)	(99,078)
Current portion	37,625	37,311

As of December 31, 2021, among our total borrowings, 51% was denominated in RMB(December 31, 2020: 51%), 28% was denominated in USD (December 31, 2020: 29%) and 21% was denominated in other currencies (December 31, 2020: 20%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 56% and 44% of our total borrowings, respectively, while as of December 31, 2020 accounted for 67% and 33%, respectively. Our indebtedness reduction was mainly due to the repayment of our debts.

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

Unit: RMB million

	As of December 31, 2021	As of December 31, 2020
Within 1 year	37,625	37,311
After 1 year but within 2 years	36,180	30,518
After 2 years but within 5 years	41,373	51,829
After 5 years	17,691	16,731
	<u>132,869</u>	<u>136,389</u>

As of December 31, 2021, we had the following major corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
The Company	Corporate bonds	RMB	November 30, 2012	10 years	RMB1,984 million
The Company	Corporate bonds	RMB	July 6, 2016	10 years	RMB2,000 million
The Company	Corporate bonds	RMB	July 5, 2017	5 years	RMB2,500 million
The Company	Corporate bonds	RMB	January 31, 2018	5 years	RMB1,000 million
The Company	Corporate bonds	RMB	January 15, 2019	3 years	RMB2,000 million
The Company	Corporate bonds	RMB	January 15, 2019	5 years	RMB1,000 million
The Company	Corporate bonds	RMB	June 21, 2019	5 years	RMB2,000 million
The Company	Corporate bonds	RMB	June 3, 2020	3 years	RMB1,800 million
Lenovo	Medium term notes	USD	March 16, 2017	5 years	USD337 million
Lenovo	Medium term notes	USD	March 29, 2018	5 years	USD687 million
Lenovo	Convertible bonds	USD	January 24, 2019	5 years	USD675 million
Lenovo	Medium term notes	USD	April 24, 2020 and May 12, 2020	5 years	USD1,000 million
Lenovo	Medium term notes	USD	November 2, 2020	10 years	USD1,000 million
Joyvio Food	Convertible bonds	USD	June 14, 2019	5 years	USD125 million
BIL	Bank subordinate bonds	EUR	June 8, 2016	12 years	EUR50 million

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
BIL	Bank subordinate bonds	USD	October 18, 2016	12 years	USD100 million
BIL	Bank subordinate bonds	EUR	May 18, 2021	10.25 years	EUR100 million
BIL	Medium term notes	JPY	December 19, 2002 and September 1, 2021	5-20 years	JPY1,000 million
BIL	Medium term notes	EUR	2014-2021	1-20 years	EUR2,812 million
BIL	Medium term notes	USD	2019-2021	2-5 years	USD67 million
BIL	Medium term notes	CHF	2016-2020	2.5-6.5 years	CHF285 million
BIL	Medium term notes	SEK	January 29, 2021	3 years	SEK166 million
BIL	Medium term notes	GBP	July 5, 2021 and November 5, 2021	2-5 years	GBP8 million
Zhengqi Holdings	Corporate bonds	RMB	December 20, 2019	3 years	RMB75 million
Zhengqi Holdings	Corporate bonds	RMB	August 28, 2020	3 years	RMB200 million
Zhengqi Holdings	Corporate bonds	RMB	September 14, 2021	3 years	RMB600 million
JC Finance & Leasing	Private placement bonds	RMB	January 22, 2020	2 years	RMB400 million
JC Finance & Leasing	Asset backed securities	RMB	September 17, 2020	1-2 years	RMB36 million
JC Finance & Leasing	Asset backed securities	RMB	December 28, 2020	1-2 years	RMB60 million
JC Finance & Leasing	Corporate bonds	RMB	March 30, 2021	3 years	RMB195 million
JC Finance & Leasing	Asset backed securities	RMB	May 21, 2021	1-2 years	RMB128 million
JC Finance & Leasing	Asset backed notes	RMB	May 27, 2021	1-2 years	RMB236 million

The annual interest rates of our bonds listed above as of December 31, 2021 ranged from 0% to 7.20%.

Current ratio and total debts to total capital ratio

	As of December 31, 2021	As of December 31, 2020
Current ratio (times)	0.8	0.8
Total debts to total capital ratio	59%	61%

Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the reporting period has maintained stable as compared with December 31, 2020. Current ratio of less than 1 was mainly as a result of consolidation of BIL into our consolidated financial statements. The measures used to gauge liquidity risk in the banking industry differ from those commonly used in other non-banking industries. BIL is not required to classify and present separately the current and non-current portion of its assets and liabilities on its standalone statement of financial position. Nonetheless, such classification was effected to the extent that uniform accounting policies on consolidated accounts are required, which may not reflect the underlying liquidity characteristics of the banking business of the Company. As at the end of the Reporting Period, the Core Equity Tier 1 ratio of BIL stood at 14.15%, bespeaking robust business stability. Moreover, despite of a current ratio of less than 1, we have confidence to honor maturing debts when they fall due in consideration of our operating cash flow forecast, undrawn credit facilities of the Company and its subsidiaries.

Total debts to total capital ratio

Total debts to total capital ratio is calculated by dividing total debts (total borrowings) by total equity and total debts at the end of each financial period. The total debts to total capital ratio decreased slightly at the end of the Reporting Period compared to December 31, 2020, which mainly due to the combined impacts of the increase in the size of our total equity and the decrease in the size of our total debts.

Pledged assets

As of December 31, 2021, we pledged the assets of RMB20.7 billion (December 31, 2020: RMB19.2 billion) to secure our borrowings.

Contingencies

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

We evaluated the financial positions of financial guarantees provided in connection with our financial services business periodically and made provisions accordingly. As of December 31, 2021 and December 31, 2020, the provisions made by us were RMB96 million and RMB86 million respectively.

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

Unit: RMB million

	As of December 31, 2021	As of December 31, 2020
Financial guarantee of guarantee business	8,666	11,222
Other guarantee		
– Related parties	2,629	6,029
– Unrelated parties	480	640

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

RECOMMENDATION OF FINAL DIVIDEND

The Board has recommended a final cash dividend of RMB0.40 per ordinary share (before tax) for the year ended December 31, 2021 (2020: RMB0.36). The proposed final dividend is subject to the approval of the Shareholders at the 2021 annual general meeting of the Company (the “2021 AGM”) to be held on Wednesday, June 29, 2022. The proposed cash dividend will be paid to the Shareholders (whose names appear on the register of members of the Company on Monday, July 11, 2022) on or before Tuesday, August 30, 2022. The specific arrangement for the distribution of final dividend (including arrangement of withholding and payment of income tax for the Shareholders) will be disclosed separately in the notice of 2021 AGM. The dividends for Domestic Shares will be paid in RMB, and the dividends for H Shares will be denominated in RMB and paid in HKD (the exchange rate for RMB to HKD shall be calculated based on the average selling price for RMB to HKD released by the People’s Bank of China for a calendar week before the date of the 2021 AGM).

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders entitled to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, June 24, 2022 to Wednesday, June 29, 2022 (both days inclusive), during which time no transfer of the H Shares will be registered. Accordingly, unregistered H Shareholders shall lodge relevant share transfer documents with the Company's H share registrar, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Thursday, June 23, 2022.

In order to determine the entitlement of the H Shareholders to the final dividend for 2021, the H share register of the Company will be closed from Wednesday, July 6, 2022 to Monday, July 11, 2022 (both days inclusive). The H Shareholders who wish to receive the final dividend for 2021 shall deliver the share certificates accompanied by the transfer documents to the H share registrar of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Tuesday, July 5, 2022.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

		Year ended December 31,	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods and services	3	<u>487,259,121</u>	<u>413,730,939</u>
Interest income	3	3,968,497	5,520,200
Interest expense	3	<u>(1,355,941)</u>	<u>(1,684,286)</u>
Net interest income		<u>2,612,556</u>	<u>3,835,914</u>
Total revenue	3	489,871,677	417,566,853
Cost of sales and services	6	<u>(403,940,867)</u>	<u>(347,222,508)</u>
Gross profit		85,930,810	70,344,345
Selling and distribution expenses	6	(24,259,912)	(20,672,076)
General and administrative expenses	6	(39,972,079)	(36,408,630)
Expected credit loss	6	(1,740,258)	(2,493,286)
Investment income and gains	4	6,954,366	7,888,990
Other losses-net	5	(935,040)	(330,378)
Finance income	7	864,078	1,045,990
Finance costs	7	(5,729,570)	(6,309,290)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method		<u>977,935</u>	<u>(432,836)</u>
Profit before income tax		22,090,330	12,632,829
Income tax expense	8	<u>(6,041,822)</u>	<u>(3,614,400)</u>
Profit for the year		<u>16,048,508</u>	<u>9,018,429</u>

CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the year ended December 31, 2021*

		Year ended December 31,	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
Profit attributable to:			
– Equity holders of the Company		5,754,886	3,868,011
– Perpetual securities holders		–	317,801
– Other non-controlling interests		10,293,622	4,832,617
		<u>16,048,508</u>	<u>9,018,429</u>
Earnings per share for the profit attributable to the equity holders of the Company			
<i>(expressed in RMB per share)</i>			
Basic earnings per share	9	<u>2.46</u>	<u>1.66</u>
Diluted earnings per share	9	<u>2.28</u>	<u>1.62</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Year ended December 31,	
	2021	2020
Note	RMB'000	RMB'000
Profit for the year	16,048,508	9,018,429
Other comprehensive income/(loss):		
Items that will not be reclassified to income statement:		
Change in fair value of equity securities measured at fair value through other comprehensive income, net of taxes	487,511	(609,336)
Change in credit risk on financial liabilities measured at fair value through profit or loss, net of taxes	(1,328)	—
Share of other comprehensive (loss)/income of associates using equity accounting, net of taxes	(988)	42,397
Remeasurements of post-employment benefit obligation, net of taxes	12,708	(118,586)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	89,487	43,905
Items that may be reclassified subsequently to income statement:		
Change in fair value of debt securities measured at fair value through other comprehensive income, net of taxes	(27,750)	(32,630)
Currency translation differences	(3,419,086)	(3,790,925)
Share of other comprehensive income/(loss) of associates using equity accounting	56,597	(95,189)
Fair value change on cash flow hedges, net of taxes	923,344	(466,627)
Other comprehensive loss for the year, net of taxes	(1,879,505)	(5,026,991)
Total comprehensive income for the year	14,169,003	3,991,438
Attributable to:		
– Equity holders of the Company	4,967,304	501,693
– Perpetual securities holders	—	317,801
– Other non-controlling interests	9,201,699	3,171,944
	14,169,003	3,991,438

CONSOLIDATED BALANCE SHEET

As at December 31, 2021

		As at December 31,	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		26,613,671	23,351,343
Right-of-use assets		7,665,396	6,951,676
Investment properties		12,466,265	12,315,945
Intangible assets		63,617,646	65,450,440
Consumable biological assets		–	366,068
Associates and joint ventures using equity accounting		14,935,406	16,434,370
Associates measured at fair value through profit or loss		19,903,531	18,459,044
Financial assets at fair value through other comprehensive income		8,641,382	12,179,471
Financial assets at fair value through profit or loss		10,371,834	9,995,725
Loans to customers	12	77,874,281	81,164,394
Loans to credit institutions		1,320,193	22,570
Derivative financial assets		498,200	212,978
Other financial assets at amortised cost		48,203,427	57,131,509
Deferred income tax assets		18,606,062	18,290,286
Other non-current assets		12,449,355	9,563,113
Total non-current assets		323,166,649	331,888,932

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2021

		As at December 31,	
		2021	2020
	Note	RMB'000	RMB'000
Current assets			
Inventories		56,201,248	39,987,790
Consumable biological assets		1,750,507	1,193,174
Properties under development		1,444,087	986,020
Accounts and notes receivables	10	89,699,633	71,754,864
Prepayments, other receivables and other current assets	11	41,206,026	42,289,228
Loans to customers	12	45,951,978	49,167,712
Loans to credit institutions		2,697,271	7,007,686
Derivative financial assets		1,112,998	2,397,724
Financial assets at fair value through profit or loss		24,020,159	18,319,240
Financial assets at fair value through other comprehensive income		1,948,322	473,817
Other financial assets at amortised cost		5,291,381	4,805,442
Restricted deposits	13	26,004,542	9,839,472
Bank deposits	13	234,743	269,231
Cash and cash equivalents	13	59,956,630	69,718,438
		<u>357,519,525</u>	<u>318,209,838</u>
An associate held for sale		–	1,634,001
		<u>357,519,525</u>	<u>319,843,839</u>
Total current assets			
		<u>357,519,525</u>	<u>319,843,839</u>
Total assets		<u>680,686,174</u>	<u>651,732,771</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2021

		As at December 31,	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	14	2,356,231	2,356,231
Reserves		58,913,657	58,078,131
Total equity attributable to equity holders of the Company			
		61,269,888	60,434,362
Perpetual securities	15	1,558,457	1,554,740
Other non-controlling interests		35,006,747	29,708,464
Put option written on non-controlling interests	18(c)(1)	(5,024,368)	(5,024,368)
Total equity		92,810,724	86,673,198
LIABILITIES			
Non-current liabilities			
Borrowings	20	95,243,773	99,078,041
Lease liabilities		2,898,182	2,932,067
Amounts due to credit institutions		16,164,589	12,647,567
Amounts due to customers	19	2,648,144	5,284,663
Derivative financial liabilities		1,922,328	3,849,885
Deferred revenue		9,117,512	7,548,109
Retirement benefit obligations		2,803,639	3,133,388
Provisions	21	1,898,187	2,087,503
Financial liabilities at fair value through profit or loss		9,261,093	7,945,455
Deferred income tax liabilities		9,938,336	8,361,820
Other non-current liabilities	18	10,048,093	10,227,058
Total non-current liabilities		161,943,876	163,095,556

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at December 31, 2021*

		As at December 31,	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and notes payables	16	90,080,446	76,415,717
Other payables and accruals	17	112,540,532	90,309,895
Amounts due to credit institutions		13,464,130	20,840,403
Amounts due to customers	19	146,671,919	153,347,840
Financial liabilities at fair value through profit or loss		1,612,896	2,453,574
Derivative financial liabilities		1,174,850	2,679,794
Provisions	21	6,638,028	5,859,745
Advance from customers		2,540,884	2,032,481
Deferred revenue		8,709,517	7,033,567
Income tax payables		3,743,298	2,860,000
Lease liabilities		1,130,162	819,586
Borrowings	20	37,624,912	37,311,415
Total current liabilities		425,931,574	401,964,017
Total liabilities		587,875,450	565,059,573
Total equity and liabilities		680,686,174	651,732,771

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

Attributable to the equity holders of the Company														
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for share scheme RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Perpetual securities RMB'000	Other non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000	Total RMB'000
As at December 31, 2020	2,356,231	11,281,940	663,295	(23,265)	3,321,166	(287,079)	(238,900)	(4,614,040)	3,055,915	44,919,099	1,554,740	29,708,464	(5,024,368)	86,673,198
Profit for the year	-	-	-	-	-	-	-	-	-	5,754,886	-	10,293,622	-	16,048,508
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on financial assets at fair value through other comprehensive income	-	-	-	404,106	-	-	-	-	-	-	-	55,655	-	459,761
Credit risk changes on financial liabilities measured at fair value through profit or loss	-	-	-	(1,195)	-	-	-	-	-	-	-	(133)	-	(1,328)
Share of other comprehensive income of associates using equity accounting	-	-	-	55,609	-	-	-	-	-	-	-	-	-	55,609
Fair value change on cash flow hedges	-	-	-	-	-	-	346,378	-	-	-	-	576,966	-	923,344
Currency translation differences	-	-	-	-	-	-	-	(1,681,191)	-	-	-	(1,737,895)	-	(3,419,086)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	(732)	-	-	13,440	-	12,708
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	89,443	-	-	-	-	-	-	-	44	-	89,487
Total comprehensive income/(loss) for the year	-	-	-	547,963	-	-	346,378	(1,681,191)	(732)	5,754,886	-	9,201,699	-	14,169,003
Total transfer to retained earnings	-	-	-	4,087	-	-	-	-	-	(4,087)	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	1,602	-	-	34,023	-	35,625
Acquisition of subsidiaries	-	-	-	-	-	-	-	(39,225)	(3,357,469)	-	-	(79,886)	-	(119,111)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,415,548)	-	(7,773,017)
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,926,573	-	1,926,573
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	(5,995)	6,208	-	(2,353)	-	(2,140)
Transfer to reserve	-	-	-	-	-	-	-	-	(232,670)	-	-	(1,781)	-	(234,451)
Share of other reserve of associates	-	-	-	-	-	-	-	-	8,367	-	-	846,162	-	1,256,084
Share-based compensation	-	-	-	-	451,050	(49,495)	-	-	-	(32,934)	-	-	-	-
Transfer to statutory surplus reserve	-	-	32,934	-	-	-	-	-	-	(848,243)	-	(2,203,267)	-	(3,051,510)
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coupon/interest adjustment paid to holders of perpetual securities	-	-	-	-	-	-	-	-	-	(65,908)	3,717	(7,339)	-	(69,530)
Total transactions with owners, recognised directly in equity	-	-	32,934	-	451,050	(49,495)	-	(39,225)	(3,586,165)	(940,877)	3,717	(3,903,416)	-	(8,031,477)
As at December 31, 2021	2,356,231	11,281,940	696,229	528,785	3,772,216	(336,574)	107,478	(6,334,456)	(530,982)	49,729,021	1,558,457	35,006,747	(5,024,368)	92,810,724

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended December 31, 2021

	Attributable to the equity holders of the Company													
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Shares held for share scheme RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Perpetual securities RMB'000	Other non-controlling interests RMB'000	Put option written on non-controlling interests RMB'000	Total RMB'000
As at January 1, 2020	2,356,231	11,281,940	509,779	425,351	2,828,713	(259,154)	(29,754)	(1,952,459)	3,344,138	42,032,454	8,161,897	28,149,657	(5,024,368)	91,824,425
Profit for the year	-	-	-	-	-	-	-	-	-	3,868,011	317,801	4,832,617	-	9,018,429
Other comprehensive (loss)/income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on financial assets at fair value through other comprehensive income	-	-	-	(439,836)	-	-	-	-	-	-	-	(202,130)	-	(641,966)
Share of other comprehensive (loss)/income of associates using equity accounting	-	-	-	(60,641)	-	-	-	-	-	-	-	7,849	-	(52,792)
Fair value change on cash flow hedges	-	-	-	-	-	-	(209,146)	-	-	-	-	(257,481)	-	(466,627)
Currency translation differences	-	-	-	-	-	-	-	(2,661,581)	-	-	-	(1,129,344)	-	(3,790,925)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	-	-	-	(34,528)	-	-	(84,058)	-	(118,586)
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	39,414	-	-	-	-	-	-	-	4,491	-	43,905
Total comprehensive (loss)/income for the year	-	-	-	(461,063)	-	-	(209,146)	(2,661,581)	(34,528)	3,868,011	317,801	3,171,944	-	3,991,438
Total transfer to retained earnings	-	-	-	15,617	-	-	-	-	-	(15,617)	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	75,004	-	75,004
Disposal of subsidiaries	-	-	-	(3,170)	-	-	-	-	-	-	-	(1,370,296)	-	(1,373,466)
Transaction with other non-controlling interests	-	-	-	-	-	-	-	-	(131,541)	-	-	(1,008,674)	-	(1,140,215)
Contribution from other non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,057,840	-	2,057,840
Derecognition of perpetual securities	-	-	-	-	-	-	-	-	(108,416)	-	(6,698,762)	(264,122)	-	(7,071,300)
Issuance of perpetual capital	-	-	-	-	-	-	-	-	-	-	200,000	-	-	200,000
Transfer to reserve	-	-	-	-	-	-	-	-	(42,656)	40,993	-	7,203	-	5,540
Share of other reserve of associates	-	-	-	-	-	-	-	-	30,210	-	-	(1,473)	-	28,737
Share-based compensation	-	-	-	-	492,453	-	-	-	(1,292)	-	-	1,151,845	-	1,763,771
Purchase of shares under share scheme	-	-	-	-	-	120,765	-	-	-	-	-	-	-	(148,690)
Distribution to contingent convertible bond holders	-	-	-	-	-	(148,690)	-	-	-	-	-	-	-	(84,104)
Transfer to statutory surplus reserve	-	-	153,516	-	-	-	-	-	-	(75,670)	-	-	-	-
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	(153,516)	-	-	-	-
Distribution to perpetual securities holders	-	-	-	-	-	-	-	-	-	(777,556)	(426,196)	(2,252,030)	-	(3,029,586)
														(426,196)
Total transactions with owners, recognised directly in equity	-	-	153,516	(3,170)	492,453	(27,925)	-	-	(253,695)	(965,749)	(6,924,958)	(1,613,137)	-	(9,142,665)
As at December 31, 2020	2,356,231	11,281,940	663,295	(23,265)	3,321,166	(287,079)	(238,900)	(4,614,040)	3,055,915	44,919,099	1,554,740	29,708,464	(5,024,368)	86,673,198

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2021

		Year ended December 31,	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities			
Cash generated from operations	23	27,627,244	47,124,717
Income tax paid		(5,459,143)	(4,367,120)
Net cash generated from operating activities		22,168,101	42,757,597
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(9,856,639)	(7,556,608)
Proceeds from sale of property, plant and equipment and intangible assets		611,760	326,479
Purchase of financial assets at fair value through profit or loss		(13,397,354)	(14,502,837)
Proceeds from the disposal of financial assets at fair value through profit or loss		10,970,193	10,769,896
Dividends from financial assets at fair value through profit or loss		202,729	334,623
Capital injection in associates measured at fair value through profit or loss		(1,482,212)	(1,894,250)
Distributions from associates measured at fair value through profit or loss		2,329,827	4,229,729
Acquisition of and capital injection in associates and joint ventures using equity accounting		(223,971)	(1,224,253)
Proceeds from disposal of associates using equity accounting		4,331,574	802,449
Dividends from associates using equity accounting		1,158,171	609,728
Purchase of financial assets at fair value through other comprehensive income		(425,281)	(2,224,588)
Disposal of financial assets at fair value through other comprehensive income		649,265	233,361
Dividends from financial assets at fair value through other comprehensive income		38,457	1,490
Acquisition of subsidiaries, net of cash acquired		(902,609)	(249,947)
Disposal of subsidiaries, net of cash disposed		866,244	(690,763)
Loans repaid from/(granted to) related parties and third parties		1,009,187	(1,785,246)
Repayment of contingent consideration and deferred consideration		–	(1,086,214)
Interest received		457,363	384,417
Increase in fixed deposits for more than 3 months		(590,247)	(143,194)
Purchase of financial assets at amortized cost		–	(51,116)
Disposal of financial assets at amortized cost		735	–
(Prepaid)/advance from proposed transactions		(629,001)	685,121
Net cash used in investing activities		(4,881,809)	(13,031,723)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)*For the year ended December 31, 2021*

		Year ended December 31,	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
Cash flows from financing activities			
Proceeds from borrowings		114,179,342	72,660,159
Repayments of borrowings		(120,940,919)	(94,300,622)
Repayments of lease liabilities		(1,246,766)	(1,026,388)
Issue of perpetual securities		–	200,000
Issue of other bonds, net of issuance costs		2,708,034	17,360,925
Repurchase of convertible preferred shares		(1,642,377)	–
Repayments of perpetual securities		–	(7,071,300)
Capital contributions from other non-controlling interests		1,973,537	2,781,217
Distribution to perpetual securities holders		–	(426,196)
Distribution to other non-controlling interests		(2,903,317)	(2,271,182)
Transaction with other non-controlling interests		(9,277,225)	(1,253,331)
Dividends paid to equity holders of the Company	22	(849,678)	(775,950)
Interest paid		(6,187,716)	(7,152,251)
Net cash used in financing activities		(24,187,085)	(21,274,919)
Net (decrease)/increase in cash and cash equivalents		(6,900,793)	8,450,955
Cash and cash equivalents at beginning of year		69,718,438	62,339,559
Exchange losses on cash and cash equivalents		(2,861,015)	(1,072,076)
Cash and cash equivalents at end of year	13	59,956,630	69,718,438

1. GENERAL INFORMATION

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

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

The Company operates its business through two sectors: industrial operations, industrial incubations and investments.

The industrial operation consist of operations in:

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

The industrial incubations and investment sector conducts investment in private equity funds (“PE Funds”) and venture capital funds (“VC Funds”) as a limited partner and holds interest in the general partners of certain funds. The Group also makes early stage or “angel” investments in technology start-ups and minority investments in other entities. It also provides aviation logistics, financial services, medical and health care, office leasing services related businesses etc..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2.1.1 New and amended standards and interpretations adopted

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

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

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

Amendments to IFRS and IAS effective for the financial year beginning on January 1, 2021 do not have a material impact on the Group’s consolidated financial statements.

2.1.2 New and amended standards not yet adopted

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

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

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

Impact of new standard released not yet adopted

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

3. SEGMENT INFORMATION

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

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

Industrial operation:

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

Industrial incubations and investments:

Which is engaged in investment in the PE Funds and VC Funds as a limited partner and holds interest in the general partners of certain funds. It also makes early stage or “angel” investments in technology start-ups and minority investments in other entities. It also provides aviation logistics, financial services, medical and health care, office leasing services related business etc..

The unallocated amounts primarily represent corporate expenses that are not directly allocated to one of the aforementioned operating segments. The unallocated amounts also include other income statement items such as employee benefit expenses, finance income and finance costs, which cannot be directly identified to specific operating segments. Segment assets consist, primarily of investment properties, property, plant and equipment, intangible assets, right-of-use assets, inventories, receivables and cash and cash equivalents. Segment liabilities primarily comprise operating liabilities.

The Board of Directors assesses the performance of the operating segments based on a measure of net profit and profit attributable to equity holders of the Company.

Year ended December 31, 2021

	Industrial Operations					Industrial incubations and investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo RMB'000	Levima Group RMB'000	Joyvio Group RMB'000	BIL RMB'000					
Segment revenue									
Sales/provide services to external customers	455,330,921	8,270,820	17,937,460	2,307,640	3,412,280	-	-	-	487,259,121
Interest income	-	-	-	3,512,919	455,578	-	-	-	3,968,497
Interest expense	-	-	-	(1,355,941)	-	-	-	-	(1,355,941)
Inter-segment sales/provide services	-	-	-	-	7,548	-	-	(7,548)	-
Total	455,330,921	8,270,820	17,937,460	4,464,618	3,875,406	-	(7,548)	-	489,871,677
Segment results									
Profit/(loss) before income tax	16,958,918	1,331,546	435,013	1,135,342	4,360,247	(2,130,736)	-	-	22,090,330
Income tax (expense)/credit	(3,992,539)	(165,237)	(61,702)	(165,517)	(2,145,302)	488,475	-	-	(6,041,822)
Profit/(loss) for the year	12,966,379	1,166,309	373,311	969,825	2,214,945	(1,642,261)	-	-	16,048,508
Profit/(loss) attributable to equity holders of the Company for the year	4,019,400	593,005	371,812	872,649	1,540,281	(1,642,261)	-	-	5,754,886
Segment assets	275,232,792	13,107,334	23,448,506	236,247,856	114,807,669	20,571,084	(2,729,067)	-	680,686,174
Segment liabilities	257,501,010	6,235,830	15,297,032	219,103,729	31,114,499	61,352,417	(2,729,067)	-	587,875,450
Other segment information:									
Depreciation and amortisation	(7,934,256)	(572,826)	(533,622)	(421,770)	(183,376)	(9,648)	-	-	(9,655,498)
Impairment loss for non-current assets	(268,618)	(1,353)	(164,061)	731	(436,589)	-	-	-	(869,890)
Investment income and gains	1,568,561	14,892	578,271	741,033	4,068,244	(16,635)	-	-	6,954,366
Finance income	308,921	32,758	30,379	-	152,449	349,563	(9,992)	-	864,078
Finance costs	(2,441,623)	(168,620)	(401,449)	-	(525,933)	(2,201,937)	9,992	-	(5,729,570)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(79,430)	28,996	113,662	18,405	896,302	-	-	-	977,935
Material non-cash items other than depreciation and amortisation	(2,389,166)	-	-	-	(34,175)	-	-	-	(2,423,341)
Capital expenditure	11,516,938	2,795,831	1,517,159	795,148	203,684	11,452	-	-	16,840,212
Associates and joint ventures using equity accounting	544,319	290,354	827,344	4,885	13,268,504	-	-	-	14,935,406
Associates measured at fair value through profit or loss	-	-	-	-	19,903,531	-	-	-	19,903,531

Year ended December 31, 2020

	Industrial Operations					Industrial incubations and investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
	Lenovo (Restate) RMB'000	Levima Group (Restate) RMB'000	Joyvio Group (Restate) RMB'000	BIL (Restate) RMB'000					
Segment revenue									
Sales/provide services to external customers	384,991,987	6,044,630	17,036,899	2,212,516	3,444,907	-	-	-	413,730,939
Interest income	-	-	-	4,051,523	1,468,677	-	-	-	5,520,200
Interest expense	-	-	-	(1,684,286)	-	-	-	-	(1,684,286)
Inter-segment sales/provide services	-	-	-	-	19,268	-	-	(19,268)	-
Total	384,991,987	6,044,630	17,036,899	4,579,753	4,932,852	-	-	(19,268)	417,566,853
Segment results									
Profit/(loss) before income tax	10,170,573	730,764	(1,174,152)	852,063	3,944,531	(1,890,950)	-	-	12,632,829
Income tax (expense)/credit	(2,627,052)	(113,763)	190,368	(112,589)	(1,424,102)	472,738	-	-	(3,614,400)
Profit/(loss) for the year	7,543,521	617,001	(983,784)	739,474	2,520,429	(1,418,212)	-	-	9,018,429
Profit/(loss) attributable to equity holders of the Company for the year	2,092,519	355,099	(367,714)	671,079	2,535,240	(1,418,212)	-	-	3,868,011
Segment assets	237,232,288	10,073,613	22,826,009	247,627,137	116,521,994	21,520,925	(4,069,195)	-	651,732,771
Segment liabilities	224,119,935	4,310,506	14,903,299	230,560,291	31,153,731	64,081,006	(4,069,195)	-	565,059,573
Other segment information:									
Depreciation and amortisation	(7,114,832)	(364,355)	(439,492)	(461,531)	(182,157)	(9,552)	-	-	(8,571,919)
Impairment loss for non-current assets	(363,662)	(276)	(120,621)	-	(419,312)	-	-	-	(903,871)
Investment income and gains	1,605,363	(6)	67,249	205,734	6,130,850	(120,200)	-	-	7,888,990
Finance income	239,028	17,162	132,287	-	41,743	650,405	(34,635)	-	1,045,990
Finance costs	(2,790,964)	(150,245)	(541,253)	-	(748,981)	(2,112,482)	34,635	-	(6,309,290)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(188,640)	(9,853)	84,666	15,086	(334,095)	-	-	-	(432,836)
Material non-cash items other than depreciation and amortisation	(1,763,170)	-	-	-	(120,765)	-	-	-	(1,883,935)
Capital expenditure	7,133,800	366,242	1,716,604	614,676	342,779	11,586	-	-	10,185,687
Associates and joint ventures using equity accounting	481,890	229,595	1,563,561	229,803	13,929,521	-	-	-	16,434,370
Associates measured at fair value through profit or loss	-	-	-	-	18,459,044	-	-	-	18,459,044

(a) **Revenue from external customers**

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
China	141,863,359	111,494,629
Asia-Pacific region excluding China	77,994,795	79,532,940
Europe/Middle East/Africa	122,124,140	104,410,852
Americas	147,889,383	122,128,432
Total	<u>489,871,677</u>	<u>417,566,853</u>

(b) **Non-current assets**

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
China	59,356,992	55,441,545
Asia-Pacific region excluding China	13,824,670	13,901,725
Europe/Middle East/Africa	14,303,495	14,502,591
Americas	25,799,216	26,071,160
Total	<u>113,284,373</u>	<u>109,917,021</u>

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

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

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At a point in time	471,212,942	399,258,704
Over time	18,658,735	18,308,149
	<u>489,871,677</u>	<u>417,566,853</u>

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

As at December 31, 2021, deferred revenue and advance from customers amounting to RMB20,368 million (2020: RMB16,614 million) primarily relate to the Group's unsatisfied performance obligations for which consideration has been received at the reporting date. Revenue is recognized in the period when the performance obligations are satisfied. RMB8,974 million (2020: RMB8,020 million) was recognized as revenue during the year that was included in such balance at the beginning of the year.

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

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

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	11,250,401	9,066,048
More than one year	9,117,512	7,548,109
	<u>20,367,913</u>	<u>16,614,157</u>

4. INVESTMENT INCOME AND GAINS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on disposal/dilution of associates	1,133,499	309,856
Gains/(losses) on disposal of subsidiaries	422,787	(75,712)
Dividend income from financial assets at fair value through other comprehensive income	8,390	18,878
Fair value gains and dividend income from associates measured at fair value through profit or loss	2,780,159	4,308,429
Disposal gains/fair value gains/dividend income from financial assets at fair value through profit or loss	2,209,387	3,225,407
Others	400,144	102,132
	<u>6,954,366</u>	<u>7,888,990</u>

5. OTHER LOSSES-NET

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	601,427	687,641
Gains on disposal of property, plant and equipment and intangible assets	254,677	186,149
Fair value gains/(losses) on investment properties	57,737	(312,395)
Net foreign exchange (losses)/gains	(958,349)	227,073
Severance and related costs	(49,526)	(550,774)
Non-recourse factoring costs	(335,588)	(280,980)
Others	(505,418)	(287,092)
	<u>(935,040)</u>	<u>(330,378)</u>

6. EXPENSES BY NATURE

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	377,493,130	324,363,667
Employee benefit expense	41,918,530	39,034,757
Office and administrative expense	3,963,350	4,108,475
Advertising costs	6,962,992	4,605,703
Depreciation and amortisation	9,655,498	8,571,919
Impairment loss for loan to customers	689,623	1,457,130
Impairment loss for other financial assets	1,050,635	1,036,156
Impairment loss for non-current assets (i)	869,890	903,871
Consultancy and professional fees	2,046,782	2,252,677
Customer support service	4,990,098	5,058,385
Auditors' remuneration-audit services	110,660	92,584
Auditors' remuneration-non audit services	29,552	20,669
Labs and testing	2,834,812	1,647,517
Lease payments	190,225	136,470
Taxes and surcharges	892,057	746,430
Transportation expense	916,018	673,264
Inventory write-down	1,942,121	907,338
Other expenses (ii)	13,357,143	11,179,488
	469,913,116	406,796,500

- (i) For the year ended December 31, 2021, impairment loss on non-current assets mainly consists of impairment loss of intangible assets of RMB588 million (2020: RMB479 million).
- (ii) Other expenses mainly include non-base manufacturing costs from IT business, which are costs that are periodic in nature as opposed to product specific. They are typically incurred after the physical completion of the product and include items such as outbound freight for in-country finished goods shipments, warranty costs, engineering charges, storage and warehousing costs. Non-base manufacturing costs are included in the calculation of gross margin but not inventoriable costs.

7. FINANCE INCOME AND COSTS

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Interest expense (i):		
– Bank loans and overdrafts	2,132,452	2,615,002
– Other loans	443,303	222,940
– Bonds	2,091,373	2,169,787
– Lease liabilities	186,100	174,947
Factoring costs	701,365	944,742
Interest costs on put option liability	174,977	181,872
Finance costs	5,729,570	6,309,290
Finance income (i):		
– Interest income on bank deposits and money market funds	(504,089)	(440,821)
– Interest income on loans to related parties	(225,371)	(118,536)
– Interest income on loans to non-related parties	(134,618)	(486,633)
Finance income	(864,078)	(1,045,990)
Net finance costs	4,865,492	5,263,300

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

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% while the income tax provision for group entities operating in Mainland 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.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Current income tax	5,475,625	4,394,393
Deferred income tax	566,197	(779,993)
Income tax expense	6,041,822	3,614,400

9. 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 year excluding shares held for the share incentive plan.

	Year ended December 31,	
	2021	2020
Basic earnings attributable to equity holders of the Company (RMB'000)	5,754,886	3,868,011
Diluted impact on earnings (RMB'000) (i)	(407,368)	(73,591)
Diluted earnings attributable to the equity holders of the Company (RMB'000)	5,347,518	3,794,420
Weighted average number of issued ordinary shares (thousands)	2,356,231	2,356,231
Less shares held for share incentive plan (thousands)	(17,390)	(28,983)
Weighted average number of issued ordinary shares for calculating basic earnings per share (thousands)	2,338,841	2,327,248
Potential dilutive effect arising from share incentive plan (thousands) (ii)	1,712	11,578
Weighted average number of issued ordinary shares for calculating diluted earnings per share (thousands) (ii)	2,340,553	2,338,826
Earnings per share		
– Basic (RMB per share)	2.46	1.66
– Diluted (RMB per share)	2.28	1.62

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

(ii) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares issued under the share incentive plan. A calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of share options and the subscription rights attached to outstanding unexercised awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the restricted shares and share options, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per share.

10. ACCOUNTS AND NOTES RECEIVABLES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Accounts and notes receivables at amortised cost		
Trade receivables	4,288,004	5,241,144
Notes receivables	865,515	398,505
Receivables arising from finance leases	6,697,172	6,124,521
Less: allowances of impairment loss	(555,195)	(556,411)
Accounts receivable and notes receivable measured at amortised cost-net	11,295,496	11,207,759
Trade receivables measured at FVOCI		
Trade receivables financing (i)	78,404,137	60,547,105
Account and notes receivables	89,699,633	71,754,864

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

As at December 31, 2021, the allowance of impairment loss of receivables financing is RMB808 million (As at December 31, 2020: RMB475 million).

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

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Up to 3 months	79,412,122	62,172,452
3 to 6 months	2,681,983	2,270,825
6 months to 1 year	559,662	902,304
1 to 2 years	432,736	786,698
2 to 3 years	377,857	77,475
Over 3 years	35,799	53,155
	83,500,159	66,262,909

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

As at December 31, 2021 and 2020, accounts and notes receivables with a net amount of RMB462 million and RMB1,665 million were used as collateral for borrowings of RMB609 million and RMB889 million.

11. PREPAYMENT, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Receivables from parts subcontractors	17,757,774	17,127,060
Prepayments	6,481,834	9,422,074
Prepaid tax	5,644,386	5,882,885
Amounts due from related parties	1,390,379	2,243,770
Advance to suppliers	3,268,830	2,870,168
Deposits receivable	1,231,406	212,359
Advance to employees	92,053	57,116
Adjustment for in-transit products	229,541	162,020
Interest receivable	101,284	168,739
Others	5,355,610	4,510,778
	41,553,097	42,656,969
Less: allowances for impairment loss	(347,071)	(367,741)
	41,206,026	42,289,228

12. LOANS TO CUSTOMERS

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

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Banking service (a)	120,437,196	126,380,582
Other service (b)	7,050,653	7,581,893
Total	127,487,849	133,962,475
Less: allowances for impairment loss (c)	(3,661,590)	(3,630,369)
Net loans to customers	123,826,259	130,332,106
Less: current portion	(45,951,978)	(49,167,712)
Non-current portion	77,874,281	81,164,394

(a) Banking service

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
On demand and short notice	1,055,662	803,899
Finance leases	1,533,524	1,497,773
Other term loans	117,848,010	124,078,910
Total	120,437,196	126,380,582
Less: allowances for impairment loss		
– Stage 1	(321,600)	(337,937)
– Stage 2	(217,245)	(202,042)
– Stage 3	(1,606,450)	(1,801,536)
Total allowances for impairment loss	(2,145,295)	(2,341,515)
Net loans to customers	118,291,901	124,039,067

(b) Other service

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Direct loans and pawn loans to customers	4,496,796	5,420,819
Entrusted loans to customers	2,553,857	2,161,074
Total	7,050,653	7,581,893
Less: allowances for impairment loss		
– Stage 1	(98,502)	(130,283)
– Stage 2	(37,464)	(28,635)
– Stage 3	(1,380,329)	(1,129,936)
Total allowances for impairment loss	(1,516,295)	(1,288,854)
Net loans to customers	5,534,358	6,293,039

(c) Allowance for impairment loss

	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2020	(596,502)	(271,437)	(2,212,247)	(3,080,186)
Allowance made (i)	(579,273)	(355,636)	(1,781,511)	(2,716,420)
Unused amounts reversed (ii)	457,818	205,001	429,385	1,092,204
Transfer of stages, write-off and disposal	291,707	177,260	382,781	851,748
Disposal of subsidiaries	24,758	25,277	252,695	302,730
Exchange adjustment	(66,728)	(11,142)	(2,575)	(80,445)
As at December 31, 2020	(468,220)	(230,677)	(2,931,472)	(3,630,369)
	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2021	(468,220)	(230,677)	(2,931,472)	(3,630,369)
Allowance made (i)	(315,137)	(230,498)	(881,704)	(1,427,339)
Unused amounts reversed (ii)	267,158	171,494	284,879	723,531
Transfer of stages, write-off and disposal	57,142	14,786	386,637	458,565
Exchange adjustment	38,955	20,186	154,881	214,022
As at December 31, 2021	(420,102)	(254,709)	(2,986,779)	(3,661,590)

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

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

13. RESTRICTED DEPOSITS, BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Restricted deposits		
Deposits for guarantee business	23,008	266,067
Deposits for notes payables and borrowings	1,595,742	540,503
Other restricted deposits	24,385,792	9,032,902
– Cash and balances with central banks of the country of the subsidiaries	24,058,838	8,684,834
– Others	326,954	348,068
	<u>26,004,542</u>	<u>9,839,472</u>
Bank deposits		
Matured between three to twelve months	<u>234,743</u>	<u>269,231</u>
Cash and cash equivalents		
Cash at bank and in hand	38,513,759	40,746,560
Cash and balances with central banks of the country of the subsidiaries (other than mandatory reserves)	17,799,145	24,053,057
Loans and advances to credit institutions	2,206,664	2,779,404
Money market funds	1,437,062	2,139,417
	<u>59,956,630</u>	<u>69,718,438</u>
Total	<u>86,195,915</u>	<u>79,827,141</u>
Maximum exposure to credit risk	86,195,915	79,827,141
Effective annual interest rates	0.0%-9.3%	0.0%-2.0%

14. SHARE CAPITAL

	As at December 31, 2021		As at December 31, 2020	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
– H shares	1,271,853,990	1,271,854	1,271,853,990	1,271,854
– Domestic shares	1,084,376,910	1,084,377	1,084,376,910	1,084,377
Ordinary shares issued and fully paid	2,356,230,900	2,356,231	2,356,230,900	2,356,231

15. PERPETUAL SECURITIES

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

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

16. TRADE AND NOTES PAYABLES

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	83,015,123	68,132,927
Notes payables	7,065,323	8,282,790
	<u>90,080,446</u>	<u>76,415,717</u>

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

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	58,745,328	42,751,973
31-60 days	13,877,053	14,563,351
61-90 days	6,586,847	6,656,488
91 days-1 year	3,707,141	4,069,718
Over 1 year	98,754	91,397
	<u>83,015,123</u>	<u>68,132,927</u>

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

17. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Payable to parts subcontractors	43,767,115	36,233,142
Allowance for billing adjustment (i)	22,441,233	15,941,009
Accrued expenses	14,588,860	10,569,814
Payroll payable	10,653,415	8,322,571
Other taxes payable	4,169,163	3,928,059
Collection of factoring payments	–	1,764,978
Amounts due to related parties (ii)	597,071	377,507
Social security payable	1,072,481	965,837
Deposits payable	497,563	602,059
Interest payable	613,037	651,632
Royalty payable	510,056	686,067
Deferred consideration	199,907	659,018
Put option liability	2,209,467	–
Others	11,221,164	9,608,202
	112,540,532	90,309,895

- (i) Allowance for billing adjustment relates primarily to allowances for future volume discounts, price protection, rebates and customer sales returns.
- (ii) As at December 31, 2021 and 2020, the amounts due to related parties are unsecured.

18. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Deferred considerations (a)	159,852	163,592
Government incentives and grants received in advance (b)	965,966	839,924
Written put option liability (c)	4,663,277	7,081,830
Long-term payables	3,518,480	1,404,941
Others	740,518	736,771
	10,048,093	10,227,058

(a) Deferred considerations

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

As at December 31, 2021 and 2020, the potential undiscounted amounts of future payments in respect of the deferred considerations that the Group could be required to make to the respective shareholders/sellers under the arrangements are as follows:

	As at December 31,	
	2021	2020
Joint venture with NEC Corporation	USD25 million	USD25 million
Precision Capital S.A.	EUR18 million	EUR18 million

(b) Government incentives and grants received in advance

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

(c) Written put option liability

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

- (1) Pursuant to the joint venture agreement entered into between Lenovo and Fujitsu effective in 2018, Lenovo and Fujitsu are respectively granted call and put options which entitle Lenovo to purchase from Fujitsu and Development Bank of Japan (“DBJ”), or Fujitsu and DBJ to sell to Lenovo, 49% interest in Fujitsu Client Computing Limited. Both options will be exercisable following the fifth anniversary of the date of completion (after May 2, 2023). The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

Pursuant to the option agreement entered into between a wholly-owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP (“Yuan Jia”) in 2018, which holds 99.31% interest in Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd. (合肥智聚晟寶股權投資有限公司, “ZJSB”), Lenovo and Yuan Jia are respectively granted call and put options which entitle Lenovo to purchase from Yuan Jia, or Yuan Jia to sell to Lenovo, the 99.31% interest in ZJSB. The call and put options will be exercisable at any time after August 31, 2022 and August 31, 2021 respectively. The exercise price for the call and put options will be determined in accordance with the joint venture agreement, and up to a maximum of RMB2,300 million (approximately USD362 million). Lenovo announced on December 28, 2021, that Yuan Jia notified of its intention to exercise the put option, ZJSB entered into an agreement with Lenovo to exercise the put option and exit the investment. As at December 31, 2021, the liability for the put option granted to Yuan Jia will be settled within 12 months and has been reclassified as “Other payables and accruals”.

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

19. AMOUNT DUE TO CUSTOMERS

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Demand deposits	96,017,157	98,768,312
Savings deposits	23,615,635	27,048,264
Term deposits	29,678,550	32,554,791
Cash collateral	8,721	261,136
	<hr/>	<hr/>
Total	149,320,063	158,632,503
Less: Non-current portion	(2,648,144)	(5,284,663)
	<hr/>	<hr/>
Current portion	146,671,919	153,347,840
	<hr/>	<hr/>

Amount due to customers are all from BIL.

20. BORROWINGS

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans		
– Unsecured loans	33,305,947	32,353,479
– Guaranteed loans	17,731,358	20,475,064
– Collateralised loans	8,912,996	10,294,916
Other loans (i)		
– Unsecured loans	870,000	870,000
– Guaranteed loans	1,566,034	820,000
– Collateralised loans	5,759,891	1,637,016
Corporate bonds (1)		
– Unsecured bonds	59,343,792	64,181,076
– Asset backed securities and notes	464,820	868,219
– Convertible bonds (2)	4,913,847	4,889,686
	132,868,685	136,389,456
Less: current portion	(37,624,912)	(37,311,415)
Non-current portion	95,243,773	99,078,041

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

As at December 31, 2021 and 2020, the carrying amount of the borrowings approximates their fair value.

(1) The information about corporate bonds issued as at December 31, 2021 is as below:

Issuer	Type of bonds	Issuance date	Term	Principal amount
The Company	Corporate bonds	November 30, 2012	10 years	RMB1,984 million
The Company	Corporate bonds	July 6, 2016	10 years	RMB2,000 million
The Company	Corporate bonds	July 5, 2017	5 years	RMB2,500 million
The Company	Corporate bonds	January 31, 2018	5 years	RMB1,000 million
The Company	Corporate bonds	January 15, 2019	3 years	RMB2,000 million
The Company	Corporate bonds	January 15, 2019	5 years	RMB1,000 million
The Company	Corporate bonds	June 21, 2019	5 years	RMB2,000 million
The Company	Corporate bonds	June 3, 2020	3 years	RMB1,800 million
Lenovo	Medium term notes	March 16, 2017	5 years	USD337 million
Lenovo	Medium term notes	March 29, 2018	5 years	USD687 million
Lenovo	Convertible bonds (2)	January 24, 2019	5 years	USD675 million
Lenovo	Medium term notes	April 24, 2020 & May 12, 2020	5 years	USD1,000 million
Lenovo	Medium term notes	November 2, 2020	10 years	USD1,000 million
Joyvio Food	Convertible bonds (2)	June 14, 2019	5 years	USD125 million
BIL	Bank subordinate bonds	June 8, 2016	12 years	EUR50 million
BIL	Bank subordinate bonds	October 18, 2016	12 years	USD100 million
BIL	Bank subordinate bonds	May 18, 2021	10.25 years	EUR100 million
BIL	Medium term notes	December 19, 2002 & September 1, 2021	5-20 years	JPY1,000 million
BIL	Medium term notes	2014-2021	1-20 years	EUR2,812 million
BIL	Medium term notes	2019-2021	2-5 years	USD67 million
BIL	Medium term notes	2016-2020	2.5-6.5 years	CHF285 million
BIL	Medium term notes	January 29, 2021	3 years	SEK166 million
BIL	Medium term notes	July 5, 2021 & November 5, 2021	2-5 years	GBP8 million
Zhengqi Holdings	Corporate bonds	December 20, 2019	3 years	RMB75 million
Zhengqi Holdings	Corporate bonds	August 28, 2020	3 years	RMB200 million
Zhengqi Holdings	Corporate bonds	September 14, 2021	3 years	RMB600 million
JC Finance & Leasing	Private placement bonds	January 22, 2020	2 years	RMB400 million
JC Finance & Leasing	Asset backed securities (i)	September 17, 2020	1-2 years	RMB36 million
JC Finance & Leasing	Asset backed securities (i)	December 28, 2020	1-2 years	RMB60 million
JC Finance & Leasing	Corporate bonds	March 30, 2021	3 years	RMB195 million
JC Finance & Leasing	Asset backed securities (i)	May 21, 2021	1-2 years	RMB128 million
JC Finance & Leasing	Asset backed notes	May 27, 2021	1-2 years	RMB236 million

The annual interest rates of the above bonds are from 0% to 7.2%.

- (i) The asset backed securities packages issued by JC Financial & Leasing in 2021 (“2021 package”) and 2020 (“2020 package”) included multiple bonds. The principle amounts of the two packages on issuance dates amounted to RMB325 million and RMB1,926 million respectively.

(2) Convertible bonds

- A. On January 24, 2019, Lenovo completed the issuance of 5-Year USD675 million convertible bonds bearing annual interest at 3.375% due in January 2024 (“the Bonds”) to third party professional investors (“the bondholders”). The proceeds were used to repay previous notes and for general corporate purposes. The bond holders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the Bonds into ordinary shares of Lenovo at a conversion price of HKD7.99 per share, subject to adjustments. The conversion price was adjusted to HKD6.87 per share effective on December 1, 2021. Assuming full conversion of the Bonds at the adjusted conversion price of HKD6.87 per share, the Bonds will be convertible into 769,980,531 shares.

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

The outstanding principal amount of the Bonds is repayable by Lenovo up on the maturity of the Bonds on January 24, 2024, if not previously redeemed, converted or purchased and cancelled. On January 24, 2021, the bondholders had the right, at the bondholders’ option, to require Lenovo to redeem part or all of the Bonds on January 24, 2021 at their principal amount and USD0.5 million were redeemed. The remaining principal amount of the Bonds has been reclassified to non-current liabilities as a result of the lapse of the redemption option.

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

- B. Fresh Investment SpA, a subsidiary of the Company, has completed the issuance of convertible bonds of USD125 million to Cangyuan Investment Co., Ltd. (“Cangyuan Investment”) in 2019. Cangyuan Investment has the right to convert the convertible bonds into the shares of Fresh Investment SpA within 60 months, at the share’s price evaluated by a third-party evaluator which is agreed by the two parties when conversion. The proceeds were used to acquire the shares of Australis Seafoods S.A.. As at December 31, 2021, the convertible bonds have not yet been converted.

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

	As at December 31,	
	2021	2020
Bank loans	1.60%-7.50%	1.85%-8.00%
Other loans	4.41%-8.00%	4.41%-8.50%

- (b) Borrowings are repayable as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Within 1 year	37,624,912	37,311,415
After 1 year but within 2 years	36,180,258	30,518,768
After 2 years but within 5 years	41,373,356	51,828,635
After 5 years	17,690,159	16,730,638
	132,868,685	136,389,456

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

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
RMB	67,363,557	69,827,441
USD	37,296,431	39,622,663
EUR	23,023,906	22,968,231
HKD	2,526,193	1,349,854
CHF	1,996,244	2,121,176
Others	662,354	500,091
	132,868,685	136,389,456

21. PROVISIONS

	Warranties RMB'000	Environmental restoration RMB'000	Restructuring RMB'000	Financial guarantees RMB'000	Other provisions RMB'000	Total RMB'000
As at January 1, 2021	7,533,565	225,364	40,666	85,661	61,992	7,947,248
Provision made	6,845,792	166,819	49,526	–	30,735	7,092,872
Unused amounts reversed	–	–	(3,100)	(54,757)	(1,473)	(59,330)
Amount utilised	(5,985,804)	(157,674)	(26,918)	23,148	(15,388)	(6,162,636)
Exchange adjustment	(286,180)	(26,075)	(5,118)	(10,842)	(6,282)	(334,497)
Acquisition of subsidiaries	–	–	–	52,558	–	52,558
At end of the year	8,107,373	208,434	55,056	95,768	69,584	8,536,215
Non-current portion	(1,611,414)	(180,260)	(3,704)	(94,137)	(8,672)	(1,898,187)
As at December 31, 2021	6,495,959	28,174	51,352	1,631	60,912	6,638,028
As at January 1, 2020	7,147,940	243,651	47,995	115,720	68,305	7,623,611
Provision made	6,355,264	125,705	32,304	–	22,395	6,535,668
Unused amounts reversed	–	–	(1,226)	(93,844)	(4,649)	(99,719)
Amount utilised	(5,665,112)	(139,876)	(39,602)	–	(26,026)	(5,870,616)
Exchange adjustment	(304,527)	(4,116)	1,195	1,536	1,967	(303,945)
Acquisition of subsidiaries	–	–	–	62,249	–	62,249
At end of the year	7,533,565	225,364	40,666	85,661	61,992	7,947,248
Non-current portion	(1,790,185)	(201,065)	(4,855)	(83,923)	(7,475)	(2,087,503)
As at December 31, 2020	5,743,380	24,299	35,811	1,738	54,517	5,859,745

The Group records its warranty liability at the time of sales based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty accrual is reviewed quarterly to verify it properly reflects the outstanding obligation over the warranty period. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangement with them.

The Group records its environmental restoration provision at the time of sales based on estimated costs of environmentally-sound disposal of waste electrical and electronic equipment upon return from end-customers and with reference to the historical or projected future return rate. Environmental restoration provision is reviewed at least annually to assess its adequacy to meet the Group's obligation.

Restructuring costs provision mainly comprises lease termination obligation and employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency.

22. DIVIDENDS

A dividend in respect of the year ended December 31, 2021 of RMB0.40 per share, amounting to a total dividend of RMB942 million, is to be proposed at the forthcoming 2021 annual general meeting for approval. These financial statements do not reflect this dividend payable. The dividends paid in 2021 and 2020 were RMB848 million (RMB0.36 per share) and RMB778 million (RMB0.33 per share) respectively.

23. CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	22,090,330	12,632,829
Adjustments for:		
Impairment loss for non-current assets (<i>Note 6</i>)	869,890	903,871
Impairment loss on loans to customers (<i>Note 6</i>)	689,623	1,457,130
Impairment loss on other financial assets (<i>Note 6</i>)	1,050,635	1,036,156
Inventory write-down (<i>Note 6</i>)	1,942,121	907,338
Depreciation of property, plant and equipment	3,193,032	2,935,242
Depreciation of right-of-use assets	1,094,357	846,760
Amortisation	5,368,109	4,789,917
Gains on disposal of property, plant and equipment and intangible assets (<i>Note 5</i>)	(254,677)	(186,149)
Fair value (gains)/losses on investment properties (<i>Note 5</i>)	(57,737)	312,395
Fair value gains on consumable biological assets	(406,128)	(75,392)
Fair value (gains)/losses on financial liabilities	(113,068)	205,500
Disposal gains/fair value gains/dividend income from financial assets at fair value through profit or loss (<i>Note 4</i>)	(2,209,387)	(3,225,407)
Fair value gains and dividend income from associates measured at fair value through profit or loss (<i>Note 4</i>)	(2,780,159)	(4,308,429)
Net finance costs (<i>Note 7</i>)	4,865,492	5,263,300
Gains on disposal/dilution of associates (<i>Note 4</i>)	(1,133,499)	(309,856)
(Gains)/Losses on disposal of subsidiaries (<i>Note 4</i>)	(422,787)	75,712
Dividend income from financial assets at fair value through other comprehensive income (<i>Note 4</i>)	(8,390)	(18,878)
Share-based payments	2,423,341	1,883,935
Share of (gains)/losses of associates and joint ventures using equity accounting	(977,935)	432,836
Net foreign exchange losses/(gains) (<i>Note 5</i>)	958,349	(227,073)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
Inventories, consumable biological assets and properties under development	(17,899,859)	(12,270,504)
Trade and other receivables	(20,260,904)	(4,280,227)
Loans repaid/(granted) and other financial assets at amortised cost	19,648,963	(13,844,599)
Amount (from)/due to customers and credit institutions	(13,171,691)	19,590,362
Trade and other payables	23,129,223	32,597,948
Cash generated from operating activities	27,627,244	47,124,717

24. COMMITMENTS

(a) Capital commitments

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

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	832,678	955,528
Intangible assets	8,914	16,593
Investments (i)	4,087,189	3,103,112
	<hr/>	<hr/>
Total	4,928,781	4,075,233
	<hr/>	<hr/>

- (i) The Group has commitments in respect of investments in certain funds. Investment commitments represent the portion of committed capital not yet called for payment.

(b) Loans commitments

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Unused credit lines granted to credit institutions	132,880	313,589
Unused credit lines granted to customers	23,929,649	25,344,909
	<hr/>	<hr/>
	24,062,529	25,658,498
	<hr/>	<hr/>

CORPORATE GOVERNANCE CODE

During the year ended December 31, 2021, the Company complied with all code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 of the Listing Rules applicable during the relevant period, save for the deviation explained below.

On March 12, 2021, Mr. ZHANG Xuebing resigned as an independent non-executive director of the Company and a member of the Nomination Committee of the board of directors of the Company. As a result, the Nomination Committee did not comprise of a majority of independent non-executive directors during the relevant period which failed to comply with provision A.5.1 of the Corporate Governance Code. On June 10, 2021, Mr. WANG Yusuo retired as a non-executive director of the Company and a member of the Nomination Committee. The deviation was thus rectified.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by the Directors and Supervisors (the “**Model Code**”), which is no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Specific enquiry has been made of all the Directors and Supervisors, and all the Directors and Supervisors confirmed that they had complied with the Model Code during the period ended December 31, 2021.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2021, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

During the year ended December 31, 2021, members of the Audit Committee comprised of Ms. HAO Quan (Chairperson), Mr. SUO Jishuan and Mr. YIN Jian’an.

The Audit Committee reviewed the results of the Company and its subsidiaries for the year ended December 31, 2021 and discussed with the management the accounting policies and practices adopted by the Company, its risk management and internal controls systems and financial reporting matters.

AUDITOR

PricewaterhouseCoopers (“PwC”) was appointed as the Company’s auditor for the year ended December 31, 2021. The 2021 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards were audited by PwC.

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

This announcement was published on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.legendholdings.com.cn). The annual report for the year ended December 31, 2021 will be despatched to the Shareholders and published on the websites of Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

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

“associate(s)”	for the purpose of this announcement, all entities over which the Group has significant influence. Significant influence represents the power to participate in the financial and operational policy decision of the investees, but without control or joint control rights over these policies
“Audit Committee”	Audit Committee under the Board
“BIL”	Banque Internationale à Luxembourg S.A., a credit institution in the form of a Luxembourg limited liability company (société anonyme) and our subsidiary
“Board”	board of directors of the Company
“Bybo Dental”	Taikang Bybo Dental Group Co., Ltd. (泰康拜博醫療集團有限公司), a limited liability company incorporated under the laws of the PRC, and our associate
“Company”, “our Company” or “Legend Holdings”	Legend Holdings Corporation (聯想控股股份有限公司), a joint stock limited liability company incorporated under the laws of PRC and its overseas listed shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 03396.HK)

“Director(s)”	the director(s) of the Company
“DMTO”	the technique for using coal or natural gas instead of oil for production of ethylene and propene
“EAL”	Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (Stock Code: 601156.SH), and our associate
“EOD”	ethylene oxide derivatives
“EVA”	ethylene-vinylacetate copolymer
“Fullhan Microelectronics”	Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a joint stock limited company incorporated under the laws of the PRC and listed on the ChiNext Board on the SZSE (Stock Code: 300613.SZ)
“H Share(s)”	overseas listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the main board of the Hong Kong Stock Exchange and trade in HKD
“Hankou Bank”	Hankou Bank Co., Ltd. (漢口銀行股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate
“Hengshui Laobaigan”	Hebei Hengshui Laobaigan Liquor Co., Ltd. (河北衡水老白干酒業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (Stock Code: 600559.SH)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hony Capital” or “Hony”	a series of private equity investment funds, together with their respective management companies/general partner
“Hortifrut”	Hortifrut S.A., a limited liability company incorporated under the laws of Chile

“Internet”	a global network of interconnected, separately administered public and private computer networks that uses the Transmission Control Protocol/Internet Protocol for communications
“IPO”	Initial Public Offering
“IT”	information technology
“JC Finance & Leasing”	JC International Finance & Leasing Company Limited (君創國際融資租賃有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
“Joy Wing Mau”	Joy Wing Mau Fruit Technologies Corporation Limited (鑫榮懋果業科技集團股份有限公司), a large fruit supply chain enterprise in China. It is a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Group
“Joyvio Food”	Joyvio Food Co., Ltd. (佳沃食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, listed on the ChiNext board of Shenzhen Stock Exchange (Stock Code: 300268.SZ), and a subsidiary of Joyvio Group
“Joyvio Group” or “Joyvio”	Joyvio Group Co., Ltd. (佳沃集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
“KB Food”	KB Food International Holding (Pte.) Limited, a limited liability company established under the laws of Singapore, and our subsidiary
“Lakala”	Lakala Payment Corporation (拉卡拉支付股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate, listed on the ChiNext Board of the Shenzhen Stock Exchange (Stock Code: 300773.SZ)
“Legend Capital”	a series of venture capital funds, together with their respective management companies/partners

“Legend Star”	a series of angel investment funds, together with their respective management companies/partners
“Lenovo”	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00992.HK), and our subsidiary
“Levima Group”	Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
“Levima Advanced Materials”	Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 003022.SZ), and a subsidiary of the Company
“Liquor Easy”	Henan Liquor Easy Commercial Corporation (河南酒便利商業股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate, listed on the NEEQS in 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MSME(s)”	micro small and medium-sized enterprise(s)
“N/A”	not applicable
“NEEQS”	National Equities Exchange and Quotations System (全國中小企業股份轉讓系統), a platform established for the sale of existing shares or private placing of new shares by SMEs
“neurology specialist”	the collective term of the clinical discipline studying organic and functional diseases of central nervous system (brain, spinal cord). Clinically, the correspondent branch is neurosurgery and neurology depending on the types of disease and treatment methods
“Nomination Committee”	Nomination Committee under the Board
“Nine Masters”	Nine Masters (Shanghai) Catering Service Co., Ltd. (九橙(上海)餐飲服務有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Joyvio Group

“ordinary shares” or “shares”	ordinary shares issued by the Company
“our”, “we” or “us”	our Company and all of its subsidiaries, or any one of them as the context may require
“PP”	polypropylene
“Qingdao Starfish”	China Starfish Co., Ltd. (青島國星食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Agriculture
“Raycom Property”	Raycom Property Investment Co., Ltd. (融科物業投資有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
“Raycom Technology”	Raycom Technology Co., Ltd. (融科智地科技股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary
“Reporting Period”	for the year ended December 31, 2021
“Shanghai Neuromedical Center”	Shanghai Neuromedical Center Co., Ltd. (上海德濟醫院有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Shareholders”	holders of the shares of the Company
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“SME(s)”	small and medium-sized enterprise(s)
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Taikang Life Insurance”	Taikang Life Insurance Co.,Ltd.
“TMT”	technology, media and telecom
“VA”	vinyl acetate

“Bountifresh”

Shenzhen Bountifresh Modern Agriculture Co., Ltd. (深圳市鑫果佳源現代農業有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Joyvio Group

“Zhengqi Holdings”

Zhengqi Holdings Corporation (正奇控股股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary

By order of the Board
Legend Holdings Corporation
NING Min
Chairman

March 31, 2022

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

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