联想控股
LEGEND HOLDINGS

EMPOWERING COMPANIES TOWARD GREATNESS

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

2024
ANNUAL REPORT

Contents

Definitions

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

"AI"	Artificial Intelligence
"associate(s)"	for the purpose of this report, all entities over which the Group has significant influence. Significant influence represents the power to participate in the financial and operational policy decision of the investees, but without control or joint control rights over these policies
"Audit Committee"	Audit Committee under the Board
"BIL"	Banque Internationale à Luxembourg S.A., a credit institution in the form of a Luxembourg limited liability company (société anonyme) and our subsidiary
"Board"	board of directors of the Company
"Bountifresh"	Shenzhen Bountifresh Modern Agriculture Co., Ltd. (深圳市鑫果佳源現代農業有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Joyvio Group
"Bybo Dental"	Taikang Dental Group Co., Ltd. (泰康口腔集團有限公司) (formerly known as Taikang Bybo Dental Group Co., Ltd.), a limited liability company incorporated under the laws of the PRC, and our associate
"CAS Holdings"	Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司), a substantial Shareholder
"China Oceanwide"	China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司), a substantial Shareholder
"China Starfish"	China Starfish Co., Ltd. (青島國星食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Food
"Company", "our Company" or "Legend Holdings"	Legend Holdings Corporation (聯想控股股份有限公司), a joint stock limited liability company incorporated under the laws of PRC and its overseas listed shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 03396)
"CSP"	cloud service providers
"Director(s)"	the director(s) of the Company
"Domestic Shares"	domestic share(s) in the ordinary share capital of the Company with the nominal value of RMB1.00 each

"EAL"	Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (Stock Code: 601156.SH), and our associate
"EO"	ethylene oxide
"ESG Committee"	Environmental, Social and Governance Committee under the Board
"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)
"GPU"	graphics processing unit
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the main board of the Hong Kong Stock Exchange and trade in HKD
"Hankou Bank"	Hankou Bank Co., Ltd. (漢口銀行股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hony Capital" or "Hony"	a series of private equity investment funds, together with their respective management companies/general partners
"Huayu Tongfang"	Shandong Huayu Tongfang Electronic Material Co., Ltd. (山東華宇同方電子材料有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Levima Advanced Materials
"IPO"	Initial Public Offering
"IT"	information technology
"JC Finance & Leasing"	JC International Finance & Leasing Company Limited (君創國際融資租賃有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary

"Joy Wing Mau"	Joy Wing Mau Fruit Technologies Corporation Limited (鑫榮懋果業科技集團股份有限公司), a large fruit supply chain enterprise in China. It is a joint stock limited liability company incorporated under the laws of the PRC, and a subsidiary of Joyvio Group
"Joyvio Food"	Joyvio Food Co., Ltd. (佳沃食品股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, listed on the ChiNext board of Shenzhen Stock Exchange (Stock Code: 300268.SZ), and a subsidiary of Joyvio Group
"Joyvio Group" or "Joyvio"	Joyvio Group Co., Ltd. (佳沃集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"KB Food"	KB Food International Holding (Pte.) Limited, a limited liability company established under the laws of Singapore, and a subsidiary of Joyvio Group
"Lakala"	Lakala Payment Corporation (拉卡拉支付股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our associate, listed on the ChiNext Board of the Shenzhen Stock Exchange (Stock Code: 300773.SZ)
"Legend Capital"	a series of venture capital funds, together with their respective management companies/partners
"Legend Star"	a series of angel investment funds, together with their respective management companies/partners
"Lenovo"	Lenovo Group Limited (聯想集團有限公司), a limited liability company incorporated under the laws of Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 992), and our subsidiary
"Levima Advanced Materials"	Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 003022.SZ), and a subsidiary of the Company
"Levima Chemicals"	Levima (Shandong) Chemicals Co., Ltd. (聯泓(山東)化學有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of Levima Advanced Materials
"Levima Group"	Levima Group Limited (聯泓集團有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"MSME(s)"	micro small and medium sized enterprise(s)
"N/A"	not applicable
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), a platform established for the sale of existing shares or private placing of new shares by SMEs
"neurology" or "neurology specialty"	the collective term of the clinical discipline studying organic and functional diseases of central nervous system (brain, spinal cord). Clinically, the correspondent branch is neurosurgery and neurology depending on the types of disease and treatment methods
"Nomination Committee"	Nomination Committee under the Board
"Oceanwide Group"	Oceanwide Group Co., Ltd. (泛海集團有限公司), a substantial Shareholder
"ordinary shares" or "shares"	ordinary shares issued by the Company
"our", "we" or "us"	our Company and all of its subsidiaries, or any one of them as the context may require
"PLA"	polylatic acid
"POE"	polyolefin elastomer
"PP"	polypropylene
"PPC"	poly propylene carbonate
"Raycom Property"	Raycom Property Investment Co., Ltd. (融科物業投資有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"Raycom Technology"	Raycom Technology Co., Ltd. (融科智地科技股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary
"Remuneration Committee"	Remuneration Committee under the Board
"Reporting Period"	for the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

Definitions

"Shanghai Neuromedical Center"	Shanghai Neuromedical Center Co., Ltd. (上海德濟醫院有限公司), a limited liability company incorporated under the laws of the PRC, and our subsidiary
"Shanghai Stock Exchange"	Shanghai Stock Exchange
"Shareholder(s)"	holder(s) of the shares of the Company
"Shenzhen Stock Exchange" or "SZSE"	Shenzhen Stock Exchange
"SME(s)"	small and medium-sized enterprise(s)
"Strategy Committee"	Strategy Committee under the Board
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"TMT"	technology, media and telecom
"Tohigh"	Tohigh Holdings Co., Ltd. (通海控股有限公司), a substantial Shareholder
"UHMWPE"	ultra-high molecular weight polyethylene
"VA"	vinyl acetate
"XDI"	a special type of isocyanates
"ZQET Group"	Zhengqi Energy Technology Group Corporation (正奇能源科技集團股份有限公司) (formerly known as Zhengqi Holdings Corporation), a joint stock limited liability company incorporated under the laws of the PRC, and our subsidiary

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. NING Min *(Chairman)*
Mr. LI Peng

Non-executive Directors

Mr. ZHU Linan
Mr. ZHAO John Huan
Ms. CHEN Jing
Ms. YANG Hongmei

Independent Non-executive Directors

Ms. HAO Quan
Mr. YIN Jian'an
Mr. YUAN Li

BOARD OF SUPERVISORS

Supervisors

Mr. GAO Qiang *(Chairman)*
Mr. LUO Cheng
Ms. PEI Xiaofeng

NOMINATION COMMITTEE

Mr. NING Min *(Chairman)*
Ms. CHEN Jing
Ms. HAO Quan
Mr. YIN Jian'an
Mr. YUAN Li

AUDIT COMMITTEE

Ms. HAO Quan *(Chairperson)*
Ms. YANG Hongmei
Mr. YIN Jian'an

REMUNERATION COMMITTEE

Mr. YIN Jian'an *(Chairman)*
Ms. CHEN Jing
Mr. YUAN Li

SECRETARY OF THE BOARD

Mr. WANG Wei

JOINT COMPANY SECRETARIES

Mr. WANG Wei
Ms. YEUNG Yee Har

H SHARE REGISTRAR

MUFG Corporate Markets Pty Limited
Suite 1601, 16/F Central Tower,
28 Queen's Road Central, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

COMPLIANCE ADVISOR

Somerley Capital Limited

REGISTERED OFFICE

Room 1701, 17/F, Block 1
Court No. 2, Ke Xue Yuan Nanlu
Haidian District, Beijing, PRC

HEAD OFFICE IN THE PRC

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Court No. 2, Ke Xue Yuan Nanlu
Haidian District, Beijing, PRC

PRINCIPAL BANKS

China Construction Bank, Beijing Zhongguancun Branch
Bank of China, Beijing Branch
Agricultural Bank of China, Head Office
Industrial and Commercial Bank of China, Beijing Branch

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY'S WEBSITE

www.legendholdings.com.cn

STOCK CODE

03396

Chairman's Statement

Dear Shareholders:

In 2024, the global economic landscape underwent profound shifts, marked by the rapid rise of trade protectionism and escalating geopolitical risks, collectively amplifying external uncertainties. Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, China effectively navigated these headwinds by maintaining overall economic stability and sustaining its recovery momentum. The country made solid progress in advancing high-quality development, successfully achieving key economic and social objectives. By steadily fostering new quality productive forces and further deepening reform and opening-up, China addressed risks in key sectors in a systematic manner, while ensuring social stability and improving people's livelihoods. These coordinated socio-economic policy measures reinforced the nation's modernization drive, paving the way for sustained economic resilience. The year 2024 also marks the 40th anniversary of Legend Holdings. Over the past four decades, all our employees have worked in unison with dedication, capitalizing on the opportunities brought by China's reform and opening up. Under the strong leadership and the support of the CPC Central Committee, Legend Holdings has made meaningful contributions to China's economy and the industrialization of the high-tech sector. As the Chinese saying goes, "the last one tenth of the journey demands half the effort". Looking ahead, we embark on a new chapter at a time when global transformations unseen in a century are unfolding, accompanied by an increasingly complex political and economic landscape. While China's industrial transformation and upgrading present temporary challenges in some areas, we firmly believe that opportunities lie ahead. By overcoming difficulties and embracing changes, we see a promising future. With determination, we will continue marching forward toward the great rejuvenation of the Chinese nation.

In 2024, amid a complex and evolving market landscape, Legend Holdings stayed true to its original aspiration of revitalizing the country through business. Guided by our mission to support China's strategic priorities, we fully implemented our new development concepts and rigorously executed our innovation-driven development strategy. Through sustained technological innovation and management refinement, we successfully transformed positive factors into tangible outcomes. By taking concrete actions, the Company has not only delivered resilient performance but also powered high-quality economic growth, demonstrating the corporate social responsibility. Our achievements directly contributed to the advancement of China's key national strategies. In 2024, Legend Holdings posted revenue of RMB 512.806 billion, a year-on-year increase of 18%, and a net profit attributable to the equity holders of Legend Holdings of RMB 133 million, turning losses into profits year-on-year.

RESILIENT GROWTH AMID CHALLENGES

In 2023, Legend Holdings faced a challenging environment marked by multiple intertwined difficulties. The global PC market experienced its most significant shipment decline in history, while the photovoltaic industry downturn drove a continuous decline in EVA prices. Simultaneously, capital market volatility and tightened IPO policies created headwinds for the venture capital sector, and rising overseas borrowing costs followed the Fed's interest rate hikes. These factors negatively impacted the Company's performance in 2023. However, the Company demonstrated remarkable resilience, weathered the market challenges, and maintained steady operations. In 2024, Legend Holdings achieved a strong business recovery, making solid progress toward its business objectives with a positive operational trend. The Company capitalized on emerging opportunities in the global AI sector, with Lenovo Group consolidating its leadership as the world's No. 1 PC manufacturer. Lenovo achieved a record 24.3% global market share, nearly five percentage points ahead of its closest competitor, while maintaining industry-leading operating profit margins. The server business delivered a remarkable turnaround, achieving profitability with over 50% revenue growth. Lenovo's smartphone business became the global top-five corporation (excluding China), reaching its highest position in five years. Its non-PC revenue have accounted for 46% of sales, indicating robust diversified growth momentum. Levima Group has continuously optimized its operational indicators and remained at the forefront of the industry. The price of its main product, EVA, has gradually stabilized, and its net profit excluding non-recurring gains and losses increased by 2% against the trend. It successfully completed several new facilities and put into operation, including a 90,000-ton/year annual vinyl acetate monomer unit, a 20,000-ton/year ultra-high molecular weight polyethylene unit, a 10,000-ton/year high-purity electronic specialty gas unit, and a 4,000-ton/year vinylene carbonate unit. The current production capacity is all in the ramp-up phase. A 100,000-ton lactic acid project and a 40,000-ton polylactic acid project have begun for trial operations. Additionally, the New Energy Materials and Biodegradable Materials Integration Project and the first phase of the POE project are in progress as planned with promising outlooks. BIL implemented a series of measures to effectively address the challenges posed by the European Central Bank's interest rate cuts and the unfavorable economic environment. Despite unfavorable market conditions, BIL grew its Asset Under Management (AUM), maintained stable loan and deposit balances, preserved healthy asset quality and liquidity indicator, and sustained its high international credit ratings. Joyvio Group's fruit business has focused on a single-product strategy, strengthened brand promotion, actively explored overseas markets, achieved record high blueberry production, and realized double-digit growth in both revenue and profit. Despite the slowdown in IPO activities, Legend Holdings' financial investments successfully facilitated the listing of 13 portfolio companies, ranking first in China's direct investment sector of the venture capital industry (excluding FOFs). It also raised over RMB 3 billion in new capital against market headwinds and made new or follow-on investments in over 100 new companies, fully supporting the development of China's specialized and innovative enterprises, unicorns, and gazella companies. Legend Holdings remains committed to the innovation-driven development strategy and further increases investment in fields of AI and technological self-reliance with a record-high R&D expenses of RMB 15.8 billion in 2024.

TECHNOLOGICAL WAVE WITH FAR-REACHING POTENTIAL

Comrade Xi Jinping has emphasized that "scientific and technological innovation can generate new industries, new models and new momentum, which are the core elements for developing new quality productive forces." Under the strong leadership of the CPC Central Committee and with the relentless efforts of generations of scientists and sci-tech companies, China has made significant strides in cutting-edge innovation, narrowing the gap with Europe and the United States. This progress has fostered a deep integration of technological innovation with industrial innovation. Today, a new wave of sci-tech innovation is unfolding, and AI is undoubtedly at its core. The emergence of Deepseek has disrupted the technological monopoly of some countries, empowering China to accelerate AI development with confidence and capability. At the same time, it has introduced inclusive AI tools that benefit humanity while setting a new paradigm for global AI advancement.

As a company rooted in and thriving from technology, Legend Holdings has grown alongside China's rapid development. Serving the nation and society through developing successful businesses has always been the original aspiration of Legend Holdings. Developing new productive forces is our unwavering goal and direction. We are fully committed to capitalizing on opportunities in the new wave of sci-tech innovation through substantial investment in core innovation areas, implementing a series of key initiatives, and systematically enhancing our technology and innovation capabilities. This comprehensive approach paves the way for innovation-driven growth.

As the world's leader in PC manufacturing, Lenovo launched the world's first AI PC and define the five characteristics of AI PC. Through close collaboration with supply chain partners, it continues to enhance product performance and AI capabilities, setting the global benchmark for AI PC products and its development. After the advent of Deepseek, we immediately integrated it into our AI agents' functionality. We subsequently launched the world's first AI training and inferencing server equipped with Deepseek, delivering computing power performance that rivals the world's best, and rolled out the world's first AI PC with on-device Deepseek models. In addition, we have comprehensively integrated Deepseek across smartphones, tablets, and other products, building a diverse range of "one personal AI, multiple devices" ecosystem through seamless multi-device connectivity. To date, Lenovo's AI PC models with five characteristics have achieved 15% market penetration rate in China, the highest globally, and continues to grow rapidly.

Our investment in AI began over 20 years ago when we became one of the pioneering investors in iFLYTEK, marking the inception of our financial investment business. More than 20 years later, we have built an investment portfolio covering over 270 AI-related enterprises, establishing a full AI stack that spans the "device layer – technology layer – model layer – platform layer – application layer (基礎層－技術層－模型層－平台層－應用層)". Today, we possess what is arguably the investment sector's most comprehensive AI ecosystem – with the broadest system coverage, largest number of portfolio companies, and the longest duration. We have established an ecological advantage in AI-related fields. In 2024, three of our portfolio companies engaged in autonomous driving successfully went public, namely Black Sesame Technologies (Stock Code: 2533.HK), Horizon Robotics (Stock Code: 9660.HK), and Pony AI Inc. (Stock Code: PONY.O), with several others currently preparing for IPOs. Furthermore, we have invested in nearly 40 portfolio companies in embodied intelligence, the largest such portfolio in the industry with the most extensive coverage. The dawn of the AI era presents not only tremendous growth potential for our AI portfolio companies, but also creates powerful synergies with our core businesses, providing robust new drivers for our future development.

Levima Group continued to push the boundaries of innovation by exploring new technologies, developing new products, and cultivating new growth drivers. For new energy materials, Levima focused on key functional materials for solid-state and semi-solid-state batteries, with several technologies advancing into pilot scale production. For biomaterials, it built a new molecular biology platform to accelerate the research and development of bio-based sugar substitutes. In the field of electronic materials, Levima advanced the construction of composite distillation and quantitative calculation engineering platforms, gradually developing R&D and industrialization capabilities for multi-category high-purity specialty gases and wet electronic chemicals. The "R&D and Industrialization Demonstration of Supercritical Polymerization of Biodegradable CO_2-based Plastics (超臨界聚合製備生物降解二氧化碳基塑料的研發與工業化示範項目)" project, jointly proposed by Levima and relevant institutes of the Chinese Academy of Sciences, and the special isocyanate (XDI) project, jointly developed by Levima and relevant institutes of the Chinese Academy of Sciences, have both received designation as national key R&D programs by the Ministry of Science and Technology. In 2024, Levima Group was granted 35 new patents, including 11 invention patents. As of December 31, 2024, the Levima Group has a total of 273 granted patents, including 90 invention patents.

In 2024, Legend Holdings demonstrated its commitment to technological advancement particularly in artificial intelligence (AI), with R&D expenses reaching RMB 15.8 billion – a historic high that represented approximately double its profit before income tax. The Company's R&D expense ratio grew significantly to 3.1% in 2024 from 2.6% in 2021. Additionally, Legend Holdings encouraged its funds to step up support for Chinese innovative technology firms, investing in more than 100 ventures, and has adopted a forward-looking, long-term, and comprehensive systematic approach to investing in science and technology, especially AI. We believe that sustained investment in scientific and technological innovation remains the essential pathway to shaping the future.

FULFILLING CORPORATE SOCIAL RESPONSIBILITY THROUGH LASTING COMMITMENT

Legend Holdings remains firmly committed to corporate social responsibility and prioritizes ESG initiatives as part of our contribution to China's modernization. In 2024, it continued to stimulate local employment and economic growth through its business development, while sustaining long-term programs in entrepreneurship support, rural revitalization, social integrity promotion and disaster relief. It also continued to drive rigorous implementation of ESG practices across its subsidiaries.

- Legend Holdings advanced green and low-carbon development across its subsidiaries in line with China's dual carbon goals (carbon peaking and carbon neutrality). Among them, Lenovo, a Legend Holdings subsidiary, has maintained its MSCI AAA rating for three consecutive years – the only organization in China's non-green industries to achieve this distinction. Lenovo has proactively set a goal of net-zero greenhouse gas emissions across its entire value chain by 2050 and obtained the Science Based Targets initiative's (SBTi) net-zero target validation, making it the only Chinese technology enterprise recognized in the United Nations' Net Zero Guidelines. Lenovo has reduced operational emissions through zero-carbon/low-carbon smart parks while driving decarbonization throughout its value chain via supply chain management and partner empowerment. Furthermore, it has contributed to society-wide low-carbon transition with its zero-carbon/low-carbon products and solutions. Its warm water liquid cooling server technology has achieved a PUE (Power Usage Effectiveness) value of below 1.1, the lowest globally, providing critical technological support for inclusive AI.

- Levima Advanced Materials, a Legend Holdings subsidiary, is leading the charge in green industries through innovative green technology applications. As both a national High- and New-Tech Enterprise (HNTE) and National Green Factory, it has expanded into green industries such as EVA photovoltaic adhesive film materials, biodegradable plastics, lithium-ion battery separator materials, electrolytes and additives, and POE photovoltaic adhesive film materials, contributing to the Beautiful China initiative and China's dual carbon goals.

- ZQET Group, a Legend Holdings subsidiary, strengthened its position in the photovoltaic sector through its 20GW high-efficiency solar cell smart manufacturing project in Ma'anshan. Utilizing industry-leading TOPCon high-efficiency battery technology, the project has successfully launched its first-phase 5GW N-type TOPCon cell production. These operations are already demonstrating industry-leading performance across key technical metrics.

- The Legend Star CEO Training Program has maintained an impressive 16-year track record, admitting a total of 1,364 startup founders. Among the trainees of the 17th CEO Training Program cohort, technology companies stand out with frontier technology and healthcare enterprises making up over 72%, high-tech enterprises accounting for 59%, and specialized and innovative enterprises representing 50%.

STAYING TRUE TO OUR ROOTS, MOVING FORWARD WITH CONVICTION

As we enter 2025, the final year of the 14th Five-Year Plan (2021-2025), Legend Holdings stands at a pivotal moment – our 40th anniversary. At this important milestone, we remain firmly aligned with the CPC Central Committee with Comrade Xi Jinping at its core. We will closely follow the Committee's assessment of both domestic and global dynamics, ensuring that our strategies and actions are fully aligned with national economic priorities. Guided by the principles set forth at the Central Economic Work Conference, we remain committed to our founding mission of driving national revitalization through business. With an entrepreneurial mindset, we will integrate ourselves into China's broader agenda of high-quality development, leveraging scientific and technological innovation as key drivers of progress. We will actively foster the development of new quality productive forces while upholding a people-centered approach to growth. At the same time, we will recognize our broader social responsibilities. By continuously strengthening our capabilities and navigating external uncertainties with resilience, we will strive to contribute meaningfully to China's modernization and the advancement of socialism with Chinese characteristics.

I would like to express my sincere gratitude to our shareholders for their unwavering support and to our management team and employees for their hard work and dedication.

Legend Holdings Corporation
NING Min
Chairman of the Board

CEO Report

The year 2024 not only marks the 75th anniversary of the founding of the People's Republic of China but also represents a pivotal year for the achievement of major initiatives under the 14th Five-Year Plan (2021-2025). Amid an increasingly complex and severe external environment, marked by turbulent international situations, rising unilateralism and protectionism, and significant disruptions to global trade and technology, China has demonstrated remarkable resilience and progress under the strong leadership of the CPC Central Committee, with Comrade Xi Jinping at its core. Despite challenges such as insufficient global economic momentum and temporary domestic issues like weak demand and subdued expectations due to industrial restructuring and upgrading, China has maintained steady economic growth with notable advancements in high-quality development. Specifically, new quality productive forces are developing steadily, and composite national strength is continuously enhanced. China has taken solid steps towards modernization with Chinese characteristics.

The year 2024 also marks the 40th anniversary of the founding of Legend Holdings. As a Company rooted in China with a broad presence across global markets, Legend Holdings navigated complex management and operational challenges due to its extensive footprint and diverse industrial chains. Despite the challenging external environment, the Company remained committed to its founding mission of revitalizing the country through its business across industries. Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Company fully embraced the new development philosophy, prioritizing the innovation-driven development strategy and the cultivation of new quality productive forces. By maintaining strategic focus, reinforcing its industrial foundation, and enhancing its ability to manage risks, Legend Holdings remained aligned with China's high-quality development strategy. Additionally, by capitalizing on the technological boom, the Company intensified its investments in cutting-edge fields, driving robust performance across its businesses. As a result, the Company delivered a strong rebound in profitability, with revenue reaching RMB 512.806 billion in 2024, representing an 18% year-on-year increase, while net profit attributable to equity holders of Legend Holdings improved significantly to RMB 133 million.

OPERATIONAL HIGHLIGHTS

Forging strategic resilience in diversified-industries operation to strengthen the business foundation

Amid an uneven global economic recovery and ongoing industrial chain restructuring, Legend Holdings has remained resilient, establishing a solid growth pillar to navigate economic uncertainties. By reinforcing the stability of its industrial foundation, the Company sustained momentum in its development. During the Reporting Period, the diversified-industries operation segment posted revenue of RMB 508.201 billion, a year-on-year increase of 18%; and net profit attributable to equity holders of Legend Holdings of RMB 3.963 billion, up 29% year-on-year.

- During the Reporting Period, Lenovo seized the opportunity of the rise of hybrid artificial intelligence. With its forward-looking layout and efficient execution, the company drove the coordinated progress of all businesses through innovative achievements and continuously enhanced overall profitability. Benefiting from a new wave of PC replacements in the global market, Lenovo reinforced its market leadership in this industry. With a global market share of 24.3%, Lenovo remains firmly at the top – nearly five percentage points ahead of its closest competitor. The operating profit margin of Lenovo's Intelligent Devices Group (IDG) rose to 7.3%, maintaining industry-leading profitability. Specifically, the rapid rollout of AI PC, a new category in the IDG business, has exceeded market expectations, with AI PC models featuring five key characteristics accounting for 15% of sales in the Chinese PC market in the fourth quarter. Lenovo's smartphone business ranked among the top five globally in revenue and shipments across overseas markets. Meanwhile, strategic execution drove a successful turnaround for the Infrastructure Solutions Group (ISG), which returned to profitability in the fourth quarter. At the forefront of Lenovo's strategic transformation, the Solutions and Services Group (SSG) continued its double-digit revenue growth, maintaining a stable operating profit margin above 20%. As Lenovo further advanced its diversified and differentiated strategy, the non-PC revenue share reached a record high of 46%, reflecting continuous optimization of its business structure.

- During the Reporting Period, Levima Advanced Materials remained committed to the innovation-driven development strategy and its annual business plan, proactively adapting to market conditions and navigating challenges by leveraging its core competitive advantages. On one hand, it continued to optimize its product mix by developing and marketing high-margin products, achieving breakthroughs in core technologies and enhancing operational management efficiency. On the other hand, it strengthened its innovation ecosystem by further enhancing its R&D capabilities and technological reserves across key areas, including new energy materials, biomaterials, and electronic materials. Additionally, it expanded its investments in new business segments and successfully launched new projects with strong operational efficiency. Notably, Levima Advanced Materials was included in the "2024 China Brand Value Evaluation Information" list, and the "2024 Hurun China Top 100 New Materials Companies" list, as well as the list of "2024 China's Top 100 Fine Chemicals", "2024 Top 500 Chinese Petroleum and Chemical Enterprises in China" and "2024 Top 500 Listed Chinese Petroleum and Chemical Enterprises". It was also honored as one of China's Best Managed Companies for four consecutive years and successfully passed the certification review for its High and New-Technology Enterprise (HNTE) status. Its subsidiary, Levima Research Institute, also obtained HNTE certification, while Levima Chemical was recognized as an Innovative Small and Medium-sized Enterprise (SME) and a Specialized and Innovative SME in Shandong Province.

- During the Reporting Period, despite a complex and volatile European economic environment with limited growth momentum, BIL successfully overcame numerous challenges through its business resilience and solid risk management capabilities, delivering a robust financial performance. It reported a net profit after tax of EUR 170 million, with Assets Under Management (AUM) further increasing to EUR 46.8 billion, and customer deposits rising to EUR 18.8 billion. The bank also demonstrated sound asset quality and strong liquidity metrics, with a healthy CET-1 (Common Equity Tier 1) ratio of 13.04% (before profit allocation for 2024) and a liquidity coverage ratio of 200%, reinforcing its risk resilience during a counter-cyclical period. Moody's and Standard & Poor's ratings for the bank remained at relatively high levels in the banking sector.

- During the Reporting Period, Joyvio Group recorded revenue of RMB 27.199 billion, representing a year-on-year increase of 4%, primarily driven by the strength of its fruit business. Despite headwinds from a domestic economic slowdown and weaker consumer demand, it remained focused on its core product strategy, leveraging its channel advantages to expand the market share of its strategic core products. By promoting cooperative and authorized planting models, Joyvio Group successfully introduced new product categories that gained market recognition for their superior quality, driving growth in both production volumes and selling prices.

The industrial incubations and investments sector focuses on sci-tech innovation to support national self-reliance and strength in science and technology

Amid intensifying global competition in science and technology, Legend Holdings remains firmly committed to China's national goal of "self-reliance and strength in science and technology", focusing on key areas such as AI, integrated circuits, new energy, and advanced materials. By actively supporting China's emerging pillar industries, the Company accelerates the development of specialized and innovative enterprises while reinforcing domestic and controllable supply chains in critical industrial segments. During the Reporting Period, revenue from the industrial incubations and investments segment was RMB 4.645 billion, a year-on-year increase of 5%. The net loss attributable to equity holders of Legend Holdings was RMB 2.216 billion, representing a significant year-on-year reduction in losses.

- During the Reporting Period, Fullhan Microelectronics capitalized on the recovery in market demand and the accelerated adoption of AI technologies. Driven by its focus on intelligent vision technology, Fullhan Microelectronics has achieved solid growth in both revenue and net profit. By increasing its R&D investments, following the market need, promptly upgrading existing products and technologies, it launched a series of highly competitive new offerings. In the smart video segment, Fullhan Microelectronics has provided advanced intelligent security algorithms support and a comprehensive suite of chip solutions, solidifying its leadership in this field. In the smart home segment, it has partnered with leading consumer electronics brands to introduce low-power, ultra-high-definition vision products for home use, expanding its market presence in smart door locks and domestic surveillance cameras. In the smart automotive segment, it achieved performance breakthroughs in its next-generation in-vehicle ISP chips tailored for new energy vehicles with large onboard screens. These chips support a range of applications, including rearview and surround-view cameras. It also attained AEC-Q100 certification and ISO 26262 automotive functional safety certification, securing its position among top-tier automotive suppliers. Leveraging its global presence and synergies across the industrial value chains, Fullhan Microelectronics has further expanded overseas markets, reinforcing its competitive edge and industry influence while driving steady business growth.

- In 2024, Legend Capital raised over RMB 3.3 billion in new funds, bringing its AUM to over RMB 87 billion. Legend Capital actively expanded its portfolio, making new or follow-on investments in over 50 projects, while nearly 50 projects successfully raised a total of RMB 31 billion in new funding. During the year, Legend Capital exited 58 projects, either partially or fully, and saw seven of its portfolio companies go public, with an additional two companies approved for IPO. To date, its publicly listed portfolio companies have numbered nearly 120. Legend Capital has invested in nearly 230 specialized and innovative enterprises, including nearly 120 recognized as national specialized and innovative "little giants", 19 state-level enterprise technology centers, 25 leading niche-sector manufacturers, 10 recipients of the State Scientific and Technological Progress Award, and over 40 enterprises involved in major national initiatives and key R&D projects. In addition, Legend Capital serves as the fund manager of the Social Security Zhongguancun Independent Innovation Special Fund with an scale of RMB 5 billion.

- In 2024, Legend Star reported AUM of nearly RMB 5 billion and invested in over 10 projects across key sectors, including Embodied AI, low-altitude economy, advanced manufacturing, biopharmaceuticals, digital and intelligent healthcare. Legend Star successfully exited over 20 projects, while nearly 60 portfolio companies completed their next funding rounds. Among its portfolio companies, Teemsun Technology (國科天成) was listed on the ChiNext board of the Shenzhen Stock Exchange, and Pony.ai (小馬智行) was listed on Nasdaq. To date, 27 of Legend Star's portfolio companies have been recognized as national specialized and innovative "little giants".

- During the Reporting Period, ZQET Group remained committed to its development strategy of "refining technology and winning by quality" (精進技術、以質取勝), driving continuous technological innovation and process optimization. Its core product, the 210R-16BB double-sided N-TOPCon cell, achieved a mass production conversion efficiency of over 26.9% with a yield rate surpassing 97%, placing it among the industry's top-tier players. While maintaining high quality, ZQET Group also implemented cost reduction strategies, bringing its production costs closer to those of leading industry peers. Dedicated to achieving zero-defect quality, ZQET Group became the first company in the industry to implement PL detection cards for quality control, earning its "2024 Photovoltaic Industry Quality Excellence Award". By the end of the Reporting Period, it had submitted applications for 30 patents, including 25 invention patents, while actively advancing research and development in next-generation photovoltaic technologies. In terms of equity investments, ZQET Group focused on next-generation information technology, new energy, and biotechnology. During the year, it successfully facilitated the IPOs of Hefei Snowky Electric Co., Ltd. (雪祺電氣), Changzhou Wujin Zhongrui Electronic Technology Co., Ltd. (中瑞股份), and Baotou INST Magnetic New Materials Co., Ltd. (英思特), while Hanshow Technology Co., Ltd. (漢朔科技) was listed on the ChiNext board of the Shenzhen Stock Exchange on March 11th, 2025. Additionally, two more portfolio companies have submitted IPO applications. ZQET Group's investment portfolio has nurtured 25 national and 26 provincial specialized and innovative enterprises. A total of 11 companies have successfully gone public, further solidifying its influence within the industrial ecosystem.

Harnessing national strategic scientific and technological strength to advance self-reliance innovation

In response to the evolving global landscape of technological competition and the new requirements for high-quality development, Legend Holdings Family Group has actively embraced the national strategy of "building a modernized industrial system driven by scientific and technological innovation". In response to the imperative of "achieving breakthroughs in core technologies in key fields," the Family Group has prioritized investments in emerging industries of strategic national importance and has delivered tangible results in cutting-edge and core technologies, setting a benchmark for the development of new quality productive forces through the in-depth integration between innovation chains and industrial chains.

- In the AI segment, Lenovo has established a full-stack intelligent technology framework spanning "Device-Edge-Cloud-Network-Intelligence" (端－邊－雲－網－智). During the Reporting Period, Lenovo launched a series of groundbreaking AI PCs that reconstructed the computing architecture, bringing users a brand-new interactive experience. Its server cluster has reshaped industry benchmarks with full-stack technological innovation and a green, high-efficiency architecture. Its products maintain a leading place in the global server market and have set 536 world records in performance testing, with the new generation of servers doubling AI workload performance. Its self-developed Neptune liquid cooling technology has become a green benchmark with its 100% coverage cooling function and a PUE value of less than 1.1, accelerating computation for the construction and operation of various types of generative artificial intelligence. Built on this technology, the hybrid AI solutions have formed a complete innovation ecosystem from personal smart devices to enterprise-level applications. Notably, leveraging multimodal interactions and self-learning algorithms, the revolutionary Lenovo AI Now (聯想小天) personalized intelligent agent has demonstrated capabilities approaching Level 3 AI, reaching an internationally leading standard.

- Meanwhile, relying on a diversified layout of technological innovation, Legend Holdings Family Group has significantly contributed to the transformation and upgrading of traditional industries. During the Reporting Period, in the field of financial technology, Lakala has helped micro and small enterprises to reduce costs and increase efficiency through its digital payment tools and SaaS service solutions. Additionally, Zhipu AI (智譜AI) has partnered with Postal Savings Bank of China to explore new paradigms for intelligent financial transformation, driving industry integration and innovation. In terms of smart manufacturing, Lenovo provided Xuzhou Construction Machinery Group Co., Ltd. (徐工集團) with customized high-performance computing solutions, improving the efficiency by nearly 90%. Lenovo also applied AR technology to help Liaoning Tianyi Machinery Co., Ltd. (遼寧天億機械) reduce operational and maintenance costs. In the area of next-generation energy storage, Lenovo collaborated with Zhongchuneng Material (Dalian) Co. (中國儲能材料（大連）有限公司) to accelerate the intelligent transformation of the energy industry. In the infrastructure sector, Lenovo renewed its Hyperconverged Infrastructure (HCI) solution with VMware, providing a highly efficient and stable digital foundation for International Far Eastern Financial Leasing Co., Ltd. (遠東國際租賃). In the construction of intelligent logistics systems, EAL has pioneered the EOS intelligent service platform. With the robust support from cloud native PaaS platforms, microservice architecture, comprehensive mobile technology, and intelligent Internet of Things (IoT) technologies, this platform has achieved significant improvements in operational efficiency and per-capita cargo handling performance. Through cross-sector technological empowerment and ecosystem collaboration, Legend Holdings Family Group has not only driven traditional enterprises to enhance efficiency across R&D, production, and operations, but also fueled industrial digitalization and intelligent transformation with innovative technologies. These efforts have injected strong momentum into the high-quality development of the real economy.

- Legend Holdings Family Group has achieved remarkable results in venture investment and the cultivation of innovative enterprises. Its investment platforms, including Legend Capital, Legend Star, and Lenovo Capital, have deployed in cutting-edge technologies and innovation-driven sectors, covering multiple key areas such as artificial intelligence, quantum computing, biotechnology, new energy, semiconductor chips, robotics, big data and cloud computing, medical and healthcare services, and new materials. During the Reporting Period, Legend Holdings Family Group has initiated more than a hundred new investment projects in these fields. These efforts have not only assisted numerous startups in overcoming technological bottlenecks, achieving product innovation, and commercializing their products, but also facilitated technological advancements and upgrades in related industries, thereby injecting new vitality into economic development.

Building a multi-scenario empowered industrial ecosystem with the focused "AI+" strategy

Driven by the "AI+" strategy, Legend Holdings Family Group has established a leading and exemplary role in multiple vertical fields: In the **AI+education** sector, Zhipu AI, in collaboration with Tsinghua University, has piloted an AI teaching assistant system, significantly improving teaching efficiency and learning experiences. In the **AI+healthcare** sector, Deepwise (深睿醫療) has obtained China's first AI-powered lung cancer diagnostic certification and has assisted hospitals in achieving intelligent management of medical imaging data through its medical imaging center construction solutions. In the **AI+transportation** sector, Zhipu AI has collaborated closely with Qualcomm (高通) to promote the implementation of AI Native intelligent cockpits, providing automakers with customized on-device intelligent solutions to OEMs (Original Equipment Manufacturers). In the **AI+manufacturing** sector, Lenovo and HonFLEX (弘信電子集團) co-developed an intelligent production system, improving efficiency and quality across the entire electronic manufacturing process. In the **AI+ESG** sector, Lenovo has collaborated with China's Ministry of Ecology and Environment to build an AI-driven application platform, contributing technological solutions to global challenges such as climate change and biodiversity conservation.

In terms of ecosystem building and social responsibility, Legend Holdings Family Group has supported AI entrepreneurs and promoted technological inclusivity through venture capital week events and fund investments. Furthermore, it established China's first AI Technology Center for rural elementary schools and developed an AI-powered sign language translation system to improve educational equity and social inclusivity. Through a closed-loop innovation framework of "technological breakthroughs, scenario validation, and ecosystem collaboration". Legend Holdings has not only reinforced its leadership in AI infrastructure and technologies but also driven the large-scale application of "AI+" solutions to accelerate the digital transformation of the real economy. These efforts have demonstrated Legend Holdings' sense of responsibility as a technology company to serve national strategies and lead industrial transformation.

OUTLOOK

As Legend Holdings embarks on the new starting point of its 40th Anniversary, we are fully committed to implementing the guiding principles outlined by the CPC Central Committee of "pursuing progress while ensuring stability, promoting stability through progress, upholding fundamental principles, breaking new ground, and establishing the new before abolishing the old." With a steadfast focus on technological innovation as the core driver of growth, we will strive to prioritize the strategic development of new quality productive forces and write a new chapter of the development of the Company. Guided by the principle of high-quality development, Legend Holdings is committed to advancing its enterprise growth through breakthroughs in AI technologies and the integration of AI across industries. Our goal is to expand our full stack AI portfolio and facilitate the deep integration of AI with the real economy. Through a three-tier approach – "scientific and technological innovation, commercialization of R&D output, and industrial upgrading" – Legend Holdings aims to cultivate new strategic growth drivers within emerging industries. By focusing on computing infrastructure investment and low-carbon technology R&D, we aim to establish a benchmark for the green computing industrial chain, contributing to both digital economy and green transformation progress. Furthermore, Legend Holdings will continue to strengthen its ecosystem, integrating diversified-industries operation with industrial incubations and investments. Through increasing investment in R&D, prioritizing early-stage, small-scale and deep-tech investments, and driving the industrialization of scientific achievements, we will empower critical technological breakthroughs to further strengthen industrial chain security.

Facing a complex and volatile economic environment, Legend Holdings will leverage strategic resilience to navigate uncertainties by enhancing our dynamic risk management mechanisms, optimizing asset portfolios, and ensuring robust operating cash flow. In parallel, Legend Holdings will proactively build a multidisciplinary talent pipeline to meet the demands of the AI era. Committed to ESG principles, Legend Holdings will continue contributing to rural revitalization, educational equity, and carbon neutrality. With unwavering confidence, enthusiasm, and the spirit of a pioneer, Legend Holdings is poised to sharpen its core competitiveness, aligning itself with China's national strategy for scientific and technological self-reliance. We are committed to injecting powerful momentum into China's manufacturing strength and advancing the Digital China Initiative through high-quality development.

Legend Holdings Corporation
LI Peng
Executive Director and Chief Executive Officer

Revenue contributions from the Company and its subsidiaries' businesses

Unit: RMB million

	2024	2023	Change in amount	Change %
Diversified-industries Operation	**508,201**	431,589	76,612	18%
Lenovo	**468,886**	392,493	76,393	19%
Levima Group	**6,441**	6,879	(438)	(6%)
Joyvio Group	**27,199**	26,090	1,109	4%
BIL	**5,675**	6,127	(452)	(7%)
Industrial Incubations and Investments	**4,645**	4,431	214	5%
Elimination	**(40)**	(8)	(32)	N/A
Total	**512,806**	436,012	76,794	18%

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

Unit: RMB million

	2024	2023	Change in amount	Change %
Diversified-industries Operation	**3,963**	3,078	885	29%
Lenovo	**3,440**	1,982	1,458	74%
Levima Group	**70**	228	(158)	(69%)
Joyvio Group	**(648)**	(448)	(200)	N/A
BIL	**1,101**	1,316	(215)	(16%)
Industrial Incubations and Investments	**(2,216)**	(5,574)	3,358	N/A
Unallocated	**(1,614)**	(1,378)	(236)	N/A
Total	**133**	(3,874)	4,007	N/A

Asset allocation of the Company and its subsidiaries' businesses

Unit: RMB million

	2024	2023	Change in amount	Change %
Diversified-industries Operation	**574,363**	543,372	30,991	6%
Lenovo	**296,994**	261,392	35,602	14%
Levima Group	**21,802**	17,964	3,838	21%
Joyvio Group	**22,082**	21,800	282	1%
BIL	**233,485**	242,216	(8,731)	(4%)
Industrial Incubations and Investments	**97,845**	101,721	(3,876)	(4%)
Unallocated	**32,534**	24,540	7,994	33%
Elimination	**(8,774)**	(3,900)	(4,874)	N/A
Total	**695,968**	665,733	30,235	5%

BUSINESS REVIEW

As of December 31, 2024, Legend Holdings posted revenue of RMB 512,806 million, an 18% year-on-year increase. The net profit attributable to equity holders of Legend Holdings was RMB 133 million, achieving a turnaround from loss to profit. The increase was mainly attributable to the following factors: 1) The significant year-on-year growth in the performance of Lenovo, a subsidiary of the Company's diversified-industries operation segment; and 2) The investment business of the Company's industrial incubations and investments segment recorded a reduction in losses year-on-year thanks to the improved market environment.

Diversified-Industries Operation

Overview

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

- Lenovo (Stock Code: 0992.HK), our subsidiary, which mainly provides innovative intelligent devices and infrastructure, and offers intelligent solutions, services, and software;

- Levima Group, our subsidiary, which mainly focuses on advanced materials research, development, production and sales;

- BIL, our subsidiary, which mainly provides comprehensive banking services, such as those regarding corporate, institutional, retail and private banking, capital markets and other businesses;

- Joyvio Group, our subsidiary, which operates businesses mainly in the fields of modern agriculture and food.

The diversified-industries operation segment's revenue and net profit during the Reporting Period are set out as follows:

Unit: RMB million

	2024	2023
Revenue	**508,201**	431,589
Net profit	**11,570**	7,482
Net profit attributable to equity holders of Legend Holdings	**3,963**	3,078

During the Reporting Period, revenue from the diversified-industries operation segment was RMB 508,201 million, a year-on-year increase of 18%. The net profit attributable to equity holders of Legend Holdings was RMB 3,963 million, a year-on-year increase of 29%. The increase was primarily attributed to the significant year-on-year increase in the performance of Lenovo, a subsidiary in the diversified-industries operation segment.

Lenovo

Lenovo, a Fortune 500 company, develops, manufactures and sells high-end technology products and provides related services to companies and individual customers. As of December 31, 2024, Legend Holdings held a 31.41% equity interest in Lenovo, directly and indirectly.

In 2024, Lenovo seized the opportunity of the rising hybrid artificial intelligence. With its forward-looking layout and efficient execution, Lenovo drove the coordinated progress of all businesses through innovative achievements, continuously enhancing its overall profitability. With the global proliferation of artificial intelligence and its related applications, the significance of PC as a productivity tool is becoming increasingly prominent. This trend is further bolstered by favorable factors such as the upgrade to the Windows 11 operating system, which is driving a new wave of PC replacements worldwide. Against this backdrop, Lenovo has reinforced its market leadership in this industry. With a global market share of 24.3% in the fourth quarter, Lenovo remains firmly at the top – nearly five percentage points ahead of its closest competitor. The operating profit margin of Intelligent Devices Group (IDG) rose to 7.3%, maintaining leading profitability. Specifically, the rapid rollout of AI PC, a new category of the IDG business, has exceeded market expectations, with AI PC models featuring five key characteristics (embedded personal large model and natural interaction of personal intelligence, embedded personal knowledge base, local heterogeneous AI computing power include CPU, GPU and NPU, open AI application ecosystem, personal privacy protection and data security) accounting for 15% of PC sales in the Chinese PC market in the fourth quarter. Lenovo's smartphone business ranked among the top five globally in revenue and shipments across overseas markets, laying a solid foundation for sustainable profitability growth. Meanwhile, strategic execution drove a successful turnaround for the Infrastructure Solutions Group (ISG), which returned to profitability in the fourth quarter. As the forefront of Lenovo's strategic transformation, the Solutions and Services Group (SSG) continued its double-digit revenue growth, maintaining a stable high level operating profit margin at 21%. As Lenovo advanced its diversified and differentiated strategy, the non-PC revenue share reached a record high of 46%, reflecting continuous optimization of its business structure.

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

Unit: RMB million

	2024	2023
Revenue	**468,886**	392,493
Net profit	**11,295**	6,722
Net profit attributable to equity holders of Legend Holdings	**3,440**	1,982

During the Reporting Period, Lenovo focused on the hybrid AI sector, with its revenue growing by 19% year-on-year to RMB 468,886 million. The increase was mainly attributable to: 1) the record high of the 52% year-on-year increase in Infrastructure Solutions Group revenue, driven by strong demand from cloud service providers; 2) Intelligent Devices Group's sustained growth that outperformed the market average due to strong product competitiveness. Notably the PC and premium smartphone businesses recorded 10% and 28% year-on-year revenue growth, respectively; and 3) Solutions and Services Group's fifteenth consecutive quarter of double-digit year-over-year revenue growth, driven by the robust customer demand for its X-as-a-Service and AI-enabled solutions.

Lenovo's net profit attributable to equity holders of Legend Holdings increased by 74% year over year to RMB 3,440 million, primarily driven by a rise in the scale of profit due to revenue growth, and enhanced overall profitability due to an increased proportion of high-margin and high value-added product sales. In addition, a one-time non-recurring tax credit resulting from business restructuring also contributed to an increase in profit.

Intelligent Devices Group (IDG)

The IDG segment is composed of PC, tablet, smartphone, and other smart device businesses.During the Reporting Period, the segment achieved strong growth, with revenue reaching RMB 349.8 billion, reflecting a year-on-year growth of 13%. The PC business further solidified its industry leadership, outperforming the market's average growth rate to further expand its competitive advantages. According to third-party data, Lenovo's global PC market share rose to 24.3%, nearly five percentage points ahead of its closest competitor. The other segment markets of the IDG business also achieved strong performance. In the consumer segment, high-performance Gaming PCs delivered remarkable sales during the holiday season, driven by users' demand for immersive gaming experiences. In the commercial segment, premium workstation sales spearheaded demand recovery, benefiting from the Windows 11 refresh. The IDG business maintained its industry-leading profitability, with operating profit increasing by 18% to RMB 25.5 billion, and operating profit margin reaching a record high of 7.3%. Notably, the proportion of premium product portfolio revenue in the total IDG revenue mix reached nearly one-third, reflecting strong profitability driven by further optimization of the product mix.

In May 2024, Lenovo took the lead in launching the world's first AI PC with five key characteristics in the Chinese market. This product gained high market recognition for its excellent performance and remarkable user experiences. At the Consumer Electronics Show (CES) in January 2025, Lenovo unveiled 60 innovations, redefining a ground-breaking lineup of AI-powered solutions across its commercial, gaming, and consumer segments. These offerings accelerated Lenovo's presence in the hybrid AI ecosystem, enabling better-than-expected AI PC development. In the fourth quarter, Lenovo's AI PC sales in the Chinese market accounted for 15% of total PC sales, achieving its fiscal year sales target ahead of schedule.

Beyond PCs, other smart devices also demonstrated strong performance. Smartphone business emerged as a key growth driver, with revenue increasing by 28% year-on-year during the Reporting Period. In the Asia-Pacific and EMEA (Europe, the Middle East and Africa) regions, the smartphone business achieved impressive fourth-quarter growth of 155% and 28% year-on-year, respectively, securing its position among the top five global smartphone vendors. In China, smartphone revenue surged 156% year-on-year in the fourth quarter, driven by robust demand. The product portfolio upgrade strategy has also delivered tangible results, with the Razr foldable series and edge flagship models standing out as best-selling products. Revenue from premium models exceeded 30% of total smartphone revenue in the fourth quarter, further strengthening Lenovo's brand premium positioning.

IDG's latest AI-powered innovative product portfolio is designed to redefine the next-generation devices, including AI PCs. These new product offerings integrate cutting-edge AI technologies to deeply empower both hardware architecture and software ecosystems, delivering elevated performance and enabling sustainable profitability in premium segments. The AI NOW intelligent agent, based on heterogeneous computing, breaks through limitations in local AI computing power to provide secure, real-time intelligent assistance. Meanwhile, Lenovo's security protection system ThinkShield safeguards the user environment through a multi-layered content filtering mechanism. Solutions such as "one personal AI, multiple devices" approach (一體多端) and Smart Connect platform help establish a unified multi-device AI hub, ensuring seamless, cross-device, and centralized data management. Proprietary technologies, including the creative platform Lenovo Creator Zone and knowledge hub Lenovo Learning Zone can help establish differentiated competitive advantages, enabling Lenovo to strengthen its global leadership in the AI PC field. Additionally, the smartphone business has also produced tangible results. By integrating Large Action Model (LAM) technology into evolving features of moto AI, Lenovo is continuously enhancing its premium product capabilities. For example, the Razr foldable series and edge flagship models launched in parallel enable Lenovo to lead the evolution of smart devices toward proactive, AI-driven experiences. Going forward, the IDG segment will continue to unlock the potential of AI through innovation and collaborate with strategic partners to build a more diversified product portfolio and a richer ecosystem.

Infrastructure Solutions Group (ISG)

Lenovo is committed to developing industry-leading end-to-end integrated solutions through its full-stack product and solution portfolio, broad customer coverage, and unique ODM+ (Original Design and Manufacturing) model. With the recovery in cloud service investments and the rebound in enterprise demand, ISG experienced rapid growth, with the robust demand in the server market serving as the core growth engine. During the Reporting Period, the ISG business recorded a revenue of RMB 92 billion, reaching a record high. Notably, revenue from the cloud-related business in the fourth quarter was more than four times that of five years ago. Not only did it contribute a double-digit percentage to Lenovo's total revenue, but it has also became a key driver for upgrading the profit structure of ISG due to its high-margin nature. During the Reporting Period, the ISG segment reported an operating loss of RMB 1.2 billion, but achieved a profitable turnaround in the fourth quarter.

Since acquiring the x86 server business from IBM, ISG has been advancing the architectural upgrades from traditional enterprise computing to cloud computing and intelligent storage by building a full-stack solution portfolio covering cloud infrastructure, hybrid deployment, intelligent storage, and edge computing. This has not only enhanced the segment's service capabilities in the traditional enterprise market but also empowered it to deeply integrate with the global cloud computing trend. This strategic approach has given Lenovo a first-mover advantage in AI infrastructure and helped establish core competitiveness in the AI era. The performance of the core business in the ISG has also validated Lenovo's forward-looking vision. Currently, the AI server product line continues to generate steady revenue, while the flagship Neptune™ liquid cooling technology has expanded beyond high-performance computing into verticals like smart manufacturing and smart cities. As these technological moats and ecosystem synergies continue to strengthen, Lenovo has established a lasting competitive edge in maintaining its technological leadership in the evolving AI computing power landscape.

With hybrid AI at its core, ISG worked closely with ecosystem partners to drive the development and commercialization of next-generation AI solutions. By balancing the Enterprise & Small-and-Medium Business (E/SMB) and Cloud Service Providers (CSP) segments, ISG leverages its innovative ODM+ model, liquid cooling technology, and other differentiated products to build a comprehensive capability system spanning computing, storage, and beyond. A streamlined supply chain, combined with sustained R&D investment, has both accelerated localized technology innovation and driven cloud business expansion and deeper penetration into the enterprise market. Amid the surge in AI investments, Lenovo has launched a full-stack product lineup that includes edge computing devices, intelligent storage systems, high-performance computing clusters, and 8-GPU large model servers, creating hybrid infrastructure solutions that meet both traditional computing needs and emerging AI demands. Lenovo's dual-focused strategy of advancing both technology and market development has not only strengthened its global competitiveness in the hybrid AI field but also enhanced its long-term profitability. Looking ahead, Lenovo will focus on the in-depth optimization of its cost structure. Through measures such as streamlining organizations to enhance operational efficiency, deepening collaboration with strategic partners, and optimizing the product portfolio precisely, Lenovo will strengthen its moat in enterprise-level business, providing long-term momentum for sustainable growth and the upgrade of profitability.

Solutions and Services Group (SSG)

Targeting the fast-growing "New IT" service field, SSG is committed to driving Lenovo's service-oriented transformation. It consists of three major business segments: Support Services, Managed Services, and Project & Solution Services. During the Reporting Period, SSG delivered its 15th consecutive quarter of double-digit year-on-year revenue growth with over 20% operating margin and registered revenue of RMB 57.8 billion, a 12% increase year on year. SSG contributed to an operating profit of RMB 12 billion, a year-on-year increase of 15%. The operating margin further increased to 21%, significantly higher than those of other business segments.

During the Reporting Period, the non-hardware-tied Managed Services and Project & Solution Services segments, which are key profit drivers for SSG, achieved year-on-year growth of 17% and 25%, respectively. In the Managed Services segment, the Device-as-a-Service (DaaS) model and hybrid cloud solutions are primary growth drivers. The Project & Solution Services segment, leveraging the technological momentum of AI-based solutions, has supported global leading enterprises in accelerating their intelligent transformation. A notable example is the successful deployment of an enterprise-level AI agent platform for a leading dairy company, establishing a full-link intelligent decision-making hub. The Support Services segment experienced a 2% year-on-year revenue increase. Despite the time lag between hardware sales and service revenue recognition, the order volume of this segment has achieved growth for five consecutive quarters. This positive trend is in line with the recent recovery in hardware sales, and signals that the revenue is expected to recover steadily in the near future.

Amid the surging demand for enterprise-level hybrid AI solutions, the SSG segment will leverage its leadership in hardware to expand its solutions offerings through value-added services. By innovating the technology-led approach to IT services, SSG will transition from traditional labor-intensive models to cost-effective AI solutions through a three-step strategy. First, integrate AI technologies into existing service offerings, including digital workplace, hybrid cloud, and sustainability services, to accelerate the development of an AI-native service product matrix. Second, establish a full-lifecycle, high-value-added support system according to the customized needs of professional AI services. Third, deepen collaboration with channel and ecosystem partners to drive a comprehensive acceleration of customer digital transformation through the development and delivery of joint solutions.

Levima Group

Levima Advanced Materials (Stock Code: 003022.SZ) is held by the Company through our subsidiary, Levima Group. Levima Advanced Materials mainly engages in the R&D, production and sales of advanced material products. As of December 31, 2024, Legend Holdings held a 50.51% equity interest in Levima Advanced Materials.

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

(1) In the field of new energy materials, Levima Advanced Materials is actively expanding its POE and lithium-ion battery additives businesses. It has already established a strong footprint in the categories of EVA photovoltaic adhesive film materials, lithium-ion battery separator materials, and lithium-ion battery solvents. On the basis of its existing 150,000-ton-per-year EVA production capacity, Levima Advanced Materials is constructing a new EVA equipment with an annual capacity of 200,000 tons, which is planned to be put into production in 2025. Once the new equipment is put into production, the EVA annual production capacity of Levima Advanced Materials is expected to exceed 350,000 tons. This will primarily support the production of high value-added products, such as photovoltaic adhesive film materials. Levima Advanced Materials will also possess both the world-leading tubular autoclave EVA production devices, enhancing production flexibility and optimizing the product mix. In addition, in January 2024, Levima Advanced Materials successfully commissioned a VA device with an annual capacity of 90,000 tons, achieving full self-sufficiency in raw materials for the existing EVA facility. This will ensure a stable supply of VA raw materials for the new 200,000-ton-per-year EVA device under construction and further reduce production costs. While maintaining its competitive strength in EVA products, Levima Advanced Materials is also expanding its presence in the POE business, with plans to develop a project with an annual capacity of 300,000 tons to produce high-end olefin materials, such as POE photovoltaic adhesive film materials and tougheners using its proprietary process technology. The Phase I 100,000-ton-per-year POE project is expected to be completed and put into operation in 2025. In the near future, Levima Advanced Materials will offer both EVA and POE photovoltaic adhesive film products, thus diversifying its portfolio in new energy photovoltaic materials and strengthening its core competitiveness. It has also laid out a range of new energy and lithium-ion materials, including UHMWPE as well as solvents and additives for lithium-ion batteries with significant synergistic advantages. In March 2024, Levima Advanced Materials' 20,000-ton-per-year UHMWPE device, utilizing a newly developed continuous process technology through collaboration, started production. Designed as a high-end product, it employs jointly developed new and continuous processing technologies to ensure product quality. The device has already produced five grades of products, including high-end separator materials and fiber materials. These products have successfully passed customers' trial evaluations and are now being sold in the market. As for the 100,000-ton-per-year lithium-ion carbonate ester solvent project, the main raw materials required, including Ethylene Oxide (EO) and carbon dioxide, are all self-produced by Levima Advanced Materials and has created synergies within its industrial chain to promote resource recycling and multi-purpose use. The project's products have successfully passed the evaluation of leading customers in the lithium battery industry and have commenced delivery. Additionally, the 4,000-ton-per-year VC device of Huayu Tongfang is scheduled to become operational by mid-2025, offering products with advantages in technologies and industrial chains. Levima Advanced Materials and Beijing WeLion New Energy Technology Co., Ltd. (北京衛藍新能源科技股份有限公司) jointly established Levima WeLion (Jiangsu) New Energy Technology Co., Ltd. (聯泓衛藍) to ramp up the R&D, production and sale of key functional materials for solid-state batteries and semi-solid-state batteries. The joint venture will empower Levima Advanced Materials to expand its product portfolio in new energy battery materials. Additionally, Levima Advanced Materials made a strategic investment in Wenzhou Nashu New Energy Technology Co., Ltd. (溫州鈉術新能源科技有限公司), aiming to expand into the sodium-ion batteries and related materials segment. Levima Advanced Materials is committed to expanding its presence across multiple categories of new energy battery materials. It continues to monitor industry developments, enhance its materials synthesis and R&D application platform for innovative battery materials, and intensify R&D and investment efforts for new products. Through these initiatives, it has built up a comprehensive industrial layout of a variety of new energy battery materials.

(2) In terms of biodegradable materials and bio-based chemicals, Levima Advanced Materials has grown its footprint across multiple products, including PLA and PPC, by leveraging its proprietary technologies. The "Biodegradable Material Polylactic Acid Project" (生物可降解材料聚乳酸項目) utilizes Levima Advanced Materials' proprietary comprehensive industrial chain technologies, encompassing "Starch – High-gloss pure lactic acid – High-gloss pure lactide – Polylactic acid". This project has now entered the trial production phase. The project "R&D and Industrialization Demonstration of Supercritical Polymerization of Biodegradable CO_2-based Plastics" (超臨界聚合製備生物降解二氧化碳基塑料的研發與工業化示範項目), jointly proposed by Levima Advanced Materials and relevant institutes of the Chinese Academy of Sciences, has been listed as a national key R&D program by the Ministry of Science and Technology. The 50,000-ton-per-year PPC facility currently under construction is expected to become operational in 2025. The major raw materials required, Propylene Oxide (PO) and carbon dioxide, are self-supplied by Levima Advanced Materials. The project is fully coordinated with Levima Advanced Materials' existing production bases and industrial chains, enabling the recycling and comprehensive utilization of resources and demonstrating a significant advantage of integrated industrial chains. Furthermore, Levima Advanced Materials has accelerated the R&D and industrialization of innovative bio-based sugar substitutes. The company has also established a new molecular biology platform to develop new technical routes and expand its product portfolio in this sector. These efforts will enable Levima Advanced Materials to advance the separation and purification technologies for furan-based biomaterials derived from non-food biomass raw materials.

(3) In the realm of electronic materials, Levima Advanced Materials is dedicated to electronic specialty gases and wet electronic chemicals. It has developed multiple ultra-high purity electronic specialty gas preparation technologies, all with fully independent intellectual property rights. Equipped with extensive production experience, premium product quality, and strong product development capabilities, Levima Advanced Materials boasts technological advantages, particularly in electronic-grade hydrogen chloride and chlorine products. These products have been introduced into the mainstream downstream customer market. In May 2024, Levima Advanced Materials successfully commissioned its electronic-grade high-purity specialty gas device, which added 10,000 tons of annual capacity. In 2024, Levima Advanced Materials completed a strategic investment in Chemtarget Technologies Co., Ltd. (綿陽高新區達高特科技有限公司), "ChemTarget", a semiconductor advanced packaging material company based in Mianyang, Sichuan Province. This investment made Levima Advanced Materials the second-largest shareholder of ChemTarget. ChemTarget has successfully achieved mass production and commercialization of BCB (benzocyclobutene) resin monomers for advanced semiconductor packaging, breaking the foreign monopoly in this field. When cured, BCB monomers form PBCB (polybenzocyclobutene) resin, which has a wide range of applications, including dielectric and planarization materials for advanced packaging, packaging photoresists, high-frequency copper-clad laminate resins, pharmaceutical intermediates, and artificial lenses. Moving forward, Levima Advanced Materials will continue to strengthen R&D and investment in other ultra-high-purity electronic specialty gases, wet electronic chemicals, and photoresist-related materials, further expanding its production capacity and diversifying its product portfolio.

(4) In terms of other specialized materials, Levima Advanced Materials continues to enhance its product competitiveness by developing high value-added PP specialties. In response to the evolving consumer demand in EOD products, Levima Advanced Materials has focused on creating green, low-carbon, and high-margin specialty surfactants. To date, Levima Advanced Materials has developed over 40 product series and more than 100 industrialized products. The special isocyanate (XDI) project, jointly developed by Levima Advanced Materials and relevant institutes of the Chinese Academy of Sciences, has been listed as a national key R&D program by the Ministry of Science and Technology. XDI is a critical material known for its high strength, adhesiveness, elasticity, and durability, making it essential for high-end optical resins, TPU protective films, and specialized coatings and adhesives. It is mainly used in the field of high-end optical resin and has a strong market potential. China has long relied on imports for this material. The project has now completed the pilot-scale testing and is about to start construction.

In terms of production and operation, Levima Advanced Materials continues to achieve technological breakthroughs and optimize production operations to drive cost reductions and efficiency improvement. Levima Advanced Materials has enhanced the recycling and multi-purpose use of its devices and improved the operating efficiency of utilities, achieving significant improvements in management effectiveness. Through optimized operations, Levima Advanced Materials has further reduced specific consumption and fully leveraged the synergies of integrated operations. More than ten technological breakthroughs were made, contributing to low unit consumption of MTO (Methanol to Olefins) Methanol, optimized PP production cost, and improved steam balance optimization research. Meanwhile, Levima Advanced Materials strengthened its Health, Safety, and Environment (HSE) management, implementing the guidelines of "putting safety first, prioritizing risk prevention, and realizing comprehensive management" to ensure production safety. By adhering to the principle of full participation and assuming responsibility for work safety, Levima Advanced Materials achieved its safety production goals of "zero accountable accidents, zero personal injuries, and zero environmental damage". During the Reporting Period, Levima Advanced Materials strictly upheld its corporate responsibilities to ensure production safety. Levima Advanced Materials continuously improved its production safety management system and executed the three-year National Action Plan to Strengthen Workplace Safety. Key initiatives included, advancing the "mechanized, automated, and intelligent" transformation, conducting automation revamps for EOD and EVA devices, and obtaining eleven administrative permits for projects, including safety inspections for Regenerative Thermal Oxidizer (RTO) furnace and IoT data pipeline interconnectivity construction. Levima Advanced Materials received an updated certification of ISO 45001 Occupational Health and Safety Management System and attained Grade 2 of the "Grading Measures for the Standardization Construction of Enterprise Safety Production". Its occupational health management practices were included in the "List of Excellent Cases for Healthy Enterprise Construction" by the National Health Commission of China. As a "National Green Factory", Levima Advanced Materials has always prioritized ecological protection and pollution prevention to drive green and low-carbon production.

In terms of market expansion, Levima Advanced Materials maintained a good foothold in the niche markets for advanced polymer materials and specialty fine materials. It optimized its product mix based on market demand, developed new products, and successfully promoted their market launch. Levima Advanced Materials allocated all EVA production capacity to high VA-content, high value-added products, such as photovoltaic adhesive film materials. Levima Advanced Materials successfully developed UL01233, a new high-end footwear material, and achieved record production and sales of high-end EVA footwear materials. It maintained a leading market share and influence in PP thin-wall injection molding materials in China, and the EOD business maintained steady growth, with progress in developing new environmentally friendly, high-value-added products. Sales volume and gross profit contribution of new products continued to increase, with sales of specialty surfactants increased by approximately 27.98% year-on-year. Levima Advanced Materials actively expanded its presence in the overseas market, with products sold to 21 countries and regions and export volume increasing by 47.61% year over year. Additionally, EC products successfully passed evaluations by leading customers in the lithium battery industry and commenced delivery.

During the Reporting Period, as new projects gradually became operational, Levima Advanced Materials new products were introduced to the market, with sales gradually ramping up. This laid a solid foundation for a complete sale of all produced goods. UHMWPE materials such as high-end fiber materials and lithium-ion battery separator materials, passed customers' trial evaluations and are now being sold in the market. Levima Advanced Materials promoted the sales of products with new capacity, such as electronic-grade hydrogen chloride and chlorine products, by reaching cooperation intentions with multiple leading customers. PLA products, focusing on high-end applications, were introduced to the market and expanded into high-growth markets such as 3D printing.

In terms of innovation, Levima Advanced Materials is committed to the R&D principles of "market-oriented, customer-focused, innovation-driven, and product-refined". Levima Advanced Materials continued to explore new technologies and develop new products to foster new growth points. In the realm of new energy materials, Levima Advanced Materials improved the soft-pack battery platform, prioritizing the R&D of key functional materials for solid-state and semi-solid-state batteries, including dispersants, binders, new electrolyte additives, and silicon-carbon negative electrode materials. Technological achievements in these materials were advanced into pilot scale production. For biomaterials, Levima Advanced Materials built a new molecular biology platform to advance the industrialization of bio-based sugar substitutes, explored new paths for new bio-based sugar substitutes, and promoted the technical development of manufacturing biomaterials made from non-grain biomass raw materials. In the field of electronic materials, Levima Advanced Materials advanced the construction of composite distillation and quantitative calculation engineering platforms, acquiring the ability to develop process technologies for high-purity specialty gases and wet electronic chemicals. In terms of specialized materials, Levima Advanced Materials developed high-end specialty chemicals, promoting the development of high-end products with multi-industry applications, such as specialty surfactants and polyethers. These efforts enabled Levima Advanced Materials to deliver stronger product and technical advantages, further solidifying its industry position. Levima Advanced Materials also established a wholly-owned subsidiary, Jiangsu Lianhong Chemical Design Co., Ltd. (江蘇聯泓化工設計有限公司), to enhance its capabilities in process package preparation and process design optimization.

Levima Advanced Materials passed the certification review for its High- and New-Technology Enterprise (HNTE) status; Levima Research Institute, its subsidiary, was also certified as an HNTE. Levima Chemical, another of its subsidiaries, was named an innovative SME and a specialized and innovative SME in Shandong Province. During the Reporting Period, through continuous development and innovation of new products and technologies, Levima Advanced Materials completed the laboratory R&D for 21 new products and processes, the production technology development for 13 new products, the industrialization of 11 new products and added 35 granted patents. As of the end of the Reporting Period, Levima Advanced Materials has held a total of 273 granted patents.

Additionally, Levima Advanced Materials was included in the "2024 China Brand Value Evaluation Information" list, and the "2024 Hurun China Top 100 New Materials Companies" list. It also was ranked among the list of "2024's China's Top 100 Fine Chemicals" Enterprises in China; "2024 Top 500 Chinese Petroleum and Chemical Enterprises in China"; and "2024 Top 500 Listed Chinese Petroleum and Chemical Enterprises". It was also rewarded with the 2024 Best Practice of Corporate Green and Low-carbon Development Awards, the Manufacturing Individual Champions in Shandong Province, and was included in the 2024 Shandong Petroleum and Chemical Industry Top 100 Enterprises List of Enterprises Innovation Index. Moreover, Levima Advanced Materials was honored as one of China's Best Managed Companies for the fourth consecutive year, and received Grade A Rating for the 2023-2024 annual Information Disclosure Assessment by the Shenzhen Stock Exchange (SZSE). It was included in the SZSE Component Index, the Shenzhen Stock Connect, the FTSE Russell Large Cap, the CSI 500 and the CSI Photovoltaic Industry Index, and has been selected as a margin trading and securities lending target.

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

Unit: RMB million

	2024	2023
Revenue	**6,441**	6,879
Net profit	**220**	444
Net profit attributable to equity holders of Legend Holdings	**70**	228

During the Reporting Period, Levima Group recorded revenue of RMB 6,441 million and its net profit attributable to equity holders of Legend Holdings was RMB 70 million. Due to the periodic narrowing of the price spread between products and raw materials, the gross profit margin has declined year-on-year. Coupled with the fact that market demand is in a recovery phase and the prices of main products were in an adjustment cycle, the operating performance has experienced year-on-year fluctuations.

BIL

Founded in 1856, BIL is one of the oldest financial institutions in Luxembourg. It has always played an active role in the main stages of Luxembourg's economic development. It is one of the top three banks in Luxembourg in terms of market share and is recognized as one of the Systemically Important Banks (SIBs) by the European Central Bank. As of December 31, 2024, Legend Holdings held an 89.98% equity interest in BIL.

Despite the Eurozone deposit rate declining to 3% by the end of 2024 after peaking at 4% in late 2023, liquidity conditions remained constrained, albeit marginal improvements have been seen in the financing environment. During the Reporting Period, BIL capitalized on its emerging technologies and evolving market trends to drive strategic transformations and upgrades, positioning itself for long-term and sustainable growth. The Bank focuses on optimizing its commercial banking business structure, enhancing resource allocation efficiency, and strengthening its core operations. It remains committed to supporting its diverse clientele, including entrepreneurs, institutional clients, and individuals, by delivering a suite of innovative financial solutions and comprehensive, professional advisory services. These efforts empowered clients to navigate ongoing economic challenges. A series of targeted commercial initiatives has also been implemented to stimulate lending activities. Simultaneously, BIL refined its risk management system to ensure operational resilience and sustainability while expanding its portfolio of sustainable products and services.

In terms of products and services, BIL achieved significant milestones in advancing its responsible investment initiatives. Building on the strong momentum of new issuances in 2022, which were primarily structured as private placements, the Bank's Green Bonds issuance surpassed EUR 500 million by the end of 2024. For the lending business, BIL prioritized enhancing risk management processes, particularly in the residential real estate segment. When it comes to its investment portfolio, BIL continued to make steady progress toward its target of allocating 30% of investments to sustainable assets by December 31, 2025. As of December 31, 2024, Green, Social, and Sustainable (GSS) bonds represented 26.89% of the portfolio, reflecting the Bank's ongoing commitment to integrating environmental, social, and governance (ESG) principles into its investment strategy through optimized asset allocation, while actively monitoring evolving trends in the ESG bond market.

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

- During the Reporting Period, BIL reported a total revenue of EUR 719 million, representing a decrease of 6% year on year, and reported net profit after tax of EUR 170 million, down 16% year on year. This performance was primarily influenced by the complex and challenging macroeconomic environment, particularly the shifting interest rate landscape, which led to narrowing net interest margins and prompted clients to adopt more conservative risk preferences and adjust their asset allocation strategies. In addition, BIL's net profit was structurally impacted by temporary cost increases during the technology transformation process, particularly higher amortization costs associated with the rollout of its new Core Banking System. However, the financial pressure arising from increased amortization costs was partially offset through organizational efficiency optimization measures, including employee cost containment and centralized management of administrative expenses.

- During the Reporting Period, Assets Under Management (AUM) of BIL increased to EUR 46.8 billion, up from EUR 43.8 billion at the end of 2023. Customer deposits increased to EUR 18.8 billion, compared with EUR 18.5 billion at the end of 2023. Meanwhile, customer loans stood at EUR 16.2 billion, a slight decrease of 1% year on year.

- At the end of December 2024, BIL maintained robust asset quality and strong liquidity metrics, with a healthy CET-1 (Common Equity Tier 1) ratio of 13.04% (before profit allocation for 2024), and a liquidity coverage ratio of 200%.

- At the end of December 2024, BIL's credit ratings by both Moody's and Standard & Poor's stood at A2/Stable/P-1 and A-/Negative/A-2, respectively.

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

Unit: RMB million

	2024	2023
Revenue	**5,675**	6,127
Net profit	**1,223**	1,463
Net profit attributable to equity holders of Legend Holdings	**1,101**	1,316

Joyvio Group

Joyvio Group serves as our key platform in the modern agricultural and food industry that we are actively developing. Its core businesses span industrial chains in high-end fruits and premium animal protein. While accelerating expansion into emerging sectors such as agricultural digital solutions and intelligent supply chain services, Joyvio Group is establishing a modern agriculture industrial ecosystem, covering the entire industrial chain "from farm to table" (從田間到餐桌). As of December 31, 2024, Legend Holdings held an 81.2143% equity interest in Joyvio Group.

In the fruit supply chain, Joyvio Group owns Joy Wing Mau (鑫榮懋), China's largest vertically integrated fruit company, and Bountifresh (鑫果佳源), China's leading fruit production enterprise, forming an industry-leading operational platform characterized by three core competencies: end-to-end supply chain integration, globalized resource allocation, and fully digitalized intelligent operations. In the seafood supply chain, Joyvio Group owns KB Food, a leading Australian seafood supplier, Joyvio Food (Stock Code: 300268.SZ) and Australis Seafoods S.A., Chile's leading salmon producer, as well as China Starfish (青島國星), a leading pollock and coldwater shrimp supplier based in Qingdao, China. Based on this business structure, Joyvio Group continued to expand and consolidate its global animal protein supply chain.

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

Unit: RMB million

	2024	2023
Revenue	**27,199**	26,090
Net loss	**(1,168)**	(1,147)
Net loss attributable to equity holders of Legend Holdings	**(648)**	(448)

During the Reporting Period, revenue from the fruit business increased by 12% year-on-year. This growth, along with other factors, drove Joyvio Group's total revenue to RMB 27,199 million, representing a 4% year-on-year increase. However, Joyvio Group incurred a net loss attributable to the equity holders of Legend Holdings of RMB 648 million, primarily due to the provision for impairment of goodwill.

(1) Fruit business

During the Reporting Period, Joy Wing Mau focused on its core products including blueberry, cherry, durian and kiwifruit, driving growth in both production volumes and selling prices. This strategy has enhanced its overall profitability. Building on its strong presence in Asian markets, Joy Wing Mau made significant progress in its global expansion strategy, including the initial establishment of distribution networks in North America. Joy Wing Mau also continued to strengthen its supply chain capabilities. Its newly constructed intelligent warehousing and logistics centers in Shenyang and Shenzhen are operating efficiently and have been recognized by global industry leaders such as Zespri (佳沛) as benchmark facilities for intelligent global logistics hubs. As of December 31, 2024, Joyvio Group held a 39.46% equity interest in Joy Wing Mau.

During the Reporting Period, Bountifresh achieved record-breaking yields through iterative upgrades to its blueberry varieties and optimization of its technical systems, complemented by a comprehensive digital and intelligent transformation of its operational management. Bountifresh established joint ventures and licensed planting networks in emerging production regions like Yunnan and Hubei, creating a scalable, asset-light production mode. While reinforcing its leadership in the blueberry market, Bountifresh also made significant strides in its high-end premium apple business, with mass production breakthroughs and growing market recognition for its world-class patented apple varieties. Additionally, Bountifresh expanded horizontally into high-potential categories such as pomelo, citrus, and pineapple. By exporting standardized cultivation systems and implementing digital traceability systems, Bountifresh is rapidly building a diversified, multi-category brand portfolio, infusing new momentum into its sustainable business growth. As of December 31, 2024, Joyvio Group held a 65.37% equity interest in Bountifresh.

(2) Animal protein business

During the Reporting Period, Australis Seafoods S.A., a subsidiary of Joyvio Food, saw declines in its production and sales due to its compliance plans for compensation of overproduction, rising industry costs, and liquidity constraints. Joyvio Food was unable to restore profitability, as it continued to grapple with elevated production costs and increased financial obligations stemming from sustained high US dollar interest rates. Meanwhile, China Starfish (青島國星), another subsidiary of Joyvio Food was impacted by pressures of overseas market destocking and sluggish demand, leading to year-on-year declines in both revenue and net profit, yet its entrenched industry leadership position remained intact. As of December 31, 2024, Joyvio Group held a 46.08% equity interest in Joyvio Food.

During the Reporting Period, KB Food achieved a significant milestone with the commencement of operations at its second processing factory located at Australia's east coast. This expansion completed its high-efficiency seafood processing network, covering the entire territory of Australia and significantly enhancing its supply chain competitiveness. With the support of its nationwide processing network, KB Food's supermarket business delivered consecutive revenue growth and surpassed 30% market share through product innovation, brand upgrades, and refined client management. The catering business also made strides by targeting high-value segments, successfully launching the "BlueWave" product line, and gained notably increasing market share. As of December 31, 2024, Joyvio Group held a 100% equity interest in KB Food.

Industrial Incubations and Investments

Overview

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

- Legend Capital, a fund management company that focuses on early-stage venture capital and growth-stage equity investment;

- Legend Star, an early-stage investment and incubation subsidiary that provides specialized services for entrepreneurs in terms of early-stage investment and in-depth incubation;

- Fullhan Microelectronics (Stock Code: 300613.SZ), which mainly specializes in the design and development of chips for smart video, smart home and smart automotive products;

- Lakala (Stock Code: 300773.SZ), which mainly provides merchants with a full spectrum of digitalization services covering payments, technology, supply sourcing, logistics, finance, branding and marketing;

- EAL (Stock Code: 601156.SH), which mainly engages in the air freight business;

- ZQET Group, an industrial group focusing on new energy and innovative technology, which provides services for new energy and innovative technology enterprises through its diversified-industries operation, industrial investments and financial services. ZQi Solar Technology Co., Ltd., a wholly-owned subsidiary of ZQET Group, specializes in the R&D, manufacturing, and sales of high-efficiency solar cells and modules;

- JC Finance & Leasing, which mainly provides financial leasing services for micro, small and medium-sized enterprises (MSMEs);

- Hony Capital, which runs private equity investment, real estate investment, public offering fund, hedge fund and venture capital businesses;

- Shanghai Neuromedical Center, which specializes in neurology and provides other comprehensive hospital services;

- Hankou Bank, which mainly engages in commercial banking services;

- Bybo Dental, a chain provider of dental healthcare services;

- Raycom Property Investment and Raycom Technology, which mainly holds the Raycom Infotech Park, an investment property.

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

Unit: RMB million

	2024	2023
Revenue	**4,645**	4,431
Net loss	**(2,273)**	(5,474)
Net loss attributable to equity holders of Legend Holdings	**(2,216)**	(5,574)

During the Reporting Period, revenue from the industrial incubations and investments segment was RMB 4,645 million, a year-on-year increase of 5%. Net loss attributable to equity holders of Legend Holdings was RMB 2,216 million. As the market environment gradually improved, the investment business capitalized on the such opportunities, and significantly reduced losses year-on-year and effectively contributed to an overall rebound in performance.

Legend Capital

Legend Capital is one of the leading private equity investment institutions in China. As of December 31, 2024, Legend Capital managed a total of nine USD TMT funds (three of which were settled), seven RMB comprehensive growth funds (of which the Phase I and Phase II were settled), three RMB TMT innovation funds, three USD funds specializing in the healthcare sector, four RMB funds specializing in the healthcare sector, one RMB healthcare sector frontier fund, two RMB funds specializing in the culture and sports sectors, two funds operated in collaboration with local governments (one of which was settled), one fund focusing on the red-chip return concept, two USD continuation funds, one RMB continuation fund, and one RMB special fund, with a combined AUM of over RMB 87 billion. As of December 31, 2024, Legend Capital newly raised funds amounted to approximately RMB 3.3 billion.

During the Reporting Period, Legend Capital actively deployed capital across a diverse range of sectors, making new and follow-on investments in over 50 projects. These investments targeted innovative and growth-stage enterprises in advanced manufacturing, technology and services, TMT, and healthcare. Additionally, Legend Capital partially or completely exited 58 projects.

During the Reporting Period, seven of Legend Capital's portfolio companies successfully went public in both domestic and international capital markets, namely Horizon Robotics (地平線機器人), Black Sesame International Holding Limited (黑芝麻智能), Pony.ai (小馬智行), Qunabox Group (趣致集團), Yonz Technology Co., Ltd. (永臻股份), and Aidite (Qinhuangdao) Technology Co., Ltd. (愛迪特), and Shanghai REFIRE Group Ltd. (上海重塑能源集團股份有限公司). As of December 31, 2024, 117 of Legend Capital's portfolio companies have gone public (excluding those listed on the NEEQ).

Legend Star

Legend Star is one of China's leading angel investment institutions. Since its establishment in 2008, Legend Star has leveraged its unique brand advantages and resources to systematically expand its presence in three major fields – TMT, healthcare and cutting-edge technologies.

As of December 31, 2024, Legend Star managed 11 funds, the combined AUM of which reached nearly RMB 5 billion. It has invested in over 350 high-quality domestic and international enterprises, including iDreamSky Games (樂逗遊戲), Teemsun Technology (國科天成), Pony.ai (小馬智行), CiDi (希迪智駕), KHAT (孔輝科技), Axera (愛芯元智), Baichuan AI (百川智能), AISpeech (思必馳), CAES (中儲國能), ORIENSPACE (東方空間), Keymed Biosciences (康諾亞生物), PegBio (派格生物), Edge Medical (精鋒醫療), HuiHe Healthcare (匯禾醫療).

During the Reporting Period, Legend Star invested in over ten domestic and international projects across various niche segments, including Embodied AI, low-altitude economy, advanced manufacturing, biopharmaceuticals, and digital and intelligent healthcare. Among the projects under management, nearly 60 secured the next round of funding, and Legend Star exited over 20 projects. Among its portfolio companies, Teemsun Technology (國科天成) was listed on the ChiNext board of the Shenzhen Stock Exchange, and Pony.ai (小馬智行) was listed on Nasdaq.

Fullhan Microelectronics

In 2020, Legend Holdings made its first strategic investment in Fullhan Microelectronics through its subsidiaries, gaining its foothold in the semiconductor sector. As of December 31, 2024, Legend Holdings held a 15.67% equity interest in Fullhan Microelectronics through its subsidiary.

Fullhan Microelectronics is a video-based chips and solutions provider with a long track record in the field of vision, covering applications such as smart video, smart home, and smart auto products. With a comprehensive product portfolio, Fullhan Microelectronics offers a range of solutions, including on-device ISP/IPC chips, edge computing XVR/NVR chips, and video transmission link Rx chips. These offerings provide one-stop solutions tailored to the needs of industry-leading global brands. Through relentless technological innovation, Fullhan Microelectronics has established itself as a provider of chip products and technology services that is "internationally renowned and domestically leading" in the field of intelligent vision.

In 2024, Fullhan Microelectronics launched a series of highly competitive new products by significantly expanding R&D investment, catering to market demand, and upgrading its existing product and technology offerings. These new offerings include a next-generation IPC SoC chip that supports 4K lightweight real-time AI processing and dual-lens wide-angle applications, as well as a high-performance, low-power in-vehicle front-end image processing chip. These products integrate next-generation high-performance ISP image processing modules, Smart H.265 video compression encoding modules, and AI-powered processing engines, delivering exceptional image processing capabilities, superior encoding quality, and advanced intelligent functions. Fullhan Microelectronics' in-vehicle products also incorporate visual sensing technologies, demonstrating outstanding performance in wide dynamic range adaptation, noise control, and image quality enhancement. By enhancing product competitiveness, Fullhan Microelectronics has accelerated the introduction of new products and the exploration of new market opportunities such as AIoT and intelligent driving. This strategy has continuously solidified its leading position in the industry and injected momentum into its development.

Looking ahead, Fullhan Microelectronics will capitalize on its AI technological expertise accumulated in the intelligent vision domain to jointly develop visual application products tailored for various emerging scenarios along with its downstream customers, in order to meet the growing transformation needs of diverse industries. Fullhan Microelectronics will leverage its research and design advantages in the chip field to continuously satisfy customers' demands for high-performance chips. Additionally, it will strive to achieve new technological breakthroughs in areas such as industrial vision, robotics, and AI chips. While maintaining its competitive edge in the domestic market, it will actively expand its overseas market presence, which will become a significant component of its business.

Lakala

Lakala's principal operations comprise digital payments and technology services. As a provider of services for digital business operations, Lakala actively implements its operation strategy of "promoting digital payments, sharing digital technology, and delivering digital value". As of December 31, 2024, Legend Holdings held a 26.14% equity interest in Lakala.

During the Reporting Period, Lakala made progress in providing services for digital operations. By focusing on delivering a full-link digital service experience, Lakala optimized various business processes such as merchant outreach, contract signing, and service delivery through more precise and effective digital means. It offered a more comprehensive and convenient range of digital hardware and software products to meet the payment needs of different types of clientele, and provided richer and more diverse "payment + SaaS" solutions to address merchants' digital operation requirements. These efforts further enhanced the accessibility, convenience, and standardization of payment services, elevating Lakala's capability to serve merchants in their digital operations. The scale of small and micro merchants served by Lakala continued to expand, while the number of medium and large merchants grew rapidly. Its foreign card acceptance network and terminal count remained at the forefront of the industry. The combined transaction volume of bank card acquiring and QR code payments reached RMB 4.2 trillion, with the transaction volume of QR code payments increasing by 13% year-on-year. All these figures maintained industry-leading positions, and the market share steadily increased.

EAL

EAL mainly engages in the air freight business. As of December 31, 2024, Legend Holdings held an 11.29% equity interest in EAL.

During the Reporting Period, EAL capitalized on its regional advantages and proactively pursued market opportunities. By focusing on its core air freight business, EAL continued to reform to improve operational efficiency, and drive for high-quality development, resulting in sustained improvements in its operating performance. In the air express business, EAL continues to solidify its operational foundation, achieving steady improvements in operational efficiency. EAL maintains a uniform fleet type, which helps reduce owning and operating costs. As of the end of the Reporting Period, EAL's all-cargo fleet consisted of 14 B777 freighters. At the same time, EAL has been continuously optimizing its fleet and route network layout, steadily advancing the construction of a "dual-core and two-wing" route network with Shanghai as the core hub and South China as the secondary hub. In light of market conditions, EAL has taken full account of factors such as crew resource utilization and aircraft maintenance, maintaining high-frequency operations on European and American routes and fully deploying long-haul capacity to consolidate and enhance its market share and competitiveness on European routes. In July 2024, EAL launched a dedicated cargo flight route from Shanghai to Budapest, increasing the number of its regular all-cargo destinations in Europe to four, namely London, Amsterdam, Frankfurt, and Budapest. Additionally, EAL has continued to strengthen Special Prorate Agreement (SPA) interline cooperation with other airlines, extending its air logistics networks to South America and Africa.

For comprehensive ground services, EAL implemented various measures to expand its market presence and ensure stable profitability. EAL enhanced its value-added service products to better meet the diverse needs of its customers. It has strengthened the brand development of its one-stop air service center project team and facilitated the construction of pre-positioned cargo stations in Kunshan, Hefei, and Suzhou, aiming to provide customers with efficient, rapid, and convenient one-stop services. By thoroughly exploring market demands, it has pioneered and enhanced various new service products, introducing value-added services such as time-definite pick-up, direct ramp pick-up, precision instrument transportation, and full-escort services. Furthermore, EAL has been expanding its capacities by pushing forward with the second phase of the Pudong West Cargo Station project. EAL is accelerating the integration of advanced production tools, such as AGVs (Automated Guided Vehicles) and Lift & Run systems (elevating and traversing conveying technology), into cargo station operations, thereby establishing an efficient and automated production model. Additionally, the joint venture with Shanghai Airport for the construction of an intelligent cargo station at Pudong Airport is progressing as planned.

For comprehensive logistics solutions, EAL has firmly capitalized on the opportunities presented by cross-border e-commerce, maintaining high revenue growth. EAL has continuously increased its investment in cross-border e-commerce solution services, enriching its route networks, expanding charter business, and strengthening its presence in South China and overseas markets. These efforts have enhanced its cross-border fulfillment capabilities and logistics efficiency, while also reinforcing cooperation with cross-border e-commerce platforms to provide professional cross-border logistics support for high-quality Chinese products and brands to enter the international market. Meanwhile, EAL has effectively integrated its internal cold chain resources and actively promoted the development of its cold chain business. It has established a wholly-owned subsidiary, China Eastern Airlines Cold Chain Logistics (Shanghai) Co., Ltd. (EAL Cold Chain), which is dedicated to aggregating air and ground network resources, focusing on the commercial flow, logistics, and value-added services of temperature-controlled goods, and leading the development of aviation cold chain logistics. Leveraging its own all-cargo aircraft and passenger aircraft belly hold capacity, as well as wet-leased foreign carrier capacity, EAL Cold Chain provides fresh import air transportation services at ports such as Shanghai, Ningbo, Hangzhou, Qingdao, Beijing, Ezhou, Chengdu, and Hefei. It conducts ground distribution through cold chain trucks, serving customers across the country. The "FlyFresh Express" transportation brand has garnered a strong reputation, and the "Dongdong Test" temperature control monitoring equipment has been recognized as an "Excellent Innovation Case in Cold Chain Logistics" and has achieved mass production and large-scale application, effectively enhancing the transportation quality of fresh products.

ZQET Group

To align with its strategic upgrading and business transformation, Zhengqi Holdings Corporation ("Zhengqi Holdings") officially renamed as Zhengqi Energy Technology Group Corporation ("ZQET Group") in July 2024. This rebranding reflects its mission to "capitalize on green development and support scientific and technological enterprises". ZQET Group is transforming into an industrial holding group focused on new energy and innovative technologies. ZQi Solar Technology Co., Ltd. ("ZQi Solar"), a wholly owned subsidiary of ZQET Group, specializes in the R&D, manufacturing, and sales of high-efficiency solar cells and modules. As of December 31, 2024, Legend Holdings held a 94.62% equity interest in ZQET Group.

The operational entity in the photovoltaic industry, ZQi Solar, adheres to the strategic development philosophy of "refining technology and winning by quality". It continuously promotes technological improvements and process optimizations. The open-circuit voltage of its core product, the 210R-16BB double-sided N-TOPCon cell, has reached 743mV, with the highest mass production conversion efficiency exceeding 26.9% and a yield rate surpassing 97%, maintaining a leading position in the industry. As of the end of the Reporting Period, ZQi Solar has submitted 30 patent applications to the National Intellectual Property Administration, of which 25 are invention patents and 5 are utility model patents, and is actively advancing R&D and strategic layout for the next-generation technology roadmap.

In terms of equity investment business of 2024, three of ZQET Group's portfolio companies i.e., Hefei Snowky Electric Co., Ltd. (雪祺電氣), Changzhou Wujin Zhongrui Electronic Technology Co., Ltd. (中瑞股份), and Baotou INST Magnetic New Materials Co., Ltd. (英思特), were listed on the China A-share capital market. Additionally, another portfolio company, Hanshow Technology Co., Ltd. (漢朔科技), was listed on ChiNext board on March 11, 2025, while another two portfolio companies have submitted IPO applications. As of the end of the Reporting Period, ZQET Group had invested in 75 portfolio companies, with 16 of which had gone public or received approval to do so. Measured by capital invested, 40% of its companies have gone public. Anhui Zhidao Investment Co., Ltd. (志道投資), ZQET Group's wholly-owned subsidiary, manages nine private equity funds.

As for its debt investment, ZQET Group continued to optimize its business structure, focusing strategically on emerging industries supported by the central government. ZQET Group increased its proportion of clients from emerging sectors such as advanced materials, new energy, energy conservation, and environmental protection. Leveraging a diversified and flexible range of financial instruments, ZQET Group supported both investment and industrial sectors, contributing to the prosperity of these industries.

JC Finance & Leasing

JC Finance & Leasing is a Legend Holdings' subsidiary, specializing in financial leasing and related financial businesses. Backed by its collaboration with well-regarded domestic and overseas equipment manufacturers, it focuses on industries and industrial chains and develops its financial leasing business in fields that represent new key growth drivers of China's economy, such as advanced manufacturing, energy conservation and environmental protection, digital information, agri-food, public services and transportation. As of December 31, 2024, Legend Holdings held a 90.31% equity interest in JC Finance & Leasing.

During the Reporting Period, JC Finance & Leasing implemented ESG and sustainable development strategies to drive the growth of green finance. In collaboration with international financial institutions, it established a Sustainable Financing Framework aligned with the international best practices. JC Finance & Leasing also successfully secured a USD200 million international standard sustainability-linked syndicated loan in partnership with the International Finance Corporation (IFC), a member of the World Bank Group, and the Asian Infrastructure Investment Bank (AIIB). Furthermore, JC Finance & Leasing collaborated with SACE S.P.A. (an Italian Export Credit Agency) to sign a syndicated loan of USD100 million plus EUR100 million, led by a prominent international financial institution. This marked another milestone in its international financing efforts. During the Reporting Period, JC Finance & Leasing has gained enhanced market recognition, with its credit rating upgraded to AA+.

During the Reporting Period, Legend Holdings, JC Finance & Leasing, Sunshine Life Insurance Co., Ltd. (陽光人壽) and other strategic parties reached an agreement under which Sunshine Life Insurance Co., Ltd. obtained a 39.9% equity interest in JC Finance & Leasing through a combination of subscription and equity transfer. The transaction was completed in January 2025, after which Legend Holdings indirectly holds a 52.79% of the equity interest in JC Finance & Leasing, which remains a subsidiary of the Company. This transaction has facilitated the upgrading of the governance structure of JC Finance & Leasing. Through strategic resource synergy with Sunshine Life Insurance, JC Finance & Leasing has continuously enhanced its core competitiveness and profitability quality.

Hony Capital

Hony Capital runs private equity investment, real estate private equity investment, securities funds (onshore publicly offered funds and offshore privately offered funds), dedicated investment accounts, and proprietary capital investment businesses. As of December 31, 2024, Hony Capital mainly managed eight equity investment funds, three property funds, one cultural industry fund, one venture capital fund, one green capital fund, the Technology and Innovation Capital Fund (科創創投基金), and the Hongshang Capital Fund (弘尚創投基金).

Hony Capital has strategically focused its private equity investment business within China, targeting key sectors such as artificial intelligence, semiconductors, new energy and new materials, medical and healthcare, mass consumption and services, and real estate investments. Through its investments, Hony Capital has empowered more than 100 industry-leading companies. Its portfolio companies include China Glass Holdings (中國玻璃), CSPC Pharmaceutical Group (石藥集團), ZOOMLION (中聯重科), Simcere Pharmaceutical (先聲藥業), ByteDance (字節跳動), UNISOC (紫光展銳), POWERKEEPER (電管家), Jin Jiang International (錦江股份), and ENN Natural Gas (新奧股份). Hony Capital's private real estate fund business has concentrated on value-added commercial real estate investments in central cities across China. Hony Capital has established a large-scale and unique competitive advantage in China's real estate investment market, combining "real estate + finance + operation" capabilities. It currently manages approximately 900,000 square meters of commercial property assets in first-tier cities. Hony Horizon Fund Management Co., Ltd. (弘毅遠方基金) is a public offering fund management company specializing in secondary market investment and fund management services. Hony Horizon Fund adheres to Hony's investment principle of "value creation and good investment returns" (價值創造，價格實現), offering investors a diverse range of high-quality investment portfolios with clear risk-return profiles, distinctive investment styles, and long-term stable performance. Goldstream Investment (金涌投資) (Stock Code: 1328.HK), a Hong Kong listed investment and corporate services provider, focuses on fund investment management and strategic direct investment. Goldstream Investment Limited delivers continuous, innovative, and comprehensive services to high-quality enterprise customers, supporting their growth through capital, strategy, and business development services via investments and strategic partnerships.

Shanghai Neuromedical Center

Shanghai Neuromedical Center is a specialized hospital built in accordance with specialized tertiary hospital standards. It specializes in clinical neuroscience and comprehensive hospital services. As of December 31, 2024, Legend Holdings held a 58% equity interest in Shanghai Neuromedical Center through its subsidiary.

During the Report Period, Shanghai Neuromedical Center further advanced its neurology specialty and other comprehensive departments to drive medical discipline development and enhance its overall medical practices. Several experts and doctors from the hospital were elected as standing committee members or members of medical society branches, reflecting their profound academic attainments and extensive clinical experience. To further elevate clinical standards, the hospital organized multiple training programs, including hands-on workshops on electroencephalography (EEG) diagnostics to strengthen its medical staff team. These efforts enabled the hospital to improve medical quality and service capabilities, solidifying its unique medical advantage.

Shanghai Neuromedical Center remained committed to fulfilling its social responsibilities and contributing to the community through various public welfare initiatives. In October 2024, the hospital organized renowned experts from various departments to carry out a public welfare screening campaign for Alzheimer's disease. Additionally, the hospital launched a series of public medical service activities that reached deep into communities and closely engaged with the public. Furthermore, mobile medical clinics were set up in residential areas and elderly care institutions, providing more improvement measures to address issues such as the inconvenience faced by elderly patients in accessing medical care. In December 2024, Shanghai Neuromedical Center and Shanghai Blood Center co-hosted a large-scale blood donation event. The event encouraged the general public and volunteer blood donors to actively participate, thereby alleviating the pressure on clinical blood usage in Shanghai.

Hankou Bank

Hankou Bank primarily operates commercial banking businesses covering corporate banking, retail banking and the financial markets. It operates a network covering all the cities in Hubei Province, and it also has branches in Chongqing. As of December 31, 2024, Legend Holdings held a 11.10% equity interest in Hankou Bank.

In 2024, Hankou Bank remained committed to its mission of "serving local entities and SMEs," supporting major regional strategies, key projects, priority sectors, target enterprises, and SMEs. Loans to enterprises under Wuhan's "965" industrial cluster scheme increased by 11.7% year-over-year, reflecting the bank's focus on driving regional economic development. Hankou Bank continued to advance its efforts across the five key financial service areas, achieving a 60% growth in fintech clients and a 20% increase in the scale of green credit. The bank also strengthened its offerings in inclusive finance and senior care finance, while accelerating its digital finance initiatives. During the year, Hankou Bank completed a new round of capital raising and share expansion, issued Tier 2 capital bonds and secured RMB7.486 billion in external capital, further solidified the bank's operations and management. Hankou Bank was recognized with multiple awards, including "Top 10 Innovative Banks in Party-led Development", "Bank of the Year for Finance Service in Technology Innovation", and "Best Inclusive Finance Service Institution of the Year".

Bybo Dental

Committed to providing high-quality dental medical and healthcare services to the middle-class group while pursuing customers' best experience, Bybo Dental strives to establish itself as a leading dental chain enterprise in China. As of December 31, 2024, Legend Holdings held a 21.23% equity interest in Bybo Dental.

During the Reporting Period, Bybo Dental further improved its service quality, implementing the strategy of "superior service" (服務好) to precisely meet customers' multi-level and diversified needs. Bybo Dental emphasized specialized operations and refined management, fostering deeper awareness and understanding among medical staff of the importance of improving customer experience. It ensured that superior service was embodied in every detail of the diagnosis and treatments. In 2024, Bybo Dental achieved year-on-year and quarter-on-quarter growth in both customer satisfaction and follow-up rates. Meanwhile, Bybo Dental has always prioritized talent cultivation as a cornerstone of its development, striving to build a professional medical team and a talent pool. It provided extensive trainings and development opportunities through initiatives such as clinical case competitions, systematic training courses, and internship programs in collaboration with prestigious universities. As of December 31, 2024, Bybo Dental operated 156 consolidated stores, including 23 hospitals and 133 clinics, across 19 municipalities and provinces. These facilities collectively housed 1,574 dental chairs.

Raycom Property Investment and Raycom Technology

Through its subsidiaries, Raycom Property Investment Co., Ltd. (融科物業投資有限公司) and Raycom Technology (融科智地科技股份有限公司), Legend Holdings Co., Ltd. holds high-end office buildings, the Raycom Infotech Park's Buildings A, B, and C in Zhongguancun, Beijing. Raycom Infotech Park is leased as premium office space and shops, with a portion reserved for our use. The buildings hold the US Green Building Council's "Leadership in Energy and Environmental Design" (LEED) certification for their energy-efficient design. As of December 31, 2024, the occupancy rate of Raycom Infotech Park is approximately 92%, with the fair value of the three buildings amounting to RMB 11.5 billion (excluding the portion reserved for our use).

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

FINANCIAL REVIEW

Finance costs

Finance costs after deducting capitalized amounts increased from RMB9,129 million for the year ended 2023 to RMB9,397 million for the year ended 2024. Increase in finance costs was mainly attributed to the increase in interest expense of bank loans and overdrafts as well as factoring costs.

Taxation

Our taxation decreased from RMB1,794 million for the year ended 2023 to RMB9 million for the year ended 2024. Decrease in taxation was mainly due to the deferred tax credit of Lenovo, a subsidiary of the Company.

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. Details of capital expenditures for each of the business segments are set out in note 5 to the financial statements.

As of December 31, 2024, we had RMB3,641 million of capital expenditures contracted but not yet generated. Such capital commitments were mainly used for purchases of property, plant and equipment, and investment. Details of capital commitments are set out in note 52 to the financial statements.

Liquidity and financial resources

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

Cash at bank and on hand

Our cash at bank and on hand includes cash and cash equivalents, balances with central banks, bank deposits and restricted funds. As of December 31, 2024, our cash at bank and on hand were RMB66,764 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 30%, 8%, 18%, 25%, 1% and 18%, respectively, while the amount as of December 31, 2023 was RMB63,782 million, among which, RMB, CHF, USD, EUR, HKD and other currencies accounted for 28%, 11%, 14%, 31%, 2% and 14%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits in reputable PRC and foreign banks.

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

Indebtedness

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

Unit: RMB million

	As of December 31, 2024	As of December 31, 2023
Bank loans		
– Unsecured loans	31,633	31,858
– Guaranteed loans	22,880	22,811
– Collateralized loans	14,063	9,669
Other loans		
– Unsecured loans	500	500
– Guaranteed loans	325	292
– Collateralized loans	9,834	6,674
Corporate bonds		
– Unsecured bonds	48,727	48,863
– Guaranteed bonds	344	495
– Collateralized bonds	2,939	3,351
	131,245	124,513
Less: Non-current portion	(71,896)	(68,358)
Current portion	59,349	56,155

As of December 31, 2024, among our total borrowings, 49% was denominated in RMB (December 31, 2023: 51%), 28% was denominated in USD (December 31, 2023: 31%) and 23% was denominated in other currencies (December 31, 2023: 18%). If categorized by whether the interest rates were fixed or not, the fixed-rate borrowings and the floating-rate borrowings accounted for 53% and 47% of our total borrowings, respectively, while as of December 31, 2023 accounted for 58% and 42%, respectively. The increase in our indebtedness was mainly due to the increase in bank loans and other loans.

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

Unit: RMB million

	As of December 31, 2024	As of December 31, 2023
Within 1 year	59,349	56,155
After 1 year but within 2 years	24,039	20,596
After 2 years but within 5 years	26,233	22,981
After 5 years	21,624	24,781
	131,245	124,513

As of December 31, 2024, we had the following major corporate bonds outstanding:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount
The Company	Corporate bonds	RMB	July 6, 2016	10 years	RMB2,000 million
Lenovo	Medium term notes	USD	April 24, 2020 and May 12, 2020	5 years	USD965 million
Lenovo	Medium term notes	USD	November 2, 2020	10 years	USD900 million
Lenovo	Medium term notes	USD	July 27, 2022	5.5 years	USD600 million
Lenovo	Medium term notes	USD	July 27, 2022	10 years	USD563 million
Lenovo	Convertible bonds	USD	August 26, 2022	7 years	USD675 million
BIL	Bank subordinate bonds	EUR	June 8, 2016	12 years	EUR50 million
BIL	Bank subordinate bonds	USD	October 18, 2016	12 years	USD100 million
BIL	Bank subordinate bonds	EUR	May 18, 2021	10.25 years	EUR100 million
BIL	Bank subordinate bonds	EUR	February 1, 2023	10.25 years	EUR100 million
BIL	Medium term notes	JPY	September 1, 2021 and February 8, 2022	5 years	JPY1,000 million
BIL	Medium term notes	EUR	2014-2024	0.4-20 years	EUR2,124 million
BIL	Medium term notes	USD	2020-2024	0.25-5 years	USD57 million
BIL	Medium term notes	CHF	November 30, 2020	4.6 years	CHF180 million
BIL	Medium term notes	GBP	November 5, 2021 and January 19, 2022	5 years	GBP6 million
BIL	Medium term notes	CNH	November 3, 2023	3 years	CNH300 million
JC Finance & Leasing	Asset-backed notes	RMB	August 9, 2023	1-2 years	RMB264 million
JC Finance & Leasing	Asset-backed notes	RMB	December 6, 2023	1-2 years	RMB408 million
JC Finance & Leasing	Corporate bonds	RMB	January 5, 2024	3 years	RMB350 million
JC Finance & Leasing	Asset-backed notes	RMB	March 28, 2024	2-3 years	RMB636 million
JC Finance & Leasing	Asset-backed notes	RMB	October 15, 2024	2-3 years	RMB1,628 million

The annual interest rates of our bonds listed above as of December 31, 2024 ranged from 0% to 6.90%.

Current ratio and total debts to total capital ratio

	As of December 31, 2024	As of December 31, 2023
Current ratio (times)	**0.7**	0.7
Total debts to total capital ratio	**57%**	55%

Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio at the end of the Reporting Period has maintained stable as compared with December 31, 2023. Current ratio of less than 1 was mainly a result of consolidation of BIL into our consolidated financial statements. The measures used to gauge liquidity risk in the banking industry differ from those commonly used in other non-banking industries. BIL is not required to classify and present separately the current and non-current portion of its assets and liabilities on its standalone statement of financial position. Nonetheless, such classification was effected to the extent that uniform accounting policies on consolidated accounts are required, which may not reflect the underlying liquidity characteristics of the banking business of the Company. As at the end of the Reporting Period, the Common Equity Tier 1 ratio of BIL stood at 13.04% (before profit allocation for 2024), bespeaking robust business stability. Moreover, despite a current ratio of less than 1, we have the confidence to honor maturing debts when they fall due in consideration of our operating cash flow forecast, undrawn credit facilities of the Company and its subsidiaries.

Total debts to total capital ratio

Total debts to total capital ratio is calculated by dividing total debts (total borrowings) by total equity and total debts at the end of each financial period. The total debts to total capital ratio increased slightly at the end of the Reporting Period compared to December 31, 2023, which was mainly due to the increase in the size of our total debts.

Pledged assets

As of December 31, 2024, we pledged the assets of RMB27.8 billion (December 31, 2023: RMB26.3 billion) to secure our borrowings, among which, borrowings relating to pledged assets of RMB4.5 billion have been fully repaid in December 2024 and the discharge procedure of such pledged assets have been completed in January 2025; assets of RMB1.4 billion (December 31, 2023: RMB2 billion) to secure trade payables, other payables and accruals and other non-current liabilities.

As of December 31, 2024, BIL's other financial assets measured at amortized cost and loans to customers and credit institutions with an aggregate carrying value of RMB4.6 billion were encumbered. As of December 31, 2023, BIL's other financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and loans to customers and credit institutions with an aggregate carrying value of RMB5.5 billion were encumbered.

Other restricted assets were mainly restricted deposits of RMB2.7 billion (December 31, 2023: RMB2.5 billion), and financial assets measured at fair value through profit or loss of RMB80 million (December 31, 2023: RMB80 million).

Contingencies

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

We evaluated the guarantee risks provided in connection with our banking business and made provisions accordingly. As of December 31, 2024 and December 31, 2023, the provisions made by us were RMB98 million and RMB130 million, respectively.

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

Unit: RMB million

	As of December 31, 2024	As of December 31, 2023
Financial guarantee of guarantee business	**4,775**	6,476
Other guarantee		
– Related parties	**544**	622
– Unrelated parties	**75**	100

FINAL DIVIDEND

The Board recommends that no dividend be paid for the year ended December 31, 2024 (2023:Nil).

MAJOR RISKS AND RESPONSE MANAGEMENT

As an investment company engaged in diversified-industries operation, Legend Holdings, its subsidiaries and its investee companies should identify, assess and manage various kinds of risks. Risk management by our investee companies, in particular, is key to our post-investment management, and we coordinate and standardize risk management and increasing value of investment through effective management control and services.

Macroeconomic and market risk

From the perspective of macroeconomic risks, the current divergence in economic growth rates of various global economies is significant. The global economic outlook are facing numerous uncertainties, such as intensified strategic competition among major powers, rising geopolitical risks and resurgence of trade protectionism. The business of our member companies has a global presence across various industries including information technology, financial services, new material production and R&D, modern agriculture and food. Macroeconomic environment changes, industrial structure transformation, upgrading and adjustment, the continuous fluctuation in the global stock market and other circumstances may affect the businesses and profitability of our member companies, which may result in the risk of fluctuations in the Company's overall operating results.

From the perspective of market risks, unfavorable changes resulting from the external political and economic environment, changes in the investment property business, interest rates, secondary market prices, exchange rates and other market risks may expose us to unexpected losses, imposing influence on the operations of multiple industries, or lead to a decline in the value of the Company's asset pack or an increase in our business counterparts' credit risks, affecting the quality of the Company's existing business assets or the pricing of future assets. In respect of our investments measured at fair values, fluctuations caused by these market risks will have negative impacts on our profits in that segment. The reduction in the book value will influence our overall values, and the realized losses will reduce our expected cash backflow.

To cope with the aforesaid risks, we continuously monitor the changes in macro economy, regulatory policies and market environment, develop our core business closely in line with major national strategies, and at the same time keep improving our capability to identify, assess, measure, analyze and respond to such risks, predict possible issues and make feasible adjustments on time, including requiring our member companies to improve business structures, adjust operational strategies and increase capital adequacy. The Company also regularly assesses the risks of the overall portfolio, and optimizes and adjusts the portfolio based on the assessment results in a timely manner. We adapt to the relevant changes by making timely adjustments to our strategic development routes in order to ensure the achievement of our core objectives of sustainable and stable development.

Fluctuations of raw material prices and finished goods sales prices risk

Our subsidiaries engage in various industries with raw materials ranging from animal protein, fruits, coal, methanol to vinyl acetate. Affected by the fluctuation of the prices in international markets and the prices of commodities, the prices of such raw materials are volatile. If our subsidiaries fail to respond effectively in terms of purchase schedule of raw materials, pricing of their products for sale and controls of inventory costs, the stability of our operating performance would be affected.

Our subsidiaries closely track the trends of prices and market supplies and demands of such raw materials. On the one hand, they sign annual sales contracts with important customers and devise effective procurement plans; on the other hand, when prices fluctuate substantially, they make flexible adjustments with the help of the broad product categories and channel advantages as well as strategic partnerships with upstream principal suppliers formed over the years, so as to minimize the operating risks brought to our subsidiaries as a result of purchase price fluctuations and actively seek merger and integration opportunities for upstream principal resources.

Industrial risk

From the perspective of industrial risk, IT manufacturing, the industry our subsidiaries operate in, is characterized by rapid iterations of product and technology, emerging of competitors and intensifying competitions. Failure to respond effectively to the changes in market trends or consumer preferences through timely launches of new products, or through competitive prices, could harm our subsidiaries' competitive position. Our subsidiaries therefore actively monitor the competitive environment and market trends. They maintain their competitive positions through commitments to innovate and build a broad product portfolio, enhance their brand awareness and customer experience to gain diversified advantages and market share and recognition. In addition, our subsidiaries have introduced and implemented a 3S strategy (Smart IoT, Smart Infrastructure and Smart Verticals), increased investment in innovation and striven for becoming a leader in intelligent transformation so as to protect and drive profitability in businesses.

New materials industry, where some of our subsidiaries operate in, is capital-intensive and technology-intensive. Despite of its high industry barriers, the industry positions of our subsidiaries are still challenged by the new market entrants in the future. Our subsidiaries will give full play to the advantages of advanced technology, long industrial chains and unique product structures to further improve the operational efficiency of the plants, optimize the product structure, and consolidate the competitive advantages. They will also accelerate the construction of new projects, achieve production and efficiency improvement as soon as possible so as to enhance profitability and competitiveness.

Investment activities risk

The Company gathers resources for our diversified-industries operation through direct investment. Due to the wide range of investments, our judgment on the industry development trends may differ from the actual conditions, which results in risks of lower-than-expected return on investments. Based on our thorough researches and tracking on domestic and overseas industrial development trends and national industrial policies, we have put more focus on studying our targeted companies and will prudently select new investment projects so as to ensure that we can make timely and dynamic adjustments to investment strategies in response to the changes in conditions.

The Company carries out domestic and overseas industrial investments in various industries and conducts strategic management and exercises control over the acquired enterprises after completion of the acquisition. This exposes the Company to risks in post-investment management and risks in operational, management and cultural integrations with the investee companies. The Company conducts in-depth analysis on the corporate culture and management team of the companies to be acquired before making investments to ensure these companies have common philosophies on development strategies and operational management with us and their cultures are able to integrate with ours. Meanwhile, we adopt various measures to strengthen our management and service capabilities offered to our investee companies, continuously collects information about the operations of the investee companies, closely monitor the liquidity of the investee companies, adhere to the bottom-lines of financial security, and provide more personnel trainings on financial and tax-related professional services, corporate culture and other fields, so as to assists them specifically to achieve effective risk management and improve their operational and management efficiencies.

Supply chain management risk

Our subsidiaries' supply chains are highly complex, involving a wide range of suppliers and multiple production bases with worldwide coverage (including those owned by subsidiaries and third parties). Its continuous success depends on the smooth operation of operational areas, including but not limited to demand forecasting, manufacturing resource planning, order fulfillment and inventory management.

Despite the supply chain spans across many countries geographically, there may also be supply or production concentration in certain countries and regions, and our subsidiaries also have several tiers of suppliers. Given the wide range of products of our subsidiaries, some products may be reliant on a few component suppliers. The disruption of the supply of any of its products, component parts, systems or services may affect product availability and customers' satisfaction. The potential disruption may attribute to many factors, including but not limited to the damage of its own or its suppliers' manufacturing facilities or logistics hubs arising from catastrophic events, natural disasters, suppliers' insolvency, unfavorable business, political or economic factors, as well as cyber-attack and regional conflicts/attacks. The changes in regulations could also lead to disruptions and reshape global supply chain dynamics. Such disruption may lead to substantial recovery expenditure or prolonged recovery time. If they are unable to source alternative supplies during the period of shortage at a favorable pricing and ensure compliance with applicable laws and regulations, their revenues, profitability and competitive positions may be adversely affected.

The complex supply chains of our subsidiaries may also expose them to hidden and uncontrollable environmental, social and governance (ESG) risks. For example, the laws and regulatory standards of the countries in which indirect suppliers of the Company's subsidiaries may not be sound enough and thus products may not be sold in the country in which the purchaser locates as such products fails to meet the regulatory standards thereat. Violation by any supplier (whether direct or indirect) may damage the reputation of our subsidiaries and the operation of the supply chain or even result in revocation of business licenses. As ESG has been an increasingly important factor that our clients take into consideration when making purchase decisions, our subsidiaries may lose customers who value ESG factors such as suppliers' codes of conduct and environmental impact.

Our subsidiaries actively manage the risks in their complex supply chains. They continuously monitor the external environment, understand the potential impact through cost and operational analysis, and collaborate across the organization to comprehensively manage risks, while striving to optimize their efficiency. They manage concentration risks through a wide range of supplier sources (i.e. avoiding reliance on a single or individual source) and have diversified the production globally. The resilience of owned manufacturing bases, especially key bases, has been created owing to the ongoing investment in risk improvement projects. In addition, recovery plan for disaster has been put in place to minimize the impact of regional or natural disasters as much as possible and ensure business continuity plan will bring the desired effect. Our subsidiaries are committed to practicing ESG throughout the entire supply chain. A system backed by contractual obligations has been developed to ensure that suppliers observe all applicable standards regarding labor, environment, health, safety, and ethics and, as members of Responsible Business Alliance (RBA), they will join hands with other players in electronic industry to address issues concerning the supply chain and call for the use of RBA standards at all levels of suppliers, while maintaining compliance through independent audits. To further optimize the due diligence work for their supply chains, our subsidiaries also use the supplier ESG management module on the EcoVadis ESG Risk Management platform and GSC ESG digital platform that have integrated into suppliers' management practices. The supplier appraisal, risk identification, improvement suggestion, and progress report provided through the integration can bring forth improvement on an annual basis.

Safety and environmental protection risk

The advanced material industry in which the Company's subsidiaries operate is strictly regulated by the state in terms of environmental protection. As China accelerates the transformation of economic growth and promotes high-quality economic development, environmental protection awareness has been continuously enhanced and our subsidiaries have to comply with more stringent regulatory requirements. Our subsidiaries adhere to the strict implementation of the national environmental protection policy, and the pollutant discharge compliance rate has maintained 100% for many consecutive years since they become operational. In addition to increasing investment in energy conservation and environmental protection to ensure normal operations and timely upgrade of existing environmental protection facilities, they shall also continue to optimize the production processes and focus on the application of green environmental protection technologies. Our subsidiary has selected breeding areas with excellent natural environment and hygienic conditions for salmon breeding in the animal protein business and strictly abided by the laws and regulations related to the fishery and aquatic products of Chile. Facing the potential environmental pollution and natural disasters, commercial insurance has been purchased to forestall and defuse those risks.

Extreme climate change risk

The continuous global warming has resulted in the increase in sea temperature, which affects the salmon farming environment, and may cause more red tides and epidemics. The Chile Region XII, where our subsidiary's investment and development focus on, is the coldest area in Chile, and least affected by red tides and climate change. In addition, our subsidiary utilizes advanced breeding and monitoring technologies such as artificial intelligence and machine vision to improve refined breeding to better deal with red tides, epidemics and other disasters. In the event of extreme climate change, the performance of some of our portfolio companies will be affected, especially those in the fields of fresh food logistics, catering, tourism, offline services and manufacturing, and possible valuation volatilities will affect our investment exits. In this regard, we have adopted proactive post-investment management, and closely monitored the development trend of extreme climate change, urged investees to conduct stress testing and put forward emergency proposals to minimize the relevant impacts as much as possible.

Information, product and cyber security risks

The operations of our subsidiaries may be adversely affected when they suffer from cyber-attacks, data security breaches or similar circumstances.

Our subsidiaries manage and store various types of proprietary and confidential information, including sensitive categories relating to their operations, customers and employees. In addition, their cloud computing business routinely processes, stores and transmits large amounts of data for their customers, including sensitive customer proprietary information and personally information. They may be subject to attacks from hackers and other malicious software programs that attempt to penetrate into their networks and exploit any security vulnerability in their systems and products.

Hardware, operating systems, product software and applications that the Company's subsidiaries indigenously produce or procure from third parties may contain "bugs" or similar threats that may unexpectedly interfere with the operation of systems, or may expose to unidentified security risks. The Company's subsidiaries may be required to inform regulators of security issue or bugs identified in its products. Artificial intelligence may increase the frequency and impact of cyber threats to the products or operations of our subsidiaries. Violations of security requirements of the Company's subsidiaries and misappropriation of sensitive proprietary and confidential data in relation to the subsidiaries, their customers and staff, if not dealt with in a timely and effective manner, may result in loss of customer confidence, an adverse impact on reputation, business disruption, potential litigation and liabilities, which could result in loss of revenue and increased cost.

Our subsidiaries are subject to the laws and regulations of the countries in which they operate relating to the collection, use, cross-border transfer and security of customer, consumer and employee data. They need to conduct normal business activities which include the collection, use, cross-border transfer and retention of personal or other data in relation to such activities. Our subsidiaries are required to notify individuals or regulators of any data security breach. The complex supply chains of our subsidiaries may also result in the procurement of products or services from third parties that contain malicious code or other vulnerabilities, which could be unknowingly incorporated into their products or services and distributed to customers.

To address cyber attack and security risks, our subsidiaries will continue to invest in the following aspects:

a) development and maintenance of a sound cybersecurity risk governance and compliance plans, including policies and procedures to address artificial intelligence risks, which should align with industry-standard controls and frameworks; implementation of effective security culture plans; execution of robust incident response processes and business continuity plans; and training for employees on critical data security and data protection measures;

b) Enhancements to cyber security controls and information security, product security and privacy protection awareness through continuous risk assessment and process improvement;

c) compliance with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations;

d) formulation of policies and processes to ensure that hardware, operating systems, product software and applications that our subsidiaries indigenously produce or procure from third parties fully protect and use customer data in a responsible manner; and

e) policies and procedures to deliver secure and reliable products and services throughout the entire product lifecycle, from regular supplier security reviews and software code reviews to swift solution for any subsequently discovered vulnerabilities, thereby limiting the customer risk.

Intellectual property risk

Our subsidiaries are exposed to intellectual property risks, encompassing both potential inadequate protection of their own innovations and costs arising from third-party infringement claims. Specifically, the risks include:

- insufficient protection of innovation, where loss or impairment of intellectual property as an asset, as a result of, unenforceability of legal findings and/or challenges to title or ownership;
- higher business cost as a result of increased licensing needs from patent holders;
- higher legal costs to defend against claims for intellectual property infringement and potential settlement or damages;
- product design costs and negative impacts on customer or supplier relationships;
- risk of interruption of the subsidiaries' ability to ship products as a result of injunctions or exclusion orders in particular countries resulting from adverse judgments in IP infringement cases; and
- reputational harm if it is found to infringe a third party's valid patents.

To address intellectual property risks, the Company's subsidiaries will take appropriate legal measures to protect technological know-how and trade secrets, apply for and enforce their patents, and register and protect their trademarks and copyrights. The intellectual property team of our subsidiaries regularly meets with business groups to understand the key research priorities that make their products more competitive, and to assess whether patent applications align with these priorities. Our subsidiaries license IP as appropriate and monitor its continued validity and value to our subsidiaries. They also obtain IP indemnification from suppliers, or otherwise transfer the responsibility of protection of the intellectual property rights to them. Our subsidiaries develop, execute and monitor an IP litigation defense strategy, and continue to develop and use the subsidiaries' patent portfolio if appropriate to reduce potential costs. In addition, the subsidiaries of our Company cooperate with other technology/product companies, and lobby for patent system reform to reduce costs.

Food safety risk

With the increasing emphasis on food safety in China, the deepening of consumers' awareness on food safety and the heightening of protection of one's rights and interests, and as relevant government departments continue to increase the supervision of food safety, food quality and safety control have become the top priorities of food companies. The occurrence of food quality problems will have material adverse impacts on their production, operation and reputation. Our subsidiaries attach great importance to the safety, hygiene and quality control of product processing, actively implement standardized production and management. They establish and implement a food safety assurance system from raw materials to finished products, and have passed GMP (Good Manufacturing Practice), SSOP (Sanitation Standard Operating Procedure), HACCP (Hazard Analysis and Critical Control Points) and BRC (British Retail Consortium Global Standard for Food Safety) and other quality management system certifications, in line with relevant food safety laws and regulations of China, Europe, United States and other countries. In terms of source management, quality system operation and enterprise self-inspection and self-control capabilities, they have reached a high level in the industry. Our subsidiaries established an emergency response system for consumer complaints and quality issues to minimize the resulting food safety risks.

Financial risk

Business of the Company and its subsidiaries has global presence and therefore our financial condition may be adversely affected by fluctuations in the economic and financial market. Our activities are exposed to a variety of financial risks, which consist of market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. We have implemented a unified and hierarchical financial control management system. We guide and supervise major aspects of the financial management of the subsidiaries and each subsidiary manages its own financial risks. We and some of our subsidiaries use derivative financial instruments to hedge certain risk exposures. Details of financial risks are set out in Note 3 to the financial statements.

- **Foreign exchange risk**

  The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to USD, RMB, EUR and CHF. Foreign currency risks arise from future business transactions, recognized assets and liabilities and net investment in foreign operations denominated in a currency other than the functional currency of the Company and our subsidiaries. The Company and each of our subsidiaries closely monitor the amount of assets and liabilities and transactions denominated in foreign currencies in order to minimize the foreign exchange risk and enter into forward foreign exchange contracts when necessary.

- **Price risk**

  We are exposed to equity securities price risk for the investments we hold and those investments included in the consolidated balance sheets which are measured either at fair value through profit or loss or through other comprehensive income. To manage the price risk arising from investments in equity securities, we diversify our investment portfolio and constantly make judgment on and deal with the potential impacts of price changes.

  We have equity investments in other entities that are publicly traded in the following capital investment markets: Hong Kong, Chinese Mainland, Europe, the US and Japan.

- **Interest rate risk**

  Our interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest generating assets and interest-bearing liabilities. Each of our operating entities has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of risks. We manage interest rate risk based on market conditions, and control potential loss from interest rate risk at an acceptable level.

- **Application of derivative instruments**

  We will apply derivative instruments as appropriate to hedge the abovementioned risk exposure and control potential loss at an acceptable level.

- **Credit risk**

  Credit risk is the risk of financial loss when our customers or counterparties fail to fulfill their contractual obligations. Credit risks mainly arise from loans granted to customers by our subsidiaries engaged in banking business and non-banking business, as well as credit exposure from receivables. Credit risks also include risks arising from bonds and trading investment activities, together with the business of providing customers with off-balance sheet commitment and guarantee. We use internal credit risk ratings to reflect the assessment results of the probability of default for individual counterparty; and are supplemented with external data such borrower ratings from credit agency. In addition, expert judgement of credit risk managers will also be incorporated in the final internal credit rating for each exposure. This assessment model allows the inclusion of other data which may not be captured from other sources. For the credit risk rising from account receivables, our relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers.

- **Liquidity risk**

  Liquidity risk mainly represents the risk of the Company or its subsidiaries' failure to obtain sufficient funds in a timely manner or failure to do so at reasonable cost in order to repay debt upon maturity or fulfil other payment obligations. The Group adopts a prudent and sound financial strategy, closely monitoring the subsidiaries' short-term and long-term liquidity requirements and its rolling forecasts, to ensure they have sufficient cash and securities that are readily convertible to cash to meet their operational needs, while maintaining sufficient and available lines of credit from financial institutions, so as to meet the short-term and long-term liquidity requirements.

Compliance risk

Compliance risk refers to the risk of liability, regulatory penalties, financial or reputation losses arising from non-compliant operations, management or practice by directors, supervisors, senior management and employees of the Company and our subsidiaries. Our business activities and investments cover, but are not limited to, Chinese Mainland, Hong Kong, Europe, Australia and South America. We are subject to the laws and regulatory rules of different jurisdictions and extensive supervision of industry regulators. A number of laws, regulations and policies related to financial and fund management have been introduced by relevant departments in China and the supervisions from industry regulatory bodies have become increasingly stringent. All these may restrict the operation of the Company and our subsidiaries and increase compliance costs, and in turn may have impact on our financial performance.

We consistently and closely monitor our compliance policy adjustment, adhere to the concept of compliance operation, put increasing emphasis on the research and understanding of the latest laws, regulations and regulatory policies, while strengthening review on the effectiveness of our internal controls and risk management. We promote the improvement and implementation of the accountability mechanism; increase the supervision and penalty on violations so as to improve the quality of compliance management. We also seek advice from the compliance advisors as well as internal and external lawyers on compliance issues from time to time in order to make prompt adjustments to enterprises' blueprint on compliance. During the Reporting Period, we complied with relevant regulations which have significant impacts on our business and operation in all material respects.

DETAILS ABOUT THE NUMBER OF EMPLOYEES, REMUNERATION POLICY, BONUS AND REMUNERATION STANDARDS FOR DIRECTORS

As of December 31, 2024, the Company and its subsidiaries had approximately 88,172 employees.

The Company recognizes the importance of an efficient professional team for its strategic and business development. It also acknowledges that maintaining a competitive compensation policy that aligns with market standards is crucial for attracting and retaining these professionals. Therefore, the Company has established a general remuneration system for its core management members and general employees that corresponds to the Company's business features, asset scale, and operational performance. The overall remuneration comprises annual remuneration, medium-to-long-term incentives (if applicable) and benefits, with annual remuneration encompassing both base salaries and target bonuses.

The annual remuneration for the core management personnel adheres to the corporate governance standards of a publicly listed company, incorporating relevant decision-making processes and oversight by Shareholders. Initially, we conduct benchmarking against leading companies in the market, considering factors like company size, business type, stage of development, and performance level. This approach ensures that the determination of compensation for core management personnel is equitable and in line with China's national conditions. The Company will then determine performance results and remuneration plans in accordance with the Company's overall performance and the core management personnel's duties and their results of achieving performance targets. In respect of general employees, the remuneration plans are determined by their job responsibilities, the annual business performance of the Company, as well as their annual performance evaluation results.

The medium-to-long-term incentives, formulated in accordance with the Company's medium-to-long-term strategic targets, comprises of a combination of equity incentives and medium-to-long-term performance bonuses and so forth, which enable value creators to receive a level of incentive that grows with the overall value of the Company.

In compliance with relevant Chinese regulations, the Company provides employees with statutory benefits, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund. In addition, we have established a diverse range of supplementary welfare benefits at the Company level to provide our employees with more comprehensive welfare coverage, including supplement to pension insurance, medical insurance and health check-ups.

The remuneration for Independent Non-executive Directors is determined based on factors such as the time devoted, workload, duties undertaken, and market salary standards. The Remuneration Committee conducts regular reviews of the remuneration for Independent Non-executive Directors.

Employee Training and Development

Legend Holdings firmly believes that talent is the most valuable asset of the Company. We pay close attention to the construction of a talent development system to ensure talent promotion channels are efficient, provides abundant training and learning resources for employees, and continuously injects fresh blood for the stable development of the Company.

For details of the Company's employee training, please refer to the Company's 2024 Environmental, Social and Governance Report.

FINAL DIVIDEND

The Board recommends that no dividend be paid for the year ended December 31, 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders entitled to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, June 23, 2025 to Thursday, June 26, 2025 (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, MUFG Corporate Markets Pty Limited, at Suite 1601, 16/F Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Friday, June 20, 2025.

Mr. NING Min *Chairman and Executive Director*

Mr. NING Min (寧旻), aged 55, was appointed as the Chairman of the Board and the Chairman of Nomination Committee on January 1, 2020. He has been appointed as an Executive Director since December 27, 2018, and a member of the Remuneration Committee from December 27, 2018 to September 29, 2023 and is currently the Chairman of the Strategy Committee of the Company. Mr. NING served as a member of the Executive Committee and the Chief Financial Officer of the Company for an extensive period of time, during which he was fully responsible for the Company's financial and funds management, risk control and auditing, as well as the affairs relating to the capital markets and public relations. He was in charge of the operation and management of the financial investment business of Legend Holdings, and made profound contributions in the formulation of corporate strategy, business development, and organizational construction of the Company. Currently, Mr. NING also serves as a director of Levima Group, Joyvio Group, Hony Capital, Legend Star, EAL and various members of the Company.

Mr. NING joined the Company in 1991 and served consecutively as the deputy head of the Corporate Planning Office, the secretary of the Board and the deputy head of the Corporate Planning Office, the general manager of the Asset Management Department, assistant president and senior vice president of the Company. Mr. NING is currently a director of Xi'an Shaangu Power Co., Ltd. (西安陝鼓動力股份有限公司) (listed on the Shanghai Stock Exchange). He was a non-executive director of China Glass Holdings Limited (中國玻璃控股有限公司) (listed on the Hong Kong Stock Exchange), a director of Beijing Electronic Zone High-tech Group Co., Ltd. (北京電子城高科技集團股份有限公司) (listed on the Shanghai Stock Exchange), Levima Advanced Materials (聯泓新科) (listed on the Shenzhen Stock Exchange), and CAS Holdings (國科控股).

Mr. NING obtained his bachelor's degree in economics from Renmin University of China (中國人民大學) in 1997. Mr. NING completed courses of master of business administration offered by the Graduate School of Renmin University of China (中國人民大學研究生院) in 2001.

Mr. LI Peng *Executive Director and CEO*

Mr. LI Peng (李蓬), aged 53, was appointed as an Executive Director and the Chief Executive Officer of the Company on February 13, 2020 and is currently a member of the Strategy Committee of the Company. Mr. LI served as a member of the Executive Committee and a senior vice president of the Company for a long time, during which time he was dedicated to the development of strategic investment business and post-investment management of the Company. He currently serves as the chairman of ZQET Group, and as a director in various members of the Company, such as BIL, Lakala (listed on the Shenzhen Stock Exchange), Levima Advanced Materials (listed on the Shenzhen Stock Exchange) and Fullhan Microelectronics (listed on the Shenzhen Stock Exchange). He was a non-executive director of Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司) (listed on the Hong Kong Stock Exchange) from 2019 to 2020.

Mr. LI joined Legend Holdings in 2003. He successively served as the deputy general manager and general manager of the Investment Management Department, strategic investment director, assistant president, vice president, senior vice president and president of the Company. Prior to joining Legend Holdings, Mr. LI has successively held positions in Sinotrans Corporation (中國對外貿易運輸總公司) and Teradyne Connection Systems, US.

Mr. LI obtained his bachelor's degree in international finance from the University of International Business & Economics (對外經濟貿易大學) in China in 1994, and a master's degree in business administration from the University of New Hampshire State University (新罕布什爾州立大學) in the United States in 2001.

Mr. ZHU Linan *Non-executive Director*

Mr. ZHU Linan (朱立南), aged 62, was redesignated from an Executive Director to a Non-executive Director of the Company on January 1, 2020 and is currently a member of the Strategy Committee of the Company. Mr. ZHU joined the Company in 2001 and served consecutively as a Director and executive vice president, Executive Director and president. Mr. ZHU first joined Shenzhen Legend Computer Co., Ltd. (深圳聯想電腦有限公司), the Company's subsidiary in 1989 and served as the general manager. From 1997 to 2001, he joined Lenovo. He served consecutively as a general manager of the Business Development Department, an assistant president, deputy head and head of the Corporate Planning Office and a senior vice president. He was a founder of Legend Investment Limited (聯想投資有限公司), the predecessor of Legend Capital Co., Ltd. (君聯資本管理股份有限公司) in 2001 and held position as its director since establishment. Mr. ZHU is currently a non-executive director of Lenovo (listed on the Hong Kong Stock Exchange).

Mr. ZHU obtained his master's degree in Electronic Engineering from Shanghai Jiao Tong University (上海交通大學) in China in 1987.

Mr. ZHAO John Huan *Non-executive Director*

Mr. ZHAO John Huan (趙令歡), aged 62, was redesignated from an Executive Director to a Non-executive Director of the Company on January 1, 2020 and is currently a member of the Strategy Committee of the Company. Mr. ZHAO joined the Company in 2003 when he founded Hony Capital. From 2003 to 2011, he served consecutively as executive vice president, senior vice president and Director and executive vice president of the Company. He is currently the chairman of Hony Capital. Mr. ZHAO has extensive experience in corporate management.

Mr. ZHAO is currently a non-executive director of Lenovo and a non-executive director of China Glass Holdings Limited (中國玻璃控股有限公司), the chairman and executive director of Best Food Holding Company Limited (百福控股有限公司), the chairman of the board of directors and executive director of Goldstream Investment Limited (金涌投資有限公司), the chairman and non-executive director of Hony Media Group (弘毅文化集团) (all listed on the Hong Kong Stock Exchange). He previously served as the chairman of the board of China Glass Holdings Limited and Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司) (both listed on the Hong Kong Stock Exchange), the vice chairman and director of Shanghai Chengtou Holding Co., Ltd. (上海城投控股股份有限公司), Shanghai Environmental Group Co., Ltd. (上海環境集團股份有限公司) (both listed on the Shanghai Stock Exchange), a non-executive director of Eros STX Global Corporation (listed on the New York Stock Exchange), a non-executive director of Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (listed on the Hong Kong Stock Exchange), a director of Shanghai Jin Jiang International Hotels Co., Ltd. (上海錦江國際酒店股份有限公司) and ENN Natural Gas Co., Ltd. (新奧天然氣股份有限公司) (both listed on the Shanghai Stock Exchange), and a non-executive director of Zoomlion Heavy Industry Science & Technology Development Co., Ltd. (中聯重科股份有限公司) (listed on the Hong Kong and Shenzhen Stock Exchanges).

Mr. ZHAO obtained his bachelor's degree in physics from Nanjing University (南京大學) in China in 1984 and a master of electronic engineering and science degree from Northern Illinois University in the United States in 1990 and a master of business administration degree from the J.L. Kellogg Graduate School of Management at Northwestern University in the United States in 1996.

Ms. CHEN Jing *Non-executive Director*

Ms. CHEN Jing (陳靜), aged 51, was appointed as a Non-executive Director of the Company as well as a member of the Remuneration Committee and Nomination Committee on June 27, 2024. Ms. CHEN currently serves as the deputy secretary of the Party Committee, director and general manager of CAS Holdings (國科控股), and is a director of Levima Advanced Materials (聯泓新科) and Chengdu Information Technology of Chinese Academy of Sciences Co., Ltd. (中科院成都信息技術股份有限公司) (both listed on the Shenzhen Stock Exchange). Ms. CHEN previously served as the deputy general manager, general manager, chairman of the board and secretary of the Party Committee of Beijing KYKY Technology Co., Ltd. (北京中科科儀股份有限公司), and general manager, chairman of the board, and secretary of the Party Branch of Guoke Keyi Holdings Co., Ltd. (國科科儀控股有限公司).

Ms. CHEN obtained a master's degree in management from Jiangsu University (江蘇大學) in 2001 and is a senior engineer.

Ms. YANG Hongmei *Non-executive Director*

Ms. YANG Hongmei (楊紅梅), aged 53, was appointed as a Non-executive Director and a member of the Audit Committee of the Company on June 27, 2024. Ms. YANG currently serves as a member of the Party Committee and the deputy general manager of CAS Holdings (國科控股). She consecutively served as the general manager and senior manager of the asset supervision department, and the general manager of the equity management department at CAS Holdings. Ms. YANG also served as the deputy secretary of the Party Committee, secretary of the commission for discipline inspection, chairman of the board of supervisors, and vice president of China Science Publishing & Media Group Ltd. (中國科技出版傳媒集團有限公司).

Ms. YANG obtained a master's degree in Business Administration from Graduate School of the Management of Chinese Academy of Sciences (中國科學院研究生院) in 2006.

Ms. HAO Quan *Independent Non-executive Director*

Ms. HAO Quan (郝荃), aged 66, was appointed as a Director of the Company on March 15, 2015 with effect from June 29, 2015, the listing date of the Company. She was also appointed as the Chairperson of the Audit Committee and a member of the Remuneration Committee on June 29, 2015. She ceased to serve as a member of the Remuneration Committee and was appointed as a member of the Nomination Committee on June 27,2024. Ms. HAO previously served as a lecturer at the Renmin University of China from 1982 to 1989. She first joined KPMG (USA) in 1993 and became a partner of KPMG Huazhen (Special General Partnership) and its predecessor from 2001 to 2015. Ms. HAO is currently an independent director of Hanison Construction Holdings Limited (興勝創建控股有限公司) (listed on the Hong Kong Stock Exchange). She was an independent director of BEST Inc. (百世集團) (listed on the New York Stock Exchange) from 2017 to 2021.

Ms. HAO obtained her bachelor of economics degree from the Renmin University of China in 1982 and her master of business administration degree from Temple University in the United States in 1993. Ms. HAO obtained the qualification of certified public accountant in California, the United States in 1995 and as a PRC certified public accountant in 2002.

Mr. YIN Jian'an *Independent Non-executive Director*

Mr. YIN Jian'an (印建安), aged 67, was appointed as a Director of the Company, the Chairman of the Remuneration Committee and a member of the Nomination Committee on February 13, 2020 and was appointed as a member of the Audit Committee on June 10, 2021. Mr. YIN joined Xi'an Shaangu Power Co., Ltd. (西安陝鼓動力股份有限公司) (listed on the Shanghai Stock Exchange) in 1999 and served as the Chairman from 2001 to 2017. Mr. YIN served as the Chairman of Shaanxi Blower (Group) Co., Ltd. (陝西鼓風機（集團）有限公司) from 2001 to 2017, as the Chairman of Shaanxi Qin Feng Gases Technology (陝西秦風氣體股份有限公司) from 2012 to 2015, as President of Shaangu Power and Automation Engineering Academy (陝鼓能源動力與自動化工程研究院) from 2008 to 2017.

Mr. YIN obtained his doctor's degree and master's degree in Fluid Mechanics from Zhejiang University (浙江大學) in 2004 and 1992, respectively.

Mr. YUAN Li *Independent Non-executive Director*

Mr. YUAN Li (袁力), aged 62, was appointed as a Director of the Company as well as a member of the Remuneration Committee and Nomination Committee on June 27, 2024. Mr. YUAN is currently the chairman of Beijing Aershan Financial Technology Co., Ltd. (北京阿爾山金融科技有限公司). Mr. YUAN was the assistant director of the international business department (Jilin branch) of the People's Insurance Company of China (中國人民保險公司) from September 1984 to September 1990. From September 1990 to December 1998, he served as the general manager of Ping An Insurance (U.S.) Company Limited (平安保險（美國）公司), the general manager of Ping An's Insurance Management Headquarters (平安保險管理本部), and the deputy general manager of Asset Insurance Associate (產險協理). From December 1998 to May 2011, he was the director of the policy and regulation department and the development and reform department of China Insurance Regulatory Commission (CIRC) and a member of the Party Committee and the assistant to the chairman of CIRC. From May 2011 to March 2012, he was the secretary of the Party Committee and the president of China Life Insurance (Group) Company (中國人壽保險（集團）公司), and concurrently the chairman of China Life Insurance Company Limited (中國人壽保險股份有限公司) (listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange), and the chairman of China Life Property and Casualty Insurance Co., Ltd. (中國人壽財產保險股份有限公司). From March 2012 to May 2016, he served as a member of the Party Committee and a vice president of China Development Bank (國家開發銀行), and concurrently the secretary of the Party Committee and the chairman of China Development Bank Securities Co., Ltd. (國開證券有限責任公司).

Mr. YUAN obtained a PhD in economics from Peking University in 2004.

Mr. GAO Qiang *Supervisor*

Mr. GAO Qiang (高強), aged 56, was appointed as the Chairman of the Board of Supervisors of the Company on January 1, 2020. Mr. GAO is currently the deputy secretary to the Communist Party Committee (CPC), the chairman of the Trade Union, and the dean of the Management Institute of the Company. He is fully responsible for the daily management of the CPC office, the trade union of the company, and corporate culture affairs. Mr. GAO joined Legend Holdings in 2006 and he has successively served as the deputy general manager of the Public Relations Department, the general manager of the Human Resources Department, and the executive dean of the management institute.

Mr. GAO obtained an MBA degree from CEIBS (中歐國際工商學院) in 2016.

Mr. LUO Cheng *Supervisor*

Mr. LUO Cheng (羅成), aged 46, was appointed as a Supervisor of the Company on January 16, 2018. Mr. LUO is currently the director and general manager of China Oceanwide Holdings Group Co., Ltd. (中國泛海控股集團有限公司), a director of Oceanwide Holdings Co., Ltd. (泛海控股股份有限公司).He previously served as the vice president and board secretary of China Oceanwide Holdings Group Co., Ltd., a director and the general manager of Oceanwide Industrial Co., Ltd. (泛海實業股份有限公司) and a supervisor of Minsheng Holdings Co., Ltd. (民生控股股份有限公司).

Mr. LUO obtained a master of art degree from the University of Leeds in 2002, majoring in accounting and finance.

Ms. PEI Xiaofeng *Supervisor*

Ms. PEI Xiaofeng (裴小鳳), aged 47, was appointed as a Supervisor of the Company on June 27, 2024. Ms. PEI is currently the general manager of the financial management department of CAS Holdings (國科控股) and the supervisor of Chengdu Information Technology of of Chinese Academy of Sciences Co., Ltd. (中科院成都資訊技術股份有限公司) (listed on the Shenzhen Stock Exchange). She has successively served as the senior manager of the equity management department, senior manager, assistant general manager, deputy general manager, and general manager of the financial management department of CAS Holdings.

Ms. PEI obtained a master's degree in business administration from the University of the Chinese Academy of Sciences (中國科學院大學) in 2007 and holds the Chinese Institute of Certified Public Accountant (CICPA) qualification.

Ms. YANG Qiuyan *Senior Management*

Ms. YANG Qiuyan (楊秋燕), aged 49, is currently the Head of Finance, Assistant President and General Manager of the Finance Department of the Company, responsible for financial management and has over 20 years of working experience in financial management. She joined Legend Holdings in August 2007 and served consecutively as manager, assistant general manager, deputy general manager and general manager of the Finance Department. She has extensive experience in financial management. Before joining Legend Holdings, she worked in Beijing Wuwei Underground Engineering Co., Ltd. (北京五維地下工程有限公司) and Zhongsheng Weiqiao International Investment Holding Co., Ltd. (中盛偉僑國際投資控股有限公司) engaging in financial management from 1998 to 2007.

Ms. YANG obtained a bachelor's degree in economics from Zhejiang University (浙江大學) in 1998 and a master's degree in economics from the University of International Business and Economics (對外經濟貿易大學) in 2003.

Mr. WANG Wei *Senior Management*

Mr. WANG Wei (王威), aged 44, joined Legend Holdings in October 2019. He currently acts as the Assistant President, Board Secretary and Joint Company Secretary, and General Manager of the Securities Affairs Department of the Company, responsible for investor relations, legal compliance, and information disclosure. Previously, he worked at Ernst & Young, PricewaterhouseCoopers, Sinochem Group Co., Ltd. (中國中化集團有限公司), and Meihua Biotechnology Holdings Group Co., Ltd. (梅花生物科技集團股份有限公司) (listed on the Shanghai Stock Exchange) consecutively from 2004 to 2019. He has taken charge of many milestone investments, mergers and acquisitions, and other capital market-related projects, and has maintained extensive knowledge and expertise in the abovementioned areas. Before joining Legend Holdings, he acted as Chief Financial Officer at Meihua Biotechnology Holding Group Co., Ltd..

Mr. WANG obtained his bachelor's degree from Zhongnan University of Economics and Law (中南財經政法大學) in 2003 and master's degree in accounting and finance from the University of Southampton in 2004. He holds the qualifications granted by the Chinese Institute of Certified Public Accountants (CICPA), the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA). In addition, he boasts the qualification for board secretary granted by the Shanghai Stock Exchange.

Director's Report

PRINCIPAL BUSINESSES

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

RESERVE

During the Reporting Period, the changes in reserve of the Company and its subsidiaries are set out in the consolidated statement of changes in equity of the financial statements prepared in accordance with the IFRS Accounting Standards in this annual report. The changes in reserve of the Company are set out in the note 50(b) to the financial statements.

DISTRIBUTABLE RESERVE

According to the Articles of Association of the Company, dividends can only be distributed in accordance with the distributable profit determined by the China Accounting Standards for Business Enterprises or the IFRS Accounting Standards or the accounting standards of the place where the Company is listed (whichever is lower).

As of December 31, 2024, the distributable reserve of the Company amounted to RMB3,239 million (2023: RMB2,037 million), which was calculated pursuant to the accounting policy under the China Accounting Standards for Business Enterprises.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiaries for the year are set out in the consolidated income statement on pages 143 to 144 of this annual report.

The overall financial position of the Company and its subsidiaries as at December 31, 2024 are set out in the consolidated balance sheet on pages 145 to 147 of this annual report, and the financial position of the Company as at December 31, 2024 in note 50(a) to the financial statements, respectively.

The consolidated cash flow statement of the Company and its subsidiaries for the year is set out in the consolidated cash flow statement on pages 150 to 151 of this annual report.

The Board recommends that no dividend be paid for the year ended December 31, 2024 (2023: Nil).

DIVIDEND POLICY

1. The Company has adopted a Dividend Policy (the "Dividend Policy"), which provides Shareholders with sustainable returns every year. Dividends shall be determined according to the net profits attributable to equity holders of the Company (after adjustments for restructuring or other one-off non-cash items, if any) during relevant financial period, and shall be subject to the criteria set out in paragraphs 3 and 4 below. The Company does not intend to set any dividend distribution ratio. The Company strives to maintain financial flexibility as well as to strike a balance between Shareholders' interests and prudent capital management.

2. The Company may consider declaring and paying special dividends from time to time in addition to the annual dividend paid to the Shareholders.

3. The Company's ability to pay dividends will depend on, among other things, the Company's operations, business plans and strategies, cash flows, financial positions, operating and capital requirements and contractual restrictions, as well as dividends received from the subsidiaries and associates of the Company, while in turn will depend on the ability of such subsidiaries and associates to pay a dividend. The payment of dividends is also subject to the provisions of the Articles of Association of the Company and any other applicable laws and regulations, and other factors impacting the Company that the Board may consider relevant.

4. The Dividend Policy reflects the current view of the Board on the financial and cash flow positions of the Company and its subsidiaries. The Board will continue to review the Dividend Policy from time to time and there will be no assurance that dividends will be paid in any particular amount in any given period. Whenever, the Board recommends a dividend, the distribution manner, frequency and amount, will depend on the Company's operations and profits, business plans and strategies, cash flow, operating and capital requirements, general financial positions, contractual restrictions and other factors impacting the Company that the Board may consider relevant.

SHARES ISSUED

The Company did not issue any new Shares for the year ended December 31, 2024. The details of Shares issued of the Company are set out in note 34 to the financial statements.

BONDS ISSUED

The Company did not issue any bonds for the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company during the year ended December 31, 2024 or as of December 31, 2024.

DONATIONS

During the year, donations for charity or other purposes made by the Company and its subsidiaries amounted to RMB123 million (2023: RMB144 million).

BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix D2 to the Listing Rules, the Company is required to include a business review in the Directors' Report. According to Schedule 5 to the Companies Ordinance of Hong Kong, a business review shall cover certain aspects, the details of which are as follows:

1. A fair review of the business of the Company and its subsidiaries
"Management Discussion and Analysis" on pages 19 to 54 of this annual report.

2. A description of the principal risks and uncertainties facing the Company and its subsidiaries
"Major Risks and Response Management" on pages 46 to 53 of this annual report.

3. An estimation of the potential development in the business of the Company and its subsidiaries
"Management Discussion and Analysis" on pages 19 to 54 of this annual report.

4. An analysis on financial key performance indicators
"Financial Review" on pages 41 to 45 of this annual report.

5. Environmental policies and performance

The Company and its subsidiaries are committed to environmental protection, energy conservation and emission reduction and reasonable and efficient utilization of resources and energy in day-to-day operational activities and ensure the observation of local environmental laws and regulations and relevant industry emission standards in different regions. We are committed to constantly practicing environmental management and improving corresponding measures, including establishing a complete environmental emergency response system for specific business, providing feasible support for prevention and control of environmental accidents, and improving factory production processes and equipping resource recycling systems to effectively reduce energy consumption. In the meantime, we attach great importance to the environmental management in the office area. We actively cultivate staff's awareness of protecting the environment and saving office resources and energy and actively promote greening layouts in plant areas and green building ratings of office buildings. The Company and its subsidiaries will continue to strictly abide by relevant regulations on environmental protection, develop sustainability policies and design and strive to strike a balance among economic, social and environmental benefits.

As Legend Holdings implements its strategic layout on all fronts, the environmental impact of the Company's activities has also become an increasingly important factor for investors to consider. Legend Holdings requires its subsidiaries to ensure their strict compliance with local environmental laws and regulations where they operate. In 2024, the Company and its subsidiaries did not violate any laws and regulations relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In order to carry out environmental management and continuously improve relevant measures, Legend Holdings requires its subsidiaries to establish a sound environmental emergency system for specific businesses, provide solid support for the prevention and control of environmental emergencies, and improve the factory processes and establish waste recycling system to reduce energy consumption. In addition, the Company has also formulated and implemented more detailed environmental protection policies in line with the local conditions of subsidiaries, made gradual development of environmental sustainability policies, so as to achieve harmony among economic, social and environmental benefits.

Pursuant to the requirements of the Listing Rules, the Company is required to disclose information regarding environmental, social and governance of the Company and its subsidiaries. The 2024 Environmental, Social and Governance Report containing such information is published by way of a separate report which had been posted on the Hong Kong Stock Exchange website (www.hkexnews.hk) and the Company website (www.legendholdings.com.cn). The detailed performances of the Company and its subsidiaries in the aspect of environmental protection are disclosed in such report.

6 Key relationships with employees, customers, suppliers and other stakeholders

The philosophy and principles of the Company and its subsidiaries towards its employees, customers, suppliers and other stakeholders are set out in the 2024 Environmental, Social and Governance Report.

PRINCIPAL CUSTOMERS AND SUPPLIERS

During the year, the sales of products and services to the top five customers of the Company and its subsidiaries were less than 23%. The principal customers or suppliers of the Company and its subsidiaries accounted for the following percentages of the procurement amount of the Company and its subsidiaries during the year:

The largest supplier 12%
The aggregate of the top five suppliers 32%

None of the Directors, their close associates or any Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) had interests in the aforementioned principal customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of changes in the property, plant and equipment and investment properties of the Company and its subsidiaries during the Reporting Period are set out in notes 15 and 17 to the financial statements, respectively.

BORROWINGS

Details of the borrowings of the Company and its subsidiaries are set out in note 44 to the financial statements.

CONTINGENCIES

Details of the contingencies of the Company and its subsidiaries are set out in note 47(i) to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

The results and summary of assets and liabilities of the Company and its subsidiaries for the year ended December 31, 2024 and in the latest four fiscal years are set out on page 328 of this annual report.

SUBSTANTIAL SUBSIDIARIES AND ASSOCIATES

Details of substantial subsidiaries and associates of the Company are set out in notes 11 and 12 to the financial statements.

CORPORATE GOVERNANCE CODE

During the year ended December 31, 2024, the Company complied with all code provisions of the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 of the Listing Rules.

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company and its subsidiaries operate and invest in, among others, China, Hong Kong, Europe, Australia and South America. During the Reporting Period, the Company complied with the relevant laws and regulations, which had material impacts on Legend Holdings' business and operations in material respects.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENT PUBLIC FLOAT

As of the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained the sufficient public float as prescribed by the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights according to the Company's Articles of Association and the Company Law of PRC.

TAX RELIEF

Shareholders are required to submit to the tax authorities the Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits (chapter II of the announcement 2019 No. 35 State Administration of Taxation) if they are requested by the PRC tax authorities to claim refund of overpaid taxes fees through the Company in accordance with the relevant requirements of the Administrative Measures for Non-resident Taxpayers to Benefit from the Taxation Treaties (《非居民納税人享受税收協定待遇管理辦法》) (please refer to the announcement 2019 No. 35 State Administration of Taxation (website: http://www.chinatax.gov.cn/chinatax/n810341/n810765/n4182981/201910/c5141954/content.html)), they shall also collect and retain the relevant reference materials on their own.

INFORMATION OF DIRECTORS AND SUPERVISORS

During the year and as at the date of this report, the Directors of the Company are as follows:

Mr. NING Min *(Chairman)*
Mr. LI Peng *(Chief Executive Officer)*
Mr. ZHU Linan#
Mr. ZHAO John Huan#
Ms. CHEN Jing# *(appointed on June 27, 2024)*
Ms. YANG Hongmei# *(appointed on June 27, 2024)*
Mr. SUO Jishuan# *(resigned on June 27, 2024)*
Mr. YANG Jianhua# *(resigned on June 27, 2024)*
Ms. HAO Quan*
Mr. YIN Jian'an*
Mr. YUAN Li* *(appointed on June 27, 2024)*
Mr. MA Weihua* *(resigned on June 27, 2024)*

Non-executive Director
* *Independent Non-executive Director*

The Company has received annual confirmations which are made by each of existing Independent Non-executive Directors to ensure their independence in the Company pursuant to Rule 3.13 of the Listing Rules; and the Company is of the view that such Directors are independent of the Company.

Ms. CHEN Jing, Ms. YANG Hongmei and Mr. YUAN Li have respectively obtained the legal opinions referred to in Rule 3.09D of the Listing Rules on June 20, 2024, June 20, 2024, and June 26, 2024, respectively. They have also confirmed that they understand their responsibilities as directors of the Company.

During the year and as at the date of this report, the Supervisors are as follows:

Mr. GAO Qiang *(Chairman of the Board of Supervisors)*
Mr. LUO Cheng
Ms. PEI Xiaofeng *(appointed on June 27, 2024)*
Mr. ZHANG Yong *(resigned on June 27, 2024)*

PERMITTED INDEMNITY PROVISION

The Company has maintained liability insurances for its Directors, Supervisors and senior management to provide protection to them for liability that might arise in the course of their performance of duties according to law and facilitate them to fully discharge their duties.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

All Directors and Supervisors have service contracts with the Company for three years, commencing on June 27, 2024 and ending on the annual general meeting to elect the fifth session of the Board of Directors and the Board of Supervisors of the Company. For the year ended December 31, 2024, none of the Directors or Supervisors entered into any service contract with the Company or any of its members, which is not determinable within one year without payment of any compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contract in relation to the management and administration work of the Company or its any major business was entered into or subsisted during the year (other than the service contracts entered into with Directors and Supervisors or persons engaged by the Company).

DIRECTORS' INTERESTS IN ACQUISITION OF SHARES OR DEBENTURES

For the year ended December 31, 2024, there was no arrangement to enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any of its subsidiaries.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Benefits and interests of Directors and highest paid individuals" in note 51(b) to financial statements, at any time during the year ended December 31, 2024 or the year-end date, any Directors and Supervisors or their connected entities directly or indirectly have no material interests, either directly or indirectly, in other transactions, arrangements or contracts of significance entered into by the Company or any of its subsidiaries.

DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors' and Supervisors' emoluments are determined by the Board with reference to their duties, responsibilities, performance, and the results of the Company and its subsidiaries. Details of the Directors' and Supervisors' emoluments and the five highest paid individuals are set out in notes 51(a) and 51(c) to the financial statements, respectively.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors (excluding the Independent Non-executive Directors) had any interests in businesses that compete or are likely to compete, directly or indirectly, with the businesses of the Company and its subsidiaries.

CHANGES IN DIRECTORS AND SUPERVISORS' INFORMATION

Pursuant to the Listing Rules 13.51B (1), the changes in Directors are as follows:

Mr. LI Peng, an Executive Director, was appointed as the Chairman of ZQET Group and was redesignated from a vice chairman to a director of BIL with effective from October 9, 2024, and May 1, 2024, respectively.

Ms. HAO Quan, an Independent Non-Executive Director, was appointed as an independent non-executive director of Hanison Construction Holdings Limited (興勝創建控股有限公司) (Stock Code: 00896.HK) with effect from September 19, 2024.

CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND MATERIAL RELATED PARTY TRANSACTIONS

For the year ended December 31, 2024, the Company and its subsidiaries had entered into the following transactions, which had constituted connected transactions or continuing connected transactions of the Company under the Listing Rules and shall be disclosed pursuant to Chapter 14A of the Listing Rules:

Connected Transactions

1. On July 15, 2024, after trading hours, Lenovo, a subsidiary of the Company, approved the proposed issuance of 1,150,000,000 Lenovo Warrants at the issue price of HK$1.43 per Lenovo Warrant. On the same day after trading hours, Lenovo and the Initial Warrants Subscriber entered into the Warrants Subscription Agreement, pursuant to which the Initial Warrants Subscriber has agreed to subscribe for 220,000,000 Lenovo Warrants, and the remaining 930,000,000 Lenovo Warrants are expected to be offered by way of a private placement to third party investors and certain management members of Lenovo (which may include connected persons of the Company at subsidiary level). According to the principle terms of the Lenovo Warrants, if any of the Warrants Subscribers wishes to exercise the exercise rights in relation to their respective Lenovo Warrants or sell or otherwise dispose of any or all of its Lenovo Warrants, such Warrants Subscribers shall first offer such Lenovo Warrants to the Company. Given the Initial Warrants Subscriber, Mr. YANG Yuanqing, is the chairman of the board of directors, chief executive officer and an executive director of Lenovo, he is a connected person of the Company at the subsidiary level under the Listing Rules. Additionally, the Lenovo Warrants may be placed to certain management members of Lenovo (which may include connected persons of the Company at subsidiary level). Therefore, the Warrants Subscription and the Warrants Issuance constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

   The principal terms of the Warrants Subscription Agreement and the Lenovo Warrants are summarized as follows:

   The Warrants Subscription Agreement

Date:	July 15, 2024
Parties:	(i) Lenovo, as the issuer; and (ii) the Initial Warrants Subscriber, as a subscriber.
Number of Lenovo Warrants issuable to the Initial Warrants Subscriber:	220,000,000 Lenovo Warrants to be subscribed by the Initial Warrants Subscriber and, if there is insufficient participation by management members of Lenovo in the Warrants Issuance, the Initial Warrants Subscriber agrees to subscribe for up to an additional 330,000,000 Lenovo Warrants.
Issue price:	HK$1.43 per Lenovo Warrant The issue price of the Lenovo Warrants was determined by Lenovo after assessing, among others, (i) the reference price, being HK$9.47, which is the average VWAP per Share for the last thirty (30) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance) and (ii) business prospect of Lenovo. The issue price of the Lenovo Warrants is equal to 15.1% of the reference price.

Conditions precedent:	Completion of the Warrants Subscription Agreement is subject to and conditional upon the following conditions precedent being satisfied: (a) the passing of resolutions by the Independent Lenovo Shareholders by way of poll at the Lenovo GM approving the Warrants Issuance, the Warrants Subscription and the Lenovo Specific Mandate; (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Lenovo Warrant Shares and such approval and granting of permission not having been withdrawn or revoked; and (c) the completion of the Lenovo Bond Issue having taken place or will take place on the same day as the completion of the Warrants Issuance. Neither Lenovo nor the Warrants Subscribers may waive any of the conditions precedent above. In the event any of the above conditions has not been fulfilled on or before the Warrants Long Stop Date, the Warrants Subscription Agreement shall lapse automatically.
Completion:	Completion of the Warrants Subscription Agreement will take place on the Warrants Completion Date concurrently with the completion of the Lenovo Bond Issue.
Termination:	The Warrants Subscription Agreement shall automatically be terminated if the Bond Subscription Agreement is terminated pursuant to the terms thereof.

The Lenovo Warrants

Issuer:	Lenovo
Number of Lenovo Warrants issuable:	1,150,000,000 Lenovo Warrants
Exercise period:	From the date of issuance of the Lenovo Warrants until the Warrants Last Exercise Date (both dates inclusive).
Warrants Last Exercise Date:	The date falling on the third anniversary of the date of the Warrants Issuance, if the CB Maturity Date is extended pursuant to the terms of the Convertible Bonds, the Warrants Last Exercise Date will be automatically extended by a fixed period of three months to align with the CB Maturity Date. There are no other conditions to the extension of the Warrants Last Exercise Date.
Exercise rights:	Each Lenovo Warrant is exercisable at the initial Exercise Price of HK$12.31 per Lenovo Share (subject to adjustment).
Number of Lenovo Shares underlying the Lenovo Warrants:	Upon the full exercise of the Lenovo Warrants at the initial Exercise Price, 1,150,000,000 Lenovo Warrant Shares will be issued and allotted.

The exercise ratio is the number of Lenovo Warrant Shares to be issued per Lenovo Warrant, being 1:1. The number of Lenovo Warrant Shares to be issued on the relevant exercise date will be determined by multiplying the number of Lenovo Warrants by (i) initial Exercise Price divided by (ii) adjusted Exercise Price as at the relevant exercise date.

As a result, the number of Lenovo Warrant Shares to be issued and allotted will be adjusted due to the adjustment to the Exercise Price. Please refer to the section headed "The Lenovo Warrants – Adjustment of Exercise Price" for details of the adjustment events.

Exercise Price: The initial Exercise Price shall be HK$12.31 per Lenovo Share, which represents:

(i) a premium of approximately 2.2% over the closing price of HK$12.04 per Lenovo Share as quoted on the Stock Exchange on May 27, 2024, being the trading day immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);

(ii) a premium of approximately 14.8% over the average closing price of HK$10.72 per Lenovo Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);

(iii) a premium of approximately 30.0% over the average VWAP of HK$9.47 per Lenovo Share for the last thirty (30) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);

(iv) a premium of approximately 9.7% over the closing price per Lenovo Share of the trading day immediately prior to the date of this report; and

(v) a premium of approximately 221.5% over the net asset value per Lenovo Share as at March 31, 2024, being the date of which Lenovo's latest published accounts is made up.

The initial Exercise Price of HK$12.31 per Lenovo Share was determined by Lenovo with reference to (i) the reference price, being HK$9.47, which is the average VWAP per Lenovo Share for the last thirty (30) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance); and (ii) business prospect of Lenovo.

Adjustment of Exercise Price:	The Exercise Price is subject to standard warrant exercise price adjustments events including but not limited to (i) consolidation, subdivision or reclassification of the Lenovo Shares; (ii) capitalization of profits or reserves by Lenovo; (iii) distributions by Lenovo; (iv) rights issues of Lenovo Shares or options over Lenovo Shares; (v) rights issues of other securities of Lenovo; (vi) issues at less than current market price by Lenovo; (vii) other issues at less than current market price by Lenovo; (viii) modification of rights of conversion etc. by Lenovo; (ix) other offers to Lenovo Shareholders; and (x) other events determined by Lenovo. No adjustment will be made to the Exercise Price in the case of an issue of Lenovo Shares on the exercise of any rights of conversion into, or exchange or subscription of Lenovo Shares of any securities issued on or prior to the date of the Warrants Issuance, including upon the issue of Conversion Shares pursuant to the exercise of the conversion right attaching to the Convertible Bonds.
Rights of the holders of Lenovo Warrants:	The holders of Lenovo Warrants will not have any right to attend or vote at any shareholders meeting of Lenovo by virtue of them being holders of the Lenovo Warrants. Before exercise of the subscription right, the holders of Lenovo Warrants shall not have the right to participate in any distributions and/or offers of further securities made by Lenovo.
Rights of the holders of Lenovo Warrants on liquidation:	If a winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holders of the Lenovo Warrants, or some persons designated by them for such purpose by a special resolution passed by the holders of the Lenovo Warrants, shall be a party or in conjunction with which a proposal is made to the holders of the Lenovo Warrants and is approved by a special resolutions of the holders of the Lenovo Warrants, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the holders of the Lenovo Warrants. In any other case, every holder of the Lenovo Warrant shall be entitled at any time within six (6) weeks after the passing of such resolution by irrevocable surrender of his Lenovo Warrant certificate(s) to Lenovo with the subscription form(s) duly completed, together with payment of the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the exercise rights represented by his Lenovo Warrant(s) as specified in the subscription form(s) submitted by him and had on such date been the holder of the Lenovo Shares to which he would have become entitled pursuant to such exercise and Lenovo and the liquidator of Lenovo shall give effect to such election accordingly. Lenovo shall give notice to the holder of the Lenovo Warrants of the passing of such resolution within seven (7) days after the passing thereof and such notice shall contain a reminder to holder of the Lenovo Warrants with respect to their rights (to the extent applicable). Subject to the foregoing, if Lenovo is wound up, all exercise rights attaching to the Lenovo Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Lenovo Warrant certificates shall cease to be valid for any purpose.

Rights and ranking of the Lenovo Warrant Shares:	The Lenovo Warrant Shares, when issued and fully paid, will rank equally in all respects among themselves and with all other Lenovo Shares in issue as at the respective dates of allotment and issue of the Lenovo Warrant Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by Lenovo with a record date falling on or after the respective dates of allotment and issue of the Lenovo Warrant Shares.
Transfer and Exercise Limit:	Lenovo will not register any transfer of Lenovo Warrants or issue any Lenovo Warrant Shares in satisfaction of the exercise rights in respect of the relevant Lenovo Warrants if by doing so it will result in the aggregate number of Lenovo Warrants transferred and/or exercised being in excess of the transfer and exercise limit. The transfer and exercise limit refers to 306,666,666 Lenovo Warrants (which will not be adjusted throughout the term of the Lenovo Warrants) during each 12-month period, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Lenovo Warrants (including the exceptions for the Final ROFR Warrants). The transfer and exercise limit will not be adjusted as a result of any of the adjustment events to the initial Exercise Price.
Undertakings by the Warrants Subscribers:	Subject to the transfer and exercise limit of the relevant Lenovo Warrants, if any of the Warrants Subscribers wishes to exercise the exercise rights in relation to any or all of their respective Lenovo Warrants or sell or otherwise dispose of any or all of its Lenovo Warrants (the "ROFR Warrants"), such Warrants Subscribers shall first offer their respective ROFR Warrants to the Company by written notice (the "ROFR Notice"). Upon receipt of a ROFR Notice, the Company may within five business days purchase part or all of the ROFR Warrants. If the Company does not purchase the ROFR Warrants, such Warrants Subscribers may (i) sell or otherwise dispose such ROFR Warrants on the same terms as set forth in the ROFR Notice and such ROFR Warrants so transferred will not be subject to the undertakings given by the Warrants Subscribers, or (ii) exercise the exercise rights in relation to the ROFR Warrants and in respect of the Lenovo Warrant Shares which are retained by the Warrants Subscribers after the exercise (the "Retained Shares"), the holder of the Lenovo Warrant Shares shall notify the Company five (5) business days prior to disposal of the Lenovo Warrant Shares and shall act in concert with the Company on matters relating to Lenovo which require shareholders' approval until such holder ceases to hold any interest in such Lenovo Warrant Shares, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Lenovo Warrants.

Without being subject to the transfer and exercise limit, no later than the seventh business day immediately prior to the Warrants Last Exercise Date, each Warrants Subscriber shall first offer its remaining Lenovo Warrants (the "Final ROFR Warrants") to the Company (the "Final ROFR Notice"). If the Company does not exercise the right to acquire the Final ROFR Warrants, such Warrants Subscribers may (i) sell or otherwise dispose such Final ROFR Warrants and such Final ROFR Warrants so transferred will not be subject to the undertakings given by the Warrants Subscribers, or (ii) exercise the exercise rights in relation to the Final ROFR Warrants and in respect of the Retained Shares, the holder of such Lenovo Warrant Shares shall notify the Company five (5) business days prior to disposal of such Lenovo Warrant Shares and shall act in concert with the Company on matters relating to Lenovo which require shareholders' approval until such holder ceases to hold any interest in such Lenovo Warrant Shares, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Lenovo Warrants.

After expiry of the Final ROFR Notice and on the business day immediately prior to the Warrants Last Exercise Date, the Company has the right to purchase, and each Warrants Subscriber shall sell to the Company or any person designated by the Company, any outstanding Lenovo Warrants at the price of HK$0.01 per Lenovo Warrant.

Termination of restriction: The undertakings by the Warrants Subscribers and transfer and exercise limit as described above will automatically cease to have effect under the following circumstances: (i) when the Company ceases to treat Lenovo as a subsidiary in accordance with the applicable accounting standards, (ii) with respect to any relevant Warrants Subscriber, when such Warrants Subscriber no longer holds any of the Lenovo Warrants and Retained Shares, (iii) when a fundamental change event (as defined in the instrument of the Lenovo Warrants) has occurred, or (iv) the Company has given written notice to Lenovo to unilaterally request for the termination of all the undertakings.

Undertaking by Lenovo: For as long as the aforementioned undertakings by the Warrants Subscribers and/or the transfer and exercise limit apply, Lenovo shall not conduct any new issue of warrants with more favourable terms than the Lenovo Warrants.

Transferability: Subject to the undertakings provided by the Warrants Subscribers, the Lenovo Warrants will be transferable in integral multiples of 2,000 Lenovo Warrants.

Cash settlement:	Notwithstanding the exercise rights of each Warrants Subscriber in respect of each Lenovo Warrant, at any time when the delivery of Lenovo Warrant Shares deliverable is required to satisfy the exercise rights, Lenovo shall have the option to pay to the relevant Warrants Subscriber an amount of cash in Hong Kong dollars equal to the cash settlement amount in order to satisfy such exercise rights in full or in part (in which case the other part shall be satisfied by delivery of Lenovo Warrant Shares). In order to exercise the cash settlement option, Lenovo shall provide notice of the exercise of the cash settlement option to the relevant Warrants Subscriber as soon as practicable but no later than three (3) business days immediately following the due exercise of the Lenovo Warrants by surrendering the Lenovo Warrants certificate(s) together with payment of the Exercise Price. The cash settlement notice must specify the number of Lenovo Warrant Shares in respect of which Lenovo will make a cash payment. Lenovo shall pay the cash settlement amount within a prescribed timeframe following the date of the cash settlement notice. The cash settlement amount shall be the product of (i) the number of Lenovo Warrant Shares otherwise deliverable upon exercise of the exercise rights in respect of which Lenovo has exercised the cash settlement option, and (ii) the arithmetic average of the daily volume weighted average price of the Lenovo Shares for a certain period immediately after the date of the cash settlement notice.

Details of the above connected transaction are set out in the announcements of the Company dated July 15, 2024 and August 20, 2024. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcements unless the context otherwise requires.

2. On May 27, 2024, Levima Advanced Materials entered into the Technology Transfer (Patent) Agreement with Institute of Process Engineering, Chinese Academy of Sciences ("IPE") and CAS (Shandong) Advanced Materials, an indirect subsidiary of the Company, pursuant to which CAS (Shandong) Advanced Materials and IPE agreed to transfer the Target Technology to Levima Advanced Materials, for a total consideration of RMB49.00 million (excluding tax). As CAS Holdings, a substantial Shareholder of the Company, holds approximately 25.27% equity interest in Levima Advanced Materials, Levima Advanced Materials is a connected subsidiary of the Company. Under Chapter 14A of the Listing Rules, the transfer of the Target Technology by CAS (Shandong) Advanced Materials to Levima Advanced Materials under the Technology Transfer (Patent) Agreement constitutes a connected transaction of the Company.

Set out below are the principal terms of the Technology Transfer (Patent) Agreement:

Date:	May 27, 2024
Parties:	(1) IPE (as Transferor 1);
	(2) CAS (Shandong) Advanced Materials (as Transferor 2); and
	(3) Levima Advanced Materials (as transferee).
	As at the date of the announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, IPE and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Target Technology:	XDI green preparation technology, comprising (i) a total of 6 patents ("Target Patents"), of which 5 are owned solely by IPE, and 1 is jointly owned by IPE and CAS (Shandong) Advanced Materials; and (ii) XDI complete technology processes ("Proprietary Technology").
Consideration and basis of determination:	The consideration for the Transfer is RMB49.00 million (excluding tax). The transferee will pay 67% of the consideration (i.e., RMB32.83 million) to Transferor 1, and 33% of the consideration (i.e., RMB16.17 million) to Transferor 2. The above consideration was determined after arm's length negotiations with reference to the market value of the Target Technology of RMB49.00 million as of the Valuation Benchmark Date in the asset valuation report adopted by a professional independent valuation institution in the PRC, using income approach as the basis of valuation.
Payment of Consideration:	The transferee shall arrange the aforesaid consideration to Transferor 1 and Transferor 2 respectively within 10 working days after the commencement of the Agreement. If the transferee transfers the Target Technology to a third party after the commencement of the Agreement ("Re-transfer"), the transferee shall notify the Transferor in a timely manner. When the Re-transfer occurs within one year after the commencement of the Agreement and the consideration for the Re-transfer is greater than the consideration for the Transfer, the transferee shall pay to the Transferor the full difference between the consideration for the Re-transfer and the consideration for this Transfer within 7 working days after receiving the consideration for the Re-transfer. The consideration for the Transfer will be financed by Levima Advanced Materials' own funds.
Completion:	The Transferor shall deliver the information relating to the Target Technology held by each of them (the "Delivered Information") to the transferee within 7 days after the receipt of the consideration as set out in the Agreement. The transferee shall complete the inspection and acceptance of the Delivered Information within 15 days after receiving the Delivered Information. The Transferor shall actively cooperate with the transferee. The Target Patents shall be transferred to the transferee from the date of completion of the registration of the Transfer. The Proprietary Technology shall be transferred to the transferee from the date the transferee receives the corresponding Delivered Information.
Liabilities in the event of default:	If the transferee fails to pay the full consideration on time in accordance with the Agreement, the transferee shall pay to the Transferor liquidated damages at the rate of interest of 3‰ per day on the unpaid consideration and the number of days of overdue payment. If the transferee fails to pay the Consideration for more than 15 days after the agreed payment deadline in the Agreement, any Transferor shall have the right to terminate the Agreement.

Details of the above connected transaction are set out in the announcement of the Company dated May 27, 2024. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcement unless the context otherwise requires.

Continuing Connected Transactions

3. Fujitsu Client Computing Limited ("FCCL"), is a joint venture company held as to 51% by Lenovo (through its indirectly wholly owned subsidiary) and 44% by Fujitsu Limited ("Fujitsu", together with its subsidiaries the "Fujitsu Group") to engage in the business of personal computers and their related products pursuant to the Joint Venture Agreement entered into between Lenovo, and amongst others, Fujitsu dated November 2, 2017 and became effective on May 2, 2018 (the "Completion Date"). On or prior to the Completion Date, Fujitsu or other members of the Fujitsu Group entered into various agreements (the "Fujitsu CCT Agreements") with FCCL in respect of the provision of certain services and products to or by FCCL to facilitate the operation of its personal computer business in Japan. Details of the Fujitsu CCT Agreements are set out in the announcement published by the Company on May 3, 2018. Upon the Completion Date, FCCL became an indirect non-wholly-owned subsidiary of the Company. Fujisu is a connected person of Lenovo as well as the Company by virtue of Fujisu being a substantial shareholders of FCCL, whose shareholding in FCCL increased from 44% to 49% following the acquisition of FCCL's shares from a third party. The transactions contemplated under the Fujitsu CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting requirements under the Listing Rules.

   On February 21, 2020, the annual caps of the Secondment Agreement, the Manufacturing Agreement (FIT) and the Fujitsu Trademark and Brand License Agreement, all of which form part of the Fujitsu CCT Agreements, for the four financial years ended March 31, 2020, 2021, 2022 and 2023 were revised (the "Revised Annual Caps"). Details of the Revised Annual Caps are set out in the announcement of the Company dated February 21, 2020.

   On January 16, 2023, FCCL exercised its option to extend the term of the Fujitsu Trademark and Brand License Agreement (the "Agreement") to May 2, 2026 by providing a notice of extension to Fujitsu and on March 31, 2023, the annual caps of the Agreement were set for the three financial years ending March 31, 2024, 2025 and 2026.

   On March 31, 2023, the terms of Transitional Services Agreement, Secondment Agreement, the Manufacturing Agreement (FIT) and Sales and Distribution Agreement (the "Other Renewed Fujitsu CCT Agreements", together with the Agreement the "Renewed Fujitsu CCT Agreements") were extended to May 2, 2024 by entering into side letters between FCCL and each of the respective parties to the Other Renewed Fujitsu CCT Agreements and the annual caps of the Other Renewed Fujitsu CCT Agreements were set for the financial year ending March 31, 2024. Details of the renewal of the Renewed Fujitsu CCT Agreements are set out in the announcement dated March 31, 2023.

   Save as the renewal of the Other Renewed Fujitsu CCT Agreements, which form part of the Fujitsu CCT Agreements, other agreements forming the remaining part of the Fujitsu CCT Agreements were not renewed.

   On March 28, 2024, the terms of the Other Renewed Fujitsu CCT Agreements were extended to May 2, 2025 by entering into side letters between FCCL and each of the respective parties to the Other Renewed Fujitsu CCT Agreements and the annual caps of the Other Renewed Fujitsu CCT Agreements were set for the financial year ending March 31, 2025. Details of the renewal of the Other Renewed Fujitsu CCT Agreements are set out in the announcement dated March 28, 2024.

   On October 31, 2024, FCCL entered into the New Secondment Agreement (the "New Secondment Agreement"), for a term of three years, regarding secondment of employees from members of Fujitsu Group to FCCL, on the same terms and conditions as applied to the Secondment Agreement. The Secondment Agreement will expire on May 2, 2025 and will not be renewed upon expiry.

On February 28, 2025, the annual caps of the Manufacturing Agreement (FIT) and the Sales and Distribution Agreement for the financial year ending March 31, 2025 were revised. On the same day, the terms of the Transitional Services Agreement, the Manufacturing Agreement (FIT) and the Sales and Distribution Agreement were extended to May 2, 2026 by entering into Side Letters between FCCL and members of the Fujitsu Group and the annual caps of the Transitional Services Agreement, the Manufacturing Agreement (FIT) and the Sales and Distribution Agreement were set for the financial year ending March 31, 2026.

Details of the Fujitsu CCT Agreements are set out below:

Transitional Services Agreement

Date:	May 2, 2018 with side letters entered into on March 31, 2023, March 28, 2024 and February 28, 2025, respectively
Parties:	FCCL and Fujitsu
Services provided/received:	Transitional services provided by Fujitsu to FCCL and vice versa including research and development of hardware and software, sales and marketing, information technology support, development and management, customer care support, quality control, manufacturing support, supply chain management, procurement and corporate management.
Term:	Commenced from May 2, 2018 and expired on May 2, 2023. In light of mutual development needs and goals of Lenovo and Fujitsu, the term was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025, respectively. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap (Note 1):	Expenses incurred from the use of services provided by Fujitsu to FCCL: 1/4/2023 – 31/3/2024 : JPY9,306 million 1/4/2024 – 31/3/2025 : JPY6,442 million 1/4/2025 – 31/3/2026 : JPY6,161 million Incomes generated for services to Fujitsu by FCCL: 1/4/2023 – 31/3/2024 : JPY647 million 1/4/2024 – 31/3/2025 : JPY514 million 1/4/2025 – 31/3/2026 : JPY426 million

Secondment Agreement

Date:	May 2, 2018 with side letters entered into on March 31, 2023 and March 28, 2024, respectively
Parties:	FCCL and Fujitsu
Services provided/received:	Secondment by Fujitsu to FCCL of certain employees of Fujitsu.
Term:	Commenced from May 2, 2018 and expired on May 2, 2023. In light of mutual development needs and goals of Lenovo and Fujitsu, the term was subsequently extended to May 2, 2024 and May 2, 2025 by entering into side letters on March 31, 2023 and March 28, 2024, respectively.
Annual cap (Note 1):	Expenses incurred from the use of services provided by Fujitsu to FCCL:

1/4/2023	–	31/3/2024	:	JPY240 million
1/4/2024	–	31/3/2025	:	JPY55 million

New Secondment Agreement

Date:	October 31, 2024
Parties:	FCCL and Fujitsu
Services provided/received:	Secondment by Fujitsu to FCCL of certain employees of Fujitsu.
Term:	Commenced from November 1, 2024 and expired on October 31, 2027.
Annual cap (Note 1):	Expenses incurred from the use of services provided by Fujitsu to FCCL:

1/11/2024	–	31/3/2025	:	JPY100 million
1/4/2025	–	31/3/2026	:	JPY161 million
1/4/2026	–	31/3/2027	:	JPY162 million
1/4/2027	–	31/10/2027	:	JPY96 million

Manufacturing Agreement (FIT)

Date:	May 2, 2018 with side letters entered into on March 31, 2023, March 28, 2024 and February 28, 2025, respectively
Parties:	FCCL and Fujitsu Isotec Limited ("FIT")
Services provided/received:	FIT agreed to provide manufacturing services to FCCL. FCCL agreed to provide component sourcing services to FIT.
Term:	Commenced from May 2, 2018 and expired on May 2, 2023. In light of mutual development needs and goals of Lenovo and Fujitsu, the term was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025, respectively. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap (Note 1):	Expenses incurred from the use of services provided by FIT to FCCL: 1/4/2023 – 31/3/2024 : JPY1,200 million 1/4/2024 – 31/3/2025 : JPY470 million (Note 2) 1/4/2025 – 31/3/2026 : JPY503 million Incomes generated for services to FIT by FCCL: 1/4/2023 – 31/3/2024 : JPY600 million

Sales and Distribution Agreement

Date:	May 2, 2018 with side letters entered into on March 31, 2023, March 28, 2024 and February 28, 2025, respectively
Parties:	FCCL and Fujitsu
Services provided/received:	FCCL agreed to supply Fujitsu-branded products and such other products as agreed between the parties to Fujitsu.
Term:	Commenced from May 2, 2018 and expired on May 2, 2023. In light of mutual development needs and goals of Lenovo and Fujitsu, the term was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025, respectively. The term may be extended under the same terms and conditions by mutual agreement between the parties.

Annual cap (Note 1):	Incomes generated for services to Fujitsu by FCCL: 1/4/2023 – 31/3/2024 : JPY278,077 million 1/4/2024 – 31/3/2025 : JPY196,900 million (Note 2) 1/4/2025 – 31/3/2026 : JPY239,980 million

Fujitsu Trademark and Brand License Agreement

Date:	May 2, 2018 with a notice of extension on January 16, 2023
Parties:	FCCL and Fujitsu
Services provided/received:	Fujitsu granted FCCL licenses to use Fujitsu name and trademarks.
Term:	Commenced from May 2, 2018 and expired on May 2, 2023. Subsequently, in light of mutual development needs and goals of Lenovo and Fujitsu, FCCL has exercised its option to extend the term to May 2, 2026 by providing a notice of extension to Fujitsu on January 16, 2023. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap (Note 1):	Royalty payable to Fujitsu: 1/4/2023 – 31/3/2024 : JPY680 million 1/4/2024 – 31/3/2025 : JPY685 million 1/4/2025 – 31/3/2026 : JPY639 million

Notes:

1. JPY: Japanese yen, the lawful currency of Japan

2. The annual caps were revised on February 28, 2025

Full text of the above continuing connected transactions is set out in the announcements issued by the Company on November 2, 2017, May 3, 2018, February 21, 2020, March 31, 2023, March 28, 2024 and February 28, 2025. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcements unless the context otherwise requires.

During the year ended December 31, 2024, the actual aggregate transaction amount of the above continuing connected transactions did not exceed relevant annual caps prescribed in the above agreements.

4. On August 10, 2021, the Company and Better Education Group Corporation ("Better Education") entered into the 2021 Financial Assistance Agreement, pursuant to which the Company or its subsidiaries agreed to, at the written request of Better Education and within a term of 36 months, provide continuing financial assistance in the amount of no more than RMB210 million (or its equivalent in US dollars) to Better Education and its subsidiaries, subject to the then financial positions of the Company and in compliance with the Listing Rules. The Company (through an indirect subsidiary) holds 51% of shares in issue of Better Education, and an associate of Mr. ZHAO John Huan, a Non-executive Director of the Company, holds 29%. Under Chapter 14A of the Listing Rules, Better Education is a connected subsidiary of the Company, and the provision of continuing financial assistance to Better Education constitutes a continuing connected transaction of the Company.

   Details of the term of the 2021 Financial Assistance Agreement are set out below:

Date:	August 10, 2021
Parties:	The Company; and Better Education, a connected subsidiary of the Company
Cap for the continuing financial assistance:	Both parties have agreed that the continuing financial assistance shall be carried out and determined in accordance with the following principles: (1) upon fair and reasonable and arm's length negotiations between the parties and provided that it is in the interests of its shareholders as a whole, the Company or its subsidiaries have the sole and absolute discretion to decide whether or not to approve a specific financial assistance; and (2) the continuing financial assistance shall be provided on normal commercial terms with reference to market interest rate. During the 36 months effective period of the 2021 Financial Assistance Agreement, the Company or its subsidiaries shall provide continuing financial assistance in the amount of no more than RMB210 million (or its equivalent in US dollars) to Better Education and its subsidiaries, to meet the needs of its day-to-day operation and business development and transformation. The financial assistance can be rolled over during the 36 months term provided that, among other things the total sum of the re-finance amounts together with the regranted guarantees shall not exceed the balance available for utilisation. The specific amounts, interest rates and terms of the loans or guarantees to be further provided shall be determined by both parties in accordance with the terms of the 2021 Financial Assistance Agreement and separate agreements shall be entered into in this regard.

Term:	36 months effective from August 10, 2021. In compliance with the Listing Rules, every financial assistance to be provided within the effective period under the 2021 Financial Assistance Agreement will remain effective until the expiry date of separate agreements thereon. For any guarantee contract or loan contract to be entered into by the Company or its subsidiaries within the effective period, if the term is beyond the effective period, then the Company will comply with the Listing Rules to issue announcements and seek the pre-approval of independent shareholders of the Company (if necessary).
Shareholder loan interest rate and guarantee fees:	During the term, the interest rate of each shareholder loan to be provided by the Company or its subsidiaries to Better Education and its subsidiaries shall not be lower than the prevailing costs of financing obtained by the Company in the market. Depending on actual situations, the interest rates of shareholder loans shall not be lower than the prevailing interest rates of borrowings obtained from independent third-party banks or financing institutions or the interest rates of the corporate bonds issued by the Company. In case of any early repayment of the loans by Better Education and its subsidiaries, it shall repay the principal in full and pay the interest actually incurred up to and including the date of early repayment. If the Company or its subsidiaries agree to provide guarantee for Better Education and its subsidiaries, it shall not charge Better Education and its subsidiaries any guarantee fees.

Full text of the above continuing connected transaction is set out in the announcement dated August 10, 2021 issued by the Company. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcement unless the context otherwise requires.

At any time during the period from January 1, 2024 to August 10, 2024, pursuant to the 2021 Financial Assistance Agreement, the maximum financial assistance provided by the Company to Better Education was RMB62 million, which did not exceed relevant cap of RMB210 million (or its equivalent in US dollars) prescribed in the agreement.

The 2021 Financial Assistance Agreement was terminated on August 10, 2024 and new financial assistance agreements have not been entered into between the Company and its subsidiaries and Better Education and its subsidiaries thereafter.

5. On December 18, 2023, Tengzhou Guozhuang Mining Co., Ltd. (滕州郭莊礦業有限責任公司) ("Guozhuang Mining") and Levima Advanced Materials entered into the 2024 Coal and Labour Outsourcing Services Agreement. Pursuant to the Agreement, Guozhuang Mining will continue to provide coal and labour outsourcing services to Levima Advanced Materials at a total maximum consideration of RMB466 million (exclusive of tax). The Company indirectly holds 51.77% equity of Levima Advanced Materials, and CAS Holdings, a substantial shareholder of the Company, holds 25.27% equity of Levima Advanced Materials. Under Chapter 14A of the Listing Rules, Levima Advanced Materials is a connected subsidiary of the Company, and the provision of coal and labour outsourcing services to Levima Advanced Materials constitutes a continuing connected transaction of the Company.

Details of 2024 Coal and Labour Outsourcing Services Agreement are set out below:

Date:	December 18, 2023
Parties:	Guozhuang Mining, an indirect subsidiary of the Company (as supplier); and Levima Advanced Materials, a connected subsidiary of the Company (as purchaser)
Annual cap:	During the period from January 1, 2024 to December 31, 2024, Guozhuang Mining will provide coal and labour outsourcing services to Levima Advanced Materials and its subsidiaries at a total maximum consideration of RMB466 million (exclusive of tax) pursuant to the 2024 Coal and Labour Outsourcing Services Agreement, of which the annual cap for coal supply amounted to RMB450 million and the annual cap for provision of labour outsourcing services amounted to RMB16 million.
Basis for price determination:	The coal price shall be determined in accordance with the following market pricing principles on a reasonable basis, with reference to the prices offered by coal producers in nearby regions to other external parties for the same period and taking into account factors such as drying fees and transportation fees, as well as through arm's length negotiations by the parties: 1) the transaction prices for coal producers published on the commodity market information websites in the PRC; 2) the quoted prices of coal producers in nearby regions in terms of coal of comparable quality and quantity; 3) the quality and quantity of coal to be supplied by Guozhuang Mining; and 4) the bid prices of major coal customers of Guozhuang Mining for the same period, which shall be determined by the parties following arm's length negotiations through analysing the then coal prices in the market and conducting comparative analysis.

	Labour outsourcing service fees shall be determined with reference to the fees charged by independent third-party comparable suppliers in the market, each determined by the parties following arm's length negotiations and under conditions no less favourable than those offered to or offered by independent third parties. Within the term of the agreement, the parties shall, following discussion and arm's length negotiations, determine the price, quality, quantity, method of transportation and inspection and date of delivery of coal on a transaction-by-transaction basis, as well as the scope, price and method of labour outsourcing services to be provided, and shall enter into separate procurement and services agreements accordingly to implement the arrangements for payments.
Term:	From January 1, 2024 to December 31, 2024.
Conditions precedent:	The 2024 Coal and Labour Outsourcing Services Agreement will be executed from the date when both parties stamp with their respective company seals and comes into effect upon the approval of the estimated maximum amount of such agreement by the shareholders' meeting of Levima Advanced Materials.

Full text of the above continuing connected transaction is set out in the announcement dated December 19, 2023 issued by the Company. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcement unless the context otherwise requires.

Pursuant to the 2024 Coal and Labour Outsourcing Services Agreement, at any time during the period from January 1, 2024 to December 31, 2024, the total amount of coal and labour outsourcing services provided by Guozhuang Mining to Levima Advanced Materials was RMB205 million, which did not exceed relevant annual cap of RMB466 million prescribed in the Agreement.

On December 19, 2024, Guozhuang Mining and Levima Advanced Materials entered into the 2025 Coal and Labour Outsourcing Services Agreement, pursuant to which, from January 1, 2025 to December 31, 2025, Guozhuang Mining will provide coal and labour outsourcing services to Levima Advanced Materials and its subsidiaries at a total maximum consideration of RMB366 million (exclusive of tax). (For details, please refer to the announcement of the Company dated December 20, 2024. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcement unless the context otherwise requires.)

In accordance with Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors had reviewed the continuing connected transactions as referred to in the paragraphs 3 to 5 above, and confirmed that those transactions had been entered into (i) in the ordinary and usual course of business of Legend Holdings; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them, the terms of which were fair and reasonable and in the interests of the Shareholders as a whole.

The Company has engaged an auditor to report on the continuing connected transactions of the Company and its subsidiaries in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has, in accordance with Rule 14A.56 of the Listing Rules, reviewed the continuing connected transactions referred to in the paragraphs 3 to 5 above and confirmed to the Board that nothing has come to their attention that causes them to believe that they have not been approved by the Board; that they were not, in all material respects, in accordance with the pricing policies of the Company and its subsidiaries if the transactions involve the provision of goods or services by the Company and its subsidiaries; that they were not entered into, in all material respects, in accordance with the agreements relating to the transactions; and that they have exceeded the caps.

During the year ended December 31, 2024, the Company and its subsidiaries have complied with the relevant policies and guidelines issued by the Hong Kong Stock Exchange when determining the price and terms of the continuing connected transactions and have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in relation to the connected transactions.

Save for the connected transactions and continuing connected transactions as disclosed above which also constitute the related party transactions, the related party transactions as set out in the note 54 to the financial statements do not constitute connected transactions under Chapter 14A of the Listing Rules.

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS HELD

As of December 31, 2024, the Company and its subsidiaries have entered into the following material transactions:

1. On May 28, 2024, Lenovo and Alat, a wholly owned subsidiary of the Public Investment Fund, have entered into the Strategic Collaboration Framework Agreement, pursuant to which Lenovo and Alat will cooperate strategically to develop new business opportunities in the Middle East and Africa region. On the same date, Lenovo entered into the Bond Subscription Agreement with Alat, pursuant to which Alat has conditionally agreed to subscribe for the zero-coupon Convertible Bonds in an aggregate principal amount of US$2,000,000,000 (equivalent to approximately HK$15,623 million) subject to the satisfaction or waiver of the conditions precedent as set out in the Bond Subscription Agreement. On May 28, 2024, Lenovo also proposed the issuance of 1,150,000,000 Lenovo Warrants at an issue price of HK$1.43 per Lenovo Warrant, and the total proceeds from the issue will be approximately HK$1,645 million (equivalent to approximately US$210 million). On July 15, 2024, Lenovo and the Initial Warrants Subscriber entered into the Warrants Subscription Agreement. The aforementioned transactions constitute a very substantial disposal, a very substantial acquisition, and a connected transaction of the Company.

   Additionally, to achieve the Company's objective of maintaining its controlling stake in Lenovo, the Company has also sought prior Shareholder approval for the Acquisition Mandate, authorizing the Board to acquire Lenovo Shares through on-market purchases in compliance with applicable rules and regulations. The aforementioned transaction may constitute a possible major transaction of the Company.

   All the conditions precedent under the Bond Subscription Agreement and the Warrants Subscription Agreement have been satisfied and completion of the Bond Issue and the Warrants Issuance took place on January 8, 2025.

   For details of the aforementioned transactions, please refer to the announcements of the Company dated May 29, 2024, May 31, 2024, July 15, 2024 and August 20,2024,and the circular to Shareholders dated August 22, 2024. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcements and circular unless the context otherwise requires.

2. On November 1, 2024, the Company (as Vendor I), Junchuang Financial Group Limited (君創金融集團有限公司, "Junchuang Group", an indirect wholly-owned subsidiary of the Company, as Vendor II, together with Vendor I, collectively as the Vendors), JC Finance & Leasing ("the Target Company"), the remaining shareholders of the Target Company and certain subsidiaries of the Target Company entered into the Equity Transfer and Capital Increase Agreement with Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司, "Sunshine Life", as Purchaser), pursuant to which (i) Vendor I and Vendor II, respectively, conditionally agreed to sell and the Purchaser conditionally agreed to acquire the registered capital of the Target Company of RMB426,080,889 and RMB23,942,717 (representing approximately 14.51% and 0.82% of the enlarged registered capital of the Target Company, respectively) at a consideration of RMB474,088,964 and RMB26,640,430 respectively; (ii) Sunshine Life conditionally agreed to subscribe for the additional registered capital of the Target Company of RMB721,484,027 at a consideration of RMB802,776,242 (representing approximately 24.57% of the enlarged registered capital of the Target Company). The industrial and commercial change registration for the transaction has been completed on January 6, 2025. The Company, through Junchuang Group, indirectly holds 52.79% equity interests in the Target Company, and the Target Company remains a subsidiary of the Company. For details of the above disclosable transaction, please refer to the announcement of the Company dated November 1, 2024. The capitalized terms set out in this paragraph shall have the same meanings as defined in such announcement unless the context otherwise requires.

   Saved as disclosed above, there was no other material transactions, nor any material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period. There was no plan for material investments or capital assets as at the date of this annual report.

RETIREMENT SCHEME ARRANGEMENT

The Company and its subsidiaries contribute towards retirement income protection for their employees through the provisions of defined benefit pension plans, defined contribution plans, and/or contributions to various public retirement schemes in certain jurisdictions. The retirement scheme arrangements are implemented in accordance with the specific policies of the countries or regions where the Company and its subsidiaries resides.

Details of pension benefit of the Company and its subsidiaries are set out in notes 9 and 46 to the financial statements, respectively.

AUDITOR

PricewaterhouseCoopers ("PricewaterhouseCoopers") has been appointed by the Company as the independent auditor for the year ended December 31, 2024. The consolidated financial statements for 2024 of the Company which were prepared in accordance with the IFRS Accounting Standards have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the independent auditor of the Company will be proposed at the 2024 AGM. There has been no change of auditor of the Company during the three years preceding the date of this report.

EQUITY INCENTIVE PLANS

Shareholders of the Company approved the 2019 Medium and Long-Term Incentive Plan on June 13, 2019, and the 2021 Medium and Long-Term Incentive Plan on June 10, 2021, all of which did not involve the new shares issued by the Company. Unless the context requires otherwise, the terms and expressions used herein shall have the same meanings ascribed to them in the circulars dated April 18, 2019 and April 23, 2021. The effective equity incentive plans of the Company during the Reporting Period are as follows:

	2019 Medium and Long-Term Incentive Plan	**2021 Medium and Long-Term Incentive Plan**
Purposes	The plan aims to establish and improve the incentive and restraint mechanism for the Company, and to attract, retain and motivate the Company's senior management members and key business personnel to create corporate value and to share its value growth, thereby effectively aligning Shareholders' interests and the Company's interests with personal interests, so as to better support the effective implementation of the Company's strategic objectives, and ensure the long-term stable development of the Company.	The plan aims to establish and improve the incentive and restraint mechanism for the Company, and to attract, retain and motivate the Company's Executive Directors, senior management members and key business personnel to create corporate value and to share its value growth, thereby effectively aligning Shareholders' interests and the Company's interests with personal interests, so as to better support the effective implementations of the Company's strategic objectives, achieve the Company's performance-orientations and ensure its healthy, stable and sustainable development.
Methods of incentives	There are two types of plan, namely the Restricted Shares Incentive Plan and the Share Options Incentive Plan.	
Incentive targets	Executive Directors, senior management members of the Company, and key personnel that the Company considers should be motivated, excluding those who are not eligible to become incentive targets in accordance with the requirements of relevant laws and regulations.	Executive Directors, senior management members of the Company, and key personnel that the Company considers should be motivated, excluding those who are not eligible to become incentive targets in accordance with the requirements of relevant laws and regulations.

		2019 Medium and Long-Term Incentive Plan	2021 Medium and Long-Term Incentive Plan
Maximum number of shares		The Company will entrust custodians to purchase certain numbers of H Shares in the secondary market for granting to the incentive targets.	
		• Under the Restricted Shares Incentive Plan, the total number of H Shares to be granted to the incentive targets will not exceed 7.6 million H Shares, representing approximately 0.32% of the total issued Shares of the Company. • Under the Share Options Incentive Plan, the total number of Share Options to be granted to the incentive targets will not exceed 15 million H Shares, representing approximately 0.64% of the total issued Shares of the Company.	• Under the Restricted Shares Incentive Plan, the total number of H Shares to be granted to the incentive targets will not exceed 18.60 million H Shares, representing approximately 0.79% of the total issued Shares of the Company. • Under the Share Options Incentive Plan, the total number of Share Options to be granted to the incentive targets will not exceed 12 million H Shares, representing approximately 0.51% of the total issued Shares of the Company.
Maximum number of Shares to be issued to each incentive target		There is no maximum limit for the entitlement of Shares for each qualified incentive target.	
Exercise period and vesting period	Restricted Shares	The lock-up period of Restricted Shares commenced from the date the Restricted Shares have been granted to the incentive targets and ended on December 31, 2020.	The lock-up period of Restricted Shares commenced from the date the Restricted Shares are granted to the incentive targets and ended on December 31, 2023*.

**Note*: In December 2021, in order to motivate our employees, the management of the Company made a decision to alter the incentive cycle and vesting period of the Restricted Shares under the 2021 Medium and Long-Term Incentive Plan:

Original Plan: The lock-up period commences from the date on which the Restricted Shares are granted to the incentive targets and ends on December 31, 2023. Upon the expiry of the lock-up period, the Board or the Remuneration Committee of the Board of Directors (as the case may be) would authorize the management of the Company to determine the vesting based on the vesting conditions with effect from January 1, 2024.

New Plan: The Restricted Shares will be vested in two phases: Phase I: The lock-up period commences from the date on which the Restricted Shares were granted to the incentive targets and ended on December 31, 2022. Upon the expiry of the lock-up period, the Board or the Remuneration Committee of the Board of Directors (as the case may be) authorize the management of the Company to determine the vesting based on the vesting conditions with effect from January 1, 2023. Phase 2: The lock-up period commences from the date on which the Restricted Shares are granted to the incentive targets and ends on December 31, 2023. Upon expiry of the lock-up period, the Board or the Remuneration Committee of the Board of Directors (as the case may be) will authorize the management of the Company to determine the vesting based on the vesting conditions with effect from January 1, 2024.

Except for the abovementioned alterations, other terms of the 2021 Medium and Long-Term Incentive Plan remained unchanged.

<table>
<tr><th></th><th></th><th>2019 Medium and Long-Term Incentive Plan</th><th>2021 Medium and Long-Term Incentive Plan</th></tr>
<tr><td rowspan="4">Exercise period and vesting period</td><td>Restricted Shares</td><td colspan="2">After the expiration of the Restricted Shares lock-up period, the authorized personnel of the Board or the Remuneration Committee of the Board (as the case may be) will determine whether vesting may occur based on the following conditions: (a) the Company does not have any of the following circumstances: neither the auditor of the Company issues an adverse opinion or a disclaimer of an opinion in the Company's auditor's report; nor the Company has been penalized by the securities regulators or other relevant authorities due to material violations; (b) the overall performance of the Company meets the Board's expectations after assessment; and (c) relevant incentive targets are considered to be competent in the performance appraisal during the Restricted Shares lock-up period.</td></tr>
<tr><td rowspan="3">Share Options</td><td>The lock-up period of Share Options commenced from the date of granting Share Options to incentive targets and ended on December 31, 2020. The exercise period commenced from January 1, 2021 and ends on December 31, 2025.</td><td>The lock-up period of Share Options commenced from the date of granting Share Options to incentive targets and ended on December 31, 2023. The exercise period commenced from January 1, 2024 and ends on December 31, 2028.</td></tr>
<tr><td colspan="2">The Board or the Remuneration Committee of the Board (as the case may be) may decide whether the incentive targets have the right to exercise the Share Options granted to them based on the following conditions: (a) the Company does not have any of the following circumstances: neither the auditor of the Company issues an adverse opinion or a disclaimer of an opinion in the Company's auditor's report; nor the Company has been penalized by the securities regulators or any other relevant authorities due to material violations; (b) the overall performance of the Company meets the Board's expectations after assessment; and (c) relevant incentive targets are considered to be competent in the performance appraisal during the Share Options lock-up period. After the above conditions are met, the incentive targets may acquire the H Shares corresponding to the Share Options after payment of the exercise prices through the Company or the custodians selected by the Company.</td></tr>
<tr><td>The incentive targets may purchase the H Shares of the Company at the option exercise price commencing from January 1, 2021 and ending on December 31, 2025, subject to the exercise conditions.</td><td>The incentive targets may purchase the H Shares of the Company at the option exercise price commencing from January 1, 2024 and ending on December 31, 2028, subject to the exercise conditions.</td></tr>
<tr><td colspan="2">Payment for the Acceptance of Restricted Shares/Share Options</td><td colspan="2">No consideration will be required to be paid by the incentive targets for the acceptance of the grants of Restricted Shares or Share Options.</td></tr>
<tr><td colspan="2">Determination of the exercise price</td><td colspan="2">The option exercise price shall be determined by the Board based on the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the Share Options.</td></tr>
<tr><td colspan="2">Remaining life of the Share Options Plan</td><td>The remaining term of the Share Options Plan is 8 months.</td><td>The remaining term of the Share Options Plan is 44 months.</td></tr>
</table>

During the Reporting Period, the movements in the share incentives granted to the Directors of the Company were as follows:

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price (HKD)	Grant price[1] (HKD)	Closing price of shares immediately before the date of grant (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price of shares immediately before the date of incentives exercised or vested (HKD)	Vesting period (mm/dd/yyyy)
NING Min	Share Options	8/9/2019	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Share Options	6/19/2020	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	8/9/2019	N/A	0	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	6/19/2020	N/A	0	–	–	–	1/1/2021-12/31/2021
LI Peng	Share Options	8/9/2019	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Share Options	6/19/2020	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	8/9/2019	N/A	0	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	6/19/2020	N/A	0	–	–	–	1/1/2021-12/31/2021
ZHU Linan	Share Options	8/9/2019	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	8/9/2019	N/A	0	–	–	–	1/1/2021-12/31/2021
ZHAO John Huan	Share Options	8/9/2019	16.856	N/A	–	–	–	1/1/2021-12/31/2021
	Restricted Shares	8/9/2019	N/A	0	–	–	–	1/1/2021-12/31/2021
Total:								

Notes:

1. The grant price of the restricted shares of the Company was determined by the Board after considering factors such as the purpose of the incentives, the incentive targets and the prevailing closing price of shares.

2. Mr. NING Min and Mr. LI Peng voluntarily waived the Restrictive Shares and Share Options granted to them under 2021 Medium and Long-Term Incentive Plan.

3. Save as disclosed above, there was no other information required to be disclosed in accordance with Rule 17.07 of the Listing Rules.

Exercise period (mm/dd/yyyy)	Total outstanding as at January 1, 2024	As at January 1, 2024 (vested)	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Canceled/ lapsed during the period	Total outstanding as at December 31, 2024	As at December 31, 2024 (unvested)
1/1/2021-12/31/2025	1,900,000	1,900,000	–	–	–	–	–	1,900,000	–
1/1/2021-12/31/2025	850,000	850,000	–	–	–	–	–	850,000	–
N/A	–	1,000,000	–	–	–	–	–	–	–
N/A	–	400,000	–	–	–	–	–	–	–
1/1/2021-12/31/2025	1,900,000	1,900,000	–	–	–	–	–	1,900,000	–
1/1/2021-12/31/2025	650,000	650,000	–	–	–	–	–	650,000	–
N/A	–	1,000,000	–	–	–	–	–	–	–
N/A	–	300,000	–	–	–	–	–	–	–
1/1/2021-12/31/2025	3,600,000	3,600,000	–	–	–	–	–	3,600,000	–
N/A	–	1,800,000	–	–	–	–	–	–	–
1/1/2021-12/31/2025	1,200,000	1,200,000	–	–	–	–	–	1,200,000	–
N/A	–	600,000	–	–	–	–	–	–	–
	10,100,000	15,200,000						10,100,000	

During the Reporting Period, the movements in the share incentives granted to the other eligible participants of the Company were as follows:

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price *(HKD)*	Grant price[1] *(HKD)*	Closing price of shares immediately before the date of grant *(HKD)*	Fair value as at the date of grant *(HKD)*	Weighted average closing price of shares immediately before the date of incentives exercised or vested *(HKD)*	Vesting period (mm/dd/yyyy)
Employees	Restricted Shares	7/7/2021	N/A	0	–	–	5.55	1/1/2023-12/31/2023, 1/1/2024-12/31/2024
	Restricted Shares	4/1/2022	N/A	0	–	–	–	1/1/2023-12/31/2023
	Restricted Shares	9/30/2022	N/A	0	–	–	–	1/1/2023-12/31/2023
	Restricted Shares	12/1/2023	N/A	0	–	–	5.55	1/1/2024-12/31/2024
Total:								

Notes:

1. The grant price of the Restricted Shares of the Company was determined by the Board after considering factors such as the purpose of the incentives, the incentive targets and the prevailing closing price of shares.

2. The vesting of Restricted Shares to the Directors and other eligible participants of the Company shall be subject to the following performance targets: (a) the Company does not have any of the following circumstances: the auditor of the Company issues an adverse opinion or a disclaimer of opinion in the Auditor's Report of the Company; and the Company has been penalized by the securities regulations or any other relevant authorities due to material violations; (b) the overall business performance of the Company meets the expectation after assessment; and (c) the performance appraisal results of the relevant incentive targets are considered competent or above during the restricted shares lock-up period.

3. Save as disclosed above, there was no other information required to be disclosed in accordance with Rule 17.07 of the Listing Rules.

Exercise period (mm/dd/yyyy)	Total outstanding as at January 1, 2024	As at January 1, 2024 (vested)	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Canceled/ lapsed during the period	Total outstanding as at December 31, 2024	As at December 31, 2024 (unvested)
N/A	–	6,624,000	2,860,000	–	2,860,000	–	–	–	–
N/A	–	819,000	–	–	–	–	–	–	–
N/A	–	123,000	–	–	–	–	–	–	–
N/A	–	–	975,000	–	975,000	–	–	–	–
		7,566,000	3,835,000		3,835,000				

Long-term incentive program of Lenovo

Lenovo operates a Long-Term Incentive Program ("LTI Program") which was adopted in 2005 and amended in 2008, 2016, and 2022 respectively. The purpose of the LTI Program is to attract, retain, reward and motivate executive and non-executive directors, senior management, consultants and selected top-performing employees of Lenovo ("Participants"), while reinforcing direct alignment with shareholders' interests. Unless early terminated by Lenovo, the LTI Program is valid for a period of 10 years from its adoption at the shareholders' general meeting of Lenovo held on July 9, 2019.

Under the LTI Program, Lenovo maintains two types of equity-based compensation vehicles: (i) share appreciation rights, and (ii) restricted share units. These vehicles are described in more detail below.

(i) Share Appreciation Rights ("SARs")

SARs entitle the holders to receive the appreciation in value of Lenovo's share price above a predetermined level. SARs are typically subject to a vesting schedule of up to three years.

(ii) Restricted Share Units ("RSUs")

Each RSU is equivalent to the value of one ordinary share of Lenovo. Once vested, an RSU is converted to an ordinary share, or its cash equivalent. RSUs are typically subject to a vesting schedule of up to three years. Dividends are typically not paid on RSUs before vesting date.

Lenovo reserves the right to settle any awards under the RSU Program in cash or in ordinary shares at its discretion. Lenovo has created and funded a trust to pay shares to eligible recipients.

There is no specific limit on the maximum number of SARs and RSUs which may be granted to each Participant under the SAR and RSU plans. The RSU program shall be valid within its term until termination by the board of directors of Lenovo. The validity and enforceability of any awards made before the date of termination shall not be affected by such termination.

The number of units awarded under the LTI Program is set and reviewed annually, by considering each individual's contribution to the long-term performance of Lenovo, Lenovo's performance, and competitive market positioning of their total compensation packages. In certain circumstances, awards under the LTI Program may be made to support strategic new hires.

During the Reporting Period, the movements in the share incentives granted to the directors of Lenovo were as follows:

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price *(HKD)*	Grant price *(HKD)*	Closing price of shares immediately before the date of grant *(HKD)*	Fair value as at the date of grant *(HKD)*
YANG Yuanqing	SAR	06/03/2019	5.79	–	–	–
	SAR	06/01/2020	4.22	–	–	–
	SAR	06/20/2022	7.34	–	–	–
	SAR	06/01/2023	7.46	–	–	–
	SAR	06/03/2024	11.34	–	11.22	12,297,260
	SAR	06/03/2024	11.34	–	11.22	26,588,672
	RSU	06/01/2021	–	9.50	–	–
	RSU	06/20/2022	–	7.54	–	–
	RSU	06/20/2022	–	7.54	–	–

Weighted average closing price of shares immediately before the date of incentives exercised or vested *(HKD)*	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Total outstanding as at December 31, 2024	As at December 31, 2024 (unvested)
–	–	–	–	–	79,451,149	–
–	–	–	–	–	76,048,055	–
–	30,705,901	–	15,352,950	–	30,705,901	15,352,951
–	7,356,097	–	3,677,311	–	7,356,097	3,678,786
–	–	3,692,871	1,846,065	–	3,692,871	1,846,806
–	–	7,729,265	–	–	7,729,265	7,729,265
9.95	1,725,032	–	1,725,032	–	–	–
–	4,987,562	–	–	–	4,987,562	4,987,562
10.60	10,751,138	–	5,375,569	–	5,375,569	5,375,569

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price *(HKD)*	Grant price *(HKD)*	Closing price of shares immediately before the date of grant *(HKD)*	Fair value as at the date of grant *(HKD)*
	RSU	06/01/2023	–	7.57	–	–
	RSU	06/01/2023	–	7.57	–	–
	RSU	06/03/2024	–	11.24	11.22	18,445,897
	RSU	06/03/2024	–	11.24	11.22	39,883,004
ZHU Linan	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
ZHAO John Huan	SAR	08/17/2018	4.39	–	–	–
	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
William O. Grabe	SAR	09/06/2017	4.74	–	–	–
	SAR	08/17/2018	4.39	–	–	–
	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
	RSU (Deferred) *(Note 3)*	01/15/2024	–	10.578	10.56	263,963
	RSU (Deferred) *(Note 3)*	09/27/2024	–	9.567	10.32	262,423
	RSU (Deferred) *(Note 3)*	09/27/2024	–	9.567	10.32	291,583
	RSU (Deferred) *(Note 3)*	12/10/2024	–	9.24	9.44	339,191
William Tudor Brown	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
Gordon Robert Halyburton Orr	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
John Lawson Thornton	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
Kasper Bo Roersted	RSU	09/27/2024	–	9.567	10.32	2,332,674

Weighted average closing price of shares immediately before the date of incentives exercised or vested *(HKD)*	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Total outstanding as at December 31, 2024	As at December 31, 2024 (unvested)
10.60	2,638,283	–	1,318,875	–	1,319,408	1,319,408
–	1,046,821	–	–	–	1,046,821	1,046,821
10.50	–	1,641,094	820,382	–	820,712	820,712
–	–	3,548,310	–	–	3,548,310	3,548,310
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,357	–	100,356	100,356
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
–	–	–	–	–	1,125,232	–
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,357	–	100,356	100,356
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
9.65	–	–	–	955,316	–	–
–	–	–	–	–	1,125,232	–
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,356	–	100,357	100,357
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
10.56	–	24,954	24,954	–	–	–
10.32	–	27,430	27,430	–	–	–
10.32	–	30,478	30,478	–	–	–
9.44	–	36,709	36,709	–	–	–
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,356	–	100,357	100,357
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,356	–	100,357	100,357
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
10.32	175,911	–	58,637	–	117,274	117,274
–	–	195,060	–	–	195,060	195,060
–	–	243,825	–	–	243,825	243,825

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price *(HKD)*	Grant price *(HKD)*	Closing price of shares immediately before the date of grant *(HKD)*	Fair value as at the date of grant *(HKD)*
Woo Chin Wan, Raymond	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
YANG Lan	RSU	08/18/2021	–	7.73	–	–
	RSU	09/14/2022	–	6.257	–	–
	RSU	09/26/2022	–	6.094	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
	RSU	09/27/2024	–	9.567	10.32	583,166
Cher Wang Hsiueh Hong	RSU	11/15/2022	–	6.31	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
XUE Lan	RSU	09/14/2022	–	6.257	–	–
	RSU	09/27/2023	–	8.003	–	–
	RSU	09/27/2024	–	9.567	10.32	1,866,139
Total:						

Notes:

1. The vesting period for SARs and RSUs is between the first and third year of the date of grant.
2. The exercise period for SARs is seven years from the date of grant.
3. A distribution with respect to these RSUs shall be awarded on the first business day of the quarter following the earlier of the date of cessation of directorship with Lenovo and an unforeseeable emergency.
4. The pricing model adopted for the fair value of SARs is set out in note 33(a) to the financial statements.
5. No incentive shares were lapsed/nullified and canceled during the Reporting Period.
6. Save as disclosed above, there was no other information required to be disclosed in accordance with Rule 17.07 of the Listing Rules.

Weighted average closing price of shares immediately before the date of incentives exercised or vested *(HKD)*	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Total outstanding as at December 31, 2024	As at December 31, 2024 (unvested)
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,357	–	100,356	100,356
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
9.68	80,602	–	80,602	–	–	–
9.23	200,713	–	100,357	–	100,356	100,356
9.86	64,407	–	32,203	–	32,204	32,204
10.32	73,296	–	24,432	–	48,864	48,864
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
–	–	60,956	–	–	60,956	60,956
9.34	198,469	–	99,234	–	99,235	99,235
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
9.23	200,713	–	100,357	–	100,356	100,356
10.32	234,547	–	78,182	–	156,365	156,365
–	–	195,060	–	–	195,060	195,060
	64,003,758	18,986,492	32,520,966	955,316	229,095,278	50,469,284

During the Reporting Period, the movements in the share incentives granted to the other eligible participants of Lenovo were as follows:

Name	Type of incentive	Date of grant (mm/dd/yyyy)	Exercise price *(HKD)*	Grant price *(HKD)*	Closing price of shares immediately before the date of grant *(HKD)*	Fair value as at the date of grant *(HKD)*
Five highest paid individuals	SAR	2019	5.79	–	–	–
	SAR	2021	9.45	–	–	–
	SAR	2022	7.13~7.63	–	–	–
	SAR	2023	7.46	–	–	–
	SAR	2024	11.34	–	11.22	70,331,472
	RSU	2021	–	9.50	–	–
	RSU	2022	–	7.54~7.65	–	–
	RSU	2023	–	7.57	–	–
	RSU	2024	–	11.24	11.22	115,736,583
Other senior management and employees	SAR	2017	4.95	–	–	–
	SAR	2018	4.00	–	–	–
	SAR	2019	5.33~5.79	–	–	–
	SAR	2020	4.22~7.01	–	–	–
	SAR	2021	9.45	–	–	–
	SAR	2022	7.63	–	–	–
	SAR	2023	7.46	–	–	–
	SAR	2024	11.34	–	11.22	171,513,797
	RSU	2021	–	7.45~10.27	–	–
	RSU	2022	–	5.84~8.92	–	–
	RSU	2023	–	6.37~9.65	–	–
	RSU	2024	–	8.60~11.44	8.67~11.22	1,987,468,400
Other eligible participants	SAR	2017	4.74~4.95	–	–	–
	SAR	2018	4.00~4.39	–	–	–
	SAR	2019	5.79	–	–	–
	SAR	2020	4.22	–	–	–
	SAR	2021	9.45	–	–	–
	SAR	2022	7.63	–	–	–
	SAR	2023	7.46	–	–	–
	SAR	2024	11.34	–	11.22	5,533,184
	RSU	2021	–	7.45~10.27	–	–
	RSU	2022	–	5.84~8.92	–	–
	RSU	2023	–	6.37~9.66	–	–
	RSU	2024	–	8.60~11.44	8.67~11.22	35,429,761
Total:						

Notes:

1. The vesting period for SARs and RSUs is between the first and third year of the date of grant.
2. The exercise period for SARs is seven years from the date of grant.
3. The pricing model adopted for the fair value of SARs is set out in note 33(a) to the financial statements.
4. During the Reporting Period, 34,821,719 incentive shares were canceled among the share incentives granted to other eligible participants of Lenovo, the purchase price of which was the exercise price. 594,353 incentive shares were lapsed.
5. Save as disclosed above, there was no other information required to be disclosed in accordance with Rule 17.07 of the Listing Rules.

Weighted average closing price of shares immediately before the date of incentives exercised or vested *(HKD)*	As at January 1, 2024 (unvested)	Newly granted during the period	Vested during the period	Exercised during the period	Canceled during the period	Lapsed during the period	As at December 31, 2024 (unvested)
11.62	–	–	–	3,000,000	–	–	–
N/A	3,437,700	–	3,437,700	–	–	–	–
12.08	48,741,251	–	27,375,544	743,660	–	–	21,365,707
12.08	17,155,203	–	8,575,880	554,653	–	–	8,579,323
N/A	–	20,654,445	3,271,244	–	–	–	17,383,201
9.94	3,223,425	–	3,223,425	–	–	–	–
10.15	22,829,525	–	10,102,279	–	–	–	12,727,246
10.60	9,348,355	–	4,149,930	–	–	–	5,198,425
10.58	–	10,296,849	1,606,316	–	–	–	8,690,533
10.81	–	–	–	2,047,839	–	346,264	–
11.14	–	–	–	14,886,114	–	–	–
11.08	–	–	–	20,014,079	–	–	–
10.42	–	–	–	28,143,921	–	–	–
11.12	25,867,964	–	25,867,964	38,350,437	–	–	–
10.83	73,186,882	–	48,754,078	26,129,971	–	–	24,432,804
11.05	70,643,473	–	35,223,600	10,343,181	–	–	35,419,873
11.38	–	50,170,183	4,724,479	50,706	–	–	45,445,704
9.73	24,624,859	–	24,624,859	–	–	–	–
9.67	116,108,342	–	77,496,041	–	146,605	–	38,465,696
10.51	211,840,997	–	107,185,807	–	124,650	–	104,530,540
10.59	–	183,863,715	3,062,532	–	484,002	–	180,317,181
9.76	–	–	–	3,613,673	–	–	–
10.42	–	–	–	5,029,161	–	–	–
10.81	–	–	–	5,802,676	–	–	–
10.76	–	–	–	11,369,432	–	–	–
10.96	6,827,006	–	6,645,370	11,447,594	181,636	174,586	–
10.17	22,579,374	–	10,993,086	6,872,073	8,299,547	34,563	3,286,741
10.11	11,780,465	–	4,492,194	1,350,337	5,147,046	38,940	2,141,225
N/A	–	1,652,324	497,564	–	1,060,452	–	94,308
9.68	3,523,914	–	2,961,713	–	562,201	–	–
9.68	16,143,092	–	7,702,818	–	6,508,806	–	1,931,468
10.49	19,764,427	–	7,785,948	–	9,683,944	–	2,294,535
10.97	–	3,243,272	240,333	–	2,622,830	–	380,109
	707,626,254	269,880,788	430,000,704	189,749,507	34,821,719	594,353	512,684,619

DIRECTORS' INTERESTS IN SECURITIES

As at December 31, 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to our Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 to the Listing Rules, were as follows:

(i) Interests in the Shares of the Company

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

Notes:

(i) As of December 31, 2024, the number of H Shares issued was 1,271,853,990 and the number of Domestic Shares issued was 1,084,376,910 and the total Shares issued was 2,356,230,900.

(ii) The Share Options granted under the medium to long-term incentive plan for the year 2019 approved by the Shareholders of the Company on June 13, 2019 for a term commencing on January 1, 2021 and ending on December 31, 2025, at an exercise price of HK$16.856. Please refer to the circular dated April 18, 2019 for details of the rules of the Share Options incentive plan.

(ii) Interests in our associated corporations

Name of Director	Name of associated corporation	Nature of interests	Long Position/ Short Position	Number of shares/underlying shares held	Approximate percentage of shareholding in the total issued shares[c]
NING Min	Lenovo	Beneficial owner	Long Position	1,370,401	0.01%
ZHU Linan	Lenovo	Beneficial owner	Long Position	4,096,806[a]	0.03%
ZHAO John Huan	Lenovo	Beneficial owner	Long Position	4,406,548[b]	0.04%

Notes:

(a) Mr. ZHU Linan owns 3,645,025 ordinary shares and 451,781 units of share awards which are convertible into ordinary shares.

(b) Mr. ZHAO John Huan owns 2,829,535 ordinary shares and 1,577,013 units of share awards which are convertible into ordinary shares.

(c) The calculation is based on the total number of 12,404,659,302 shares issued by Lenovo as at December 31, 2024.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at December 31, 2024, so far as the Directors are aware, the following persons or corporations had an interest and/or a short position in the Shares or underlying Shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and an interest and/or a short position as recorded by the Company in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Class of Shares/ underlying Shares	Nature of interests	Number of Shares/ underlying Shares held	Approximate percentage holding in the relevant class of Shares[1]	Approximate percentage holding in the total issued Shares[2]
CAS Holdings	Domestic Shares	Beneficial owner	684,376,910	63.11%	29.04%
Beijing Lian Chi Zhi Yuan Management Consulting Center Limited Partnership (北京聯持志遠管理諮詢中心(有限合夥)) ("Lian Chi Zhi Yuan")	H Shares-Long Position	Beneficial owner	480,000,000	37.74%	20.37%
Beijing Lian Chi Zhi Tong Management Consulting Limited (北京聯持志同管理諮詢有限責任公司) ("Lian Chi Zhi Tong")[3]	H Shares-Long Position	Interest in controlled corporation	480,000,000	37.74%	20.37%
LU Zhiqiang[4]	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%

Name of Shareholder	Class of Shares/ underlying Shares	Nature of interests	Number of Shares/ underlying Shares held	Approximate percentage holding in the relevant class of Shares[(1)]	Approximate percentage holding in the total issued Shares[(2)]
China Oceanwide	Domestic Shares	Beneficial owner	273,480,000	25.22%	11.60%
Oceanwide Group[(4)]	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%
Tohigh[(4)]	Domestic Shares	Interest in controlled corporation	273,480,000	25.22%	11.60%
Xiamen International Bank Co., Ltd. Beijing Branch (廈門國際銀行股份有限公司北京分行)	Domestic Shares	Beneficial owner	126,520,000	11.67%	5.37%
Beijing Lian Heng Yong Xin Investment Center Limited Partnership (北京聯恒永信投資中心（有限合夥）) ("Lian Heng Yong Xin")[(5)]	H Shares-Long Position	Beneficial owner	88,968,400	6.99%	3.77%
Beijing Lian Heng Yong Kang Management Consulting Limited (北京聯恒永康管理諮詢有限公司) ("Lian Heng Yong Kang")[(5)]	H Shares-Long Position	Interest in controlled corporation	88,968,400	6.99%	3.77%
LIU Chuanzhi	H Shares-Long Position Share Options-Long Position	Beneficial owner	73,600,000	5.78%	3.12%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares as at December 31, 2024. As of December 31, 2024, the Company has issued 1,271,853,990 H Shares and 1,084,376,910 Domestic Shares.

(2) The calculation is based on the total number of 2,356,230,900 Shares in issue as at December 31, 2024.

(3) Lian Chi Zhi Tong is the sole general partner of Lian Chi Zhi Yuan and has de facto control over it. Accordingly, Lian Chi Zhi Tong is deemed to be interested in the 480,000,000 H Shares.

(4) Oceanwide Group and Tohigh are corporations controlled by Mr. LU Zhiqiang. Tohigh holds the entire equity interest in the Oceanwide Group which in turn holds 98% equity interest in China Oceanwide. Accordingly, Mr. LU Zhiqiang is deemed to be interested in the 273,480,000 Domestic Shares held by China Oceanwide.

(5) Lian Heng Yong Kang is the sole general partner of Lian Heng Yong Xin and has de facto control over it. Accordingly, Lian Heng Yong Kang is deemed to be interested in 88,968,400 H Shares.

As at December 31, 2024, save as disclosed above, there was no other person or corporations who held interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or are required to be recorded in the register to be kept under section 336 of Part XV of the SFO, or was a substantial Shareholder of the Company.

By order of the Board
Legend Holdings Corporation
NING Min
Chairman

March 28, 2025

Supervisor's Report

The Board of Supervisors of Legend Holdings Corporation complies with the regulations of the Company Law of the PRC (《中華人民共和國公司法》), the requirements of the Company's Articles of Association, the Rules of Procedure of the Board of Supervisors and the Listing Rules, earnestly fulfilling their supervisory duties, safeguarding the interests of the Shareholders and the Company, observing the principles of integrity, trying their best to fulfill their duties, and discharging their duties with reasonable care, diligence and initiative.

As of the date of the report, the Board of Supervisors comprises three members. The Chairman of the Board of Supervisors is Mr. GAO Qiang (staff representative), the members of the Board of Supervisors are Mr. LUO Cheng (shareholder representative), and Ms. PEI Xiaofeng (shareholder representative). On June 27, 2024, Mr. ZHANG Yong ceased to be a shareholder representative supervisor, while Ms. PEI Xiaofeng was appointed as a shareholder representative supervisor.

The following matters were approved and passed by resolutions of the Board of Supervisors in 2024. The approval of such resolutions was in compliance with relevant laws, regulations and the provisions of the Company's Articles of Association:

1. On March 28, 2024, the audited consolidated financial statements of the Company for the year ended December 31, 2023 (prepared in accordance with the IFRS Accounting Standards), the Company's profit distribution plan for the year 2023, annual results announcement of the Company for the year ended 2023, the 2023 annual report of the Company, the Company's audited consolidated financial statements for the year 2023 (prepared in accordance with China Accounting Standards for Business Enterprises) as well as the 2023 Supervisor's Report of the Company were considered and passed;

2. On June 27, 2024, to elect Mr. GAO Qiang as the Chairman of the Board of Supervisors was considered and passed; and

3. On August 30, 2024, the unaudited consolidated financial statements of the Company for the six months ended June 30, 2024 (prepared in accordance with the IFRS Accounting Standards), interim results announcement of the Company for the six months ended June 30, 2024, the 2024 interim report of the Company as well as the Company's unaudited consolidated financial statements for the six months ended June 30, 2024 (prepared in accordance with China Accounting Standards for Business Enterprises) were considered and passed.

In 2024, the members of the Board of Supervisors also attended all Board meetings as well as the annual general meeting of the Company for the year ended 2023 and the first extraordinary general meeting in 2024, in order to supervise the lawfulness and the compliance procedures in relation to the matters considered in the respective meetings of the Board, the annual general meeting and the extraordinary general meeting.

The Board of Supervisors is of the opinion that in 2024, the Board and management of the Company are both operating in strict compliance with the laws, regulations and the provisions of the Articles of Association of the Company; whereas the decision-making processes were legal, the principle of good faith and due diligence was complied, and the authority was exercised in good faith in the best interests of the Shareholders.

In 2025, the Board of Supervisors will continue to strictly abide by the Articles of Association of the Company and the relevant regulations, safeguard the interests of Shareholders and properly discharge its various duties.

By order of the Board of Supervisors
Legend Holdings Corporation
GAO Qiang
Chairman of the Board of Supervisors

March 28, 2025

The Company believes that effective corporate governance structure is the principal factor to promote and safeguard the rights and interests of Shareholders and other stakeholders and improve the values of Shareholders. Therefore, the Company strives to achieve and maintain a high corporate governance level which most satisfies the needs and interests of the Company and its subsidiaries.

During the year ended December 31, 2024, the Company complied with all code provisions of the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 of the Listing Rules.

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

COMPOSITION OF THE BOARD

As at the date of this report, the Board comprises nine members, including two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. Details are as follows:

Executive Directors:

Mr. NING Min *(Chairman)*
Mr. LI Peng *(Chief Executive Officer)*

Non-executive Directors:

Mr. ZHU Linan
Mr. ZHAO John Huan.
Ms. CHEN Jing
Ms. YANG Hongmei

Independent Non-executive Directors:

Ms. HAO Quan
Mr. YIN Jian'an
Mr. YUAN Li

Biographical details of members of the Board are set out on pages 55 to 63 in the section of "Biography of Directors, Supervisors and Senior Management" of this annual report. To the best knowledge of the Company, there are no financial, business, family or other significant relationships among members of the Board, the Board of Supervisors and senior management of the Company.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors are independent during the year and up to the date of this report in accordance with the terms of the independence guidelines set out in Rule 3.13 of the Listing Rules. The respective capacity of Independent Non-executive Directors has been expressly identified in all corporate communications that required to disclose the names of the Directors of the Company.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF DIRECTORS

Each of the members of Directors (including Non-executive Directors) of the Company is elected or changed by the Shareholders' general meeting for a term of three years, eligible for re-election upon completion of the term. The Nomination Committee is responsible for evaluating and advising to the Board the appointment of new directors, re-election of directors or filling the vacancies of directors, and submitting for approval at the Shareholders' general meeting upon approval by the Board.

DUTIES AND AUTHORITIES OF THE BOARD AND MANAGEMENT

Pursuant to the Articles of Association of the Company, the Board is a standing decision-making body of the Company and its main duties include (but not limited to) the following:

- Convening Shareholders' general meetings and reporting its work to the Shareholders' general meetings;
- Implementing resolutions passed at such meetings;
- Determining medium to long-term development strategies;
- Deciding operating plans and investment plans, establishing internal management body and basic management systems;
- Formulating plans for annual financial budget, final accounts and profit distribution plans;
- Formulating plans for the increase or the reduction in the registered capital of the Company, plans for issuing bonds or other securities of the Company and plans for listing;
- Formulating plans for material asset purchase and disposal, or plans for merger, spin-off, dissolution and change of corporate form;
- Preparing and monitoring the financial systems and financial reports of the Company;
- Appointing or dismissing the Chief Executive Officer and core management personnel as the Board considers appropriate;
- Formulating plans for share buybacks by the Company and proposing appropriate resolutions;

- Making decisions on the investment, acquisition or disposal of assets, financing and connected transactions that require the decision of the Board pursuant to the Listing Rules;

- Authorizing the Chairman to participate in the consideration of important business and management affairs and related matters;

- Optimizing and improving corporate governance policies and standards of the Company; and

- Supervising the Company in respect of compliance and reviewing the effectiveness of internal control and risk management of the Company.

Save for the above-mentioned matters that are required to be considered and approved by the Board, the authorization and responsibilities of daily operational management of the Company are assigned to the Chief Executive Officer and the core senior management led by the Chief Executive Officer. Details of main duties of the Chief Executive Officer are set out in the paragraph of "Chairman of the Board and the Chief Executive Officer". In addition, the Board approved the delegation of authority to the Investment Decision-Making Committee, whose members include, but are not limited to, all executive Directors, to consider and approve on behalf of the Board the investment and financing projects, subject to the established strategic objectives of the Company or the development of the strategic plans formulated by the Strategy Committee from time to time. However, if the investments or financing transactions trigger disclosure obligations under the Listing Rules, such transactions shall be subject to the approval by the Board.

The Board also assigns certain specific responsibilities to its special committees in accordance with the corresponding Terms of Reference of respective committees under the Board. The Board established certain special committees including but not limited to the Audit Committee, Remuneration Committee and Nomination Committee. Their scope of responsibilities and Terms of Reference are stipulated in writing and published on the websites of the Hong Kong Stock Exchange and the Company. The Strategy Committee and the Environmental, Social and Governance Committee of the Board has also been established by the Board, its terms of reference have been published on the website of the Company.

The Board has put in place a mechanism for directors to seek independent professional advice in the performance of their duties when appropriate. On the premises that there is a reasonable ground, any director may request the secretary of the Board to arrange for the seeking of the views and opinions of independent professional consultants to assist him/her in performing his/her duties as a director of the Company. The reasonable expenses incurred in this respect will be borne by the Company. The secretary of the Board shall report to the Board the abovementioned arrangements. If the secretary of the Board considers that the request for independent advice is unreasonable, and/or the relevant director is dissatisfied with the response of the secretary of the Board and the arrangement suggested, either party may refer to the Chairman of the Board to further consider whether, as the case may be, to make any revision. If the relevant directors are still dissatisfied with such response or arrangement, the matter will be referred to a special committee of the Board, the members of which are all independent non-executive directors who are available and willing to handle the matter.

The Company has insured Director's liability insurances for the Directors, which provided protection to the Directors for liabilities that might arise in the course of their performance of duties according to laws and facilitate Directors to fully perform their duties.

CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

The positions of the Chairman of the Board and the Chief Executive Officer of the Company are assumed by Mr. NING Min and Mr. LI Peng respectively. They are two distinctly different positions, details of their duties and powers are set out in the Articles of Associations of the Company.

Pursuant to Article 80 of the Articles of Association of the Company, the duties and powers of the Chairman of the Board include convening and presiding over the Shareholders' general meetings, presiding over meetings of the Board, leading and organizing the formulation of various systems for the Board's operation, coordinating the operations of the Board, reviewing regular and non-regular work reports from the Company's senior management, and providing the Board with guidance on the execution of Board resolutions, supervising and reviewing the implementation of the Board resolutions, ensuring the Board to act in the best interests of the Company, nominating candidates of the Chief Executive Officer and secretaries to the Board of the Company. The Chairman of the Board actively encourages the Directors to fully participate in the Board's affairs, and contribute to the functions of the Board. He also encourages the Directors with different views to voice their concerns, and allows sufficient time for discussion to ensure the Boards' decisions can fairly reflect the consensus of the Board. In this regard, apart from regular Board meetings, the Chairman of the Board also holds meetings with Independent Non-executive Directors in the absence of other Directors at least annually, respectively. Under the leadership of the Chairman of the Board, the Board has adopted sound corporate governance practices and procedures and has taken appropriate steps to keep effective communications with the Shareholders, and to ensure Shareholders' opinions are delivered to the Board.

Pursuant to the Article 92 of the Articles of Association of the Company, the Chief Executive Officer of the Company is responsible to the Board. His duties and power include generally operating and managing the businesses of the Company, organizing the implementation of the resolutions of the Board of the Company and, the policies in relation to annual operation plans and investment plans of the Company, determining those projects such as investment, acquisition or disposal, financing unless otherwise required the approvals of the Board meetings or Shareholders' general meetings. He has to ensure the Board's full understanding of the capital needs of the Company's business, formulate the proposed plans for annual financial budgets and final accounts of the Company and make recommendations to the Board. The Chief Executive Officer of the Company, with the assistance of the head of finance and the senior management, ensures there is a sufficient supply of capital to the businesses, while closely monitoring the operating and financial performance of the Company according to the relevant plans and budgets. The Chief Executive Officer of the Company will take remedial measures and propose to convene extraordinary meetings for reporting and make recommendations to the Board in respect of significant issues.

The Chief Executive Officer and Chairman of the Board of the Company maintain close communications with all Directors to ensure the Directors fully understand the Company's business development status in all aspects. They are responsible for building and maintaining an effective executive team in order to discharge their duties. The Chief Executive Officer of the Company is responsible for proposing to the Board for appointing or dismissing senior management; coordinating with other Executive Directors and management teams of various departments, formulating the proposed plans for basic management systems and internal management structures of the Company, and formulating specific rules and regulations of the Company. The Chief Executive Officer of the Company determines other issues of the Company within the scope authorised by the Board.

DIRECTORS' AND SUPERVISORS' PROFESSIONAL TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors and Supervisors have received training and have been given reference materials and guidelines upon joining the Company. These materials facilitate the Directors and Supervisors to get familiar with the history and business information of the Company, and understand all obligations they shall assume in accordance with the Company Law of the PRC, Listing Rules, applicable laws and other regulatory rules and the governance policies of the Company.

The Company encourages its Directors to participate in continuous professional development so as to update their knowledge and skills, and facilitate the discharge of their duties on a well-informed and satisfactory basis.

The Directors regularly receive the latest information on the businesses of the Company and its subsidiaries, its operating rules and regulations, information about industrial specific environment as well as the legal obligations and responsibilities of being directors. All Directors and Supervisors had been provided with learning materials for reading and learning by the Company, such as video links, bulletins and reports. Summary of the contents of the Directors' training programs are as follows:

	Training Contents					
Name of Directors	**Laws and Regulations**	**Anti-corruption**	**Functions, Duties and Responsibilities of the Board**	**Risk Management**	**Corporate Governance**	**ESG Development**
Executive Directors						
NING Min	✔	✔	✔	✔	✔	✔
LI Peng	✔	✔	✔	✔	✔	✔
Non-executive Directors						
ZHU Linan	✔	✔	✔	✔	✔	✔
ZHAO John Huan	✔	✔	✔	✔	✔	✔
CHEN Jing	✔	✔	✔	✔	✔	✔
YANG Hongmei	✔	✔	✔	✔	✔	✔
Independent Non-executive Directors						
HAO Quan	✔	✔	✔	✔	✔	✔
YIN Jian'an	✔	✔	✔	✔	✔	✔
YUAN Li	✔	✔	✔	✔	✔	✔

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

The Board has adopted the Model Code for Securities Transactions by the Directors, Supervisors and the Senior Management (the "Model Code"), which is no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

Specific enquiry has been made to all the Directors and Supervisors, and all the Directors and Supervisors have confirmed that they had complied with the Model Code during the Reporting Period.

ACCOUNTABILITY OF DIRECTORS ON THE FINANCIAL STATEMENTS

The Directors are responsible for preparing financial statements for every financial year of the Company with the support of the finance team, and ensure that the preparation of financial statements has constantly adopted appropriate accounting policies and in accordance with the IFRS Accounting Standards so as to truly and fairly report the Company's status. In presenting the interim and annual financial statements of the Group, the Directors have considered whether suitable accounting policies have been applied consistently and that judgments and estimates are prudent and reasonable.

The management team recognizes the importance of providing the Board with sufficient explanations as well as appropriate and relevant information on an accurate and timely basis. Management presents to the Board the annual and interim business reviews and financial reports comparing the actual performance of the Group with the budgets and highlights of major relevant matters to enable the Board to make a well-informed assessment on the performance, positions and prospects of the Group.

The statement issued by the independent auditor on its reporting responsibilities is set out in the "Independent Auditor's Report" on pages 132 to 142 of this annual report.

APPOINTMENT AND REMUNERATION OF THE EXTERNAL INDEPENDENT AUDITOR

The external independent auditor currently appointed by the Company is PricewaterhouseCoopers. The Audit Committee is mandated to monitor the independence of the Company's external auditor, PricewaterhouseCoopers, to ensure objectivity in the financial statements.

During the year ended December 31, 2024, the remuneration paid and payable to the Company's external independent auditor, is set out below:

Type of Services	*RMB'000*
Audit services	108,099
Non-audit services	7,589

The above remuneration includes the charges paid for the provision of relevant services provided by the independent auditor to the Company and its subsidiaries whereas non-audit services are primarily tax consultation service, training service and other non-assurance services.

DIVERSITY

The Company believes that Board diversity is beneficial for enhancing the Company's comprehensive performance and operating capability, crucial to effective decision-making and maintaining the Company's sustainable and balanced development. Talent-based selection and value creation for the Company and Shareholders are the fundamental principles underlying the composition of the Board. The Company has adopted the board diversity policy. In selecting candidates for directors, diverse factors, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, core skills, knowledge and term of service will be considered. Candidates with management experience, technical specialty, legal, financial management and audit background will offer extensive diverse experiences to the Board. Meanwhile, based on its business model and strategies and specific needs, the Company will consider the aforesaid factors and make the ultimate decisions based on merits, values and contributions that the selected candidates will bring to the Board, with due regard to the benefits of Board diversity and the need for sustainable and successful growth of the Company.

During the year ended December 31, 2024, the Board of the Company comprised nine members, including three female member. The Nomination Committee reviewed the Board diversity policy and its effectiveness having considered the structure, size and composition of the Board and the skills, knowledge, experiences of the members of the Board at the relevant time and confirmed that the implementation of such policy had been in line with the Company's existing operations, assets size and shareholding structure. It confirmed that the Board has maintained a balanced and sufficiently diversified composition which enhanced the quality of its deliberation and decision-making and is able to discharge the Board's functions effectively.

During the Reporting Period, following the re-election of the Board of Directors, the number of female directors increase from one to three. The proportion of female directors has risen from 11.1% to 33.3%, marking the early fulfillment of the Board's diversity goal of gradually increasing the number of female members to no less than two by the end of 2030. Moving forward, the Board will try to maintain a database of qualified female candidates (including internal and external candidates) considering the unique needs of the Company and the external evolving environment, and focus on a wider range of areas in order to strengthen our female talent pipeline of potential successors to the Board.

The Company promoted diversity at all levels of the workforce through the provision of equal opportunities for employment, training and career development. During the year ended December 31, 2024, the proportions of male and female employees (including senior management) of the Company and its subsidiaries (excluding Lenovo) are fairly balanced, at 53.82% and 46.18%, respectively.

AUDIT COMMITTEE

As of the end of the Reporting Period, the Audit Committee comprises three members and the majority are Independent Non-executive Directors. The Chairperson of the Audit Committee is Ms. HAO Quan, an Independent Non-executive Director, and the other two members are Ms. YANG Hongmei, a Non-executive Director, and Mr. YIN Jian'an, an Independent Non-executive Director. The Chairperson of the Audit Committee possesses accounting professional qualifications and has complied with the requirements of Rule 3.21 under the Listing Rules. On June 27, 2024, Mr. SUO Jishuan ceased to be a member of the Audit Committee, and Ms. YANG Hongmei was appointed as a member of the Audit Committee.

The main duties of the Audit Committee include but not limited to monitoring the truthfulness of financial reports and the financial reporting procedures, the effectiveness of risk management and internal control systems and the effectiveness of internal audit functions, monitoring the engagement of the external independent auditor and its qualification, assessment on its independence and work performance, regular review of the financial reports and monitoring of annual audit of the Group, compliance with applicable accounting standards as well as legal and regulatory requirements on financial disclosures. Details of the Terms of Reference of the Audit Committee are available on the websites of the Company and the Hong Kong Stock Exchange respectively.

Pursuant to the requirements of Terms of Reference of the Audit Committee, the Audit Committee held three meetings during the Reporting Period. The matters that the Audit Committee has to review, discuss, consider and propose for the Board's approval (if applicable) are set out as follows:

- The audit-related matters for 2023 (including but not limited to scope, audit method, principal accounting policies, key accounting estimates and assumptions, discussion on material accounting matters, and independent auditor's recommendation to the management);
- 2023 annual profit distribution plan;
- The audit fee for 2023 and the re-appointment of the independent auditor for 2024;
- The annual results announcement for the year ended December 31, 2023 and the 2023 annual report of the Company and its subsidiaries;
- Connected transactions and continuing connected transactions in 2023;
- The unaudited consolidated financial statements for the three months ended March 31, 2024 and the nine months ended September 30, 2024 of the Company and its subsidiaries (prepared in accordance with China Accounting Standards for Business Enterprises);
- The interim results announcement for the six months ended June 30, 2024 and the 2024 interim report of the Company and its subsidiaries;
- Review on "Management's Statement of 2023 Annual Audit of the Company and Its Subsidiaries" and management's comment;
- Annual audit planning for the financial year ended December 31, 2024 presented by the independent auditor and audit schedule;
- The latest revision of relevant accounting/audit standards, Hong Kong Companies Ordinance and Listing Rules and significant differences in standards affecting financial statements of the Company;
- Independence statement letter from the independent auditor;
- Risk management and internal control structure, annual work plan for risk management and internal control as well as its summary;
- Annual work plan for internal audit and its summary;
- The resources, employees' qualifications and experience of the Company's accounting, risk control, internal audit and financial reporting functions, and whether their training programs and budgets are sufficient; and
- Confirmation on the effectiveness of risk control and management and internal control systems by management.

CONCEPTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control system is designed to assist the Company in achieving its long-term vision and mission by identifying and evaluating the Company's risk exposures and formulating appropriate control measures to protect our business, the Shareholders, assets and capital. We believe that the risk management and internal control system embedded in each business will enhance its long-term Shareholders' values.

We pursue the core value of perspective of overall situation, pragmatic, ambitious and people-centric to lay the governing foundation for the Company's risk management and internal control with the cultural expression of accountability, professionalism, creativity and collaboration. The Company strongly believes that good corporate governance is usually related to the overall control environment. In order to ensure that each employee of the Company is also responsible for risk management, the Company has established formal codes of professional conduct and ethics to ensure that employees at all levels adhere to the business ethics and possess the corresponding competency.

The Company attaches great importance to preventing non-compliance risks and has formulated and continuously improved various management regulations and systems such as the Anti-corruption Management Policy and the Code of Ethics for Employees, striving to improve the systemic management of whole-process anti-fraud work, covering preventions, controls and accountability. The Company also requires its subsidiaries to operate legally and compliantly on the basis of integrity and honesty, improve the anti-fraud system to achieve coordination at all levels to jointly prevent individual acts of corruption. The Company has established various reporting channels, including email, telephone, website and WeChat official accounts, to strengthen the collection of risk and fraud clues within the Group, conduct investigations independently, legally and impartially, and deal with misconducts in accordance with relevant regulations. The Company prohibits all kinds of retaliation related to anti-fraud and has protection measures and working mechanisms in place. For details on anti-fraud, please refer to the Company's 2024 Environmental, Social and Governance Report.

The Company has formulated relatively comprehensive management policies and implementation rules of various functions of operation and management in order to formulate policies and procedures of various business functions and continue to streamline and improve the management policies standards according to the changes of internal and external business environment and the needs of business development, thereby ensuring the steady development of the Company. Currently, the governance rules and implementing regulations of the Company cover the key management areas of all business and supporting segments. The Company's risk management and internal control systems also include clear organizational structures and management responsibilities, reasonable and effective authorization mechanism, sound financial accounting system, regular performance analysis and review, and other control activities, as well as good information and communication mechanism, and ensures the Company's the stability and effective operation of risk management and internal control systems through continuous risk assessment and supervision.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Company formulated the risk management and internal control framework guided by the COSO framework:

1. Establish three lines of defence of risk management and internal control:

	For businesses of the headquarters of the Company	For businesses of subsidiaries	Duties
1st Line of Defence	Business divisions	Subsidiaries	Integrate the risk management concepts and control measures into the daily business processes and undertake specific business risk prevention and control functions.
2nd Line of Defence	Relevant functional departments	Business divisions and relevant functional departments	Organize and promote the risk management activities, identify and supervise risk management and monitoring activities in the course of conducting businesses and operations.
3rd Line of Defence	Audit Department	Audit Department	Monitor and evaluate the effectiveness of risk management and identify areas for improvement.

2. Adopt the following multi-assurance mode:

	For business of the headquarters of the Company	For business of subsidiaries
Supervision of the Board and the Audit Committee	• The Board regards risk management as an important task, and believes that effective risk management and internal control systems are important foundations for good corporate governance. • The Board is fully responsible for the risk management and internal control systems, including assessing and determining the acceptable nature and extent of the risks in achieving the Company's strategic objectives, and is responsible for establishing and maintaining an appropriate and effective risk management and internal control systems to protect our business, the Shareholders, assets and capital. • Audit Committee is responsible for supervising and monitoring the overall effectiveness of the risk management and internal control systems.	

	For business of the headquarters of the Company	For business of subsidiaries
Supervision and communication of the management	• Assume the leadership role, and seek for the balance between risks and opportunities. • Design, implement and review the risk management framework and systems. • Report the effectiveness of risk management and internal control systems to the Board and the Audit Committee half-yearly.	
Risk accountability of business divisions	• Be responsible for identifying and assessing main risks within the scope of their duties, making effective risk management decisions and developing risk mitigation strategies. • Execute and report work in daily operation, including identification of major risks and implementation of mitigation strategies.	• Develop relevant policies, standards, procedures and guidelines of Legend Holdings. • Supervise over the risk management and monitoring activities of subsidiaries. • Promote communication and reporting of risks.
Supervision and monitoring of relevant functional departments	• Develop relevant policies, standards, procedures and guidelines of Legend Holdings. • Supervise over the risk management and monitoring activities of business divisions in relation to relevant functions. • Identify and evaluate the financial and other risks of the Company's different businesses from the aspects of strategic planning, investment review and legal compliance.	
Independent Assurance of Audit Department	• Adopt risk-oriented audit method, focus on areas with major risks or major changes in risks, and provide independent assurance on the adequacy and effectiveness of internal control to the Audit Committee.	
Independent assurance supplement of external audit	• Test the main monitoring measures on which external audit work relies, and report major risks that may affect the performance of the Company to the Audit Committee yearly.	
Subsidiaries	–	• Be responsible for identifying and assessing major risks in the company, making effective risk management decision, developing risk mitigation strategies, and making timely reports.

3. The features and responsibility of the Audit Department:

The Audit Department reports to the Chairman regularly and to the Audit Committee quarterly, develops rectification and improvement plans with each department and the subsidiaries of the Company for the identified issues and deficiencies and follows up the implementation of the proposals. The rectification efforts were in line with expectations. The features and responsibility of the Audit Department include:

- Being independent from the management of operations.

- To establish risk identifications and assessment methods, unify the standards and procedures of risk assessments, organize, coordinate and take the lead in establishing the risk management and internal control systems of the Group.

- The Audit Department is fully authorized with the access to all operating data and information of the Group during the ordinary course and internal audit projects.

- To conduct risk-oriented audit work and special reviews on areas of concern identified by the Audit Committee and the management. To provide the Company with internal, independent and objective confirmation and consulting services to evaluate and improve the effectiveness of risk management and internal control processes.

- Follow up and check the rectifications of the problems found in the audits by promoting rectifications or implementing follow-up audits.

- Establish various reporting channels, including email, telephone, website and official account reporting channels, strengthen the collections of risk items and fraud clues, investigate and deal with violations in an independent, lawful, and fair basis.

PROCEDURES ON IDENTIFYING, EVALUATING AND MANAGING SIGNIFICANT RISKS

Risk management is a continuous process and requires regular monitoring and review. The Company's procedures on identifying, evaluating and managing significant risks are as follows:

- Determination of scope: determine the scope of risk management.

- Identification and analysis: identify risks that may potentially affect the businesses and operations; analyze potential consequences and probability of occurrence.

- Evaluation: use the evaluation standards developed by the management to evaluate risk level and take into account the impact of risks on the operations and the likelihood of occurrence, and consider whether existing monitoring measures are adequate; prioritize risks through comparing risk evaluation results.

- Mitigation and monitoring: develop monitoring and mitigation plan, to prevent, avoid or reduce risks; perform ongoing and periodic monitoring of the risks and ensure that appropriate internal control procedures are in place; revise the risk management policies and internal control procedures in case of any significant changes.

- Monitoring and reporting: regular monitoring and review as well as reporting based on established risk management procedures.

- Integration: the above risk management processes are incorporated into our operations, including strategic planning, investment decisions, capital management, internal controls and other business or operational management.

We strive to enhance the Company's risk management and internal control structures and capability to ensure long-term growth and sustainable development for the Company's businesses. In this regard, we are required to implement consistently an effective risk management and internal control structures. We will continue to move towards the same direction, aiming to integrate risk management and internal control into our daily operations.

RISK REVIEW PROCEDURES AND CONTROL EFFECTIVENESS

1. Effectiveness and scope of review procedures

The Board is of the view that, based on the review performed by the Audit Committee on the results submitted by management, the risk management and internal control systems of the Company for the Reporting Period ended December 31, 2024 were effective and adequate and no material issues were identified.

The Audit Committee reviews the effectiveness of the risk management and internal control system annually, covering the Board opinions and the audit findings of the Audit Department of the entire fiscal year. The scope of review covers the controls in all significant aspects, including financial controls, operational controls and compliance controls. Meanwhile, the review also covers major changes in risks, the resources, employees' qualifications and experiences of the Company's internal audit, accounting and financial reporting functions as well as the employee training programs and budget.

Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. In addition, it provides only a reasonable but not an absolute assurance on matters with no significant misrepresentations or losses.

2. Objectives of review procedures

Review procedures adopt a top-down and bottom-up approach to fully identify all major risks within the Group, and prioritize such risks; report major risks to appropriate management levels; facilitate effective communications among the management on risks; appropriately supervise risk mitigation work.

3. Implementation process of review procedures

The top-down procedures include:

- At the quarterly business review meetings, the management of the Company, as the holding company, discuss and consider the business development, risk management and internal control of the subsidiaries, to early identify and respond to new risks and issues concerned.

- Major risks identified will be further evaluated and monitored by business divisions and relevant functional departments of the Company.

The bottom-up procedures include:

- Subsidiaries report the list of major risks identified to the Audit Department semi-annually, and review the effectiveness of risk mitigation measures.

- The Audit Department submits the reminders of major risks in each business segment to the Audit Committee semi-annually after summarizing, screening, evaluating and consulting processes, and submits detailed reports or conducts in-depth discussions on individual risks.

- The operational and functional departments report to the management on a timely basis the material risks identified in their areas of responsibility and the implementation of the mitigation strategies in their daily operations.

For main risk exposures of the Company, and adverse impacts of such risks on business and financial positions, and the measures already taken, please refer to corresponding specific contents set out in the section Management Discussion and Analysis.

PROCEDURES ON AND INTERNAL CONTROL OF HANDLING AND DISSEMINATING INSIDE INFORMATION

In order to regulate its information disclosures, the Company strengthens the management of information disclosure and has developed the management system of information disclosures (the "System") in accordance with the principles and requirements under the applicable laws and regulations such as the SFO, the Listing Rules and other Hong Kong Listing Regulatory Rules, as well as the Securities Law, the Measures for the Administration of the Issuance and Trading of Corporate Bonds, the Rules of Listing of Corporate Bonds on the Shanghai Stock Exchange and other domestic bond regulatory rules, as well as the Articles of Association together with the actual conditions of the Company, and implements the System accordingly. The System is applicable to the Directors, Supervisors, Chief Executive Officer, secretary to the Board, senior management, responsible person of each department and subsidiary, other persons having the duty for information disclosures and staff who can access to such inside information by virtue of his/her office or capacity. The System provides detailed guidelines on the appropriate timing, contents, formats, internal vetting processes and disseminating procedures of information under different circumstances, the review and disclosure procedures of releasing results announcements, various announcements, regular reports and circulars, duties of, confidentiality and penalty provisions for all management staff who are responsible for information disclosures. The "Code of Conduct for Employees" of the Company also explicitly requires that all staff be obliged to information confidentiality and comply with the System. In addition, the Company provides training to relevant staff on the System so as to ensure effective implementation.

During the Reporting Period, the Company sought for advice from the compliance advisor in accordance with the requirements of information disclosures under the SFO and the Listing Rules from time to time. The Board is of the view that the Company's procedures on and internal control of handling and disseminating inside information are effective.

REMUNERATION COMMITTEE

As of the end of the Reporting Period, the Remuneration Committee comprises three members and the majority of them are Independent Non-executive Directors. The Chairman of the Remuneration Committee is Mr. YIN Jian'an, an Independent Non-executive Director, and the other two members are Ms. CHEN Jing, a Non-executive Director, and Mr. YUAN Li, an Independent Non-executive Director. With effect from June 27, 2024, Mr. SUO Jishuan, a Non-executive Director, and Ms. HAO Quan, an Independent Non-executive Director, ceased to be the members of the Remuneration Committee, and Ms. CHEN Jing, a Non-executive Director, and Mr. YUAN Li, an Independent Non-executive Director, have been appointed as members of the Remuneration Committee.

The Remuneration Committee is principally responsible for researching the remuneration strategies and policies, performance appraisal and incentive mechanism and other matters regarding the remuneration of Directors, Supervisors and senior management, and making relevant recommendations to the Board. Details of the scope of responsibilities of the Remuneration Committee of the Board are available on the websites of the Hong Kong Stock Exchange and the Company.

In accordance with the provision of Terms of Reference of the Remuneration Committee, the Remuneration Committee convened three meetings during the Reporting Period, and discussed, considered and recommended the Board to grant approval on the following matters:

- Equity incentive grants to Directors and senior management of the Company and its subsidiaries and disclosures in the 2023 annual report;
- The performance indicators and remuneration standards for core management members for the year 2024, and a recommendation to the Board of Directors to authorize the Company's management to specifically determine the performance indicators and remuneration standards for other management members;
- The criteria for determining the remuneration of the Company's Independent Non-executive Directors; and
- 2024 Medium and long-term incentive plan.

For the year ended December 31, 2024, the remuneration categories of the senior management of the Company (excluding the senior management members who concurrently also serve as the Directors and Supervisors) are as follows:

Remuneration categories *(RMB)*	**Number of staff**
RMB3,000,001 – RMB3,500,000	1
RMB4,000,001 – RMB4,500,000	1

The details of remuneration of the Directors and Supervisors for the year ended December 31, 2024 are set out in note 51(a) to the financial statements.

NOMINATION COMMITTEE

As of the end of the Reporting Period, the Nomination Committee comprises five members and the majority of them are Independent Non-executive Directors. The Chairman of the Nomination Committee is Mr. NING Min, the Chairman of the Board, and the other four members are Ms. CHEN Jing, a Non-executive Director, and Ms. HAO Quan, Mr. YIN Jian'an, and Mr. YUAN Li, who are Independent Non-executive Directors. On June 27, 2024, Mr. MA Weihua, an Independent Non-Executive Director, ceased to be a member of the Nomination Committee, and Ms. CHEN Jing, a Non-Executive Director, and Ms. HAO Quan and Mr. YUAN Li, the Independent Non-executive Directors, were appointed as members of the Nomination Committee.

The Nomination Committee is principally responsible for making recommendations on the appointment, reappointment and succession plan of the Directors, reviewing the structure, size, composition and diversity policy of the Board and assessing the independence of Independent Non-executive Directors, as well as fulfilling the relevant responsibilities with regard to corporate governance functions of the Board. Details of the scope of responsibilities of the Nomination Committee are available on the websites of the Company and the Hong Kong Stock Exchange.

In accordance with the provisions of Terms of Reference of the Nomination Committee, the Nomination Committee convened one meeting in the year. The members of the Nomination Committee carried out the following:

- Discussion on the re-election of Directors and Supervisors at the 2023 Annual General Meeting;
- The selection and recommendation of candidates for the appointment of new Directors and Supervisors in accordance with the nomination procedures;
- Assessed the independence of Independent Non-executive Directors and confirmed that the structure of the Board was in compliance with the governing requirements of the Company and no existence of impacts affecting the independence of Independent Non-executive Directors; and
- Reviewed and assessed the current structure, size, composition and diversity policy of the Board (including the skills, knowledge, and experiences of the members of the Board).

Meanwhile, each member of the Nomination Committee also reviewed the following:

- The Corporate Governance Policies and Practices, the compliance with "Corporate Governance Code" and the disclosures in "Corporate Governance Report";
- The implementation of the professional trainings for Directors and Supervisors and continuing professional development program; and
- The policies regarding the compliance with laws and regulatory requirements and its implementation.

Candidate recommended by Directors shall firstly be nominated by the Nomination Committee according to the nomination and succession plan for Board members. The Nomination Committee will make a preliminary evaluation of each candidate through individual or collective interviews with the candidate to ensure that all members of the Nomination Committee unanimously agrees that such candidate has met the required selection criteria. In selecting candidate for Directors, diverse factors, including but not limited to, gender, age, cultural and educational backgrounds, ethnicity, professional experience, core skills, knowledge, term of service, management experience, technical specialty (legal, financial, management and audit backgrounds) will be considered. Thereafter, the Nomination Committee will arrange the candidate to meet with the rest of the Board members for another evaluation mainly to consider whether the candidate joining the Board will bring the most benefits to the Board and the Company as the priority judgment criterion. The Board will propose the election of such candidate as a Director, if identified to be suitable, at the Shareholders' general meeting in accordance with Articles of Association of the Company. During the year ended December 31, 2024, no candidate has been nominated to join the Board.

CORPORATE GOVERNANCE FUNCTIONS

The Nomination Committee of the Company is responsible for performing the duties of corporate governance functions set out below:

a. Formulating the Company's corporate governance policies and practices, monitoring its implementation and making recommendations to the Board;

b. Reviewing and monitoring the training and continuous professional development plans of the Directors, the Supervisors and senior management;

c. Reviewing and monitoring the Company's policies and practices regarding compliance with laws and regulatory rules as well as their implementation;

d. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors; and

e. Reviewing the Company's compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, together with the information disclosures in the Corporate Governance Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

As of the end of the Reporting Period, the Environmental, Social and Governance Committee ("ESG Committee") comprises three members. The Chairman of the ESG Committee is Mr. YUAN Li, an Independent Non-executive Director, and the other members are Mr. NING Min and Mr. LI Peng, who are Executive Directors. On June 27, 2024, Mr. MA Weihua, an Independent Non-executive Director, ceased to be the Chairman of the ESG Committee and Mr. SUO Jishuan, a Non-executive Director, ceased to be a member of the ESG Committee, and Mr. YUAN Li, an Independent Non-executive Director, was appointed as the Chairman of the ESG Committee.

The ESG Committee mainly performs the functions of assisting the Board in guiding and monitoring sustainability-related policies and objectives, continuously exploring sustainability trends in the domestic and international capital markets and the industry, and reviewing the progress of sustainability-related issues and matters.

The key responsibilities of the ESG Committee are set out in the Company's 2024 Environmental, Social and Governance Report. The ESG Committee convened one meeting in the year to review, discuss, consider and approve the following matters:

- Reviewed the progress of the implementation of the Company's ESG objectives for 2024;
- Disclosed the 2023 ESG Report;
- Engaged in assessing climate-related risks and opportunities, including their impact on the entity's business, strategy, and financial planning, as well as on the preparation of financial statements and the ESG report; and
- Tracked the latest ESG trends at home and abroad.

STRATEGY COMMITTEE

As of the end of the Reporting Period, the Strategy Committee is composed of four members, and is chaired by Mr. NING Min, the Chairman, and the rest of the members are Mr. LI Peng, Mr. ZHU Linan and Mr. ZHAO John Huan.

The principal responsibilities of the Strategy Committee include:

- Conduct research and review on the Company's medium to long-term strategic development plans;
- Conduct research and review on material investment financing plans, business reorganization, external acquisitions, mergers and transfer of assets which are subject to approval of the Board as required by the Articles of Association;
- Conduct research and review on major capital operations and asset management projects which are subject to approval of the Board as required by the Articles of Association;
- Conduct research and review on other significant matters affecting the development of the Company;
- Guide, supervise and inspect the implementation of relevant resolutions of the Board; and
- Other matters authorized by the Board.

BOARD, BOARD COMMITTEES AND GENERAL MEETINGS

The Board has convened meetings regularly, of which at least four times every year. The Directors may attend meetings in person or through other means of electronic communication in accordance the Articles of Association of the Company. The Board has convened four meetings during the Reporting Period. All decisions made by the Board are voted by the Board and supplemented by circulating resolutions in writing during the periods between Board meetings. Upon signing by Directors in accordance with requirements of Articles of Association of the Company, the resolutions would become resolutions resolved by the Board.

The attendance at the Board meetings, the meetings of the Board Committee and general meetings for each Director during the Reporting Period is as follows:

	Number of attendance/Number of meetings being convened				
	The Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting[(1)]
Executive Directors					
Mr. NING Min	4/4	–	–	1/1	4/4
Mr. LI Peng	4/4	–	–	–	3/4
Non-executive Directors					
Mr. ZHU Linan	4/4	–	–	–	4/4
Mr. ZHAO John Huan	3/4	–	–	–	0/4
Ms. CHEN Jing *(appointed on June 27, 2024)*	1/3	–	1/2	–	0/1
Ms. YANG Hongmei *(appointed on June 27, 2024)*	3/3	2/2	–	–	0/1
Mr. SUO Jishuan *(resigned on June 27, 2024)*	0/1	0/1	0/1	–	0/3
Mr. YANG Jianhua *(resigned on June 27, 2024)*	1/1	–	–	–	0/3
Independent Non-executive Directors					
Ms. HAO Quan	4/4	3/3	1/1	–	4/4
Mr. YIN Jian'an	4/4	3/3	3/3	1/1	3/4
Mr. YUAN Li *(appointed on June 27, 2024)*	3/3	–	2/2	–	0/1
Mr. MA Weihua *(resigned on June 27, 2024)*	0/1	–	–	0/1	0/3

Notes:

(1) The Company convened the Annual General Meeting of 2023 on June 27, 2024. Immediately after the closure of such meeting, the 2024 first H Share Class General Meeting and the 2024 first Domestic Share Class General Meeting were held. The first Extraordinary General meeting of Shareholders of 2024 was held on September 11, 2024.

BOARD OF SUPERVISORS

The Board of Supervisors comprises three members. The Chairman of the Board of Supervisors is Mr. GAO Qiang (staff representative), and the other two members are Mr. LUO Cheng (shareholder representative) and Ms. PEI Xiaofeng (shareholder representative). On June 27, 2024, Mr. ZHANG Yong ceased to be a shareholder representative supervisor, and Ms. PEI Xiaofeng was appointed as a shareholder representative supervisor.

In accordance with the Articles of Association of the Company, the Board of Supervisors is responsible for the Shareholders' general meeting, which is principally responsible for conducting supervision on compliance regarding the Directors, Chief Executive Officer and other senior management when carrying out their duties, reviewing the Company's financial situation and auditing financial information such as financial reports, business reports and profit distribution plan submitted to the Shareholders' general meeting and requiring for rectification when the behaviors acted by the Directors and senior management damage the interest of the Company, and proposing to convene extraordinary board meetings and Shareholders' general meetings.

During the Reporting Period, the Board of Supervisors performed its duties and safeguarded the legitimate interest of the Shareholders, Company and staff. For details of its work, please refer to the "Supervisor's Report" from page 110 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Board is fully aware of the significance of maintaining clear, timely and effective communication with the Shareholders and potential investors of the Company. With the publication of annual reports, interim reports, announcements, circulars and press releases, the Group is committed to ensuring that the Shareholders and potential investors receive the information in a timely manner. All relevant contacts are made available to the Shareholders through publications on the Company's website.

The Company is of view that the Shareholders' general meetings provide a good opportunity for direct communication between the Board and the Shareholders. The Company encourages and welcomes the questions raised at the Shareholders' general meetings. The Company has formulated the Shareholders' Communications policy, ensuring to maintain ongoing communication between the Company and the Shareholders and the Board had reviewed the implementation and effectiveness of the Shareholders' Communication policy during the Reporting Period.

INVESTOR RELATIONS

We attach great importance to the communication with investors. We maintain good interactions with the capital market and investors through a variety of means, such as results presentations, non-deal roadshows, participation in strategy conferences of investment banks and other investor communication activities, acceptance of survey by analysts and investors, immediate delivery of the Company's updates, etc.

The investor relations team of the Company is committed to connecting the Company with the capital market, promoting the Company's value and facilitating its capitalization. In 2024, the investor relations team continued to promote communication with the investors, broaden investor coverage through performance roadshows, strategic meetings of investment banks and other activities. The team intensified the active communication with analysts from leading investment banks at home and abroad to broaden the coverage of intermediary resources. It kept up with the business development by updating the latest news of the Company frequently to ensure the investors' understanding of the business development of the Company. In the future, we aim to maintain adequate and smooth communication and establish deep trust with investors through clear strategies, efficient implementation, impressive operating results, transparent information disclosures, extensive channel coverages and innovative contents and means.

ARTICLES OF ASSOCIATION

The Shareholders approved the amendment to the Articles of Association of the Company at the Annual General Meeting of the Company on June 27,2024.For detailed information on the amendments, please refer to Appendix II of the circular dated May 31, 2024.

The latest version of Articles of Association has been published on the websites of the Hong Kong Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Extraordinary General Meeting upon the Shareholders' Requests

Pursuant to the Articles of Association of the Company, Shareholders individually or collectively holding in aggregate 10% or more of the Shares carrying the voting right at the proposed meeting shall sign one or more written requisitions in the same format and with the same content, requiring the Board to convene an extraordinary Shareholders' general meeting, and stating the matters to be discussed at the proposed meeting.

Written notice of general meeting stating proposed matters to be discussed and the date and venue of the Shareholders' general meeting shall be dispatched to all Shareholders listed in the register of members no less than 21 days prior to the date of such meeting.

Proposing Motions at the Shareholders' General Meeting

When the Company convenes a Shareholders' general meeting, Shareholders individually or collectively holding in aggregate of 3% or more of the Shares carrying the voting rights shall be entitled to propose new motions to the Company and submitting the motions to the convener in writing no less than 10 days prior to such meeting. The convener shall serve a supplementary notice of Shareholders' general meeting within two days after receipt of such proposals, inform other Shareholders and list the motions which are within the authorities of the Shareholders' general meeting in the agenda of the meeting and submit them to the general meeting for consideration. The contents of the proposed motions shall fall into the authority of the Shareholders' general meeting, have definite topics and concrete issues for resolution and shall comply with relevant provisions of laws, regulations and the Articles of Association of the Company.

Shareholders' Proposals and Inquiries to the Board of Directors and Delivery Method

Shareholders can put forward proposals, inquiries and issues of concern to the Board and/or relevant specialized committees under the Board (if appropriate) in writing, state contact details and deliver to the registered office of the Company in Beijing, PRC (Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan Nanlu, Haidian District, Beijing 100190, PRC) or the principal place of business in Hong Kong (Suite 06, 70/F Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong). The investor relations team of the Company assists the Board in handling inquiries from the Shareholders and potential investors. The Company's website also contains the contact details of the Company for the Shareholders and potential investors to put forward inquiries. In 2025, under the continuously updating regulatory requirements, development trends of the Company and the feedback from the Shareholders, the Company will continue to focus on enhancing the Company's governance, ensuring steady development of the Company and creating values for the Shareholders.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Legend Holdings Corporation
(Incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Legend Holdings Corporation (the "Company") and its subsidiaries (the "Group") which are set out on pages 143 to 327, comprise:

- the consolidated balance sheet as at December 31, 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill and intangible assets with indefinite useful lives
- Fair value measurement using of level 3 inputs for financial assets and financial liabilities
- Recognition of deferred income tax assets
- Measurement of expected credit loss of loans to customers of subsidiaries engaged in banking business

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and intangible assets with indefinite useful lives Refer to note 2.10, note 4.1(b) and note 19 to the consolidated financial statements.	
As at December 31, 2024, the Group had goodwill of RMB37,189 million and intangible assets with indefinite useful lives of RMB14,463 million, and in respect of which management is required to perform annual impairment assessment. For the purpose of assessing impairment, goodwill and intangible assets with indefinite useful lives were allocated to the lowest level of identifiable cash generating units ("CGUs"). The recoverable amount of CGU is determined by the higher of the fair value less disposal cost and value in use.	Our procedures included: • We obtained an understanding of the management's process and internal control of impairment assessment of goodwill and intangible assets with indefinite useful lives and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • We obtained the management's calculation sheets of impairment assessment to assess reasonableness of the classification of CGUs or groups of CGUs by business lines and allocation of goodwill and intangible assets with indefinite useful lives by CGUs at suitable level; • We evaluated the independent external valuers' competence, capability and objectivity;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and intangible assets with indefinite useful lives (Continued) For calculation of recoverable amount, when the model of fair value less disposal cost was used, management made significant judgment over the active market price or adjusted amount based on the observable data; when the model of value in use was used, management made significant assumptions and judgements in determining the appropriate CGUs related to goodwill and determining key assumptions such as revenue growth rates, gross margin and discount rates, etc. Management believes that the impairment of goodwill and intangible assets with indefinite useful lives of RMB617 million occurred during the year was mainly due to the decrease in recoverable amount of individual business caused by lower-than-expected performance. The remaining goodwill and intangible assets with indefinite useful lives were not subject to impairment during the year. Management engaged independent external valuers to assist in performing impairment assessments when necessary. Management made significant estimation and judgements to perform impairment assessments of goodwill and intangible assets with indefinite useful lives under different models. In view of these reasons, we identified this as a key audit matter.	• In the cases of impairment assessment using the model of fair value less disposal cost, we agreed the fair value to observable unadjusted price in the active market, and agreed the input data to observable referenced data in the active market; • In the cases of impairment assessment using the model of value in use calculation performed by management, we challenged the appropriateness of the key assumptions including expected revenue growth rates, expected profit margins and discounted rates and other key parameters, with reference to the business and industry circumstances, including: – We reconciled the input data of expected revenue growth rates, expected profit margins, expected changes of working capital and expected capital expenditure to the management's future profit forecast and strategic plans, and compared the input data with the history data; – We compared the discount rate with the comparable companies in the open market; • We assessed sensitivity analysis around the key assumptions made by management when assuming expected revenue growth rates, discount rates. etc., to ascertain the extent to which adverse changes within a reasonable range, both individually and in aggregate, might impact on the outcome of the impairment assessment of the goodwill and intangible assets with indefinite useful lives; • We tested the mathematical accuracy of management's calculation sheet of impairment assessment; • We examined the adequacy of the Group's disclosure of goodwill and intangible assets with indefinite useful lives. Based on the procedures performed, we found that the judgements made by management in relation to the assessment of impairment of goodwill and intangible assets with indefinite useful lives were supported by the evidence we obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement using of level 3 inputs for financial assets and financial liabilities Refer to note 2.13, 2.19, 3.3, 4.1(c) and 4.1(d) to the consolidated financial statements. As at December 31, 2024, the Group has financial assets measured at fair value with level 3 inputs of RMB43,597 million, mainly including associates measured at fair value through profit or loss, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income; financial liabilities measured at fair value with level 3 inputs of RMB11,111 million, including, derivative financial liabilities and financial liabilities at fair value through profit or loss. Level 3 inputs for financial assets and liabilities were not based on active market prices, nor based on observable market data. Management assessed and measured the level 3 fair value of financial assets and financial liabilities using particular valuation techniques, with assistance from external valuers if necessary, by using the models of market approach and discounted cash flow calculation. The determination of the model adopted, input data and key assumptions require significant management judgement and estimation. In view of these reasons, we identified this as a key audit matter.	Our procedures included: • We obtained an understanding of the relevant process and internal control of fair value measurement using of level 3 inputs for financial assets and financial liabilities and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • We obtained the calculation sheets of fair value estimation of financial assets and financial liabilities measured at fair value of level 3 inputs, evaluated the appropriateness of the model used and tested the mathematical accuracy; • We evaluated the independent external valuers' competence, capability and objectivity; • In the cases of fair value estimation using market approach, we selected samples to assess the appropriateness of the methodologies and key assumptions adopted by management through comparing with fair value used in the latest financing activities, etc; • In the cases of fair value estimation using the model of discounted cash flow, we challenged the appropriateness of the key assumptions on a sample basis. We reconciled the input data of expected revenue growth rates and expected profit margins to the management's future profit forecast and strategic plans, and compared the input data with the historical data. We compared the discount rate with the comparable companies in the open market to assess the reasonableness of the key input data used. Based on the procedures performed, we found that the valuations made by management in the fair value assessment using of level 3 inputs for financial assets and financial liabilities were supported by the evidence we obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of deferred income tax assets Refer to note 2.23(b), 4.1(e) and note 45 to the consolidated financial statements. As at December 31, 2024, the Group had deferred income tax assets of RMB26,899 million. In addition, the Group had unrecognized temporary difference and tax loss of RMB23,464 million and RMB31,809 million respectively as at December 31, 2024. The recognition of deferred income tax assets involves significant management judgement as to the likelihood and the period of its realization that is dependent on a number of factors, including future profit forecast of related entities and sufficient taxable profits in future periods. Existence of sufficient taxable profits and taxable temporary differences, group relief and tax planning strategies based on management's judgement.	Our procedures included: • We obtained an understanding of the relevant process and internal control of recognition of deferred income tax assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • We obtained management's calculation sheets of deferred income tax assets and tested the accuracy of the calculation sheets; • We tested and agreed available deductible tax losses, including the respective expiry periods, to tax returns and tax correspondences of the relevant subsidiaries on a sample basis; • We challenged the appropriateness of the input data, including the significant assumptions of forecast revenue growth rates and forecast profit margins, etc. We reconciled the input data of forecast revenue growth rates and forecast profit margins to the management's future profits forecast, strategic plan and tax planning strategies, and compared the input data with the historical data and industry data. We tested the reasonableness of management's reconciliations of forecasted profits to forecasted taxable profits on a sample basis;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of deferred income tax assets (Continued)	
Management has performed its assessment on the recognition of deferred income tax assets as at December 31, 2024 and consider that the realization of such assets is probable. Significant management's judgement and estimation are involved in forecasting future taxable profits and period of future reversals of taxable temporary differences and deferred income tax. In view of these reasons, we identified this as a key audit matter.	• We evaluated the reasonableness of the deferred tax assets by comparing the estimation of taxable profits in future periods to deductible temporary differences and tax losses as at December 31, 2024, with the consideration of the expiry periods of the deductible tax losses; • We tested the calculation of deferred income tax assets by reference to tax rates enacted or substantively enacted at the balance sheet date. Based on the procedures performed, we found that the forecast of taxable profits in future periods, calculation of taxable temporary differences and the estimation of reversal periods of such deferred income tax were supported by the evidence we obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit loss of loans to customers of subsidiaries engaged in banking business Refer to note 2.13.4, 3.1(b) and 26(a) to the consolidated financial statements.	
At December 31, 2024, the gross balance of loans to customers of the subsidiaries engaged in banking business of RMB123,019 million against which a corresponding allowance for expected credit loss ("ECL") of RMB1,758 million was recorded. The measurement of ECL allowance under IFRS 9 "Financial Instruments" involves complex and subjective judgments and estimation by management. The subsidiaries engaged in banking business used the following methods to assess the ECL allowance; • The ECL allowance was measured for all loans based on the principles laid down by IFRS 9 and adapted by the subsidiaries engaged in banking business in its ECL calculation process, model and tool; and • For defaulted and credit-impaired loans, impairment was assessed individually on a regular basis.	We evaluated and tested the design and operating effectiveness of key controls across the processes relevant to the ECL calculation, including: • Entity level controls (including IT controls) and governance process over the ECL modelling process, including model review as well as the review of back-testing ECL model components (Probability of Default, macro-economic projection, loss rates) and ECL level; • Controls over the incorporation of multiple economic scenarios related to ECL models and quarterly ECL variation analysis; • Controls over the loan origination and monitoring processes; • Controls over the specific provision and monitoring processes; • Controls over the monitoring of internal credit limits, loans in litigation and credit watch list; • Controls over the monitoring of credit collateral coverage; • Controls over the computation of ECL management "overlays" adjustments. We also performed the following substantive audit procedures: • With the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL models. This included assessing the appropriateness of model design and formulas used, considering alternative modelling techniques and recalculating the Probability of Default, Loss Given Default and Exposure at Default of models on a sample basis, as well as challenging the forward looking macro-economic scenarios; • We verified some key parameters to ensure accuracy of data inputs supporting the ECL models used;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit loss of loans to customers of subsidiaries engaged in banking business (Continued)	
The determination of ECL against loans to customers required judgments and estimation: • Designation and setup of the internal rating system and the basis of the allocation of loans to customers within the 3 stages; • Accounting interpretations and modelling assumptions used to build the models that serve as a basis to calculate the ECL; • Assumptions and inputs used to estimate the impact of multiple economic scenarios and related weightings; The amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted and credit-impaired loans; • Management "overlays" adjustments have been made for significant uncertainties not covered by the model. We identified the measurement of ECL of loans to customers of subsidiaries engaged in banking business as a key audit matter due to the significant amount and high degree of estimation uncertainty, the use of complex models, the application of extensive parameters and information, and the significant management judgments and assumptions involved, which carry significant inherent risks.	• We tested loans to customers (including but not only an extended sample of loans included into the credit watch list and/or classified on stage 3) on a sample basis to: – Perform testing over the accuracy of related key input data (including nominal and interest rates, etc.); – Perform the assessment as to whether the loans to customers were classified in the appropriate bucket; – Perform testing over the allocation of loans to customers into stages, including quarterly movements between stages, and the identification of defaulted and credit-impaired loans; – Perform testing on the validity of guarantees and the valuation and collateral received; • We assessed the reasonableness of ECL management "overlays" and post-model adjustments methodology and results performed by the management. Based on the procedures performed, the models, key parameters and data, significant judgement and assumptions adopted by management for measuring ECL and the measurement results were supported by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lo Kai Leung, Thomas.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 28, 2025

Consolidated Income Statement

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Sales of goods and services	5	508,951,647	431,637,448
Interest income	5	13,151,583	11,202,292
Interest expense	5	(9,296,795)	(6,827,574)
Net interest income		3,854,788	4,374,718
Total revenue	5	512,806,435	436,012,166
Cost of sales and services	8	(427,071,274)	(358,781,651)
Gross profit		85,735,161	77,230,515
Selling and distribution expenses	8	(26,306,656)	(23,301,787)
General and administrative expenses	8	(42,500,545)	(39,367,180)
Expected credit loss	8	(1,649,846)	(1,385,977)
Investment income and gains/(losses)	6	600,822	(1,810,241)
Other (losses)/gains – net	7	(554,396)	(1,518,200)
Finance income	10	1,482,890	2,194,418
Finance costs	10	(9,396,569)	(9,129,040)
Share of profit/(losses) of associates and joint ventures accounted for using the equity method		281,338	(488,580)
Profit before income tax		7,692,199	2,423,928
Income tax expense	13	(9,035)	(1,793,620)
Profit for the year		7,683,164	630,308
Profit/(Losses) attributable to:			
– Equity holders of the Company		133,231	(3,874,279)
– Other non-controlling interests		7,549,933	4,504,587
		7,683,164	630,308
Earnings/(Losses) per share for the profit attributable to the equity holders of the Company			
(expressed in RMB per share)			
Basic earnings/(losses) per share	14	0.06	(1.65)
Diluted losses per share	14	(0.01)	(1.68)

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit for the year		**7,683,164**	630,308
Other comprehensive (loss)/income:			
Items that will not be reclassified to income statement:			
Change in fair value of non-trading equity securities measured at fair value through other comprehensive income, net of taxes	13	**(758,642)**	(328,765)
Changes in credit risk on financial liabilities measured at fair value through profit or loss, net of taxes	13	**(4,108)**	4,924
Share of other comprehensive income of associates using equity accounting, net of taxes	13	**5,138**	3,874
Remeasurements of post-employment benefit obligation, net of taxes	13	**(61,805)**	198,017
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	13	**656**	13,713
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	13	**(12,145)**	4,132
Currency translation differences	13	**(6,591,775)**	2,103,019
Share of other comprehensive income of associates using equity accounting, net of taxes	13	**53,096**	37,429
Fair value change on cash flow hedges, net of taxes	13	**1,572,962**	238,370
Other comprehensive (loss)/income for the year, net of taxes		**(5,796,623)**	2,274,713
Total comprehensive income for the year		**1,886,541**	2,905,021
Attributable to:			
– Equity holders of the Company		**(2,129,234)**	(2,715,030)
– Other non-controlling interests		**4,015,775**	5,620,051
		1,886,541	2,905,021

Consolidated Balance Sheet

As at December 31, 2024

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**35,126,468**	33,957,749
Right-of-use assets	16	**5,220,550**	5,952,991
Investment properties	17	**15,233,388**	15,454,282
Intangible assets	19	**69,121,296**	72,629,625
Associates and joint ventures using equity accounting	12	**15,062,666**	16,243,201
Associates measured at fair value through profit or loss	12	**13,340,631**	14,778,452
Financial assets at fair value through other comprehensive income	21	**5,685,069**	5,834,084
Financial assets at fair value through profit or loss	31	**12,992,915**	12,124,523
Loans to customers	26	**92,717,892**	99,100,694
Derivative financial assets	22	**3,069,100**	3,763,806
Other financial assets at amortised cost	28	**59,162,601**	57,941,454
Deferred income tax assets	45	**26,898,503**	22,256,383
Other non-current assets	23	**14,288,921**	12,992,357
Total non-current assets		**367,920,000**	373,029,601
Current assets			
Inventories	29	**69,029,553**	46,877,633
Consumable biological assets	18	**1,036,182**	1,253,509
Properties under development	30	**19,252**	19,252
Accounts and notes receivables	24	**83,747,440**	73,920,969
Prepayments, other receivables and other current assets	25	**43,619,801**	39,902,791
Loans to customers	26	**32,317,267**	33,539,980
Loans to credit institutions	27	**2,606,559**	2,369,338
Derivative financial assets	22	**2,334,842**	854,527
Financial assets at fair value through profit or loss	31	**16,762,809**	20,174,378
Financial assets at fair value through other comprehensive income	21	**69,312**	32,401
Other financial assets at amortised cost	28	**9,741,293**	9,975,814
Balances with central banks	32	**1,392,255**	1,302,861
Restricted deposits	32	**4,359,161**	2,876,541
Bank deposits	32	**44,270**	31,939
Cash and cash equivalents	32	**60,967,998**	59,571,033
Total current assets		**328,047,994**	292,702,966
Total assets		**695,967,994**	665,732,567

Consolidated Balance Sheet
As at December 31, 2024

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*34*	**2,356,231**	2,356,231
Reserves		**52,022,885**	54,608,337
Total equity attributable to equity holders of the Company		**54,379,116**	56,964,568
Perpetual securities	*35*	**1,363,701**	1,361,913
Other non-controlling interests		**45,536,558**	45,426,285
Put option written on non-controlling interests	*40(b)(1)*	**(3,633,810)**	(3,633,810)
Total equity		**97,645,565**	100,118,956
LIABILITIES			
Non-current liabilities			
Borrowings	*44*	**71,896,889**	68,357,872
Lease liabilities	*16*	**2,057,001**	2,648,255
Amounts due to credit institutions	*41*	**525,055**	651,431
Amounts due to customers	*42*	**4,936,174**	3,473,989
Derivative financial liabilities	*22*	**2,429,229**	1,878,907
Deferred revenue	*37*	**11,105,675**	10,223,176
Retirement benefit obligations	*46*	**1,660,593**	1,691,093
Provisions	*47*	**1,445,647**	1,566,356
Financial liabilities at fair value through profit or loss	*43*	**16,970,623**	16,324,913
Deferred income tax liabilities	*45*	**9,626,032**	9,364,377
Other non-current liabilities	*40*	**6,265,175**	6,948,721
Total non-current liabilities		**128,918,093**	123,129,090

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and notes payables	36	**104,394,698**	77,802,993
Other payables and accruals	38	**114,121,609**	106,727,031
Amounts due to credit institutions	41	**20,514,453**	28,590,518
Amounts due to customers	42	**136,233,685**	141,535,061
Financial liabilities at fair value through profit or loss	43	**8,666,316**	6,799,953
Derivative financial liabilities	22	**786,682**	1,681,868
Provisions	47	**6,319,826**	6,485,875
Advance from customers	39	**2,386,518**	1,306,372
Deferred revenue	37	**11,585,917**	11,248,679
Income tax payables		**4,213,956**	3,054,764
Lease liabilities	16	**832,136**	1,096,417
Borrowings	44	**59,348,540**	56,154,990
Total current liabilities		**469,404,336**	442,484,521
Total liabilities		**598,322,429**	565,613,611
Total equity and liabilities		**695,967,994**	665,732,567

The consolidated financial statements on pages 143 to 327 were approved by the Board of Directors on March 28, 2025 and were signed on its behalf.

NING Min	**LI Peng**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	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, 2023	2,356,231	11,281,940	919,845	(345,153)	4,529,793	(207,195)	(191,466)	(3,050,202)	(3,507,370)	45,178,145	1,361,913	45,426,285	(3,633,810)	100,118,956
Profit for the year	–	–	–	–	–	–	–	–	–	133,231	–	7,549,933	–	7,683,164
Other comprehensive (loss)/income														
Fair value changes on financial assets at fair value through other comprehensive income	–	–	–	(645,073)	–	–	–	–	–	–	–	(125,714)	–	(770,787)
Credit risk changes on financial liabilities measured at fair value through profit or loss	–	–	–	(3,696)	–	–	–	–	–	–	–	(412)	–	(4,108)
Share of other comprehensive income of associates using equity accounting	–	–	–	58,234	–	–	–	–	–	–	–	–	–	58,234
Fair value change on cash flow hedges	–	–	–	–	–	–	508,879	–	–	–	–	1,064,083	–	1,572,962
Currency translation differences	–	–	–	–	–	–	–	(2,172,445)	–	–	–	(4,419,330)	–	(6,591,775)
Remeasurement of post-employment benefit obligations	–	–	–	–	–	–	–	–	(8,954)	–	–	(52,851)	–	(61,805)
Revaluation of investment properties upon reclassification from property, plant and equipment	–	–	–	590	–	–	–	–	–	–	–	66	–	656
Total comprehensive (loss)/income for the year	–	–	–	(589,945)	–	–	508,879	(2,172,445)	(8,954)	133,231	–	4,015,775	–	1,886,541
Total transfer to retained earnings	–	–	–	1,400,324	–	–	–	–	–	(1,400,324)	–	–	–	–
Total transactions with owners, recognised directly in equity														
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(30,613)	–	–	(165,015)	–	(195,628)
Transaction with other non-controlling interests *(Note 53)*	–	–	–	–	–	–	–	–	(732,645)	–	–	(1,625,570)	–	(2,358,215)
Contribution from other non-controlling interests	–	–	–	–	–	–	–	–	18,110	–	–	773,924	–	792,034
Transfer to reserve	–	–	–	–	–	–	–	–	(65,419)	62,943	–	3,091	–	615
Share of other reserve of associates	–	–	–	–	–	–	–	–	30,369	–	–	–	–	30,369
Share-based compensation	–	–	–	–	266,738	60,530	–	–	–	–	–	707,067	–	1,034,335
Transfer to statutory surplus reserve	–	–	86,465	–	–	–	–	–	–	(86,465)	–	–	–	–
Dividends paid and declared *(Note 48)*	–	–	–	–	–	–	–	–	–	–	–	(3,591,624)	–	(3,591,624)
Coupon paid/interest adjustment holders of perpetual securities	–	–	–	–	–	–	–	–	–	(66,231)	1,788	(7,375)	–	(71,818)
Total transactions with owners, recognised directly in equity	–	–	86,465	–	266,738	60,530	–	–	(780,198)	(89,753)	1,788	(3,905,502)	–	(4,359,932)
As at December 31, 2024	2,356,231	11,281,940	1,006,310	465,226	4,796,531	(146,665)	317,413	(5,222,647)	(4,296,522)	43,821,299	1,363,701	45,536,558	(3,633,810)	97,645,565

	Attributable to the equity holders of the Company													
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000*	Revaluation reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Shares held for share scheme *RMB'000*	Hedging reserve *RMB'000*	Exchange reserve *RMB'000*	Other reserve *RMB'000*	Retained earnings *RMB'000*	Perpetual securities *RMB'000*	Other non-controlling interests *RMB'000*	Put option written on non-controlling interests *RMB'000*	Total *RMB'000*
As at January 1, 2023	2,356,231	11,281,940	919,845	(127,215)	4,320,128	(336,574)	(145,490)	(4,376,379)	(828,997)	49,521,938	1,360,118	41,843,891	(3,633,810)	102,155,626
(Losses)/Profit for the year	–	–	–	–	–	–	–	–	–	(3,874,279)	–	4,504,587	–	630,308
Other comprehensive (loss)/income														
Fair value changes on financial assets at fair value through other comprehensive income	–	–	–	(278,063)	–	–	–	–	–	–	–	(46,570)	–	(324,633)
Credit risk changes on financial liabilities measured at fair value through profit or loss	–	–	–	4,431	–	–	–	–	–	–	–	493	–	4,924
Share of other comprehensive income of associates using equity accounting	–	–	–	41,303	–	–	–	–	–	–	–	–	–	41,303
Fair value change on cash flow hedges	–	–	–	–	–	–	(45,976)	–	–	–	–	284,346	–	238,370
Currency translation differences	–	–	–	–	–	–	–	1,391,596	–	–	–	711,423	–	2,103,019
Remeasurement of post-employment benefit obligations	–	–	–	–	–	–	–	–	32,000	–	–	166,017	–	198,017
Revaluation of investment properties upon reclassification from property, plant and equipment	–	–	–	13,958	–	–	–	–	–	–	–	(245)	–	13,713
Total comprehensive (loss)/income for the year	–	–	–	(218,371)	–	–	(45,976)	1,391,596	32,000	(3,874,279)	–	5,620,051	–	2,905,021
Total transfer to retained earnings	–	–	–	433	–	–	–	(65,419)	–	64,986	–	4,073	–	4,073
Total transactions with owners, recognised directly in equity														
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	14,757	–	14,757
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(1,547)	–	(1,547)
Transaction with other non-controlling interests *(Note 53)*	–	–	–	–	–	–	–	–	(2,660,848)	–	–	114,267	–	(2,546,581)
Contribution from other non-controlling interests	–	–	–	–	–	–	–	–	17,672	–	–	609,048	–	626,720
Transfer to reserve	–	–	–	–	–	–	–	–	1,112	923	–	4,274	–	6,309
Share of other reserve of associates	–	–	–	–	–	–	–	–	(68,309)	–	–	253	–	(68,056)
Share-based compensation	–	–	–	–	209,665	129,379	–	–	–	–	–	735,530	–	1,074,574
Dividends paid and declared *(Note 48)*	–	–	–	–	–	–	–	–	–	(471,257)	–	(3,511,168)	–	(3,982,425)
Coupon paid/interest adjustment holders of perpetual securities	–	–	–	–	–	–	–	–	–	(64,166)	1,795	(7,144)	–	(69,515)
Total transactions with owners, recognised directly in equity	–	–	–	–	209,665	129,379	–	–	(2,710,373)	(534,500)	1,795	(2,041,730)	–	(4,945,764)
As at December 31, 2023	2,356,231	11,281,940	919,845	(345,153)	4,529,793	(207,195)	(191,466)	(3,050,202)	(3,507,370)	45,178,145	1,361,913	45,426,285	(3,633,810)	100,118,956

Consolidated Cash Flow Statement

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	*49*	**30,781,218**	14,044,385
Income tax paid		**(3,704,353)**	(5,088,636)
Net cash generated from operating activities		**27,076,865**	8,955,749
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(12,781,328)**	(14,776,433)
Proceeds from sale of property, plant and equipment and intangible assets		**266,731**	470,477
Purchase of financial assets at fair value through profit or loss		**(9,993,363)**	(12,709,623)
Proceeds from the disposal of financial assets at fair value through profit or loss		**11,775,753**	12,196,185
Dividends from financial assets at fair value through profit or loss		**211,370**	221,844
Capital injection in associates measured at fair value through profit or loss		**(982,533)**	(458,500)
Distributions from associates measured at fair value through profit or loss		**1,943,644**	2,563,393
Acquisition of and capital injection in associates and joint ventures using equity accounting		**(88,648)**	(120,803)
Proceeds from disposal of associates using equity accounting		**399,870**	958,034
Dividends from associates using equity accounting		**422,683**	371,735
Purchase of financial assets at fair value through other comprehensive income		**(56,828)**	(354,017)
Disposal of financial assets at fair value through other comprehensive income		**293,971**	400,305
Dividends from financial assets at fair value through other comprehensive income		**448**	18,539
Acquisition of subsidiaries, net of cash acquired		**(158,834)**	(1,006,477)
Disposal of subsidiaries, net of cash disposed		**89,623**	66,217
Loans (granted to)/repaid from related parties and third parties		**(16,923)**	517,092
Interest received		**723,336**	1,234,203
Increase in fixed deposits for more than 3 months		**(2,113,697)**	(91,107)
Disposal of financial assets at amortized cost and derivative financial instruments		**121,615**	138,914
Net cash used in investing activities		**(9,943,110)**	(10,360,022)

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**185,787,933**	109,527,783
Repayments of borrowings		**(187,453,976)**	(118,169,010)
Repayments of lease liabilities		**(1,085,631)**	(1,034,871)
Issue of other bonds, net of issuance costs		**3,094,850**	4,221,351
Repurchase of convertible preferred shares		**–**	(327,464)
Proceeds from warrants subscription		**822,062**	–
Capital injections from other non-controlling interests		**883,481**	1,981,985
Distribution to other non-controlling interests		**(3,508,412)**	(3,577,213)
Transaction with other non-controlling interests		**(1,608,092)**	(4,340,172)
Dividends paid to equity holders of the Company		**(136,875)**	(443,759)
Interest paid		**(10,922,115)**	(10,468,186)
Net cash used in financing activities		**(14,126,775)**	(22,629,556)
Net increase/(decrease) in cash and cash equivalents		**3,006,980**	(24,033,829)
Cash and cash equivalents at beginning of year		**59,571,033**	81,159,017
Exchange (losses)/gains on cash and cash equivalents		**(1,610,015)**	2,445,845
Cash and cash equivalents at end of year	*32*	**60,967,998**	59,571,033

Notes to Financial Statements

1. GENERAL INFORMATION

Legend Holdings Corporation (the "Company") is a joint stock company with limited liability under Company Law of the People's Republic of China ("PRC"). 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: diversified-industries operation and industrial incubations and investments.

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

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

2. SUMMARY OF ACCOUNTING POLICIES

The 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.

Material Accounting Policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involve a higher degree of judgment or complexity, or the areas where assumptions and estimates that are significant to the consolidated financial statements are disclosed in note 4.

2.2 Amended standards and interpretation adopted

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

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

Except for IAS 7 and IFRS 7 (Amendments) disclosed as follows, other amendments to IFRS and IAS effective for the financial year beginning on January 1, 2024 do not have a material impact on the Group's consolidated financial statements.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)
Material Accounting Policies (Continued)
2.2 Amended standards and interpretation adopted (Continued)
Supplier Financing Arrangements (SFAs)

SFAs mainly from Lenovo. Lenovo has established supplier finance arrangements with several financial institutions, in collaboration with its suppliers, to facilitate efficient payment processing of supplier invoices. These arrangements enable suppliers and subcontractors to receive either on-time or early payment from the related invoice due date, providing them with improved liquidity and cash flow management. At the same time, Lenovo benefits from a higher degree of flexibility in managing its liquidity.

In determining whether the liabilities to the financial institutions under these arrangements are presented separately from trade and notes payables (Note 36), other payables and accruals (Note 38) in the consolidated balance sheet, management considers whether the nature and function of these liabilities are substantially different from trade and notes payables, and other payables and accruals. The Group classifies financial liabilities that arise from SFAs within trade and notes payables, and other payables and accruals in the consolidated balance sheet. For the purpose of presenting consolidated cash flow statement, cash flow related to the liabilities arising from supplier finance arrangements that are classified as trade and notes payables, and other payables and accruals are still part of the working capital used in the Group's principal revenue generating activities and presented as arising from operating activities.

2.3 New and amended standards not yet adopted

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

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

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.3 New and amended standards not yet adopted (Continued)

Impact of standard released not yet adopted

Certain new and amended standards have been published that are not mandatory for the financial year beginning on January 1, 2024 and have not been early adopted by the Group. The Group's assessment of the impact of these new and amended standards is still in progress.

2.4 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The seller in a business combination may contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. The acquirer shall recognise an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated income statement.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.4 Subsidiaries (Continued)

(a) Business combination (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group will report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group will also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period does not exceed one year from the acquisition date.

Any contingent consideration is recognised as equity or financial liability. Subsequent changes to the fair value of the contingent consideration that is classified as liability is recognised in income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)
Material Accounting Policies (Continued)
2.4 Subsidiaries (Continued)
(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in equity.

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as liabilities. The amount that may become payable under the option on exercise is initially recognised at the present value of redemption amount as a written put option liability with a corresponding charge directly to equity.

Written put option liability is subsequently re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognised in income statement. In the event that the option expires unexercised, the written put option liability is derecognised with a corresponding adjustment to equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset at fair value. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities, amounts previously recognised in other comprehensive income are reclassified to income statement.

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries accounted for at cost is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.5 Associates

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(a) Equity method of accounting

Investments in associates other than those investments in VC Funds, PE Funds and preferred shares investments of the Group are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the income statement of the investee after the date of acquisition. The Group's investment in associates using equity accounting includes goodwill identified on acquisition, net of any accumulated impairment losses.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to income statement where appropriate.

The Group's share of its associates' post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in the associates' other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "general and administrative expenses" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated income statement only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.5 Associates (Continued)

(b) Fair value through profit or loss

The Group has invested as a limited partner in certain VC Funds and PE Funds and exerted significant influence. The Group has applied the measurement exemption within IAS 28 "Investment in Associates and Joint Ventures" for mutual funds, unit trusts and similar entities and such investments are measured at fair value through profit or loss, and presented as "associates measured at fair value through profit or loss" in the consolidated balance sheet.

The Group has invested in preferred shares of associates, which are designated at fair value through profit or loss at initial recognition and presented as "financial assets at fair value through profit or loss" in the consolidated balance sheet.

2.6 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income of the joint ventures. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably (if applicable). The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation of buildings, building-related equipment and leasehold improvements is calculated using the straight-line method to allocate their costs to their estimated residual values over the unexpired periods of the leases or their expected useful lives to the Group whichever is shorter.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs to their estimated residual values over their estimated useful lives to the Group. The principal annual rates used for this purpose are:

–	Land and buildings	10-50 years
–	Machinery and equipment	2-12 years
–	Motor & Vehicles	2-6 years
–	Furniture	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.12).

Gains or losses on disposals of assets are determined by comparing the proceeds with the carrying amount and are recognised within "other (losses)/gains – net" in the consolidated income statement.

Construction-in-progress represents buildings, plant and machinery and internal use software under construction and pending installation and is stated at historical cost, less any accumulated impairment losses. Historical cost comprises all direct and indirect costs of acquisition or construction or installation of buildings, plant and machinery or internal use software as well as interest expenses and exchange differences on the related funds borrowed during the construction, installation and testing periods and prior to the date when the assets were available for use. No depreciation or amortization is provided for construction-in-progress. On completion, the carrying values of the buildings, plant and machinery or internal use software are transferred from construction-in-progress to property, plant and equipment or intangible assets.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.9 Lease

As lessee:

The Group leases various lands, buildings and equipments. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease are recognised as a right-of-use asset and a lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.9 Lease (Continued)

As lessee: (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

As lessor:

The Group continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently which is same as IAS 17.

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investments in associates and joint ventures.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment tests are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. As for intangible assets like trademarks that have conclusive evidence that the useful life can not be estimated, they are subject to impairment testing annually. The Group have indefinite use rights to these trademarks.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated lives, which are not more than 15 years.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.10 Intangible assets (Continued)

(d) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Development costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Acquired computer software licences costs and computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

(e) Patents, technology and marketing right

Expenditures on acquired patents, technology and marketing rights are capitalised at historical cost which is the fair value at acquisition and amortised using the straight-line method over their estimated useful lives of not more than 10 years.

(f) Aquaculture franchise and water right

Aquaculture franchise and water right acquired in business combination shall be recognized at fair value on the date of purchase. Aquaculture franchise and water right acquired individually is recognized at historical cost. Aquaculture franchise and most water right is intangible assets with indefinite useful life. Intangible assets with indefinite useful life shall not be amortized, whether there is any sign of impairment, impairment test shall be conducted at least annually.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.11 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met.

Investment property is initially measured at cost, including related transaction costs and borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in "other (losses)/gains – net".

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

When the owner-occupied properties transferring to investment properties, a revaluation surplus is credited to other comprehensive income and accumulated in equity under the heading of revaluation surplus. The revaluation surplus included in equity may be transferred directly to retained earnings when the surplus is realised.

2.12 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal cost and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.13 Investment and other financial assets

2.13.1 Classification and measurement

The Group classifies its financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

- those to be measured at amortised cost;
- those to be measured subsequently at fair value through OCI; and
- those to be measured subsequently at fair value through profit or loss.

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

The contractual cash flow characteristics of financial assets refer to contractual terms as agreed in the financial instrument contracts that reflect the economic characteristics of the financial assets, i.e., the contractual cash flows arising at a specified date from the financial assets are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Of which, the principal is the fair value of the financial asset at initial recognition, and the amount of the principal may change over the life of the financial asset, if, e.g., there are repayments of principal; and the interest includes consideration for the time value of money, and credit risk, other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value. For financial assets that are at FVPL, the transaction costs are expensed in profit or loss; for financial assets with other categories, the transaction costs are recognised in the initial carrying amounts. For trade and other receivables arising from rendering goods or services with no significant financing component, the Group measures their initial carrying amount as the cash flows that the Group is entitled and expected to receive.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.13 Investment and other financial assets (Continued)

2.13.1 Classification and measurement (Continued)

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses)/gains – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other (losses)/gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains – net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Investment income and gains/(losses)" in the period in which it arises.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.13 Investment and other financial assets (Continued)

2.13.1 Classification and measurement (Continued)

(b) Equity instruments

The Group subsequently measures all equity investments at FVPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is made, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and reversal of impairment losses are not reported separately from other changes in fair value.

For the Group's equity instruments not held for trading purposes and those designated at FVOCI, when they are derecognised, the difference between the carrying amount and the consideration is recognised in retained earnings, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to the retained earnings; for other financial assets measured at FVOCI, the difference between the carrying amount and the consideration is recognised in profit or loss, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to profit or loss.

2.13.2 Recognition and de-recognition

The Group derecognises a financial asset if one of the following conditions is met:

- The contractual rights to receive the cash flows from the financial asset expire;
- The financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of such financial asset;
- The financial asset has been transferred, the Group has not retained any control over the financial asset, even if the Group neither transfers nor retains substantially all the risks and rewards of ownerships of the financial asset.

For the Group's equity instruments not held for trading purposes and designated at FVOCI, when they are derecognised, the difference between the carrying amount and the consideration is recognised in retained earnings, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to the retained earnings; for other financial assets measured at FVOCI, the difference between the carrying amount and the consideration is recognised in profit or loss, also, the cumulative gains or losses previously recognised in other comprehensive income are recycled to profit or loss.

The de-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase, the Group will derecognise the financial asset.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.13 Investment and other financial assets (Continued)

2.13.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13.4 Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its loans to customers (including advances), debt instrument assets carried at FVOCI, accounts and other receivables, lease receivable, other financial assets at amortised cost, contract assets, loan commitments and financial guarantee contracts for the issuer which are not measured at fair value through profit or loss.

When calculating the probability-weighted present value of the difference between the contractual and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as the ECL.

At each balance sheet date, the Group calculates the ECL of financial instruments in different stages. Stage 1 refers to financial instruments that have not had a significant increase in credit risk since initial recognition; Stage 2 refers to financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment; Stage 3 refers to financial assets for which there are objective evidence of impairment at the reporting date since initial recognition. For these assets at Stage 1, 12-month ECL are recognised and for assets at stage 2 and 3, life-time ECL are recognised. For financial instruments with lower credit risk at the balance sheet date, the Group assume that the credit risk has not increased significantly since initial recognition and measure the loss allowance based on the expected credit losses over the next 12 months.

For financial assets in stage 1 and stage 2, interest income is calculated based on the gross carrying amount of the asset, that is, without deduction for credit allowance, and the effective interest rates. For financial assets in stage 3, interest income is calculated on the net carry amount, that is, net of credit allowances, and the effective interest rates.

The Group recognises the provision and reversal of ECL in profit or loss. For debt instrument at FVOCI, the Group makes relevant adjustments to other comprehensive income at the same time as recognizing ECL in profit or loss.

For accounts receivables, whether there is significant financial component or not, the Group recognises life-time ECL.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.14 Derivative financial instruments and hedging activities

The Group chose to continue to apply the hedging accounting requirements of IAS 39 to all their hedging relationships in the first adoption of IFRS 9 on January 1, 2018, until the adoption of new macro hedging standards.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22. Movements on the hedging reserve in shareholders' equity are shown in consolidated statements of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.14 Derivative financial instruments and hedging activities (Continued)

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidation income statement within "other (losses)/gains – net".

Amounts accumulated in equity are reclassified to income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within "finance cost". The gain or loss relating to the ineffective portion is recognised in the consolidated income statement within "other (losses)/gains – net".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss on the hedging instrument that has been recognised as other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised as other comprehensive income from the period when the hedge was effective shall be immediately reclassified from equity to the consolidated income statement within "other (losses)/gains – net".

(c) Net investment hedges in foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses accumulated in equity are reclassified to the consolidated income statement when the foreign operation is partially disposed of or sold.

Hedge of the interest-rate risk exposure of a portfolio

The Group performs an overall analysis of interest-rate risk exposure. This involves assessing fixed-rate exposure, taking into account all the exposure coming from balance sheet and off-balance sheet items. This global analysis may exclude certain components of the exposure, such as financial market activities, provided that the risk exposure stemming from the excluded activities is monitored on an activity-by-activity basis.

The Group applies the same methodology to select which assets and/or liabilities will be entered into the portfolio's hedge of interest-rate risk exposure. Assets and liabilities are included in all the time buckets of the portfolio. Hence, when they are removed from the portfolio, they must be removed from all the time buckets in which they had an impact. Demand deposits and savings accounts may be included in the portfolio, based on behavioural study to estimate expected maturity date. The Group may designate as qualifying hedged items different categories of assets or liabilities.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.14 Derivative financial instruments and hedging activities (Continued)

(c) Net investment hedges in foreign operation (Continued)

Hedge of the interest-rate risk exposure of a portfolio (Continued)

On the basis of this gap analysis, which is carried out on a gross basis, the Group defines, at conception, the risk exposure to be hedged, the length of the time bucket, the test method and the frequency of the tests.

The hedging instruments are a portfolio of derivatives, which may contain offsetting positions. The Group recognizes the hedging items at fair value with adjustments accounted for in the consolidated income statement.

2.15 Biological assets

The biological assets of the Group mainly include consumable biological assets.

(a) Classification of consumable biological assets

The Group's consumable biological assets mainly include Atlantic salmon, which can be classified into roe, fry and juvenile fish in fresh water and fish on fatten stage in sea water by stage of production.

The Group shall recognise consumable biological assets when, and only when:

- The Group controls the asset as a result of past events;
- It is probable that future economic benefits associated with the assets will flow to the Group; and
- The fair value or cost of the assets can be measured reliably.

(b) Initial recognition of consumable biological assets

The consumable biological assets acquired by the Group are measured as its acquisition cost. The cost of purchased consumable biological assets consists of the purchase price, the relevant taxes, freights, insurance and other expenses that is directly attributable to the purchase of the biological assets.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.15 Biological assets (Continued)

(c) Subsequent measurement of consumable biological assets

The biological assets including roe, fry and juvenile fish in fresh water are measured as cost since no active market for selling such assets. For fish on fattening stage in sea water less than the minimum weight is measure at cost since the fair value cannot be determined reliably.

The biological assets, salmon, in the fattening stage in seawater are measured at the net value of fair value less the estimated costs at the point of sale applying the weight criteria, except when the fair value cannot be determined reliably.

The calculation of the fair value is based on market prices for harvested fish, adjusted for their own differences in total weight, gauge and quality distribution and weight ranges of the fish harvested, taking into account the weight criteria set out in the table below, and then adjusted by the cost for selling, including harvest cost, process costs and freight costs to destination.

The Group reviews the fair value of the biological asset in each feeding centre at the end of each reporting period. The fair value change of the biological assets measured at fair value is recognised in the consolidated income statement.

The measurement mode and weight criteria of biological assets of salmons are as follows:

Stage	Assets	Accounting measurement
Fresh water	Roe	Measured at direct and indirect costs incurred
Fresh water	Fry and juvenile fish	Measured at direct and indirect costs incurred
Sea water	Fish on fattening process	Criteria for fair value measurement mode:
		Atlantic salmon, with average harvest weight more than 4 kilos, by average price of HON (Head on, Gutted) and Trim.

More information on relevant assumptions to confirm the fair value of salmon is set out in Note 4.1(l).

The consumable biological assets are transferred to finished products of inventory at the carrying value when harvest. When finished products are sold, the carrying value of the inventory is transferred to cost of sales and services, and the accumulated fair value change of the inventory is transferred to "other (losses)/gains – net" from cost of sales and services.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.15 Biological assets (Continued)

(d) impairment of biological assets

The Group reviews the consumable biological assets measured at cost at least annually at the end of each year. If there is conclusive evidences that the net realisable value of the consumable biological assets is lower than its carrying value due to natural disasters, pests or market demand changes, the provision for impairment of biological assets shall be recognised in the consolidated income statement at the amount of the differences between the carrying value and the net realisable value.

The provision of impairment of consumable biological assets shall be reversed through profit or loss limited to impairment made if the impairment factors of consumable biological assets has disappeared.

2.16 Inventories and properties under development

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined on a weighted average basis. The cost of finished goods (except for trading products) and work-in-progress comprises direct materials, direct labor and an attributable proportion of production overheads. For trading products, cost represents invoiced value on purchases, less purchase returns and discounts. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Development cost of properties under development comprise land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale. Net realisable value of properties under development is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. The majority of other receivables are arising from IT business and represent amounts due from subcontractors for part components sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are initially measured at consideration amounts with no additional conditions, with the exception that receivables containing material financing component should be initially measured at fair value. Receivables' cash flows represent SPPI. Trade and notes receivables that are held for collection of contractual cash flows and for selling the assets shall be measured at FVOCL. Receivables that are held for collection of contractual cash flows are measured at amortised cost using effective interest rate method. For more information on accounting treatment of account receivables of the Group, please see Note 24.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to equity holders of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects is included in equity attributable to the Company's equity holders.

2.19 Financial liabilities

2.19.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through the profit or loss include those classified as held for trading, and those designated by the Group upon recognition as at fair value through the profit or loss.

A financial liability is classified as held for trading if it is: (i) acquired or incurred principally for the purpose of repurchasing it in the near term; (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or (iii) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liabilities are designated at fair value through the profit or loss upon initial recognition when: (i) the financial liabilities or are managed, evaluated and reported internally on a fair value basis; (ii) the designation eliminates or significantly reduces an accounting mismatch in the gain and loss recognition arising from the difference in measurement bases of the financial liabilities; or (iii) a contract contains one or more embedded derivatives, i.e. an entire hybrid (combined) contract, unless: the embedded derivative does not significantly modify the cash flows that otherwise would be required by the hybrid (combined) contract; or it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative is prohibited.

2.19.2 Other financial liabilities

Financial liabilities, other than trading liabilities and those designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint venture are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.21 Employee benefits

The Group operates various post-employment schemes. The schemes are generally funded through payments to insurance companies or trustee-administrated funds, which are measured by periodic actuarial calculation. The Group has both defined benefit and defined contribution plans.

(a) Pension obligations

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. Significant portion of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive loss in the period in which they arise.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.21 Employee benefits (Continued)

(a) Pension obligations (Continued)

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are reduced by employer's portion of voluntary contributions forfeited by those employees who leave the scheme prior to vesting fully. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's contributions to local municipal government retirement schemes in connection with retirement benefit schemes in the Chinese Mainland are expensed as incurred. The local municipal governments in the Chinese Mainland assume the retirement benefit obligations of the qualified employees.

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, the largest being in the United States. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as other comprehensive loss in the period in which they arise. The obligations of these schemes in the United States are valued annually by independent qualified actuaries.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.22 Provisions

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

(a) Warranty provision

The Group records warranty liabilities at the time of sale for the estimated costs that will be incurred under its basic limited warranty. The specific warranty terms and conditions vary depending upon the product and the country in which it was sold, but generally includes technical support, repair parts and labour associated with warranty repair actions. The period ranges from one to three years. The Group revaluates its estimates on a quarterly basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

(b) Provision for loans commitments and financial guarantee contracts

For loans commitments and financial guarantee contracts, impairment losses are recognized as provisions.

(c) Other provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring costs provision comprises lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.23 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries or regions where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equivalent taxable and temporary differences. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.24 Revenue recognition

The Group recognizes revenue at designated expected transaction considerations of goods or services when our client gains control over the underlining goods or services. The Group allocates transaction considerations to each underlining obligations based on stand-alone sale prices. Revenue generated from each obligation is recognized when the Group delivers promised goods or performs underlining services. The Group's allocation is based on past years' rebate performance considering client classification, transaction clusters and special features of each arrangement.

(a) Sales of goods

Revenue from sale of hardware, software and peripherals, mobile devices, chemicals and energy materials, agriculture products and other products is recognised, net of value-added tax, an allowance for estimated returns, rebates and discounts, when the right of control is effectively transferred to customer, generally when there is a persuasive evidence that a sales arrangement exists, the price is fixed or determinable, collectability is reasonably assured and delivery has occurred. The Group enters into different shipping terms with customers. Delivery is generally considered as occurred once the goods are shipped. For certain transactions, the Group defers the recognition of revenue and cost of shipped products until the goods are delivered to designated locations and the transfer of right of control is completed.

The contract liability will continue for a period, the related revenue will be deferred and amortised as earned over the contract period ranging from one to four years. At the end of the reporting period, the excess of the cumulative consideration received from the contracted customer over the cumulative revenue recognized is recognized as a contract liability recorded in deferred revenue. Please refer to Note 37 for more information.

(b) Rental income

Revenue is recognised on a time proportion basis over the lease terms.

(c) Provision of service

Revenues from the provision of logistic services, property management services, dental care services, consultancy and commission income and management fees are all recognised in the accounting period in which the services are rendered. Revenues from provision of system integration services and IT technical services are recognised over the term of contract or when services are rendered.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Material Accounting Policies (Continued)

2.24 Revenue recognition (Continued)

(d) Guarantee income

Guarantee income is determined based on the total agreed fee in the guarantee contracts and is recognised in the consolidated income statement over the period of guarantee.

(e) Interest income

Interest income is recognised using the effective interest method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(f) Fee and commission income

Commissions and fees are recognised on an accrual basis over the life of the underlying transaction. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of loans, equity securities or other securities or the purchase or sale of businesses, are recognised when the significant act has been completed. For asset management operations, revenue consists principally of unit trust and mutual fund management and administration fees. Revenue from asset management is recognised as earned when the service is provided. Performance fees are recognized when all underlying conditions are met and thus acquired.

(g) Contractual assets/liabilities

The excess of the cumulative revenue recognized over the cumulative consideration received and due from the contracted customer is recognized as a contract asset on the consolidated balance sheet. On the contrary, the excess of the cumulative consideration received from the contracted customer over the cumulative revenue recognized is recognized as a contract liability and recorded in deferred revenue or advances from customers is recognized. As at December 31, 2024, the contract asset and the contract liability of the Group are classified as current and non-current portions based on their respective recovery or settlement periods. The time that the Group has the right to unconditionally obtain the consideration of the goods and service committed in the contract is almost the same as the time that right of control of the goods and service. Thus, as at December 31, 2024, the contract assets of the Group are not material.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Accounting Policies

2.25 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to monetary assets and liabilities denominated in foreign currency are presented in the consolidated income statement within "other (losses)/gains – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement presented are translated at average exchange rates which calculated on the basis of the corresponding risk management model (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Accounting Policies (Continued)

2.25 Foreign currency translation (Continued)

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.26 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.27 Trade payables

Trade payables are amounts paid for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.28 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for capital services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.29 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Accounting Policies (Continued)

2.30 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation can not be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.31 Share-based payments

The Group operates a number of equity-settled compensation plans, including the long-term incentive program adopted by a principal subsidiary, Lenovo, and the restricted shares granted by the Company (collectively referred to as "Incentive Awards") under which the Group receives services from employees as consideration for the Incentive Awards granted. The fair value of the employee services received in exchange for the grant of the Incentive Awards is recognised as employee benefit expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the Incentive Awards granted, including any market performance conditions (for example, an entity's share price) and non-vesting conditions, but excluding the impact of any non-market performance vesting conditions (for example, profitability and sales growth targets); and including the impact of non-vesting conditions. Non-market performance and service conditions are included in assumptions about the number of Incentive Awards granted that are expected to become exercisable/vested. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At each balance sheet date, the Group revises its estimates of the number of Incentive Awards granted that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to share-based compensation reserve under equity.

2.32 Dividend income

Dividend income is recognised when the right to receive payment is established.

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Accounting Policies (Continued)

2.33 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised as "other (losses)/gains – net" in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are recognised in the consolidated income statement on a systematic basis over the periods in which the entity recognises as expenses the related assets for which the grants are intended to compensate.

2.34 Related party transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party of the Group, regardless of whether a price is charged.

(a) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Company;
- has significant influence over the Company; or
- is a member of the key management personnel of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- One entity with one entity of the Group are both joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third party;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in (a) above;
- A person, or a close member of that person's family, who has control or joint control over the Company, has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Other Accounting Policies (Continued)

2.35 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has implemented a unified and multi-tiered financial control management system. The Company guides and supervises major aspects of financial management of its subsidiaries and each subsidiary manages its financial risks locally. Certain subsidiaries of the Company use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(I) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar ("USD"), Renminbi ("RMB"), Euro ("EUR") and Swiss Franc ("CHF"). Foreign exchange risk arises from the future business transactions, recognised assets and liabilities and net investment in foreign operations denominated in a currency other than the functional currency of the Group's subsidiaries. Each subsidiary of the Group monitors the amount of assets and liabilities and transactions denominated in foreign currencies closely in order to minimise the foreign exchange risk and enter into forward exchange contracts to mitigate the foreign currency risk as appropriate.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(I) Foreign exchange risk (Continued)

The carrying amount in RMB equivalents of the financial assets and liabilities held by the Group denominated in the currencies other than their respective functional currencies are summarised below:

	As at December 31, 2024					
	USD	RMB	EUR	CHF	Other	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Account and other receivables	4,970,312	208,573	1,425,918	8,352	234,312	6,847,467
Cash and cash equivalents, bank deposits, restricted deposits and balances with central banks	2,586,507	1,844,678	563,517	4,662,385	1,471,092	11,128,179
Loans to customers and credit institutions	5,118,401	–	1,284,611	1,508,555	1,519,176	9,430,743
Other financial assets at amortized cost	9,396,983	–	–	–	209,182	9,606,165
Financial assets at fair value through profit or loss	136,259	–	–	–	5,767	142,026
Financial assets at fair value through other comprehensive income	1,424	–	–	11,494	–	12,918
Derivative financial assets	553,369	–	497,920	21,164	497,802	1,570,255
Other assets	1,452	12,536	1,951	1,038	7,863	24,840
Trade and other payables	(3,697,536)	(705,298)	(784,795)	(3,369)	(3,025,593)	(8,216,591)
Amount due to customers and credit institutions	(21,817,423)	–	(1,082,957)	(909,111)	(5,165,812)	(28,975,303)
Borrowings	(1,653,319)	–	(1,754,426)	–	(2,839,992)	(6,247,737)
Financial liabilities at fair value through profit or loss	(5,836,161)	–	–	(1,750,760)	(1,673,188)	(9,260,109)
Derivative financial liabilities	(458,401)	–	(31,846)	(82,600)	(108,690)	(681,537)
Other liabilities	(1,167,841)	(1,121)	(11,087)	(1,446,239)	(402,564)	(3,028,852)
Intercompany balances before elimination	11,341,167	27,416,658	(4,336,855)	–	256,791	34,677,761
Gross exposure	(524,807)	28,776,026	(4,228,049)	2,020,909	(9,013,854)	17,030,225
Notional amounts of contracts used as economic hedge	40,097,646	2,505,351	(18,387,461)	–	1,474,221	25,689,757
Net exposure	39,572,839	31,281,377	(22,615,510)	2,020,909	(7,539,633)	42,719,982

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(I) Foreign exchange risk (Continued)

	As at December 31, 2023					
	USD	RMB	EUR	CHF	Other	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Account and other receivables	6,012,928	1,789,479	1,182,281	36,920	874,465	9,896,073
Cash and cash equivalents, bank deposits, restricted deposits and balances with central banks	2,052,554	441,849	1,180,843	6,245,018	1,072,053	10,992,317
Loans to customers and credit institutions	5,399,438	–	1,954,377	978,371	2,229,964	10,562,150
Other financial assets at amortized cost	10,020,308	–	578,498	–	–	10,598,806
Financial assets at fair value through profit or loss	93,969	–	–	–	2,081	96,050
Financial assets at fair value through other comprehensive income	103,949	–	–	11,470	–	115,419
Derivative financial assets	157,006	–	52,825	10,777	111,234	331,842
Other assets	507,462	–	2,215	967	21,974	532,618
Trade and other payables	(5,211,234)	(182,010)	(784,196)	–	(7,270,304)	(13,447,744)
Amount due to customers and credit institutions	(28,804,694)	–	(1,119,413)	(1,421,123)	(8,788,128)	(40,133,358)
Borrowings	(5,780,401)	–	(950,865)	–	(375,735)	(7,107,001)
Financial liabilities at fair value through profit or loss	(3,351,149)	–	–	(2,412,643)	(1,284,225)	(7,048,017)
Derivative financial liabilities	(233,891)	–	(355,234)	(5,684)	(174,783)	(769,592)
Other liabilities	(1,034,713)	(300,871)	(1,519)	(1,533,876)	(221,027)	(3,092,006)
Intercompany balances before elimination	2,578,018	24,788,503	(848,565)	–	(2,356,197)	24,161,759
Gross exposure	(17,490,450)	26,536,950	891,247	1,910,197	(16,158,628)	(4,310,684)
Notional amounts of contracts used as economic hedge	44,578,660	752,176	(26,540,939)	–	7,120,242	25,910,139
Net exposure	27,088,210	27,289,126	(25,649,692)	1,910,197	(9,038,386)	21,599,455

As at December 31, 2024, if RMB had weakened/strengthened by 5% against the major currencies with all other variables held constant, the Group would generate extra exchange losses or gains of approximately RMB992 million (As at December 31, 2023, RMB1,649 million).

The analysis above is based on the assumption that RMB weakened or strengthened against all other currencies in the same direction and magnitude, but it may not be necessarily true in reality.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(II) Interest rate risk

The Group's interest rate risk arises from the mismatches between contractual maturities or re-pricing dates of interest-generating assets and interest-bearing liabilities. Each of the Group's operating entities has formulated its own interest risk management policies and procedures covering identification, measurement, monitoring and control of risks. The Group manages interest rate risk based on market conditions to control potential loss from interest rate risk at an acceptable level.

The tables below summarize the contractual maturity or re-pricing date of the interest-generating assets and interest-bearing liabilities at the end of each reporting period.

(A) Interest-generating assets

	As at December 31, 2024					
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*	Total *RMB'000*
Cash and cash equivalents, bank deposit, restricted deposit and balances with central banks *(Note 32)*	65,560,641	1,203,043	–	–	–	66,763,684
Financial assets at fair value through other comprehensive income *(ii) (Note 21)*	13,531	55,780	2,146,244	523,144	–	2,738,699
Financial assets at fair value through profit or loss *(ii) (Note 31)*	488,435	128,240	1,110,005	–	–	1,726,680
Other financial assets at amortised cost *(Note 28)*	13,701,387	6,577,853	26,955,046	21,669,608	–	68,903,894
Loans to customers *(Note 26)*	68,128,810	6,239,309	5,758,327	44,908,713	–	125,035,159
Loans to credit institutions *(Note 27)*	733,598	1,872,961	–	–	–	2,606,559
Derivative financial assets *(iii)*	25,362	–	–	–	3,866,600	3,891,962
Receivables *(iv)*	15,665,129	1,185,105	1,391,568	3,800	–	18,245,602
Total	164,316,893	17,262,291	37,361,190	67,105,265	3,866,600	289,912,239

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(II) Interest rate risk (Continued)

(A) Interest-generating assets (Continued)

	As at December 31, 2023					
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*	Total *RMB'000*
Cash and cash equivalents, bank deposit, restricted deposit and balances with central banks *(Note 32)*	62,706,305	1,076,069	–	–	–	63,782,374
Financial assets at fair value through other comprehensive income *(ii) (Note 21)*	7,018	25,384	1,303,856	684,138	–	2,020,396
Financial assets at fair value through profit or loss *(ii) (Note 31)*	1,507,568	1,002,591	1,110,004	–	–	3,620,163
Other financial assets at amortised cost *(Note 28)*	11,530,332	9,108,260	27,522,969	19,755,707	–	67,917,268
Loans to customers *(Note 26)*	39,631,291	10,519,442	20,546,181	61,943,760	–	132,640,674
Loans to credit institutions *(Note 27)*	2,216,678	152,660	–	–	–	2,369,338
Derivative financial assets *(iii)*	28,726	99	–	–	4,271,365	4,300,190
Receivables *(iv)*	13,666,825	2,280,905	485,680	–	–	16,433,410
Total	131,294,743	24,165,410	50,968,690	82,383,605	4,271,365	293,083,813

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(II) Interest rate risk (Continued)

(B) Interest bearing liabilities

	As at December 31, 2024					
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*	Total *RMB'000*
Amount due to customers *(Note 42)*	130,386,223	5,821,665	4,813,275	148,696	–	141,169,859
Amount due to credit institutions *(Note 41)*	15,546,727	4,967,726	19,100	505,955	–	21,039,508
Financial liabilities at fair value through profit or loss *(Note 43)*	1,897,046	6,769,270	13,880,041	1,676,331	–	24,222,688
Borrowings *(Note 44)*	7,973,261	80,622,912	28,074,151	14,575,105	–	131,245,429
Derivative financial liabilities *(iii)*	21,292	6	–	–	2,929,756	2,951,054
Payables *(v)*	3,381,521	2,768,129	512,388	6,900	–	6,668,938
Total	159,206,070	100,949,708	47,298,955	16,912,987	2,929,756	327,297,476

	As at December 31, 2023					
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*	Total *RMB'000*
Amount due to customers *(Note 42)*	135,662,993	9,327,438	18,619	–	–	145,009,050
Amount due to credit institutions *(Note 41)*	21,128,346	7,936,200	35,311	142,092	–	29,241,949
Financial liabilities at fair value through profit or loss *(Note 43)*	8,717,797	4,631,776	7,020,744	2,754,549	–	23,124,866
Borrowings *(Note 44)*	15,765,078	62,401,842	28,158,922	18,187,020	–	124,512,862
Derivative financial liabilities *(iii)*	13,613	63	–	–	2,473,713	2,487,389
Payables *(v)*	4,570,627	981,351	1,406,938	22,365	–	6,981,281
Total	185,858,454	85,278,670	36,640,534	21,106,026	2,473,713	331,357,397

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market rate risk (Continued)

(II) Interest rate risk (Continued)

(C) Interest rate risk gap

	As at December 31, 2024				
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*
Sensitivity gap	5,110,823	(83,687,417)	(9,937,765)	50,192,278	936,844

	As at December 31, 2023				
	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	No due time *RMB'000*
Sensitivity gap	(54,563,711)	(61,113,260)	14,328,156	61,277,579	1,797,652

(i) Including at sight and on demand.

(ii) These financial assets are debt securities.

(iii) Derivative financial instruments are mainly interest rate swap.

(iv) Receivables are mainly composed of accounts and notes receivables, other receivables and long-term receivables.

(v) Payables are mainly composed of trade and notes payables, other payables and long-term payables.

(III) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated balance sheets either at fair value through profit or loss (Note 3.3) or at fair value through other comprehensive income (Note 3.3). The commodity price risk the Group exposed is not material. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's investments in equity of other entities that are publicly traded in the following capital markets: Chinese Mainland, Hong Kong, Europe, United States and Japan.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market rate risk (Continued)

(III) Price risk (Continued)

The table below summarises the impact of increases/decreases of the mainly capital markets on the Group's profit before income tax and other comprehensive income for the year. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant.

Listed equity securities at fair value through profit or loss:

	Impact on profit before income tax Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Listed equity securities:		
Equity securities – Chinese Mainland	**145,418**	106,756
Equity securities – Hong Kong, China	**11,673**	11,578
Equity securities – Europe	**11,082**	10,695
Equity securities – United States	**18,646**	10,791
Fair value change of listed equity securities	**186,819**	139,820

Listed equity securities at fair value through other comprehensive income:

	Impact on other comprehensive income Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Listed equity securities:		
Equity securities – Japan	**4,917**	5,157
Equity securities – Hong Kong, China	**1,915**	8,375
Equity securities – Others	**12,416**	10,855
Fair value change of listed equity securities	**19,248**	24,387

Profit before income tax for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income would increase/decrease as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Other market price risk also arises from the Group's investments in unlisted equity securities, including VC Funds and PE Funds.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

(I) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from exposure of loans to customers raised by BIL and non-banking subsidiaries, and credit risk exposure of receivables.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities including non-equity trading portfolio assets and derivatives as well as reverse repurchase agreements and settlement balances with market counterparties.

In addition, the Group provides off-balance sheet commitment and guarantee business to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The Group is also confronted with credit risk resulting from receivables that arising from sale of goods and rendering of services within the non-financial services business. The relevant subsidiaries have established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement

Models

In accordance with IFRS 9 "Financial instruments", the Group applies the expected credit loss ("ECL") model to measure the impairment of debt instruments at amortized cost and debt securities at fair value through other comprehensive income.

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarises the impairment measurement (other than purchased or originated credit-impaired financial assets).

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Models (Continued)

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

- The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a periodic basis.

Key Judgements and assumptions

The Group applies IFRS 9 to measuring ECL. Different judgements and assumptions are adopted by the subsidiaries engaged in different business.

(1) BIL

A SICR

Since December 31, 2023, BIL has implemented a new quantitative SICR mechanism – instead of a purely rating-based approach – between the origination and a given reporting date. Following this new (PD-based) approach, a SICR will be triggered if the (annualized) IFRS 9 Lifetime PD has increased by more than a pre-determined threshold which depends on the type of exposure. Those thresholds correspond to the expected average PD multiples (in case of deteriorated creditworthiness between the origination and the reporting date) that have been determined by means of a statistical approach on historical data.

Moreover, some qualitative elements and backstop indicators are also used to determine the SICR of a particular exposure, counterparty, portfolio or sub-portfolio as set-out in the BIL Group IFRS 9 Staging policy. These qualitative and/or backstop indicators are based on internal credit risk management practices which aim at targeting exposures that are subject to (i) forbearance measures, (ii) the occurrence of past-due events (higher than 30 days), and (iii) potential financial difficulties. In particular, the client outreach programmes and other proactive credit risk management measures aim to identify qualitative elements that could trigger a SICR.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

B Low credit risk exemption

In parallel with the implementation of the (PD-based) SICR mechanism, BIL has introduced a low credit risk exemption (LCRE) which allows to maintain an exposure in Stage 1 even though a SICR has occurred between the origination and a given reporting date. The LCRE is effective as soon as one of the two following conditions is satisfied (at the reporting date): (i) The (annualized) IFRS 9 Lifetime PD is lower than 30bps; (ii) The external rating (if available) is higher than BBB– (i.e. within the investment-grade category).

C Definition of default and credit-impaired assets

Default is defined as the inability of a borrower or guarantor to meet his/its obligations vis-à-vis one or more creditors at a given moment or on a lasting basis. BIL must include all products and positions that are potentially at risk. A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place: (i) BIL considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse by the bank to actions such as realizing security. (ii) The obligor is past due more than 90 days on the absolute or relative components of any material credit obligation to the bank group. The absolute component is set at: EUR 100 for retail exposures; EUR 500 for exposures other than retail exposures. The relative component is set at 1%.

As for the SICR (or Stage 2) assessment, some qualitative or backstop indicators aim at identifying credit-impaired (or Stage 3) exposures. Basically, two cases can be distinguished: (i) the exposure is in default (or non-performing) considering the trigger of unlikeliness-to-pay (UTP) criteria, and (ii) a past-due event (higher than 90 days) occurs.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

D Forward-looking Information in the ECL model

BIL considers forward-looking information for measuring ECL. Basically, this consists in using a combination of relevant macro-financial indicators and several representative macroeconomic scenarios that are regularly updated over time. BIL has mainly identified strong dependencies between certain macroeconomic factors and historical default rates (or PD models) by distinguishing high- and low-default risk portfolios. High Default Portfolios (HDP) consider retail counterparts and small and mid-size enterprises using internal default data. The main macroeconomic indicators for forecasting the occurrence of default events for the HDP segment being (i) labour market indicators (unemployment) and (ii) opinion surveys data from Luxembourgish private economic agents (households and manufacturing sector). Low Default Portfolios (LDP) consider two distinct types of exposures (large corporates and banking institutions) using external default data (source: Moody's Analytics). In this regard, the cyclical dynamics of corporate and banking default rates can be apprehended by means of equity prices measured at both the Eurozone and US levels, as well as by using monetary aggregates and market-based risk measures reflecting the build-up or the materialisation of financial vulnerabilities in the euro area notably.

Additional forward-looking components are considered in the ECL modelling process. Specifically, collateral valuation is directly impacted over time by residential property prices that are forecasted for these different countries (or zone): Luxembourg, Germany, France, Belgium and the euro area as a whole.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

D Forward-looking Information in the ECL model (Continued)

Macroeconomic scenarios

BIL use external macroeconomic scenarios. These scenarios are built according to a combination of statistical and econometric methods and compared with other external sources (e.g. European Central Bank, European Commission and International Momentary Fund, etc.).

In order to measure ECL as a probability-weighted amount of expected losses, BIL uses 3 distinct macroeconomic scenarios covering a wide range of potential future economic conditions:

– a baseline (or central) scenario which describes the most likely path of the economy over the projection horizon.

– a downside (or adverse) scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path. More precisely, this downside scenario corresponds to a recession period which is characterized by the following sequence of events: financial asset prices plummet, real GDP growth becomes negative and labour market conditions strongly deteriorate with a surge in unemployment.

– an upside (or optimistic) scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path than in the baseline scenario.

According to the statistical methodology, the scenarios have a constant weight (or probability of occurrence) over time: 60% for the baseline scenario and 20% for each of the 2 alternative ones. Accordingly, these are the macroeconomic forecasts – i.e. the dynamics of the projected indicators – which are regularly updated in light of the business cycle fluctuations and the most recent economic events or assumptions.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

D Forward-looking Information in the ECL model (Continued)

Macroeconomic scenarios (Continued)

The following table presents the macroeconomic indicators for each scenario (%):

	Year 2024 (Prediction period)											
	LUXEMBOURG						EUROZONE					
	December 2024			December 2023 (Prediction time point)			December 2024			December 2023 (Prediction time point)		
	Actual	Upside	Downside	Baseline	Upside	Downside	Actual	Upside	Downside	Baseline	Upside	Downside
Real GDP	0.4	0.4	0.4	1.7	3.6	(2.4)	0.8	0.8	0.8	0.8	2.5	(3.1)
Unemployment	5.7	5.7	5.7	5.4	5.3	6.0	6.4	6.4	6.4	6.7	6.5	7.7
Consumer Prices	2.2	2.2	2.2	2.2	2.4	1.5	2.4	2.4	2.4	2.3	2.6	1.8
Stock Prices	(3.7)	(3.7)	(3.7)	(3.3)	6.3	(35.8)	13.7	13.7	13.7	4.8	13.4	(24.5)
Residential Property Prices	(5.5)	(5.5)	(5.5)	(4.7)	(3.2)	(8.9)	1.7	1.7	1.7	(1.2)	0.4	(6.0)

	Year 2025 (Prediction period)											
	LUXEMBOURG						EUROZONE					
	December 2024 (Prediction time point)			December 2023 (Prediction time point)			December 2024 (Prediction time point)			December 2023 (Prediction time point)		
	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
Real GDP	1.5	3.3	(2.1)	2.2	2.7	(0.3)	1.2	2.8	(2.4)	1.6	2.1	(0.9)
Unemployment	5.5	5.5	6.2	5.1	5.0	6.2	6.4	6.2	7.1	6.7	6.3	8.8
Consumer Prices	1.9	2.1	1.2	2.0	2.2	0.7	2.0	2.3	1.3	1.8	2.0	0.7
Stock Prices	9.4	21.7	(25.7)	19.8	16.0	27.7	2.9	12.1	(25.4)	4.2	5.7	10.1
Residential Property Prices	3.2	4.7	(1.2)	6.2	5.6	2.6	3.3	4.4	(0.8)	2.8	3.6	(2.6)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

E ECL Post-Model Adjustment – Adjustment of the weighting of Macroeconomic Scenarios

BIL has implemented a Post-Model Adjustment since June 30, 2022 on its modelled ECL where it reviewed the weighting of each macroeconomic scenario (Baseline, Upside and Downside) from 60%/20%/20% to 60%/10%/30%. The implementation of an ECL Post-Model Adjustment (PMA) on macroeconomic scenario weighting is supported by the current macroeconomic outlook which is surrounded by heightened uncertainty and risks predominantly tilted to the downside, notably with the Russia-Ukraine conflict and high interest rates despite the downward trend. The impact of the PMA on the modelled ECL (stage 1 and stage 2 exposures) as at December 31, 2024 amounts to RMB14.1 million (As at December 31, 2023: RMB24.9 million).

F ECL Sensitivity

The following table compares the reported ECL by stage and by different weighting of scenarios:

	Scenarios weights			As at December 31, 2024			As at December 31, 2023		
	Baseline	Upside	Downside	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Total *RMB'000*	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Total *RMB'000*
Reported ECL *(i)*	60%	10%	30%	184,828	132,792	317,620	326,503	183,811	510,314
Modelled ECL	60%	20%	20%	175,100	128,391	303,491	306,242	179,221	485,463
Stressed ECL	100%	–	–	159,119	122,369	281,488	274,483	172,250	446,733
	–	100%	–	150,240	115,653	265,893	252,595	166,701	419,296
	–	–	100%	247,904	159,273	407,177	455,158	212,654	667,812
	80%	–	20%	176,876	129,781	306,657	310,620	180,329	490,949
	60%	5%	35%	189,769	134,954	324,723	336,625	186,114	522,739
	60%	–	40%	194,633	137,116	331,749	346,756	188,409	535,165

(i) Reported ECL excluding the impact of ECL management overlays adjustment.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(1) BIL (Continued)

G Management Overlays

ECL Management Overlay (Minimum Disposable Income)

As at December 31, 2023, BIL has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with an insufficient minimum disposable income, or for which BIL is currently unable to determine the minimum disposable income due to a lack of sufficient data in the information system. During the year 2024, actions were taken to remedy this, leading to a significant decrease of this management overlay. As at December 31, 2024, the amount is RMB12.8 million (RMB85.8 million as at December 31, 2023).

ECL Management Overlay (Outreach programme – bridge loans and maturing fixed-rate loans)

As at December 31, 2023, BIL has chosen to implement a management overlay, as an additional layer of prudence to anticipate potential credit losses on clients with a fixed-rate loan whose terms will be reset to current market conditions, and clients with a bridge loan that is approaching maturity. As at December 31, 2024, the total amount is RMB13.5 million (RMB4.8 million as at December 31, 2023).

ECL Management Overlay (Acquisition, Development and Construction (ADC) portfolio)

In 2024, BIL introduced a new management overlay within the ADC portfolio targeted at property developers. The rationale behind the introduction of this overlay was based on the uncertainty on near-term recovery prospects for off-plan sales. As at December 31, 2024, the management overlay on ADC amounts to RMB115.1 million (including Stage 3 exposures for RMB72.3 million).

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(2) Subsidiaries engaged in the financial services other than banking business

A SICR

The subsidiaries engaged in the financial services other than banking business considers a financial instrument to have experienced a SICR if the borrower meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans
- Credit risk level falls 2 levels compared to the initial recognition of financial instruments

For the debtor's contractual payments (including principal and interest) that more than 30 days past due, the subsidiaries engaged in the financial services other than banking business considers a financial instrument to have experienced a SICR, and classifies it into Stage 2.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(2) Subsidiaries engaged in the financial services other than banking business (Continued)

B Definition of default and credit-impaired assets

The subsidiaries engaged in the financial services other than banking business define a financial instruments as in default, which is fully aligned with the definition of credit-impaired when one or more of the following criteria have been met. Evidence that a financial instrument is default/credit-impaired include observable data about the following events:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses
- The borrower is more than 90 days past due on its contracted payments

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(II) Expected credit loss measurement (Continued)

Key Judgements and assumptions (Continued)

(2) Subsidiaries engaged in the financial services other than banking business (Continued)

C Forward-looking Information

The subsidiaries engaged in the financial services other than banking business have performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. These economic variables and their associated impact on the PD and LGD vary by financial instrument. Expert judgment has also been applied in this process. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of PD and LGD.

In addition to providing a baseline economic scenario, the subsidiaries engaged in the financial services other than banking business combines statistical analysis with experts' judgement to determine the weight of upside and downside scenarios. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). The weighted average credit loss is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

(3) Other subsidiaries

Besides BIL and the subsidiaries engaged in the financial services other than banking business, the other subsidiaries of the Company applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. In the provision of ECL on a group basis, the other subsidiaries of the Company have obtained sufficient information to ensure statistical reliability and has classified exposures with similar risk characteristics.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The other subsidiaries of the Company has identified the GDP and the unemployment rate, etc of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Maximum exposure to credit risk of the Group				
	Year 2024				
	Stage 1 12 months expected credit loss *RMB'000*	Stage 2 Lifetime expected credit loss *RMB'000*	Stage 3 Lifetime expected credit loss *RMB'000*	Trade and note receivables Lifetime expected credit loss *RMB'000*	Total *RMB'000*
Receivables *(i)*	42,072,110	1,552,565	1,481,384	77,510,037	122,616,096
Loans to credit institutions *(Note 27)*	2,607,107	7	–	–	2,607,114
Loans to customers *(Note 26)*	105,070,129	14,522,899	8,727,697	–	128,320,725
Other financial assets at amortised cost *(Note 28)*	68,913,962	–	28,587	–	68,942,549
Financial assets at fair value through other comprehensive income *(ii)*	2,738,699	–	–	–	2,738,699
Gross balance	221,402,007	16,075,471	10,237,668	77,510,037	325,225,183
Allowance for impairment losses	(626,242)	(386,357)	(3,511,240)	(1,943,903)	(6,467,742)
Net balance	220,775,765	15,689,114	6,726,428	75,566,134	318,757,441

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

	Maximum exposure to credit risk of the Group				
	Year 2023				
	Stage 1 12 months expected credit loss *RMB'000*	Stage 2 Lifetime expected credit loss *RMB'000*	Stage 3 Lifetime expected credit loss *RMB'000*	Trade and note receivables Lifetime expected credit loss *RMB'000*	Total *RMB'000*
Receivables *(i)*	36,919,382	2,526,178	749,837	67,788,368	107,983,765
Loans to credit institutions *(Note 27)*	2,370,211	13	–	–	2,370,224
Loans to customers *(Note 26)*	111,804,650	15,898,673	8,513,705	–	136,217,028
Other financial assets at amortised cost *(Note 28)*	66,919,093	1,006,289	18,990	–	67,944,372
Financial assets at fair value through other comprehensive income *(ii)*	2,020,396	–	–	–	2,020,396
Gross balance	220,033,732	19,431,153	9,282,532	67,788,368	316,535,785
Allowance for impairment losses	(875,433)	(455,461)	(3,345,658)	(1,282,596)	(5,959,148)
Net balance	219,158,299	18,975,692	5,936,874	66,505,772	310,576,637

(i) Receivables mainly composed of trade and note receivables, receivables generated from finance leasing, other receivables, long-term receivables, other current assets and other non-current assets.

(ii) These financial assets are debt securities.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

IFRS 9 has been adopted by the Group to measure provisions for loans commitments and financial guarantees etc. As at December 31, 2024, the maximum exposure to credit risk of the commitments in respect of loans granted and commitments in respect of guarantee given is RMB33,869 million (As at December 31, 2023, RMB38,202 million), ECL provision recognized is RMB98 million (As at December 31, 2023, RMB130 million).

Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the credit risk exposure of financial assets at fair value through profit or loss and derivatives financial assets that are not subject to impairment:

	As at December 31, 2024	As at December 31, 2023
	Maximum exposure to credit risk *RMB'000*	Maximum exposure to credit risk *RMB'000*
Financial assets at fair value through profit or loss *(i) (Note 31)*	**1,726,680**	3,620,163
Derivative financial assets *(Note 22)*	**5,403,942**	4,618,333

(i) These financial assets are debt securities.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Collateral and other credit enhancements

The Group uses a series specific policies and practice to reduce credit risk, among which the most widely use is collateral. The Group makes policies related acceptance of specific collateral and slow release of credit risk.

The overdue loans are listed as follows according to the guarantee method and overdue situation:

	As at December 31, 2024		
	Overdue 1-90 days *RMB'000*	**Overdue over 91 days** *RMB'000*	**Total** *RMB'000*
Unsecured	**221,388**	**1,183,599**	**1,404,987**
Guaranteed	**5,266**	**667,076**	**672,342**
Secured by collateral	**1,162,889**	**1,572,986**	**2,735,875**
Secured by pledge	**8,587**	**296,618**	**305,205**
	1,398,130	**3,720,279**	**5,118,409**

	As at December 31, 2023		
	Overdue 1-90 days *RMB'000*	Overdue over 91 days *RMB'000*	Total *RMB'000*
Unsecured	1,614,111	1,301,214	2,915,325
Guaranteed	38,606	749,573	788,179
Secured by collateral	1,687,548	728,298	2,415,846
Secured by pledge	688,249	345,368	1,033,617
	4,028,514	3,124,453	7,152,967

As at December 31, 2024 and 2023, the Group's maximum exposure covered by the fair value of collateral held of overdue loans is RMB5,208 million and RMB4,343 million.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Credit risk exposure of BIL:

Stage 1 Credit Risk Exposure	As at December 31, 2024 AAA to AA– RMB'000	A+ to BBB– RMB'000	Non investment grade RMB'000	Unrated RMB'000	Default RMB'000	Total RMB'000
Commitments in respect of guarantees given	105,933	2,008,300	3,234,172	2,072,977	–	7,421,382
Commitments in respect of loans granted	3,505,230	5,702,361	7,088,927	6,655,339	–	22,951,857
Financial assets at FVOCI (debt instruments only)	468,240	246,838	–	–	–	715,078
Loans and advances	18,498,441	44,595,276	44,713,157	11,184,063	–	118,990,937
Other financial assets at amortised cost	49,641,643	17,004,306	683,422	5,570,520	–	72,899,891
Stage 1 Total Credit Risk Exposures	72,219,487	69,557,081	55,719,678	25,482,899	–	222,979,145

Stage 2 Credit Risk Exposure	As at December 31, 2024 AAA to AA– RMB'000	A+ to BBB– RMB'000	Non investment grade RMB'000	Unrated RMB'000	Default RMB'000	Total RMB'000
Commitments in respect of guarantees given	7,526	34,867	592,904	565,707	–	1,201,004
Commitments in respect of loans granted	31	419,490	1,570,130	20,067	–	2,009,718
Loans and advances	130,969	2,699,992	10,172,787	474,353	–	13,478,101
Other financial assets at amortised cost	–	764	–	–	–	764
Stage 2 Total Credit Risk Exposures	138,526	3,155,113	12,335,821	1,060,127	–	16,689,587

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Credit risk exposure of BIL (Continued):

	As at December 31, 2024					
Stage 3 Credit Risk Exposure	AAA to AA– *RMB'000*	A+ to BBB– *RMB'000*	Non investment grade *RMB'000*	Unrated *RMB'000*	Default *RMB'000*	Total *RMB'000*
Commitments in respect of guarantees given	–	–	–	–	281,005	281,005
Commitments in respect of loans granted	–	–	–	–	4,490	4,490
Loans and advances	97,260	–	–	2,182	4,664,172	4,763,614
Stage 3 Total Credit Risk Exposures	97,260	–	–	2,182	4,949,667	5,049,109

	As at December 31, 2024					
Other Credit Risk Exposure	AAA to AA– *RMB'000*	A+ to BBB– *RMB'000*	Non investment grade *RMB'000*	Unrated *RMB'000*	Default *RMB'000*	Total *RMB'000*
Derivatives	133,548	1,701,848	43,430	77,315	1,908	1,958,049
Total other Credit Risk Exposures	133,548	1,701,848	43,430	77,315	1,908	1,958,049
Total Credit Risk Exposures	72,588,821	74,414,042	68,098,929	26,622,523	4,951,575	246,675,890

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Credit risk exposure of BIL (Continued):

	As at December 31, 2023					
Stage 1 Credit Risk Exposure	AAA to AA–	A+ to BBB–	Non investment grade	Unrated	Default	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commitments in respect of guarantees given	1,142,918	2,277,396	3,837,958	3,107,904	–	10,366,176
Commitments in respect of loans granted	3,750,217	6,909,543	8,318,679	4,571,024	–	23,549,463
Financial assets at FVOCI (debt instruments only)	546,626	1,993,375	–	–	–	2,540,001
Loans and advances	10,317,709	46,185,974	52,383,455	26,751,662	–	135,638,800
Other financial assets at amortised cost	47,213,826	19,553,579	152,635	318,040	–	67,238,080
Stage 1 Total Credit Risk Exposures	62,971,296	76,919,867	64,692,727	34,748,630	–	239,332,520

	As at December 31, 2023					
Stage 2 Credit Risk Exposure	AAA to AA–	A+ to BBB–	Non investment grade	Unrated	Default	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commitments in respect of guarantees given	21,028	317,593	714,406	215,506	–	1,268,533
Commitments in respect of loans granted	81,132	451,764	1,748,590	398,446	–	2,679,932
Loans and advances	752,000	1,568,452	11,503,455	723,420	–	14,547,327
Other financial assets at amortised cost	292,948	474,321	158,462	–	–	925,731
Stage 2 Total Credit Risk Exposures	1,147,108	2,812,130	14,124,913	1,337,372	–	19,421,523

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Credit risk exposure of BIL (Continued):

	As at December 31, 2023					
Stage 3 Credit Risk Exposure	AAA to AA– *RMB'000*	A+ to BBB– *RMB'000*	Non investment grade *RMB'000*	Unrated *RMB'000*	Default *RMB'000*	Total *RMB'000*
Commitments in respect of guarantees given	16,982	–	–	–	198,713	215,695
Commitments in respect of loans granted	8	–	33	–	122,578	122,619
Loans and advances	130,112	6,332	501,328	78,727	3,752,905	4,469,404
Stage 3 Total Credit Risk Exposures	147,102	6,332	501,361	78,727	4,074,196	4,807,718

	As at December 31, 2023					
Other Credit Risk Exposure	AAA to AA– *RMB'000*	A+ to BBB– *RMB'000*	Non investment grade *RMB'000*	Unrated *RMB'000*	Default *RMB'000*	Total *RMB'000*
Derivatives	85,097	1,841,612	29,344	96,271	1,340	2,053,664
Financial assets at FVPL (debt instruments only)	7,859	–	–	–	–	7,859
Total other Credit Risk Exposures	92,956	1,841,612	29,344	96,271	1,340	2,061,523
Total Credit Risk Exposures	64,358,462	81,579,941	79,348,345	36,261,000	4,075,536	265,623,284

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(III) Credit risk exposure (Continued)

Credit risk exposure of BIL (Continued):

Credit risk exposure is shown as follows:

- Balance sheet assets other than derivative contracts are valued at their net value (i.e. the carrying value after deduction of any provision);
- Derivative contracts are recorded at their mark-to-market value plus add-on ("add-on" is an estimate of potential future exposure, this value is not recorded but is added on for regulatory purposes);
- The total amount of off-balance sheet commitments corresponds to unused lines of credit or to the maximum amount of guarantees granted by BIL to third parties;
- Loans and advances include loans to customers, loans to credit institution, etc;
- Off-balance sheet items are shown in terms of total commitment.

(IV) Write-off policy

Problem loans are written-off, in full or in part, as soon as the Bank considers that there is no reasonable expectation of recovery of the balance outstanding (or part thereof) whether the legal claim against the borrower remains or not. Relevant loans will be written off after approval. Write-off will ordinarily be accommodated via utilization of loan loss provisions raised previously.

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended December 31, 2024 and 2023 is RMB530 million and RMB421 million. The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

As of December 31, 2024, the current liabilities of the Group were approximately RMB469,404 million, exceeding the current assets of approximately RMB141,356 million. Of which, RMB59,349 million represents current bank loans and other borrowings repayable within 12 months, and the Group's cash and cash equivalents amounted to RMB60,968 million.

Cash flow forecasting is performed by each subsidiary of the Group. The Group monitors its subsidiaries' rolling forecasts of short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that it does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

In managing the liquidity risk, the directors of the Company have carefully considered the operation characteristics of different business lines, the future liquidity, the operation performance and the available sources of financing, taking into consideration the following plans and measures:

I. As at December 31, 2024, the current assets, current liabilities and net current liabilities of BIL, a subsidiary of the Company, are RMB66,947 million, RMB173,338 million and RMB106,391 million, respectively, which have been reflected in the consolidated financial statements of the Group. As a financial institution in banking business, BIL does not distinguish its assets and liabilities between current and non-current in its own financial statements. For the purpose of preparation of the consolidated financial statements of the Group, the assets and liabilities of BIL are classified into current/non-current assets and liabilities based on the collection/realization/repayment period as agreed in the relevant contracts. The Common equity tier 1 capital, additional tier 1 capital and tier 2 capital are RMB10,769 million, RMB1,317 million and RMB2,356 million, respectively, computed in accordance with the Basel III rules, the Capital Requirements Regulation and other relevant bank capital regulatory requirements currently in force. Common equity tier 1 capital ratio was 13.04%, Tier 1 ratio was 14.64%, and Capital Adequacy ratio was 17.49% (before 2024 profit allocation), these ratios were all exceeding the basic regulatory requirements, which indicated BIL's sufficient ability to continue as a going concern. The Group will continue to implement comprehensive capital management at BIL level to further enhance the resilience of capital risks and ensure the relative stability of the capital adequacy ratio of BIL.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

II. The Group's net operating cash inflow in 2024 is RMB27,077 million. The Company's management expects that the operating performance will be stable or improved in 2025 and the Group will be able to continue to generate operating cash inflow in 2025.

III. As at December 31, 2024, the Group has enough unutilised project loan facilities and general facilities. The Group will also negotiate with the banks to extend such facilities and to secure new facilities. The directors are confident that the new borrowings will be obtained in due course, to provide sufficient funding for the Group's project related payments or other operating expenditures.

IV. The Group holds a number of equity investments, including several highly liquid equity investments in listed companies, which the Group intends to sell partially within the next twelve months. Management is confident that the disposal of such equity investments will provide proceeds for the partial repayment of the outstanding borrowings due and improve the Group's repayment ability.

V. The Company will exert its capital management ability as a holding company, including providing financial guarantee or financial support in due course to the subsidiaries, to ensure the timely repayment of various borrowings of subsidiaries.

In the opinion of the directors, taking into account the anticipated cash inflows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its repayment obligations as and when they fall due in the coming twelve months from December 31, 2024.

As detailed in Note 2.2, Note 36 and Note 38, the Group has set up SFAs with multiple financial institutions, all of which are in sound financial health, and include SFAs as part of working capital strategies to improve flexibility. This arrangement enables the Group to centralize the payment of trade and notes payables, as well as other payables and accruals, to the financial institutions instead of making individual payments to each supplier and subcontractor. Since the amounts involved are distributed across various financial institutions, management does not believe these arrangements pose a significant liquidity risk to the Group.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The following tables provide an analysis of financial assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the year:

As at December 31, 2024	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Assets					
Cash and cash equivalents, bank deposit, restricted deposit and balances with central banks *(Note 32)*	65,526,840	1,236,844	–	–	66,763,684
Financial assets at fair value through other comprehensive income *(ii)* *(Note 21)*	13,532	55,780	2,146,243	523,144	2,738,699
Financial assets at fair value through profit or loss *(ii)* *(Note 31)*	82,350	534,325	1,110,005	–	1,726,680
Other financial assets at amortised cost *(Note 28)*	3,094,276	6,647,017	28,281,099	30,881,502	68,903,894
Loans to customers *(Note 26)*	22,555,995	9,761,272	23,592,194	69,125,698	125,035,159
Loans to credit institutions *(Note 27)*	1,710,743	895,816	–	–	2,606,559
Receivables *(iii)*	102,057,952	8,463,475	9,454,942	133,104	120,109,473
Total	195,041,688	27,594,529	64,584,483	100,663,448	387,884,148
Liabilities					
Amount due to customers *(Note 42)*	130,386,895	5,846,790	4,787,478	148,696	141,169,859
Amount due to credit institutions *(Note 41)*	15,546,727	4,967,726	19,100	505,955	21,039,508
Financial liabilities at fair value through profit or loss *(Note 43)*	1,897,046	6,769,270	13,907,569	3,063,054	25,636,939
Borrowings *(Note 44)*	7,973,261	51,375,279	50,272,518	21,624,371	131,245,429
Lease liabilities *(Note 16)*	246,953	585,183	1,798,179	258,822	2,889,137
Payables *(iv)*	181,951,080	16,543,268	4,348,243	742,686	203,585,277
Total	338,001,962	86,087,516	75,133,087	26,343,584	525,566,149
Net liquidity exposure	(142,960,274)	(58,492,987)	(10,548,604)	74,319,864	(137,682,001)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As at December 31, 2023	Less than 3 months *(i)* *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Assets					
Cash and cash equivalents, bank deposit, restricted deposit and balances with central banks *(Note 32)*	62,582,731	1,199,643	–	–	63,782,374
Financial assets at fair value through other comprehensive income *(ii)* *(Note 21)*	7,017	25,384	1,303,857	684,138	2,020,396
Financial assets at fair value through profit or loss *(ii)* *(Note 31)*	1,076,444	1,433,715	1,110,004	–	3,620,163
Other financial assets at amortised cost *(Note 28)*	4,052,960	5,922,854	29,620,795	28,320,659	67,917,268
Loans to customers *(Note 26)*	22,081,121	11,458,859	27,193,705	71,906,989	132,640,674
Loans to credit institutions *(Note 27)*	2,369,338	–	–	–	2,369,338
Receivables *(iii)*	86,494,236	10,616,705	8,994,965	148,102	106,254,008
Total	178,663,847	30,657,160	68,223,326	101,059,888	378,604,221
Liabilities					
Amount due to customers *(Note 42)*	132,137,662	9,397,399	3,446,132	27,857	145,009,050
Amount due to credit institutions *(Note 41)*	25,290,275	3,300,243	53,974	597,457	29,241,949
Financial liabilities at fair value through profit or loss *(Note 43)*	882,572	5,917,381	13,511,936	2,812,977	23,124,866
Borrowings *(Note 44)*	13,367,197	42,787,793	43,576,693	24,781,179	124,512,862
Lease liabilities *(Note 16)*	295,594	800,823	2,193,806	454,449	3,744,672
Payables *(iv)*	129,977,150	27,697,492	5,145,294	130,858	162,950,794
Total	301,950,450	89,901,131	67,927,835	28,804,777	488,584,193
Net liquidity exposure	(123,286,603)	(59,243,971)	295,491	72,255,111	(109,979,972)

(i) Including at sight and on demand.

(ii) These financial assets are debt securities.

(iii) Receivables mainly composed of accounts and note receivables, other receivables and long-term receivables.

(iv) Payables mainly composed of trade and notes payables, other payables and long-term payables.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of total debt to total capital ratio. The ratio is calculated by dividing total debt by total equity and total debt. And total debt is the total borrowings of the Group at the end of each financial period. The Group's total debt to total capital ratios as at December 31, 2024 and 2023 are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Total borrowings *(Note 44)*	**131,245,429**	124,512,862
Total equity	**97,645,565**	100,118,956
	228,890,994	224,631,818
Total debt to total capital ratio	**57.34%**	55.43%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2024 and 2023.

	As at December 31, 2024			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Associates measured at fair value through profit or loss	–	–	13,340,631	13,340,631
Financial assets at fair value through profit or loss				
– Listed equity securities	1,855,005	221,640	1,659,735	3,736,380
– Unlisted equity securities	–	–	24,292,664	24,292,664
– Listed debt securities	3,867	4,907	–	8,774
– Unlisted debt securities	–	209,867	1,508,039	1,717,906
Derivative financial assets	–	5,238,263	165,679	5,403,942
Financial assets at fair value through other comprehensive income				
– Listed equity securities	384,953	–	–	384,953
– Unlisted equity securities	–	–	2,630,729	2,630,729
– Listed debt securities	2,738,699	–	–	2,738,699
Accounts and notes receivable	–	71,396,770	–	71,396,770
Total	4,982,524	77,071,447	43,597,477	125,651,448
Liabilities				
Financial liabilities at fair value through profit or loss	–	15,047,261	10,589,678	25,636,939
Derivative financial liabilities	–	2,695,022	520,889	3,215,911
Total	–	17,742,283	11,110,567	28,852,850

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

	As at December 31, 2023			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets				
Associates measured at fair value through profit or loss	–	–	14,778,452	14,778,452
Financial assets at fair value through profit or loss				
– Listed equity securities	1,668,999	213,907	913,499	2,796,405
– Unlisted equity securities	–	–	25,882,333	25,882,333
– Listed debt securities	889,670	6,398	–	896,068
– Unlisted debt securities	–	116,220	2,607,875	2,724,095
Derivative financial assets	–	4,419,591	198,742	4,618,333
Financial assets at fair value through other comprehensive income				
– Listed equity securities	487,746	–	–	487,746
– Unlisted equity securities	–	–	3,358,343	3,358,343
– Listed debt securities	2,020,396	–	–	2,020,396
Accounts and notes receivable	–	62,696,669	–	62,696,669
Total	5,066,811	67,452,785	47,739,244	120,258,840
Liabilities				
Financial liabilities at fair value through profit or loss	–	13,590,442	9,534,424	23,124,866
Derivative financial liabilities	–	3,229,934	330,841	3,560,775
Total	–	16,820,376	9,865,265	26,685,641

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. According to the restriction and reduction rules of the stock exchange for the original shares held before listing, shares of some new listed companies need to wait for a certain period of time to be sold, which is regarded as restricted shares. The fair value of these restricted shares is determined based on the closing price on the valuation date with consideration of the discount for lack of marketability, and such instrument is included in level 3.

The significant non-observable input for the restricted shares is the discount for lack of marketability, which ranges from 1% to 11.8%. The balance of assets of this category was RMB1,660 million as at December 31, 2024. (The significant non-observable input for the restricted shares is the discount for lack of marketability, which ranges from 11% to 27% in 2023. The balance of assets of this category was RMB914 million as at December 31, 2023).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of estimated future cash flow based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

As at December 31, 2024 and December 31, 2023, associates measured at fair value through profit or loss comprise investments in VC funds and PE funds, which are subject to the terms and conditions set forth in the offering prospectus of each fund. The fair value of the investments in these associates is based primarily on the portion of the net asset value ("NAV") reported by the fund that is attributable to the Group. The NAV is derived from the fair value of these investments at the reporting date of the Group (the vast majority of the financial assets reported by the Fund are measured at fair value), and the Group understand and evaluate the valuations provided by the general partners of the associates and make necessary adjustments based on the results of the evaluation. The Group have not made any adjustments to the underlying values.

These investments in associates that are measured at fair value through profit or loss are included in level 3. Unobservable inputs that would significantly affect the fair value are the net asset value of the associate as reported by the general partner and adjustments made by the Group (if applicable).

The Group's certain business combination activities involved post-acquisition performance-based contingent considerations. The Group recognises contingent considerations and the corresponding written put option liabilities at their fair values, which is determined based on the terms of agreements and with reference to the estimated post-acquisition performance of the acquired subsidiaries/businesses. Judgment is required to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimation of post-acquisition performance of the acquired subsidiaries/businesses. Changes to key assumptions can significantly affect the amounts of considerations to be paid. Contingent considerations shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognised in the consolidated income statement.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 financial assets for the year ended December 31, 2024 and 2023, respectively.

	Associates measured at fair value through profit or loss *RMB'000*	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*	Derivative financial assets *RMB'000*	Total *RMB'000*
At January 1, 2024	**14,778,452**	**29,403,707**	**3,358,343**	**198,742**	**47,739,244**
Additions/capital contributions	**1,318,172**	**2,307,811**	**43,246**	**158,073**	**3,827,302**
Disposals/return of capital	**(1,521,678)**	**(2,701,464)**	**(490)**	**–**	**(4,223,632)**
Transfers out to level 1 *(i)*	**–**	**(880,281)**	**–**	**–**	**(880,281)**
Fair value losses recognised in income statement	**(1,389,569)**	**(637,660)**	**–**	**(183,341)**	**(2,210,570)**
Losses recognised in other comprehensive income	**–**	**–**	**(676,038)**	**–**	**(676,038)**
Exchange adjustment	**155,254**	**(31,675)**	**(94,332)**	**(7,795)**	**21,452**
At December 31, 2024	**13,340,631**	**27,460,438**	**2,630,729**	**165,679**	**43,597,477**
At January 1, 2023	18,521,268	27,184,182	3,277,174	49,717	49,032,341
Additions/capital contributions	552,674	7,221,269	232,756	177,618	8,184,317
Disposals/return of capital	(1,595,148)	(1,624,570)	(7,788)	–	(3,227,506)
Transfers out to level 1 *(i)*	–	(960,058)	–	–	(960,058)
Fair value losses recognised in income statement	(2,824,309)	(2,443,185)	–	(35,391)	(5,302,885)
Losses recognised in other comprehensive income	–	–	(275,934)	–	(275,934)
Exchange adjustment	123,967	26,069	132,135	6,798	288,969
At December 31, 2023	14,778,452	29,403,707	3,358,343	198,742	47,739,244

(i) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event caused the transfer. Several investments were no longer possible to determine the fair value of these investment using quoted prices or observable market data, they have been reclassified from level 1/2 into level 3. Reclassification from level 3 to level 1/2 was caused by the availability of the investments' quoted prices or observable market data. Other than the aforementioned transfer of equity securities among different levels, there were no transfers between the levels of the fair value hierarchy in the year ended December 31, 2024 and 2023.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 financial liabilities of the Group for the year ended December 31, 2024 and 2023.

	Amounts *RMB'000*
At January 1, 2024	**9,865,265**
Additions	**9,423,388**
Derecognition	**(7,602,014)**
Recognised in consolidated income statement	**(184,211)**
Exchange adjustment	**(391,861)**
At December 31, 2024	**11,110,567**
At January 1, 2023	6,449,572
Additions	8,163,209
Derecognition	(4,505,783)
Recognised in consolidated income statement	(328,103)
Exchange adjustment	421,456
Interest payment	(7,622)
Repurchase of convertible preferred shares	(327,464)
At December 31, 2023	9,865,265

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

4.1 Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(a) Expected credit loss

In measuring ECL in accordance with IFRS 9 "Financial Instruments", each subsidiary in different industries of the Company applies different critical judgments and assumptions based on the principles described in Note 3.1(b).

(b) Estimated impairment of non-financial assets

The Group tests at least annually whether goodwill and other intangible assets that have indefinite useful lives have suffered any impairment. Other non-financial assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The assets are allocated to each of CGUs, or groups of CGUs. The recoverable amounts of CGUs have been determined based on the higher amount of fair value less disposal cost model and value in use model. These calculations require the use of estimates.

Under the fair value less disposal cost model, the management make estimates based on quoted prices of active markets or adjusted prices based on observable inputs. The value in use calculation primarily use cash flow projections based on financial budgets, in general covered five years, approved by management and estimated terminal values at the end of the five-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth rate in revenue, expected gross margin and selection of discount rates, to reflect the risks involved and the earnings multiple that can be realised for the estimated terminal value.

Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment estimation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and key assumptions (Continued)

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap is calculated as the present value of estimated future cash flow based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis and market approach, are used to determine fair value for the remaining financial instruments.

(d) Fair value of VC Funds and PE Funds

The fair value of investments in VC Funds and PE Funds that are not quoted in an active market is primarily valued based on the latest net asset value provided by their general partners. The Group reviews the details of the reported information and may make adjustments to the reported net asset value based on considerations such as:

(i) the valuation of VC Funds and PE Funds' underlying investments;

(ii) the value date of the net asset value provided;

(iii) cash flows (calls/distributions) since the latest value date; and

(iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by fund's general partner.

The models used to determine fair values are validated and periodically reviewed by the Group. The carrying values of the VC Funds and PE Funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and key assumptions (Continued)

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The tax liabilities recognised are based on management's assessment of the likely outcome.

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred income tax assets are mainly recognised for temporary differences such as warranty provision, accrued sales rebates, bonus accruals, fair value change on financial assets, and other accrued expenses, and unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses or temporary difference, the asset balance will be reduced and the difference charged to the consolidated income statement.

If the final tax outcome of these matters differs from the amounts initially recorded, the difference will impact the provision for income taxes and deferred income tax assets and liabilities in the period in which the decision is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and key assumptions (Continued)

(f) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, expected return on assets and salary growth. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The expected return on plan assets is based on market expectation for return over the life of the related assets and obligations. The salary growth assumption reflects the Group's long-term actual experience and future and near-term outlook. Actual results that differ from assumption are generally recognised in the year they occur.

(g) Fair value of identifiable assets and liabilities acquired through business combinations

The Group records assets acquired and liabilities assumed in business combinations at fair value on the date of acquisition. Significant judgment is used to estimate the fair value of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset useful lives and other assumptions.

(h) Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. The key assumptions used in this determination and the sensitivity of the directors' estimates of these assumptions to the carrying amount of the investment properties are set out in Note 17.

(i) Depreciation and amortisation

Property, plant and equipment (excluding land and construction in progress), right-of-use assets and intangible assets (excluding goodwill and intangible assets with indefinite useful life) are depreciated and amortised using the straight-line method during the estimated useful lives of these assets to allocate the cost of the assets to their estimated net residual values. The Group reviews the estimated useful lives and estimated residual values periodically, to ensure that method and rate of depreciation/amortisation are consistent with the pattern how such assets' economic benefits are expected to be realised.

The Group makes estimates of the useful lives and residual values of such assets, based on historical experience and with reference to estimated technical improvement. In case of significant changes in estimated useful lives and residual values, depreciation and amortisation expenses will be adjusted accordingly.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and key assumptions (Continued)

(j) Provision for decline in the value of inventories

The Group measures inventories according to the lower of cost and net realisable value at the balance sheet date, and the calculation of net realisable value requires assumptions and estimates. If the management revises the estimated selling price and cost and expenses to be incurred till completion, the estimates of net realisable value will be impacted, and the difference from the original estimates will affect the provision for decline in the value of inventories.

(k) Warranty provision

Warranty provision is provided based on the estimated cost of product warranties when revenue is recognised. Factors that affect the Group's warranty liability include the number of units sold under warranty, historical and anticipated rates of warranty claims on those units, and cost expected to be incurred to satisfy warranty obligation of each reimbursement of the Group. The estimation basis is reviewed on an on-going basis and revised where appropriate. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with the suppliers. These amounts are recognised as a separate asset, to the extent of the amount received or receivable, when it is almost certain that reimbursement will be received if the Group settles the obligation.

(l) Fair value of biological assets

The biological assets of the salmon that are in the fattening stage in seawater are measured at the net value of fair value less the estimated costs at the point of sale applying the criteria of weight described at Note 2.15, except when the fair value cannot be determined reliably. The estimation of the fair value is based on a series of uncertain assumptions, including fish total weight (average mortality applied), average weight, harvest weight, distribution of quality and estimated selling price. The weight of fish is based on the number of juvenile fish planted in seawater, the estimate of growth momentum, the mortality of the fish in the feeding centers, etc. The Group determines market prices based on historical sales and industry statistics in each market.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgments in applying the accounting policies

(a) Classification of investments

The classification of an investment is based on the commercial substance of the contractual arrangement, and the fact whether the Group is determined to have control, joint control or significant influence, also, the purpose of the investment and moreover, it could also be influenced by the certain terms stipulated in the investment agreement which may lead to a complex accounting treatment. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group made its assessment on whether it has the level of power to govern the financial and operating policies of the VC Funds and PE Funds in accordance with the guidance of IFRS 10, given the significant exposure to variable returns from involvement with these funds. Pursuant to the investment agreements entered into between the Group and the general partners/management companies, the general partners/management companies have the power to direct the relevant activities of the funds and are functioning as principals. Therefore, the directors determined that the Group does not have control but only exercise significant influence over most VC Funds and PE Funds (Note 12(b)).

Investments in preferred shares of associates of the Group are recognised as financial assets at fair value through profit or loss.

The investments over which the Group do not have control, joint control or significant influence are recognised as financial assets. The Group classifies its financial assets in the following categories: (a) at fair value through profit or loss; (b) financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgments in applying the accounting policies (Continued)

(b) Revenue recognition

The Group needs to make judgments and estimates of the revenue recognition. Specifically, complex arrangements with non-standard terms and conditions may require significant contract interpretation to determine the appropriate accounting treatment, including whether the deliverables specified in a bundling arrangement should be treated as individual units for accounting treatment. Other significant judgments include determining whether the Group or a distributor is acting as the principal in a transaction and whether separate contracts are considered as part of one arrangement.

Revenue recognition of IT products

The Group's subsidiary, Lenovo sells the products to channels. Sales through channels are primarily made under agreements allowing for volume discounts, price protection and rebates, and marketing development funds. Lenovo monitors the channel's inventory level with reference to historical data, using systematic and consistent method, and defers the related excess revenue and costs of sales if channel's inventory exceeds the reasonable level. Revenue recognition is also influenced by the estimated provision for volume discount, price protection and rebate. Lenovo calculates such provisions, taking into account various factors, which include specific transactions, historical experience, and market and economic situations.

(c) Consolidation of entities in which the Group holds less than 50% voting rights

Management consider that the Group has de facto control over Lenovo even though it has less than 50% of the voting rights based on the following factors: 1) as at December 31, 2024, the Group is the single largest shareholder of Lenovo with 31.41% equity interest as same as the proportion of voting rights; 2) the Company obtained an "acting in concert" undertaking from other five shareholders; and 3) the rest of the voting rights of Lenovo is dispersed and since the date of Lenovo's listing, there has been no history of any other shareholders collaborating to exercise their vote collectively or to out vote the Group.

Management consider that the subsidiary of the Company, Joyvio Group has de facto control over Joyvio Food even though it has less than 50% of the voting rights based on the following factors: 1) as at December 31, 2024, the Joyvio Group is the single largest shareholder of Joyvio Food with 46.08% equity interest as same as the proportion of voting rights; 2) the rest of the voting rights of Joyvio Food is dispersed and according to the recent general meetings of shareholders, there has been no history of any other shareholders collaborating to exercise their vote collectively or to out vote the Joyvio Group; 3) Joyvio Group has majority seats of the board in voting for the related operating activities; and 4) The Group has provided a significant financial support arrangement to Joyvio Food.

5. SEGMENT INFORMATION

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

For management purpose, the Group is organized into business units based on their products and services. Different businesses require different technologies and marketing strategies. The Group, therefore, separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

Diversified-industries Operation:

– Lenovo, which is primarily engaged in providing innovative intelligent devices and infrastructure, and creates intelligent solutions, services and software;

– Levima Group, which mainly engaged in the research and development, production and sales of advanced material products;

– Joyvio Group, which operates mainly to engaged in modern agriculture and food related business; and

– BIL, which mainly offers integrated banking services, including corporate and institutional banking, retail banking, private banking, capital markets, etc.

Industrial incubations and investments:

Which is engaged in investment in the PE Funds and VC Funds as a limited partner and holds interest in the general partners of certain funds. It also makes early stage or "angel" investments in technology start-ups and minority investments in other entities. It also invests in aviation logistics, financial services, medical and health care, and office leasing services, 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 expense, finance income and costs, which cannot be directly identified to specific operating segments. Segment assets consist, primarily of investment properties, property, plant and equipment, intangible assets, right-of-use assets, inventories, receivables and cash and cash equivalents. Segment liabilities primarily comprise operating liabilities.

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

5. SEGMENT INFORMATION (Continued)
Year ended December 31, 2024

	Diversified-industries Operation				Industry Incubations and Investments	Unallocated	Elimination	Total
	Lenovo	Levima Group	Joyvio Group	BIL				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue								
Sales/provide services to external customers	468,886,084	6,440,776	27,199,192	2,111,460	4,314,135	–	–	508,951,647
Interest income	–	–	–	12,860,253	325,695	–	(34,365)	13,151,583
Interest expense	–	–	–	(9,296,795)	–	–	–	(9,296,795)
Inter-segment sales/provide services	–	–	–	–	5,352	–	(5,352)	–
Total	468,886,084	6,440,776	27,199,192	5,674,918	4,645,182	–	(39,717)	512,806,435
Segment results								
Profit/(losses)before income tax	11,432,391	310,566	(1,359,108)	1,354,347	(2,020,196)	(2,025,801)	–	7,692,199
Income tax (expense)/credit	(137,353)	(90,615)	190,878	(131,124)	(253,072)	412,251	–	(9,035)
Profit/(losses) for the year	11,295,038	219,951	(1,168,230)	1,223,223	(2,273,268)	(1,613,550)	–	7,683,164
Profit/(losses) attributable to equity holders of the Company for the year	3,439,571	69,878	(647,719)	1,100,656	(2,215,605)	(1,613,550)	–	133,231
Segment assets	296,994,260	21,802,081	22,082,481	233,485,317	97,844,642	32,533,631	(8,774,418)	695,967,994
Segment liabilities	271,847,826	12,896,781	18,063,826	212,834,357	36,915,529	52,110,744	(6,346,634)	598,322,429
Other segment information:								
Depreciation and amortisation	(10,074,615)	(619,364)	(611,025)	(589,169)	(208,662)	(6,209)	–	(12,109,044)
Impairment loss for non-current assets *(Note 8)*	(677,962)	–	(436,902)	(19,421)	(160,494)	–	–	(1,294,779)
Investment income and gains/(losses) *(Note 6)*	1,892,050	33,739	(45,762)	157,613	(1,425,720)	–	(11,098)	600,822
Finance income	804,075	139,811	44,280	–	55,222	586,926	(147,424)	1,482,890
Finance costs	(5,637,667)	(221,821)	(806,866)	–	(509,187)	(2,413,899)	192,871	(9,396,569)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(189,691)	16,986	11,962	–	442,081	–	–	281,338
Material non-cash items other than depreciation and amortisation *(Note 33(c))*	(1,851,603)	–	(51,196)	–	1,151	–	–	(1,901,648)
Capital expenditure	9,500,789	2,607,802	564,819	652,960	749,497	1,377	–	14,077,244
Associates and joint ventures using equity accounting	1,701,722	337,888	468,640	–	12,554,416	–	–	15,062,666
Associates measured at fair value through profit or loss	–	–	–	–	13,340,631	–	–	13,340,631

5. SEGMENT INFORMATION (Continued)
Year ended December 31, 2023

	Diversified-industries Operation				Industry Incubations and Investments			
	Lenovo	Levima Group	Joyvio Group	BIL	Industry Incubations and Investments	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue								
Sales/provide services to external customers	392,493,151	6,879,147	26,089,616	2,119,085	4,056,449	–	–	431,637,448
Interest income	–	–	–	10,835,372	366,920	–	–	11,202,292
Interest expense	–	–	–	(6,827,574)	–	–	–	(6,827,574)
Inter-segment sales/provide services	–	–	–	–	7,680	–	(7,680)	–
Total	392,493,151	6,879,147	26,089,616	6,126,883	4,431,049	–	(7,680)	436,012,166
Segment results								
Profit/(losses)before income tax	8,353,493	510,855	(1,303,051)	1,650,317	(4,950,455)	(1,837,231)	–	2,423,928
Income tax (expense)/credit	(1,631,617)	(66,801)	156,291	(187,411)	(523,390)	459,308	–	(1,793,620)
Profit/(losses) for the year	6,721,876	444,054	(1,146,760)	1,462,906	(5,473,845)	(1,377,923)	–	630,308
Profit/(losses) attributable to equity holders of the Company for the year	1,981,533	227,681	(447,788)	1,316,324	(5,574,106)	(1,377,923)	–	(3,874,279)
Segment assets	261,391,520	17,963,616	21,800,147	242,215,721	101,720,739	24,539,909	(3,899,085)	665,732,567
Segment liabilities	233,267,668	9,346,996	16,613,698	220,894,634	35,526,822	51,449,992	(1,486,199)	565,613,611
Other segment information:								
Depreciation and amortisation	(9,652,468)	(691,087)	(642,034)	(442,181)	(171,815)	(7,647)	–	(11,607,232)
Impairment loss for non-current assets *(Note 8)*	(6,311)	–	(319,244)	–	(100,763)	–	–	(426,318)
Investment income and gains/(losses) *(Note 6)*	1,352,963	15,521	197,090	178,553	(3,554,368)	–	–	(1,810,241)
Finance income	1,133,628	93,592	39,785	–	179,002	769,133	(20,722)	2,194,418
Finance costs	(5,358,077)	(177,559)	(667,172)	–	(468,834)	(2,478,120)	20,722	(9,129,040)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(141,297)	3,601	50,175	–	(401,059)	–	–	(488,580)
Material non-cash items other than depreciation and amortisation *(Note 33(c))*	(2,265,733)	–	(51,196)	–	(15,300)	–	–	(2,332,229)
Capital expenditure	11,982,349	1,929,834	709,008	688,067	1,691,868	3,817	–	17,004,943
Associates and joint ventures using equity accounting	1,807,936	315,705	493,269	–	13,626,291	–	–	16,243,201
Associates measured at fair value through profit or loss	–	–	–	–	14,778,452	–	–	14,778,452

5. SEGMENT INFORMATION (Continued)

(a) Revenue from external customers

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
China	**139,876,135**	119,159,276
Asia-Pacific region excluding China	**88,966,227**	72,194,321
Europe/Middle East/Africa	**123,371,088**	105,558,701
Americas	**160,592,985**	139,099,868
Total	**512,806,435**	436,012,166

(b) Non-current assets

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
China	**62,010,673**	68,998,507
Asia-Pacific region excluding China	**16,197,415**	15,087,247
Europe/Middle East/Africa	**15,406,631**	13,613,672
Americas	**35,787,858**	34,144,511
Total	**129,402,577**	131,843,937

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.

5. SEGMENT INFORMATION (Continued)

(c) Analysis of revenue by timing of revenue recognition

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
At a point in time	**483,958,806**	407,449,854
Over time	**28,847,629**	28,562,312
	512,806,435	436,012,166

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

As at December 31, 2024, deferred revenue and advance from customers amounting to RMB25,078 million (2023: RMB22,778 million) primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. Revenue is recognized in the period when the performance obligations are fulfilled. RMB12,555 million (2023: RMB13,012 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,	
	2024	2023
	RMB'000	*RMB'000*
Within one year	**13,972,435**	12,555,051
More than one year	**11,105,675**	10,223,176
Total	**25,078,110**	22,778,227

6. INVESTMENT INCOME AND GAINS/(LOSSES)

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gains on disposal/dilution of associates	**9,652**	383,879
Gains/(Losses) on disposal of subsidiaries	**56,741**	(58,477)
Dividend income from financial assets at fair value through other comprehensive income	**8,112**	17,508
Fair value income/(losses), dividend income from associates measured at fair value through profit or loss	**(761,666)**	(1,122,164)
Gain on remeasurement of a written put option liability *(Note 38(iii)(1))*	**1,020,110**	–
Disposal gains, fair value income/(losses), dividend income from financial instruments at fair value through profit or loss and others	**267,873**	(1,030,987)
	600,822	(1,810,241)

7. OTHER (LOSSES)/GAINS – NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**751,015**	1,473,784
Gains/(Losses) on disposal of property, plant and equipment and intangible assets	**14,594**	(137,579)
Fair value losses on investment properties *(Note 17)*	**(354,479)**	(122,878)
Net foreign exchange losses	**(81,939)**	(598,959)
Severance and related costs	**(454,175)**	(1,502,482)
Non-recourse factoring costs	**(64,010)**	(91,662)
Others	**(365,402)**	(538,424)
	(554,396)	(1,518,200)

8. EXPENSES BY NATURE

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cost of inventories sold	**404,878,789**	338,214,194
Employee benefit expense *(Note 9)*	**47,173,130**	42,715,982
Office and administrative expense	**5,933,226**	5,967,295
Advertising costs	**7,490,434**	5,906,802
Depreciation and amortisation	**12,109,044**	11,607,232
Impairment loss for loans to customers	**566,408**	380,675
Impairment loss for other financial assets	**1,083,438**	1,005,302
Impairment loss for non-current assets *(i)*	**1,294,779**	426,318
Consultancy and professional fees	**3,804,543**	2,559,182
Customer support service	**3,279,360**	3,766,634
Auditors' remuneration – audit services	**108,099**	108,518
Auditors' remuneration – non audit services	**7,589**	9,377
Labs and testing	**2,040,446**	1,950,493
Lease payments	**124,772**	126,783
Taxes and surcharges	**925,386**	746,255
Transportation expense	**957,463**	1,196,109
Inventory write-down	**126,525**	851,196
Other expenses *(ii)*	**5,624,890**	5,298,248
	497,528,321	422,836,595

(i) For the year ended December 31, 2024, impairment loss for non-current assets mainly consists of impairment loss for intangible assets of RMB1,186 million (2023: RMB408 million) and impairment loss for property, plant and equipment of RMB62 million (2023: RMB0.3 million). Impairment loss related to intangible assets is set out in Note 19.

(ii) Other expenses mainly include non-base manufacturing costs from IT business, and include items such as outbound freight for in-country finished goods shipments, warranty costs, storage and warehousing costs.

9. EMPLOYEE BENEFIT EXPENSE

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**37,466,166**	32,907,022
Social security costs other than pension	**3,101,412**	3,078,011
Long-term incentive awards granted *(Note 33(c))*	**1,901,648**	2,332,229
Pension costs – defined contribution plans	**2,595,366**	2,378,914
Pension costs – defined benefit plans *(Note 46)*	**167,616**	166,151
Others	**1,940,922**	1,853,655
	47,173,130	42,715,982

10. FINANCE INCOME AND COSTS

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest expense *(i)*:		
– Bank loans and overdrafts	**3,141,808**	2,999,010
– Other loans	**876,024**	715,824
– Bonds	**1,607,732**	1,844,730
– Lease liabilities	**159,760**	153,664
Factoring costs	**3,595,655**	3,397,954
Interest costs on put option liability	**15,590**	34,895
Total finance costs	**9,396,569**	9,146,077
Less: The amount of capital capitalization of eligible assets	**–**	(17,037)
Finance costs	**9,396,569**	9,129,040
Interest income *(i)*:		
– Interest income on bank deposits and money market funds	**(1,204,025)**	(1,862,516)
– Interest income on loans to related parties	**(24,900)**	(112,979)
– Interest income on loans to non-related parties	**(253,965)**	(218,923)
Finance income	**(1,482,890)**	(2,194,418)
Net finance costs	**7,913,679**	6,934,622

(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.

11. SUBSIDIARIES

The following includes the principal subsidiaries directly or indirectly held by the Company and, in the opinion of the directors, are significant to the results of the Group for the year ended December 31, 2024 and 2023 or form a substantial portion of the net assets of the Group at December 31, 2024 and 2023. The directors consider that giving details of other subsidiaries would result in particulars of excessive length.

Company name	Corporate category	Place of incorporation and principal place of business	Issued share capital/ Paid-in capital (in RMB, unless otherwise stated)	Principal activities	Voting rights held 2024	Voting rights held 2023
Lenovo (聯想集團) *(i)*	Limited liability company	China/Hong Kong, China	USD3,500,987,000	Develop manufacture and market reliable, high-quality, secure and easy-to-use technology products and services	31.41%	31.44%
Raycom Technology Co., Ltd. (融科智地科技股份有限公司)	Joint stock limited liability company	China/Chinese Mainland	270,000,000	Office building rental and service	100.00%	100.00%
Raycom Property Investment Co., Ltd. (融科物業投資有限公司)	Limited liability company	China/Chinese Mainland	60,000,000	Real estate investment and asset management	100.00%	100.00%
Right Lane Limited (南明有限公司, "Right Lane")	Limited liability company	China/Hong Kong, China	HKD12,170,329,304	Investment and management	100.00%	100.00%
Beijing Liandaqihui Management Limited (北京聯達企慧企業管理有限公司)	Limited liability company	China/Chinese Mainland	398,454,162	Investment and management	100.00%	100.00%
Tibet Dongfangqihui Investment Co., Ltd. (西藏東方企慧投資有限公司, "Dongfangqihui")	Limited liability company	China/Chinese Mainland	4,000,000,000	Investment and management	100.00%	100.00%
Beijing Huichengdongfang Investment Co., Ltd. (北京慧成東方投資有限公司)	Limited liability company	China/Chinese Mainland	2,005,000,000	Angel investment and start-up incubator	100.00%	100.00%
Tibet Xingfan Management Limited (西藏星帆企業管理有限公司)	Limited liability company	China/Chinese Mainland	100,000,000	Angel investment and start-up incubator	100.00%	100.00%
Beijing Huaxia United Auto Network Technology Co., Ltd. (北京華夏聯合汽車網絡技術有限公司)	Limited liability company	China/Chinese Mainland	474,156,235	Development of car management software and providing car services information consultant	100.00%	100.00%
Zeny Supply Chain Co., Ltd. (增益供應鏈有限公司)	Limited liability company	China/Chinese Mainland	1,491,793,341	Providing cold chain and various logistics service	99.20%	99.20%
Levima Group (聯泓集團)	Limited liability company	China/Chinese Mainland	2,300,000,000	Development and production of chemicals and energy materials	100.00%	100.00%
Joyvio Group (佳沃集團)	Limited liability company	China/Chinese Mainland	6,103,125,000	Agriculture and food investment and other relevant business operations	81.21%	77.83%
Zhengqi Energy Technology Group Corporation (正奇能源科技集團股份有限公司)	Joint stock limited liability company	China/Chinese Mainland	3,322,545,963	Development and manufacturing of new energy technologies, Providing financial service for small- and medium-sized entities, and investment management	94.62%	94.62%
Shanghai Weimin Hospital Investment Management Co., Ltd. (上海為民醫院投資管理有限公司)	Limited liability company	China/Chinese Mainland	56,969,808	Investment management and Medical consultation	58.00%	58.00%

11. SUBSIDIARIES (Continued)

Company name	Corporate category	Place of incorporation and principal place of business	Issued share capital/ Paid-in capital (in RMB, unless otherwise stated)	Principal activities	Voting rights held 2024	Voting rights held 2023
JC International Finance&Leasing Co., Ltd (君創國際融資租賃有限公司, "JC Finance&Leasing")	Limited liability company	China/Chinese Mainland	2,154,696,620	Finance lease, lease business, purchase lease assets from domestic and overseas	90.31%	90.31%
KB Food International Holding (Pte.) Limited	Limited liability company	Singapore	USD87,645,588	Investment holding	100.00%	100.00%
Joyvio Food (佳沃食品)	Joint stock limited liability company	China/Chinese Mainland	174,200,000	Trading, processing and sale of seafood and other animal protein-related products	46.08%	46.08%
BIL	Limited liability company	Luxembourg	EUR146,108,270	Banking services, insurance services, offering financial market products and services	89.98%	89.98%
Joy Wing Mau Fruit Technologies Corporation Limited (鑫榮懋果業科技集團股份有限公司)	Joint stock limited liability company	China/Chinese Mainland	406,000,000	Agriculture products planting and trading, agricultural investment, logistics, foods trading	39.46%	39.46%
Beijing Legend Star Investment Management Co., Ltd (北京聯想之星投資管理有限公司)	Limited liability company	China/Chinese Mainland	10,000,000	Investment consultation, asset management, project investment	100.00%	100.00%
Beijing Lianboqihui Management Limited (北京聯博企慧企業管理有限公司)	Limited liability company	China/Chinese Mainland	17,000,000	Investment management, investment consultation (Excluding financial business and brokerage)	100.00%	100.00%
Tibet Liantouqihui Management Limited (西藏聯投企慧企業管理有限公司)	Limited liability company	China/Chinese Mainland	3,000,000,000	Enterprise management service	100.00%	100.00%
Australis Seafoods S.A.	Joint stock limited liability company	Chile/Santiago	USD301,527,212	Salmon production and selling	99.91%	99.91%

11. SUBSIDIARIES (Continued)

(i) In January 2024, holders of convertible bonds issued by Lenovo in the historical year elected to convert the bonds to Lenovo's shares, and upon the completion of such transactions, the Group's shareholding in Lenovo decreased from 31.44% to 31.41%.

As at December 31, 2024, certain equity interests of a few subsidiaries of the Company were subject to restrictions to obtain borrowings, primarily including: i) the 23% equity interest of Joyvio Food held by a subsidiary of the Company and certain equity interests of subsidiaries held directly and indirectly by Joyvio Food were pledged as collateral for the relevant borrowings incurred in the acquisition process. As of December 31, 2024, the borrowings related to this equity pledge have been fully repaid and the related release of the equity pledge was completed in January 2025. ii) the 11.24% equity interest of Lenovo held by the Group were pledged as collateral for borrowings arising from the acquisition of Lenovo's shares and financing activities. iii) the 17.52% equity interest of Levima held by the Group were pledged as collateral for the relevant borrowings arising from financing.

Subsidiaries with material non-controlling interests

The non-controlling interests of the Group from Lenovo are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-controlling interests	**35,063,764**	34,364,264
Put option written on a non-controlling interest	**(3,633,810)**	(3,633,810)

The net profit and distribution to various non-controlling interests attributable to Lenovo is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net profit attributable to other non-controlling interests	**7,855,467**	4,740,341
Dividends paid to other non-controlling interests	**(3,268,208)**	(3,095,447)

11. SUBSIDIARIES (Continued)

Except for Lenovo, the directors consider that the non-controlling interests of other subsidiaries are not material. The summarized financial information of Lenovo, converted at the closing exchange rate/annual average exchange rate, is set out below:

Summarised Balance Sheet of Lenovo

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current		
Assets	**203,669,024**	164,515,766
Liabilities	**(234,791,863)**	(189,112,786)
Net current liabilities	**(31,122,839)**	(24,597,020)
Non-current		
Assets	**116,275,511**	115,511,414
Liabilities	**(40,992,530)**	(47,583,870)
Net non-current assets	**75,282,981**	67,927,544
Net assets	**44,160,142**	43,330,524

Summarised Income Statement of Lenovo

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**468,886,084**	392,493,151
Profit before income tax	**11,432,391**	8,353,493
Income tax expense *(Note 13)*	**(137,353)**	(1,631,617)
Net profit	**11,295,038**	6,721,876
Other comprehensive (losses)/income	**(4,785,205)**	1,405,494
Total comprehensive income	**6,509,833**	8,127,370

11. SUBSIDIARIES (Continued)

Summarised Cash Flow Statement of Lenovo

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Cash generated from operations	**27,760,259**	22,013,127
Income tax paid	**(3,349,827)**	(4,665,858)
Net cash generated from operating activities	**24,410,432**	17,347,269
Net cash used in investing activities	**(8,001,723)**	(9,503,450)
Net cash used in financing activities	**(12,028,108)**	(18,751,913)
Net increase/(decrease) in cash and cash equivalents	**4,380,601**	(10,908,094)
Cash and cash equivalents at beginning of the year	**24,549,821**	34,954,617
Exchange (losses)/gains on cash and cash equivalents	**(648,036)**	503,298
Cash and cash equivalents at end of the year	**28,282,386**	24,549,821

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at December 31, 2024 RMB'000	2023 RMB'000
Investments in associates and joint ventures:		
Associates using equity accounting	**13,633,876**	14,325,467
Joint ventures using equity accounting	**1,428,790**	1,917,734
Using equity accounting *(a)*	**15,062,666**	16,243,201
Measured at fair value through profit or loss *(b)*	**13,340,631**	14,778,452
	28,403,297	31,021,653

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(a) Associates and joint ventures using equity accounting

Set out below are the associates of the Group as at December 31, 2024 and 2023, which, in the opinion of the directors, are material to the Group, and the intention of the Group to hold these associates is for industrial incubations and investments purpose.

Name	Place of incorporation and principal place of operations	Principal activities	Effective interest held 2024	Effective interest held 2023
Hankou Bank Co., Ltd. (漢口銀行股份有限公司, "Hankou Bank") *(i)*	China/Wuhan	Commercial banking business	**11.10%**	13.11%
Eastern Air Logistics Co., Ltd. (東方航空物流股份有限公司, "EAL") *(i)*	China/Shanghai	Transportation, warehousing and postal services	**11.29%**	13.29%
Lakala Payment Corporation (拉卡拉支付股份有限公司)	China/Beijing	Provision of terminal-based payment and various internet financial services	**26.14%**	26.14%

(i) The directors determine the Group has significant influence over Hankou Bank and EAL by way of representation on the Board of Directors and participation in the policy-making process, although the Group's equity interests in these two companies are lower than 20%.

As at December 31, 2024 and 2023, Associates and joint ventures using equity accounting with a carrying value of RMB2,148 million and RMB3,139 million were pledged as collateral for the borrowings of RMB1,562 million and RMB1,840 million.

Set out below is the reconciliation of summarized consolidated financial statements of the significant associates of the Group accounted for using equity method. The directors consider that giving details of other associates would result in particulars of excessive length.

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(a) Associates and joint ventures using equity accounting (Continued)

Hankou Bank

Reconciliation of summarised consolidated financial information

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Share of net assets at January 1	3,500,530	3,556,803
Share of comprehensive income for the year *(ii)*	163,909	46,673
Share of distribution of profit	(37,980)	(63,300)
Other decrease	(48,244)	(39,646)
Share of net assets at December 31	3,578,215	3,500,530
Goodwill	489,266	577,863
Carrying value of investment in the associate	4,067,481	4,078,393

(ii) The accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Except for Hankou Bank, the Group's share of the other associates using equity accounting:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Share of profit/(losses) for the year	274,179	(419,928)
Share of other comprehensive income	40,545	5,637
Share of total comprehensive income/(losses)	314,724	(414,291)
Carrying value of other investment in associates using equity accounting	9,566,395	10,247,074

The Group's share of joint ventures:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Share of losses for the year	(100,828)	(79,165)
Share of comprehensive losses for the year	(100,828)	(79,165)
Carrying value of investment in joint ventures using equity accounting	1,428,790	1,917,734

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Associates measured at fair value through profit or loss

Company Name	Place of incorporation and registration	Type	2024 Fair value RMB'000	2024 Effective interest held	2023 Fair value RMB'000	2023 Effective interest held
– Great Unity Fund I, L.P.	Cayman Islands	USD Funds	1,924,931	49.08%	2,356,408	49.08%
– Hony Capital Fund VIII (Cayman), L.P. *(ii)*	Cayman Islands	USD Funds	1,798,324	16.40%	1,544,396	16.40%
– Beijing Junlian Huicheng Equity Investment L.P. (北京君聯慧誠股權投資合夥企業(有限合夥))	China/Beijing	RMB Funds	1,242,967	22.22%	1,680,323	22.22%
– Beijing Junlian Shengyuan Equity Investment L.P. (北京君聯晟源股權投資合夥企業(有限合夥)) *(ii)*	China/Beijing	RMB Funds	1,005,503	11.93%	1,198,234	12.57%
– LC Fund VII, L.P.	Cayman Islands	USD Funds	664,029	22.31%	822,519	22.31%
– Hony Capital Fund V, L.P. *(ii)*	Cayman Islands	USD Funds	642,687	10.98%	617,179	10.98%
– Suzhou Junlian Xinkang Venture Investment L.P. (蘇州君聯欣康創業投資合夥企業(有限合夥))	China/Suzhou	RMB Funds	615,427	25.00%	585,925	22.50%
– LC Fund VI, L.P.	Cayman Islands	USD Funds	485,678	23.20%	728,547	23.20%
– LC Fund III, L.P. *(i)*	Cayman Islands	USD Funds	381,994	68.64%	555,714	68.64%
– Hony Capital Real Estate Fund 2015, L.P. (弘毅貳零壹伍(深圳)地產投資中心(有限合夥)) *(ii)*	China/Shenzhen	RMB Funds	325,182	19.51%	378,828	19.51%
– Suzhou JunJunDe Equity Investment L.P. (蘇州君駿德股權投資合夥企業(有限合夥))	China/Suzhou	RMB Funds	312,985	28.52%	274,936	28.52%
– Shenzhen Junlian Shenyun Private Equity Investment L.P. (深圳君聯深運私募股權投資基金合夥企業(有限合夥)) *(ii)*	China/Shenzhen	RMB Funds	288,899	12.75%	271,309	12.75%
– Shenzhen Hony Tongren Consultant Business L.P. (深圳弘毅同人顧問企業(有限合夥))	China/Shenzhen	RMB Funds	255,892	42.75%	297,865	42.75%
– LC Healthcare Fund I, L.P.	Cayman Islands	USD Funds	248,640	20.00%	329,252	20.00%
– LC Healthcare Fund III, L.P.	Cayman Islands	USD Funds	247,966	30.00%	203,458	30.00%
– Beijing Junlian Yikang Equity Investment L.P. (北京君聯益康股權投資合夥企業(有限合夥)) *(ii)*	China/Beijing	RMB Funds	196,851	18.50%	321,994	18.50%
– Shenzhen Hony 2019 Enterprise Management Center L.P. (深圳弘毅貳零壹玖企業管理中心(有限合夥))	China/Shenzhen	RMB Funds	168,099	44.94%	181,750	44.94%
– Beijing Junlian Maolin Equity Investment L.P. (北京君聯茂林股權投資合夥企業(有限合夥))	China/Beijing	RMB Funds	144,125	31.21%	224,783	31.21%
– Hony Capital Fund 2008, L.P. *(ii)*	Cayman Islands	USD Funds	126,230	14.31%	125,917	14.31%
– Hony Capital Fund III, L.P.	Cayman Islands	USD Funds	116,070	34.48%	107,982	34.48%
– Beijing Junlian Xinhai Equity Investment L.P. (北京君聯新海股權投資合夥企業(有限合夥)) *(ii)*	China/Beijing	RMB Funds	52,822	17.67%	94,511	17.67%
– LC Fund V, L.P. *(ii)*	Cayman Islands	USD Funds	43,365	18.94%	164,219	18.94%
– Hony Capital II, L.P.	Cayman Islands	USD Funds	31,918	41.38%	31,488	41.38%

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Associates measured at fair value through profit or loss (Continued)

Company Name	Place of incorporation and registration	Type	2024 Fair value *RMB'000*	2024 Effective interest held	2023 Fair value *RMB'000*	2023 Effective interest held
– Beijing Junlian Mingde Equity Investment L.P. (北京君聯名德股權投資合夥企業(有限合夥))	China/Beijing	RMB Funds	26,633	20.05%	51,987	20.05%
– Hongchuang Lianchi Enterprise Management, L.P. (弘創聯持(深圳)企業管理合夥企業(有限合夥)) *(ii)*	China/Shenzhen	RMB Funds	22,798	12.40%	58,624	12.40%
– LC Fund IV, L.P.	Cayman Islands	USD Funds	15,400	29.77%	15,174	29.77%
– Hony Capital RMB Fund 2010, L.P. (北京弘毅貳零壹零股權投資中心(有限合夥))	China/Beijing	RMB Funds	1,269	20.07%	12,905	20.07%
– Hony International Limited	China/HongKong	USD Funds	397	40.00%	412	40.00%
– Tianjin Junruiqi Equity Investment L.P. (天津君睿祺股權投資合夥企業(有限合夥))	China/Tianjin	RMB Funds	–	0.00%	2,873	31.67%
– Others		RMB Funds/ USD Funds	1,953,550	N/A	1,538,940	N/A
			13,340,631		14,778,452	

The principal activities of the above associates are investing as VC Funds and PE Funds.

(i) The directors determined that the Group did not control the general partners and/or management companies of the fund and therefore these investments are classified as associates even if the effective interest in such companies is greater than 50%.

(ii) The directors determined that the Group has significant influence on these companies by the way of its significant influence on the general partner and/or management company of these funds, even though the capital contribution percentage in these funds are below 20%. Consequently, these investments have been classified as associates.

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(b) Associates measured at fair value through profit or loss (Continued)

Set out below is the summarised financial information of associates measured at fair value through profit or loss aggregated by RMB funds and USD funds based on the underlying GAAP applied when prepare their statutory accounts. The consolidated financial statements on RMB funds is prepared in accordance with IFRS while the consolidated financial statements on USD funds is prepared in accordance with the General Accepted Accounting Principles in USA.

	Year ended December 31, 2024	
	Loss for the year, net of tax *RMB'000*	**Total comprehensive loss** *RMB'000*
RMB funds	**(13,399)**	**(13,399)**
USD funds	**(2,243,095)**	**(2,243,095)**
Total	**(2,256,494)**	**(2,256,494)**

	Year ended December 31, 2023	
	Loss for the year, net of tax *RMB'000*	Total comprehensive loss *RMB'000*
RMB funds	(1,146,313)	(1,146,313)
USD funds	(1,706,836)	(1,706,836)
Total	(2,853,149)	(2,853,149)

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**4,479,809**	3,837,732
Deferred income tax *(Note 45)*	**(4,470,774)**	(2,044,112)
Income tax expense	**9,035**	1,793,620

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

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group entities as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**7,692,199**	2,423,928
Tax effects of:		
Tax calculated at domestic rates applicable in countries or regions concerned	**1,638,650**	461,432
Income not subject to tax	**(2,384,304)**	(2,249,803)
Expenses not deductible for tax purposes	**2,772,090**	2,537,256
Utilisation of previously unrecognised tax losses/temporary differences *(ii)*	**(861,743)**	(890,159)
Deferred income tax assets not recognised	**1,201,250**	2,527,711
Tax impact of reorganization *(i)*	**(2,005,334)**	–
Others	**(351,574)**	(597,805)
Enterprise income tax	**9,035**	1,788,632
Land appreciation tax	**–**	4,988
Income tax expense	**9,035**	1,793,620

(i) In 2024, the tax impact of reorganization recognized by the Group was a one-time tax credit due to some organizational changes in Lenovo (Note 45).

(ii) In 2024 and 2023, individual subsidiaries of the Company have improved their performance from cumulative loss to profit or the actual loss has been smaller than expected, which is expected enough taxable profits will be generated in future. The Group recognised the deductible losses and other temporary differences in 2024 and 2023, which was not recognised in previous years to the extent of the amount of the current and future taxable profit.

13. INCOME TAX EXPENSE (Continued)

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in some jurisdictions in which some subsidiaries of the Group is incorporated, and have come into effect from January 1, 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ("GloBE") effective tax rate for each jurisdiction and the 15% minimum rate.

The Group has conducted an impact assessment of the Pillar Two transitional safe harbour rules and the full Pillar Two rules and made adequate tax provisions to reflect the impact of Pillar Two legislation.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	Year ended December 31,					
	2024			2023		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax credit/ (charge)	After tax
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Fair value changes on non-trading equity securities measured at fair value through other comprehensive income	**(755,449)**	**(3,193)**	**(758,642)**	(334,629)	5,864	(328,765)
Credit risk changes on financial liabilities measured at fair value through profit or loss	**(5,652)**	**1,544**	**(4,108)**	6,580	(1,656)	4,924
Fair value changes on debt securities measured at fair value through other comprehensive income	**(14,771)**	**2,626**	**(12,145)**	3,350	782	4,132
Share of other comprehensive income of associates	**58,234**	**–**	**58,234**	41,303	–	41,303
Actuarial (losses)/income on post-employment benefit obligations	**(54,455)**	**(7,350)**	**(61,805)**	184,457	13,560	198,017
Fair value changes on cashflow hedges	**1,569,137**	**3,825**	**1,572,962**	233,855	4,515	238,370
Currency translation differences	**(6,591,775)**	**–**	**(6,591,775)**	2,103,019	–	2,103,019
Revaluation of investment properties upon reclassification from property, plant and equipment	**656**	**–**	**656**	18,258	(4,545)	13,713
Other comprehensive income	**(5,794,075)**	**(2,548)**	**(5,796,623)**	2,256,193	18,520	2,274,713
Deferred tax *(Note 45)*		**(2,548)**			18,520	

14. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the profit/(losses) 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,	
	2024	2023
Basic earnings/(losses) attributable to equity holders of the Company *(RMB'000)*	**133,231**	(3,874,279)
Diluted impact on earnings/(losses) *(RMB'000) (i)*	**(155,983)**	(70,395)
Diluted losses attributable to the equity holders of the Company *(RMB'000)*	**(22,752)**	(3,944,674)
Weighted average number of issued ordinary shares *(thousands)*	**2,356,231**	2,356,231
Less shares held for share incentive plan *(thousands)*	**(7,267)**	(11,926)
Weighted average number of issued ordinary shares for calculating basic earnings per share *(thousands)*	**2,348,964**	2,344,305
Potential dilutive effect arising from share incentive plan *(thousands) (ii)*	**–**	3,109
Weighted average number of issued ordinary shares for calculating diluted earnings per share *(thousands) (ii)*	**2,348,964**	2,347,414
Earnings/(Losses) per share		
– Basic *(RMB per share)*	**0.06**	(1.65)
– Diluted *(RMB per share)*	**(0.01)**	(1.68)

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Vehicles RMB'000	Machinery RMB'000	Furniture and office equipment RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Bearer plants RMB'000	Total RMB'000
As at January 1, 2023								
Cost	18,627,210	251,625	19,490,709	6,856,927	428,366	6,284,782	882,291	52,821,910
Accumulated depreciation	(5,634,221)	(167,958)	(9,032,691)	(4,393,641)	(302,922)	–	(139,047)	(19,670,480)
Accumulated impairment	(187,962)	(1,325)	(93,256)	(177)	(363)	–	(637,432)	(920,515)
Net book amount	12,805,027	82,342	10,364,762	2,463,109	125,081	6,284,782	105,812	32,230,915
For the year ended December 31, 2023								
Opening net book amount	12,805,027	82,342	10,364,762	2,463,109	125,081	6,284,782	105,812	32,230,915
Acquisition of subsidiaries	611,276	10,831	17,829	7,090	9,557	–	–	656,583
Additions	1,794,574	61,347	452,504	817,158	55,337	6,150,799	16,117	9,347,836
Transfers to intangible assets	–	–	–	–	–	(3,523,921)	–	(3,523,921)
Transfers from construction in progress	1,076,508	6,571	557,789	67,902	696	(1,709,466)	–	–
Sales/Disposals/Transfers to investment property	(162,260)	(6,913)	(125,240)	(92,521)	(574)	(118,140)	–	(505,648)
Depreciation charge	(1,300,129)	(33,751)	(1,722,202)	(957,945)	(50,550)	–	(4,837)	(4,069,414)
Disposal of subsidiaries	(18,675)	(380)	(1,316)	(946)	(90)	(46,990)	(956)	(69,353)
Impairment loss	(116)	–	(167)	–	–	–	–	(283)
Exchange adjustment	131,180	(8,125)	(77,172)	98,647	3,354	(256,850)	–	(108,966)
Closing net book amount	14,937,385	111,922	9,466,787	2,402,494	142,811	6,780,214	116,136	33,957,749
As at December 31, 2023								
Cost	21,990,433	288,562	19,792,609	7,507,154	491,070	6,780,214	492,632	57,342,674
Accumulated depreciation	(6,879,182)	(175,315)	(10,237,108)	(5,104,537)	(347,896)	–	(78,769)	(22,822,807)
Accumulated impairment	(173,866)	(1,325)	(88,714)	(123)	(363)	–	(297,727)	(562,118)
Net book amount	14,937,385	111,922	9,466,787	2,402,494	142,811	6,780,214	116,136	33,957,749
For the year ended December 31, 2024								
Opening net book amount	14,937,385	111,922	9,466,787	2,402,494	142,811	6,780,214	116,136	33,957,749
Acquisition of subsidiaries	–	–	–	34	59	–	–	93
Additions/Transfers from investment properties	904,912	32,322	801,892	569,439	2,804,158	5,478,245	22,754	10,613,722
Transfers to intangible assets	–	–	–	–	–	(2,484,492)	–	(2,484,492)
Transfers from construction in progress	1,015,376	1,658	1,397,345	138,136	9,905	(2,562,420)	–	–
Sales/Disposals	(1,465,252)	(12,026)	(60,492)	(87,935)	(54,374)	(359,074)	–	(2,039,153)
Depreciation charge	(882,300)	(28,557)	(1,690,847)	(875,968)	(921,471)	–	(9,216)	(4,408,359)
Disposal of subsidiaries	(123,222)	(195)	(94,810)	(5,144)	(1,208)	(11,113)	(76,252)	(311,944)
Impairment loss	(104)	–	(61,379)	(171)	–	–	–	(61,654)
Exchange adjustment	(232,733)	(803)	(4,840)	(106,279)	(13,691)	218,852	–	(139,494)
Closing net book amount	14,154,062	104,321	9,753,656	2,034,606	1,966,189	7,060,212	53,422	35,126,468
As at December 31, 2024								
Cost	21,235,178	276,366	20,487,213	7,076,819	3,417,909	7,060,212	59,046	59,612,743
Accumulated depreciation	(7,061,121)	(171,975)	(10,658,141)	(5,042,186)	(1,451,530)	–	(5,624)	(24,390,577)
Accumulated impairment	(19,995)	(70)	(75,416)	(27)	(190)	–	–	(95,698)
Net book amount	14,154,062	104,321	9,753,656	2,034,606	1,966,189	7,060,212	53,422	35,126,468

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of RMB2,886 million and RMB2,365 million has been charged in "cost of sales and services", RMB279 million and RMB287 million in "selling and distribution expenses", RMB1,243 million and RMB1,417 million in "general and administrative expenses" for the year ended December 31, 2024 and 2023.

As at December 31, 2024, the land and buildings and construction in progress with a carrying amount of RMB1,644 million were restricted assets, of which the borrowings relating to the restricted land and buildings and construction in progress with a carrying amount of RMB1,043 million had been fully repaid, and the relevant release procedures have been completed in January 2025; the land and buildings and construction in progress with a carrying amount of RMB601 million were pledged as collateral for the borrowings of RMB941 million.

As at December 31, 2023, the land and buildings, construction in progress and bearer plants with a carrying amount of RMB448 million were pledged as collateral for the borrowings of RMB164 million. Refer to Note 17(c) for owner-occupied investment properties.

16. LEASE

(a) Items recognized in the consolidated balance sheet

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Right-of-use assets		
Land use right	**2,816,617**	2,951,312
Buildings	**2,273,787**	2,719,024
Equipment and others	**130,146**	282,655
	5,220,550	5,952,991
Lease liabilities		
Current lease liabilities	**832,136**	1,096,417
Non-current lease liabilities	**2,057,001**	2,648,255
	2,889,137	3,744,672

16. LEASE (Continued)

(b) Item recognized in the consolidated income statement

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets		
Land use right	**95,725**	136,660
Buildings	**873,923**	1,219,445
Equipment and others	**49,762**	51,073
	1,019,410	1,407,178
Interest expenses (included in financial cost)	**159,760**	153,664
Short term rental and low-value rental (included in general and administrative expenses)	**124,772**	126,783

17. INVESTMENT PROPERTIES

	Year ended December 31, 2024 RMB'000	2023 RMB'000
At beginning of the year	**15,454,282**	15,807,609
Additions	**452,154**	17,130
Fair value losses	**(354,479)**	(122,878)
Disposal	**(128,693)**	(291,992)
Transfer (to)/from Property, plant and equipment	**(176,651)**	22,462
Exchange adjustment	**(13,225)**	21,951
At end of the year	**15,233,388**	15,454,282

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

17. INVESTMENT PROPERTIES (Continued)

(a) Amounts recognised in consolidated income statement for investment properties

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Rental income	**778,931**	777,710
Direct operating expenses from properties that generated rental income	**(186,473)**	(197,136)
	592,458	580,574

The direct operating expenses from properties that did not generate rental income is immaterial to the Group during the year ended December 31, 2024 and 2023.

(b) Valuation basis

The valuations are derived using the income capitalisation method and the discounted cash flow method. There were no changes to the valuation techniques.

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

The fair value losses are recognised in "other (losses)/gains – net" of consolidated income statement.

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

As at December 31, 2024 and 2023, the directors:

- verified all major inputs to the independent valuation reports;
- assessed property valuation movements when compared to the prior year valuation reports;
- held discussion with the independent valuer.

17. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

The major key assumptions used by the directors in determining fair value for the year ended December 31, 2024 and 2023 were in the following ranges:

	Year ended December 31,	
	2024	2023
Capitalisation rate/Discount rate	**4.00%-5.00% or 6.75%-7.00%**	4.00%-5.00% or 6.80%-7.00%
Expected vacancy rate		
– Office	**5.00% or 10.00%**	5.00% or 10.00%
– Retail	**3.00%-5.00% or 0.00%**	3.00%-5.00% or 0.00%
– Car park	**5.00% or 40.00%**	5.00% or 40.00%
Prevailing market rents		
– Office (per sq.m. per month)	**RMB270-RMB560 or RMB210**	RMB300-RMB560 or RMB223
– Retail (per sq.m. per month)	**RMB174-RMB666 or RMB170**	RMB151-RMB666 or RMB170
– Car park (per spot per month)	**RMB880-RMB920 or RMB1,200**	RMB880-RMB920 or RMB1,200

17. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

The following tables show the sensitivity of the fair value of the investment properties to the key assumptions, assuming the directors' estimates to increase or decrease by 10%.

	Year ended December 31, 2024	
	Favourable change by 10%	**Unfavourable change by 10%**
	RMB'000	***RMB'000***
Capitalisation rate/Discount rate	**774,827**	**(712,292)**
Expected vacancy rate	**65,379**	**(64,479)**

	Year ended December 31, 2023	
	Favourable change by 10%	Unfavourable change by 10%
	RMB'000	*RMB'000*
Capitalisation rate/Discount rate	827,511	(759,168)
Expected vacancy rate	65,577	(84,377)

(c) Investment properties pledged as security

As at December 31, 2024, the investment properties with a fair value of RMB11,820 million and a net value of RMB149 million of land and buildings were pledged as collateral for the borrowings of RMB8,621 million. As at December 31, 2023, the investment properties with a fair value of RMB11,827 million and a net value of RMB156 million of land and buildings were pledged as collateral for the borrowings of RMB8,665 million.

(d) Leasing arrangements

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements as receivables is set out as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within one year	**969,634**	1,036,669
More than one year but less than five years	**1,404,130**	1,381,022
More than five years	**367,893**	286,908
	2,741,657	2,704,599

18. CONSUMABLE BIOLOGICAL ASSETS

The balance of consumable biological assets of the Group by production stage is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Atlantic salmon (sea water) *(a)*	**952,644**	1,168,249
Atlantic salmon (fresh water)	**83,538**	85,260
	1,036,182	1,253,509

The consumable biological assets with a carrying amount of USD102 million (RMB735 million) were pledged as collateral for the trade and notes payables as at December 31, 2024. The consumable biological assets with a carrying amount of USD166 million (RMB1,176 million) were pledged as collateral for the borrowings of USD24 million (RMB171 million) as at December 31, 2023.

Changes in consumable biological assets during the year are as follows:

	Year ended December 31	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**1,253,509**	1,240,637
Increase from fattening and production	**1,886,848**	2,220,199
Decrease from harvest (measured at cost)	**(2,176,171)**	(2,146,048)
Fair value adjustment *(b)*	**(120,816)**	(139,271)
Fair value decrease from harvest	**166,115**	79,473
Reverse/(Provision) for impairment of consumable biological assets	**7,302**	(23,646)
Exchange adjustment	**19,395**	22,165
At the end of the year	**1,036,182**	1,253,509

18. CONSUMABLE BIOLOGICAL ASSETS (Continued)

(a) Biological assets in sea water and the fair value adjustments are as follows:

	As at December 31, 2024		
	Production costs *RMB'000*	**Fair value adjustment** *RMB'000*	**Carrying amount** *RMB'000*
Atlantic salmon	**978,251**	**(25,607)**	**952,644**

	As at December 31, 2023		
	Production costs *RMB'000*	Fair value adjustment *RMB'000*	Carrying amount *RMB'000*
Atlantic salmon	1,248,656	(80,407)	1,168,249

(b) The variation of fair value of biological assets is as follows:

	Year ended December 31,	
	2024 *RMB'000*	2023 *RMB'000*
Atlantic salmon	**(120,816)**	(139,271)

(c) Breakdown by level

The biological assets measured at fair value of the Group are all at stage 3, estimated according to the method set out in Note 2.15.

19. INTANGIBLE ASSETS

	Mining rights RMB'000	Trademarks RMB'000	Softwares RMB'000	Goodwill RMB'000	Patent and technology RMB'000	Aquaculture franchise and water right RMB'000	Customer relationships RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2024									
Cost	597,736	11,091,398	21,622,933	41,234,547	30,481,190	3,750,632	11,184,101	2,283,981	122,246,518
Accumulated amortisation and impairment	(597,736)	(321,313)	(14,898,551)	(2,477,327)	(21,216,578)	(267,631)	(8,742,629)	(1,095,128)	(49,616,893)
Net book amount	–	10,770,085	6,724,382	38,757,220	9,264,612	3,483,001	2,441,472	1,188,853	72,629,625
For the year ended December 31, 2024									
Opening net book amount	–	10,770,085	6,724,382	38,757,220	9,264,612	3,483,001	2,441,472	1,188,853	72,629,625
Additions	–	–	2,616,389	–	3,208,528	–	–	94,313	5,919,230
Acquisition of subsidiaries	–	–	–	28,691	–	–	–	–	28,691
Disposals	–	–	(40,337)	–	(260,383)	(30,946)	–	–	(331,666)
Disposal of subsidiaries	–	(47)	(780)	(49,442)	(14)	–	–	–	(50,283)
Amortisation charge	–	(39,287)	(2,117,893)	–	(3,493,465)	–	(935,751)	(94,879)	(6,681,275)
Impairment loss	–	–	–	(455,195)	(568,890)	(161,459)	–	–	(1,185,544)
Exchange adjustment	–	59,492	(287,835)	(1,092,268)	104,438	47,285	(3,283)	(35,311)	(1,207,482)
Closing net book amount	–	10,790,243	6,893,926	37,189,006	8,254,826	3,337,881	1,502,438	1,152,976	69,121,296
As at December 31, 2024									
Cost	597,736	11,147,797	23,665,282	40,121,527	33,764,362	3,767,000	10,992,200	2,320,211	126,376,115
Accumulated amortisation and impairment	(597,736)	(357,554)	(16,771,356)	(2,932,521)	(25,509,536)	(429,119)	(9,489,762)	(1,167,235)	(57,254,819)
Net book amount	–	10,790,243	6,893,926	37,189,006	8,254,826	3,337,881	1,502,438	1,152,976	69,121,296

19. INTANGIBLE ASSETS (Continued)

	Mining rights *RMB'000*	Trademarks *RMB'000*	Softwares *RMB'000*	Goodwill *RMB'000*	Patent and technology *RMB'000*	Aquaculture franchise and water right *RMB'000*	Customer relationships *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at January 1, 2023									
Cost	597,736	10,764,429	18,259,228	40,222,215	24,968,271	3,688,949	10,945,749	1,703,005	111,149,582
Accumulated amortisation and impairment	(597,736)	(286,794)	(12,879,853)	(2,348,065)	(18,134,160)	(1,958)	(7,569,481)	(936,578)	(42,754,625)
Net book amount	–	10,477,635	5,379,375	37,874,150	6,834,111	3,686,991	3,376,268	766,427	68,394,957
For the year ended December 31, 2023									
Opening net book amount	–	10,477,635	5,379,375	37,874,150	6,834,111	3,686,991	3,376,268	766,427	68,394,957
Additions	–	48	2,977,422	–	5,197,271	13,081	–	34,859	8,222,681
Acquisition of subsidiaries	–	94,791	17,073	518,352	29,922	–	40,448	475,400	1,175,986
Disposals	–	(180)	(2,298)	–	–	(13,981)	–	(722)	(17,181)
Disposal of subsidiaries	–	–	(87)	(32,311)	–	–	–	–	(32,398)
Amortisation charge	–	(32,468)	(2,038,424)	–	(2,923,984)	–	(1,019,701)	(116,063)	(6,130,640)
Impairment loss	–	–	(6,311)	(129,262)	–	(272,670)	–	–	(408,243)
Exchange adjustment	–	230,259	397,632	526,291	127,292	69,580	44,457	28,952	1,424,463
Closing net book amount	–	10,770,085	6,724,382	38,757,220	9,264,612	3,483,001	2,441,472	1,188,853	72,629,625
As at December 31, 2023									
Cost	597,736	11,091,398	21,622,933	41,234,547	30,481,190	3,750,632	11,184,101	2,283,981	122,246,518
Accumulated amortisation and impairment	(597,736)	(321,313)	(14,898,551)	(2,477,327)	(21,216,578)	(267,631)	(8,742,629)	(1,095,128)	(49,616,893)
Net book amount	–	10,770,085	6,724,382	38,757,220	9,264,612	3,483,001	2,441,472	1,188,853	72,629,625

Amortisation of RMB3,422 million and RMB2,540 million are included in the "cost of sales and services"; RMB43 million and RMB4 million in "selling and distribution expenses"; and RMB3,216 million and RMB3,587 million in "general and administrative expenses" in the consolidated income statement for the year ended December 31, 2024 and 2023.

As at December 31, 2024, intangible assets and land use rights with a carrying amount of RMB3,503 million were restricted assets, of which the borrowings relating to the restricted intangible assets with a carrying amount of RMB3,428 million had been fully repaid, and the relevant release procedures have been completed in January 2025; intangible assets and land use rights with a carrying amount of RMB75 million were pledged as collateral for borrowings of RMB291 million.

As at December 31, 2023, intangible assets with a carrying value of RMB3,624 million were pledged as collateral for borrowings of RMB1,234 million.

19. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives

Management reviews the business performance based on type of business and monitor goodwill and intangible assets with indefinite useful lives at CGUs or groups of CGUs.

The carrying amount of goodwill and intangible assets with indefinite useful lives, less accumulated impairment charged, are presented below:

	As at December 31, 2024		As at December 31, 2023	
Group of CGUs	**Goodwill** *RMB'000*	**Intangible assets with indefinite useful life** *RMB'000*	Goodwill *RMB'000*	Intangible assets with indefinite useful life *RMB'000*
– Lenovo				
– Intelligent Device Group				
Chinese Mainland	6,476,748	1,308,289	6,537,332	1,296,134
Europe/Middle East/Africa	1,976,810	869,796	2,075,231	871,172
Americas	11,059,663	3,450,432	11,513,185	3,399,696
Asia-pacific region excluding Chinese Mainland	3,400,113	388,174	3,654,673	382,466
– Infrastructure Solutions Group				
Chinese Mainland	3,342,606	1,164,521	3,378,448	1,147,397
Europe/Middle East/Africa	402,550	222,840	460,376	219,564
Americas	2,422,491	884,173	2,422,283	871,172
Asia-pacific region excluding Chinese Mainland	912,927	388,174	963,247	382,466
– Solutions and Services Group	4,330,999	416,927	4,313,364	410,797
– BIL				
– Banking Business	1,056,156	1,023,495	1,125,578	1,068,851
– Joyvio Group				
– Salmon Production and Selling Business	–	3,433,096	–	3,568,457
– Other Animal Protein Business	476,423	–	666,937	–
– Fruit Business	404,962	–	406,872	–
– Smart Nutrition Service Business	56,623	–	141,320	–
– Seafood Fishing and Selling Business	385,899	89,595	406,243	96,382
– Others				
– Education Service Business	144,860	324,000	335,261	324,000
– Comprehensive Medical Service Business	137,873	–	137,873	–
– Insurance Brokerage Business	125,512	499,400	125,512	499,400
– Others	75,791	–	93,485	–
	37,189,006	14,462,912	38,757,220	14,537,954

19. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives (Continued)

Taken into consideration the global economic uncertainties, the Group has completed impairment testing on goodwill and intangible assets with indefinite useful lives for its group of CGUs by comparing their recoverable amounts to the carrying amounts as at December 31, 2024. The recoverable amount of the group of CGUs is determined by the higher of fair value less disposal cost and value in use.

On December 31, 2024, the subsidiary of Group adopted the fair value less disposal cost model to calculate the recoverable amount when conducting goodwill impairment analysis on the other animal protein business. The recoverable amount is determined by the observed active market quotation and the control premium in the reference market as fair value, which is level 2 inputs in the valuation method.

For the other business, the Group has adopt value in use model to calculate the recoverable amount. These calculations in value in model use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flow of the group of the CGUs extrapolated using constant projections of cash flows beyond the five-year period, plus 0% to 2.5% (different levels of group of CGUs) sustainable growth rate as a constant benchmark expecting after five years cash flow, to make a conclusion for the ultimate value of future group of CGUs cash flow of each set. The estimated revenue growth rates used by the Group are determined by management based on historical results and expectations of market developments.

19. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives (Continued)

The revenue growth rate and discount rate used for value in use calculations under the five-year financial budget period for Group of CGUs with significant goodwill and intangible assets with indefinite useful lives are as follows:

Group of CGUs	Goodwill			
	As at December 31, 2024		As at December 31, 2023	
	Growth rate	**Discount rate**	Growth rate	Discount rate
– Lenovo				
– Intelligent Device Group				
Chinese Mainland	**2.2%**	**11.0%**	5.8%	10.0%
Europe/Middle East/Africa	**4.1%**	**10.0%**	2.6%	10.0%
Americas	**3.0%**	**10.5%**	2.4%	10.0%
Asia-pacific region excluding Chinese Mainland	**1.4%**	**10.0%**	0.3%	10.0%
– Infrastructure Solutions Group				
Chinese Mainland	**11.9%**	**14.0%**	32.1%	14.0%
Europe/Middle East/Africa	**9.1%**	**11.0%**	11.1%	11.0%
Americas	**14.6%**	**11.5%**	11.9%	12.0%
Asia-pacific region excluding Chinese Mainland	**14.6%**	**12.0%**	18.9%	12.0%
– Solutions and Services Group	**9.7%**	**13.0%**	14.8%	13.0%
– BIL				
– Banking Business	**3.2%**	**11.0%**	5.6%	11.0%
– Joyvio Group				
– Salmon Production and Selling Business	**13.1%**	**10.4%**	8.8%	10.3%
– Fruit Business	**9.7%**	**12.2%**	10.2%	10.0%
– Smart Nutrition Service Business	**–1.5%**	**12.6%**	31.5%	14.6%
– Seafood Fishing and Selling Business	**7.0%**	**9.2%**	6.5%	9.5%
– Others				
– Education Service Business	**–5.9%**	**10.0%**	3.4%	11.7%
– Comprehensive Medical Service Business	**4.0%**	**8.4%**	5.0%	8.0%
– Insurance Brokerage Business	**10.1%**	**13.0%**	10.7%	13.2%

19. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives (Continued)

In the year of 2024, the Group recorded the impairment of goodwill of RMB456 million and impairment of intangible assets with indefinite useful lives of RMB161 million, which mainly include:

For the Other Animal Protein Business of Joyvio Group, as the decline of the observed active market quotation, the carrying amount is greater than its recoverable amount. Management recorded an impairment of goodwill of RMB191 million in the current year.

Due to global inflation, the prices of raw materials such as grains and fats continued to rise, resulting in high and slowly decline in the cost of salmon farming. Joyvio Group continued to downward adjust its production and sales volume plans, and the impairment of intangible assets with indefinite useful lives of RMB161 million was charged this year.

For the Smart Nutrition Service Business, due to the diverse dinning style and delay or stagnation of proposals, which resulted in lower than expected revenue, management adjusted the future operating expectations and recorded an impairment of goodwill of RMB85 million in the current year.

For the Education Service Business of industry incubations and investments, the subsidiaries of the Group dispose and close down some kindergartens with operational problems in 2024, overlaying the impact of the drop-off in births, which resulting in a decline in enrollment in kindergartens and lower revenue than expected. Management recorded an impairment of goodwill of RMB148 million in the current year.

At December 31, 2024, the Board of Directors considered that there were no significant indications of impairment of goodwill and intangible assets with indefinite useful lives, except for operations described above.

The recoverable amount of the above related asset units shall be determined according to the value in use and be the same as the fair value.

The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. At December 31, 2024, a reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any CGU's carrying amount to exceed its respective recoverable amount.

20. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost *RMB'000*	Assets at fair value through profit or loss *RMB'000*	Derivatives used for hedging *RMB'000*	Assets at fair value through other comprehensive income *RMB'000*	Total *RMB'000*
As at December 31, 2024					
Assets					
Financial assets at fair value through other comprehensive income	–	–	–	5,754,381	5,754,381
Derivative financial assets	–	1,433,973	3,969,969	–	5,403,942
Account and notes receivables	12,350,670	–	–	71,396,770	83,747,440
Loans to customers	125,035,159	–	–	–	125,035,159
Loans to credit institutions	2,606,559	–	–	–	2,606,559
Other financial assets at amortised cost	68,903,894	–	–	–	68,903,894
Other receivables and other current assets	26,773,987	–	–	–	26,773,987
Other non-current assets	9,588,046	–	–	–	9,588,046
Financial assets at fair value through profit or loss	–	29,755,724	–	–	29,755,724
Associates measured at fair value through profit or loss	–	13,340,631	–	–	13,340,631
Restricted deposits and balances with central banks	5,751,416	–	–	–	5,751,416
Bank deposits	44,270	–	–	–	44,270
Cash and cash equivalents	60,967,998	–	–	–	60,967,998
	312,021,999	44,530,328	3,969,969	77,151,151	437,673,447

	Other financial liabilities at amortised cost *RMB'000*	Liabilities at fair value through profit or loss *RMB'000*	Derivatives used for hedging *RMB'000*	Total *RMB'000*
Liabilities				
Borrowings	131,245,429	–	–	131,245,429
Amounts due to customers	141,169,859	–	–	141,169,859
Amounts due to credit institutions	21,039,508	–	–	21,039,508
Lease liabilities	2,889,137	–	–	2,889,137
Derivative financial liabilities	–	1,714,676	1,501,235	3,215,911
Trade and notes payables	104,394,698	–	–	104,394,698
Other payables	94,099,650	–	–	94,099,650
Other non-current liabilities	5,090,929	–	–	5,090,929
Financial liabilities at fair value through profit or loss	–	25,636,939	–	25,636,939
	499,929,210	27,351,615	1,501,235	528,782,060

20. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Financial assets at amortised cost RMB'000	Assets at fair value through profit or loss RMB'000	Derivatives used for hedging RMB'000	Assets at fair value through other comprehensive income RMB'000	Total RMB'000
As at December 31, 2023					
Assets					
Financial assets at fair value through other comprehensive income	–	–	–	5,866,485	5,866,485
Derivative financial assets	–	913,195	3,705,138	–	4,618,333
Account and notes receivables	11,224,300	–	–	62,696,669	73,920,969
Loans to customers	132,640,674	–	–	–	132,640,674
Loans to credit institutions	2,369,338	–	–	–	2,369,338
Other financial assets at amortised cost	67,917,268	–	–	–	67,917,268
Other receivables and other current assets	23,189,972	–	–	–	23,189,972
Other non-current assets	9,143,067	–	–	–	9,143,067
Financial assets at fair value through profit or loss	–	32,298,901	–	–	32,298,901
Associates measured at fair value through profit or loss	–	14,778,452	–	–	14,778,452
Restricted deposits and balances with central banks	4,179,402	–	–	–	4,179,402
Bank deposits	31,939	–	–	–	31,939
Cash and cash equivalents	59,571,033	–	–	–	59,571,033
	310,266,993	47,990,548	3,705,138	68,563,154	430,525,833

	Other financial liabilities at amortised cost RMB'000	Liabilities at fair value through profit or loss RMB'000	Derivatives used for hedging RMB'000	Total RMB'000
Liabilities				
Borrowings	124,512,862	–	–	124,512,862
Amounts due to customers	145,009,050	–	–	145,009,050
Amounts due to credit institutions	29,241,949	–	–	29,241,949
Lease liabilities	3,744,672	–	–	3,744,672
Derivative financial liabilities	–	1,908,626	1,652,149	3,560,775
Trade and notes payables	77,802,993	–	–	77,802,993
Other payables	79,871,649	–	–	79,871,649
Other non-current liabilities	5,276,152	–	–	5,276,152
Financial liabilities at fair value through profit or loss	–	23,124,866	–	23,124,866
	465,459,327	25,033,492	1,652,149	492,144,968

20. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at December 31, 2024, other financial assets at amortized cost and loans to customers and credit institutions of BIL with a total carrying amount of RMB4,589 million was restricted.

As at December 31, 2023, other financial assets at amortized cost, financial assets at fair value through other comprehensive income and loans to customers and credit institutions of BIL with a total carrying amount of RMB5,515 million was restricted.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The financial assets at fair value through other comprehensive income of the Group are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Listed equity securities:		
Equity securities – Hong Kong, China	**38,307**	167,498
Equity securities – Japan	**98,344**	103,131
Equity securities – Others	**248,302**	217,117
Market value of listed equity securities	**384,953**	487,746
Unlisted equity securities	**2,630,729**	3,358,343
Listed debt securities:		
Debt securities – Europe	**2,738,699**	1,923,720
Debt securities – Chinese Mainland	**–**	96,676
Market value of listed debt securities	**2,738,699**	2,020,396
Total	**5,754,381**	5,866,485
Less: Current portion	**(69,312)**	(32,401)
Non-current portion	**5,685,069**	5,834,084

22. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Derivative financial assets		
Derivatives held for trading	**1,433,973**	913,195
Derivatives designated as fair value hedges	**2,725,484**	3,438,118
Derivatives designated as cash flow hedges	**1,067,302**	139,652
Others	**177,183**	127,368
	5,403,942	4,618,333
Less: Current portion	**(2,334,842)**	(854,527)
Non-current portion	**3,069,100**	3,763,806
Derivative financial liabilities		
Derivatives held for trading	**1,714,676**	1,908,626
Derivatives designated as fair value hedges	**1,410,150**	814,405
Derivatives designated as cash flow hedges	**81,000**	649,681
Others	**10,085**	188,063
	3,215,911	3,560,775
Less: Current portion	**(786,682)**	(1,681,868)
Non-current portion	**2,429,229**	1,878,907

23. OTHER NON-CURRENT ASSETS

Other non-current assets primarily include long-term receivable arising from the financial lease and loans to related parties and third parties of Industry Incubations and Investments segment.

The other non-current assets with a net amount of RMB4,964 million (as at December 31, 2023, RMB4,285 million) were pledged as collateral for the borrowings of RMB4,166 million (as at December 31, 2023, RMB3,952 million) as at December 31, 2024.

24. ACCOUNTS AND NOTES RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Accounts and notes receivables measured at amortised cost		
Trade receivables	**4,465,097**	4,104,819
Notes receivables	**392,694**	344,443
Receivables arising from finance leases	**8,181,306**	7,415,198
Less: allowances for impairment loss	**(688,427)**	(640,160)
Accounts and notes receivables measured at amortised cost-net	**12,350,670**	11,224,300
Trade receivables measured at FVOCI		
Trade receivables financing *(i)*	**71,396,770**	62,696,669
Account and notes receivables	**83,747,440**	73,920,969

(i) Lenovo 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, 2024, the allowance of impairment loss for trade receivables financing is RMB1,255 million (As at December 31, 2023: RMB642 million).

24. ACCOUNTS AND NOTES RECEIVABLES (Continued)

As at December 31, 2024 and 2023, the ageing analyses of the trade receivables and trade receivables financing based on invoice date were as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**70,385,987**	61,089,292
3 to 6 months	**4,342,354**	3,759,692
6 months to 1 year	**1,190,645**	1,122,919
1 to 2 years	**816,182**	1,093,786
2 to 3 years	**191,991**	260,237
Over 3 years	**190,184**	117,998
	77,117,343	67,443,924

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

As at December 31, 2024 and 2023, accounts receivables with a net amount of RMB1,072 million and RMB661 million were pledged as collateral for borrowings of RMB429 million and RMB417 million.

Movements on the allowance for impairment loss of accounts and notes receivable are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**(1,282,596)**	(1,689,239)
Exchange adjustment	**(10,364)**	(1,213)
Addition	**(1,084,020)**	(596,431)
Uncollectible receivable written off	**198,306**	394,805
Unused amounts reversed	**234,771**	609,482
At end of the year	**(1,943,903)**	(1,282,596)

The carrying amounts of accounts and notes receivables approximate their fair values. The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivables mentioned above.

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

25. PREPAYMENT, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Receivables from parts subcontractors	**14,351,365**	11,999,347
Prepayments	**6,936,405**	6,166,803
Prepaid tax	**10,478,111**	9,049,994
Amounts due from related parties *(Note 54(c))*	**1,937,592**	1,665,665
Advance to suppliers	**4,395,206**	4,700,558
Deposits receivable	**470,668**	333,638
Advance to employees	**76,315**	61,956
Interest receivable	**85,307**	137,472
Others	**5,451,551**	6,234,518
	44,182,520	40,349,951
Less: allowances for impairment loss	**(562,719)**	(447,160)
	43,619,801	39,902,791

26. LOANS TO CUSTOMERS

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Banking service *(a)*	**123,018,519**	130,065,806
Other service *(b)*	**5,302,206**	6,151,222
Total	**128,320,725**	136,217,028
Less: allowances for impairment loss *(c)*	**(3,285,566)**	(3,576,354)
Net loans to customers	**125,035,159**	132,640,674
Less: current portion	**(32,317,267)**	(33,539,980)
Non-current portion	**92,717,892**	99,100,694

(a) Banking service

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
On demand and short notice	**10,892,062**	12,082,903
Finance leases	**2,203,568**	2,109,701
Other term loans	**109,922,889**	115,873,202
Total	**123,018,519**	130,065,806
Less: allowances for impairment loss		
– Stage 1	**(142,972)**	(303,343)
– Stage 2	**(106,455)**	(177,185)
– Stage 3	**(1,508,205)**	(1,664,421)
Total	**(1,757,632)**	(2,144,949)
Net loans to customers	**121,260,887**	127,920,857

26. LOANS TO CUSTOMERS (Continued)

(a) Banking service (Continued)

Gross loans to customers by stage

	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at January 1, 2024	**108,371,304**	**15,597,235**	**6,097,267**	**130,065,806**
To Stage 2 from Stage 1	**(8,057,655)**	**8,057,655**	**–**	**–**
To Stage 1 from Stage 2	**4,943,355**	**(4,943,355)**	**–**	**–**
To Stage 3 from Stage 2	**–**	**(524,810)**	**524,810**	**–**
To Stage 2 from Stage 3	**–**	**273,255**	**(273,255)**	**–**
To Stage 3 from Stage 1	**(1,240,227)**	**–**	**1,240,227**	**–**
To Stage 1 from Stage 3	**238,413**	**–**	**(238,413)**	**–**
Addition	**23,204,642**	**1,646,965**	**752,513**	**25,604,120**
Write-offs	**–**	**–**	**(1,413)**	**(1,413)**
Derecognition during the period other than write-offs	**(19,826,411)**	**(5,588,777)**	**(1,654,731)**	**(27,069,919)**
Exchange adjustment	**(4,615,421)**	**(697,230)**	**(267,424)**	**(5,580,075)**
As at December 31, 2024	**103,018,000**	**13,820,938**	**6,179,581**	**123,018,519**

	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at January 1, 2023	97,442,121	22,871,880	4,212,553	124,526,554
To Stage 2 from Stage 1	(6,612,960)	6,612,960	–	–
To Stage 1 from Stage 2	14,183,290	(14,183,290)	–	–
To Stage 3 from Stage 2	–	(777,224)	777,224	–
To Stage 2 from Stage 3	–	243,559	(243,559)	–
To Stage 3 from Stage 1	(2,309,956)	–	2,309,956	–
To Stage 1 from Stage 3	92,013	–	(92,013)	–
Addition	20,758,844	4,105,997	678,864	25,543,705
Write-offs	–	–	(420,525)	(420,525)
Derecognition during the period other than write-offs	(21,362,838)	(4,335,209)	(1,418,259)	(27,116,306)
Exchange adjustment	6,180,790	1,058,562	293,026	7,532,378
As at December 31, 2023	108,371,304	15,597,235	6,097,267	130,065,806

26. LOANS TO CUSTOMERS (Continued)

(b) Other service

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Direct loans and pawn loans to customers	**2,873,256**	3,702,137
Entrusted loans to customers	**2,428,950**	2,449,085
Total	**5,302,206**	6,151,222
Less: allowances for impairment loss		
– Stage 1	**(91,506)**	(100,509)
– Stage 2	**(51,743)**	(50,566)
– Stage 3	**(1,384,685)**	(1,280,330)
Total	**(1,527,934)**	(1,431,405)
Net loans to customers	**3,774,272**	4,719,817

As at December 31, 2024, loans to customers with a carrying amount of RMB248 million were pledged as collateral for borrowings of RMB213 million. As at December 31, 2023, loans to customers with a carrying amount of RMB345 million were pledged as collateral for borrowings of RMB323 million.

26. LOANS TO CUSTOMERS (Continued)

(c) Allowance for impairment loss

	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at January 1, 2024	**(403,852)**	**(227,751)**	**(2,944,751)**	**(3,576,354)**
Allowance made *(i)*	**(335,150)**	**(291,515)**	**(1,693,071)**	**(2,319,736)**
Unused amounts reversed *(ii)*	**458,391**	**365,147**	**973,388**	**1,796,926**
Transfer of stages, write-off and disposal	**40,037**	**(8,468)**	**731,180**	**762,749**
Exchange adjustment	**6,096**	**4,389**	**40,364**	**50,849**
As at December 31, 2024	**(234,478)**	**(158,198)**	**(2,892,890)**	**(3,285,566)**

	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at January 1, 2023	(454,917)	(323,510)	(3,004,271)	(3,782,698)
Allowance made *(i)*	(355,342)	(437,457)	(1,160,458)	(1,953,257)
Unused amounts reversed *(ii)*	389,827	526,361	644,356	1,560,544
Transfer of stages, write-off and disposal	39,219	14,824	662,549	716,592
Exchange adjustment	(22,639)	(7,969)	(86,927)	(117,535)
As at December 31, 2023	(403,852)	(227,751)	(2,944,751)	(3,576,354)

(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.

27. LOANS TO CREDIT INSTITUTIONS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cash collateral	**1,710,967**	1,954,685
Loans and other advances	**896,147**	415,539
Total	**2,607,114**	2,370,224
Less: allowances for impairment loss		
– stage 1	**(555)**	(885)
– stage 2	**–**	(1)
– stage 3	**–**	–
Total allowances for impairment loss	**(555)**	(886)
Net loans to credit institution	**2,606,559**	2,369,338
Less: Current portion	**(2,606,559)**	(2,369,338)
Non-current portion	**–**	–

28. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Bonds issued by public bodies	**43,900,063**	43,275,199
Other bonds and fixed-income instruments	**25,042,486**	24,669,173
Total	**68,942,549**	67,944,372
Less: allowances for impairment loss		
– stage 1	**(13,617)**	(22,123)
– stage 2	**(72)**	(4,981)
– stage 3	**(24,966)**	–
Total allowances for impairment loss	**(38,655)**	(27,104)
Net other financial assets at amortised cost	**68,903,894**	67,917,268
Less: Current portion	**(9,741,293)**	(9,975,814)
Non-current portion	**59,162,601**	57,941,454

29. INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Raw materials	**35,807,424**	24,395,089
Work in progress	**111,718**	86,259
Finished goods	**28,395,264**	17,826,698
Service parts	**4,214,233**	4,074,589
Others	**500,914**	494,998
	69,029,553	46,877,633

As at December 31, 2024, inventories with a net amount of RMB389 million were pledged as collateral for borrowings of RMB240 million.

30. PROPERTIES UNDER DEVELOPMENT

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**19,252**	19,252
At end of the year	**19,252**	19,252
Properties under development comprise:		
Land use rights	**16,455**	16,455
Construction costs and capitalised expenditure	**2,797**	2,797
Total	**19,252**	19,252

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Listed equity securities:		
Equity securities – Chinese Mainland	**2,908,366**	2,135,120
Equity securities – Hong Kong, China	**233,456**	231,551
Equity securities – Europe	**221,640**	213,907
Equity securities – United States	**372,918**	215,827
Fair value of listed equity securities	**3,736,380**	2,796,405
Unlisted equity securities	**24,292,664**	25,882,333
Listed debt securities:		
Debt securities – Chinese Mainland	**3,867**	889,670
Debt securities – Europe	**4,907**	6,398
Fair value of listed debt securities	**8,774**	896,068
Unlisted debt securities	**1,717,906**	2,724,095
Total	**29,755,724**	32,298,901
Less: Non-current portion	**(12,992,915)**	(12,124,523)
Current portion	**16,762,809**	20,174,378

Changes in fair value of financial assets at fair value through profit or loss are recorded in "investment income and gains/(losses)" in the consolidated income statement.

As at December 31, 2024, financial assets at fair value through profit or loss with a carrying amount of RMB143 million were pledged as collateral for borrowings of RMB60 million. As at December 31, 2023, financial assets at fair value through profit or loss with a carrying amount of RMB229 million were pledged as collateral for borrowings of RMB73 million.

32. BALANCES WITH CENTRAL BANK, RESTRICTED DEPOSITS, BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Balances with central bank		
Cash and balances with central banks of the country of the subsidiaries	**1,392,255**	1,302,861
Restricted deposits		
Deposits for guarantee business	**–**	65,251
Deposits for notes payables and borrowings	**2,885,761**	1,745,188
Other restricted deposits	**1,473,400**	1,066,102
	4,359,161	2,876,541
Bank deposits		
Matured between three to twelve months	**44,270**	31,939
Cash and cash equivalents		
Cash at bank and in hand	**35,278,471**	33,023,797
Cash and balances with central banks of the country of the subsidiaries (other than mandatory reserves)	**8,019,075**	19,776,542
Loans and advances to credit institutions	**13,019,047**	4,738,922
Money market funds	**4,651,405**	2,031,772
	60,967,998	59,571,033
Total	**66,763,684**	63,782,374
Maximum exposure to credit risk	**66,763,684**	63,782,374
Effective annual interest rates	**0.0%-12.3%**	0.0%-11.8%

33. SHARE-BASED PAYMENTS

The Group operates several share-based payment schemes, including the long-term incentive program administrated at Lenovo and the share award plan operated by the Company in exchange of services rendered by employees.

(a) Share-based payment plans of Lenovo

Long-term incentive program

A performance-related long-term incentive program was approved by Lenovo on May 26, 2005 and revised in 2008, 2016 and 2022 respectively for the purpose of rewarding and motivating directors, executives and top-performing employees (the "Participants") of Lenovo and its subsidiaries.

The long-term incentive program is designed to enable Lenovo to attract and retain the best available personnel, and encourage and motivate Participants to work towards enhancing the value of Lenovo and its shares by aligning their interests with those of the shareholders of Lenovo.

Lenovo also approved a share-based compensation package for non-executive directors.

Under the long-term incentive program, Lenovo may grant awards, at its discretion, using any of the two types of equity-based compensation: (i) share appreciation rights and (ii) restricted share units, which are described below:

(i) Share Appreciation Rights ("SARs")

An SAR entitles the holder to receive the appreciation in value of Lenovo's share price above a predetermined level.

(ii) Restricted Share Units ("RSUs")

An RSU equals to the value of one ordinary share of Lenovo. Once vested, an RSU is converted to an ordinary share.

Under the two types of compensation, Lenovo reserves the right, at its discretion, to pay the award in cash or ordinary shares of Lenovo.

33. SHARE-BASED PAYMENTS (Continued)

(a) Share-based payment plans of Lenovo (Continued)

Long-term incentive program (Continued)

Movements in the number of units of awards granted for the year ended December 31, 2024 and 2023 and their related weighted average fair values are as follows:

	Number of units	
	SARs	**RSUs**
Outstanding as at January 1, 2023	494,805,729	498,521,653
Granted during the year	100,422,928	247,631,483
Vested during the year	(291,729,819)	(298,782,334)
Lapsed/Cancelled during the year	(23,279,520)	(15,170,942)
Outstanding as at December 31, 2023	280,219,318	432,199,860
Granted during the year	**72,476,952**	**199,778,788**
Vested during the year	**(179,858,703)**	**(252,546,783)**
Lapsed/Cancelled during the year	**(14,688,681)**	**(20,133,038)**
Outstanding as at December 31, 2024	**158,148,886**	**359,298,827**

	Number of units	
	SARs	**RSUs**
Average fair value per unit *(HKD)*		
At December 31, 2024	**2.45**	**9.30**
At December 31, 2023	1.86	7.72

The fair values of the SARs awarded under the long-term incentive program were calculated by applying a Black-Scholes pricing model. For the year ended December 31, 2024 and 2023, the model inputs were the fair value (i.e. market value) of the Lenovo's shares at the grant date, taking into account the expected volatility of 42.9% and 40.3% expected dividends rate during the vesting periods of 3.4% and 5.1% contractual life of 4.4 years and 4.4 years, and a risk-free interest rate of 3.7% and 3.5%.

As at December 31, 2024 and 2023, the average remaining vesting period of the awards granted under the above long-term incentive plans for Lenovo is 1.73 years and 1.85 years.

33. SHARE-BASED PAYMENTS (Continued)

(b) Share incentive plan of the Company

2021 Medium and Long-Term Incentive Plan

On June 10, 2021, the restricted share incentive plan (the "2021 restricted share incentive plan") was approved at the annual general meeting of the Company. According to the relevant plan, the Company will entrust the custodian to purchase certain numbers of H Shares from the market for granting to the incentive targets. Under the 2021 restricted share incentive plan, the total amount of H shares to be granted to the incentive targets will not exceed 18.6 million H shares.

The lock-up periods varies from granted restricted share. The lock-up period of restricted shares is 18 months and 30 months from the date the restricted shares have been granted. The incentive targets do not require to make any cash contribution when the shares are granted.

Movements in the number of shares granted for the year ended December 31, 2024 are as follows:

	Number of shares
As at January 1, 2023	10,694,000
Granted during the year	975,000
Vested during the year	(7,566,000)
Lapsed/Cancelled during the year	(268,000)
As at December 31, 2023	3,835,000
Granted during the year	–
Vested during the year	**(3,835,000)**
Lapsed/Cancelled during the year	–
As at December 31, 2024	–

As at December 31, 2024 and 2023, the remaining service period of the awards granted under the incentive plans is 0 years.

(c)

For the year ended December 31, 2024 and 2023, the share-based payment expenses of RMB1,902 million and RMB2,332 million were recognised in the consolidated income statement.

34. SHARE CAPITAL

	As at December 31, 2024		As at December 31, 2023	
	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

35. 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.

36. TRADE AND NOTES PAYABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**79,393,541**	69,361,996
Notes payables	**25,001,157**	8,440,997
	104,394,698	77,802,993

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
0-30 days	**44,388,201**	41,778,258
31-60 days	**19,958,020**	16,394,565
61-90 days	**8,419,362**	6,030,051
91 days-1 year	**6,506,530**	5,014,473
Over 1 year	**121,428**	144,649
	79,393,541	69,361,996

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

As described in note 2.2, as at December 31, 2024, certain balances amounted to RMB296 million and RMB23,069 million are under SFAs and included in trade payables and notes payable, respectively (2023: nil and RMB6,275 million). Included in SFAs are trade payables of RMB296 million and notes payable of RMB23,069 million as at December 31, 2024 which suppliers have already received payment from the relevant financial institutions. The range of payment due dates for such SFAs are 80 to 160 days after the invoice date, which is similar with the range of payment due dates for comparable trade and notes payables that are not part of the SFAs.

37. DEFERRED REVENUE

Deferred revenue are advance received for extend warranty from our customers in Lenovo.

38. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Payable to parts subcontractors	**46,793,215**	39,285,335
Allowance for billing adjustment *(i)*	**15,588,398**	19,513,696
Accrued expenses	**18,965,820**	13,961,883
Payroll payable	**8,196,074**	6,360,304
Other taxes payable	**3,307,279**	3,048,282
Amounts due to related parties *(ii) (Note 54(c))*	**621,978**	637,934
Social security payable	**1,407,480**	1,396,125
Deposits payable	**401,267**	561,597
Interest payable	**293,182**	419,433
Royalty payable	**370,957**	437,704
Deferred consideration	**75,621**	112,800
Written put option liability *(iii)*	**1,788,280**	4,555,476
Others	**16,312,058**	16,436,462
	114,121,609	106,727,031

As described in note 2.2, as at December 31, 2024, certain balances amounted to RMB10,826 million are under SFAs and included in other payables and accruals (2023: RMB8,986 million). Included in SFAs are other payables and accruals of RMB10,826 million as at December 31, 2024 which subcontractors have already received payment from the relevant financial institutions. The range of payment due dates for such SFAs are 80 to 160 days after the invoice date, which is similar with the range of payment due dates for comparable other payables and accruals that are not part of the SFAs.

38. OTHER PAYABLES AND ACCRUALS (Continued)

(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, 2024 and 2023, the amounts due to related parties are unsecured.

(iii) Written put option liability

(1) Pursuant to the joint venture agreement entered into between Lenovo and Fujitsu Limited ("Fujitsu"), Lenovo and Fujitsu are respectively granted call and put options which entitle Lenovo to purchase from Fujitsu and Development Bank of Japan ("DBJ"), or Fujitsu and DBJ to sell to Lenovo, 49% interest in Fujitsu Client Computing Limited and its subsidiaries. Both options are exercisable as at December 31, 2024. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

The amount that may become payable upon exercise of the put option is initially included in other non-current liabilities at the present value of the redemption amount, with a corresponding direct credit to equity for the put option issued to non-controlling interests.

At each balance sheet date, the put option liability is required to be remeasured based on changes in expected performance, with the resulting gain or loss recognized in the consolidated income statement (note 6). If the put option is not exercised at expiry, the liability is derecognized and equity is adjusted accordingly.

(2) Pursuant to the contract of Chinese foreign equity joint venture ("the Contract") entered into between Joyvio Group, the subsidiary of the Company, and Saturn Agriculture Investment Co., Limited ("Saturn") in 2019, the Company granted Saturn the put option will be determined in accordance with the contract and up to maximum of RMB1.55 billion.

In July 2024, Saturn sent a notice to the Company requesting to exercise the put option and the Company entered into a repurchase agreement with Saturn in September 2024, pursuant to which it was determined that the Company would repurchase all of the equity interests in Joyvio Group held by Saturn by no later than June 30, 2026 by way of installment repayment.

In view of the exercise of the put option by Saturn, the Company and its subsidiaries derecognized the liability for the execution of the put option and recognized the amount payable pursuant to the repurchase agreement.

39. ADVANCES FROM CUSTOMERS

Advances from customers represent amounts received from sale of inventories, where the control of the inventory sold had not yet been transferred as at year-end.

40. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Deferred considerations	**180,228**	177,577
Government incentives and grants received in advance *(a)*	**943,334**	1,186,205
Written put option liability *(b)*	**847,940**	817,305
Long-term payables	**2,986,627**	3,617,351
Others	**1,307,046**	1,150,283
	6,265,175	6,948,721

(a) Government incentives and grants received in advance

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

(b) Written put option liability

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

(1) Pursuant to the option agreement entered into between a wholly owned subsidiary of Lenovo and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia") on January 11, 2022, which holds 99.31% interest in Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd ("ZJSB"), Lenovo and Yuan Jia are respectively granted call and put options which entitle Lenovo to purchase from Yuan Jia, or Yuan Jia to sell to Lenovo, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the option agreement. The exercise price for the call and put options will be determined in accordance with the option agreement, and up to a maximum of RMB500 million (approximately USD68 million).

(2) Pursuant to the contract of Sino-Foreign Equity Joint Venture entered into between Joyvio Group, the subsidiary of the Company, and Shaoxing Keqiao Joyvio Equity Investment Partnership (Limited Partnership) ("Shaoxing Keqiao Fund") in 2023, the Company granted Keqiao Fund the put option which entitles Shaoxing Keqiao Fund to sell its whole or a part of interest in Joyvio Group, upon the occurrence of certain conditions specified in the contract. The exercise price for the put option will be determined in accordance with the contract and up to maximum of RMB600 million.

41. AMOUNT DUE TO CREDIT INSTITUTIONS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
On demand	**990,850**	1,752,179
Term	**14,364,329**	16,360,188
Cash collateral	**1,972,496**	2,902,840
Repurchase agreement	**2,163,301**	2,777,833
Central bank of the country of subsidiary	**–**	3,586
Others	**1,548,532**	5,445,323
Total	**21,039,508**	29,241,949
Less: Non-current portion	**(525,055)**	(651,431)
Current portion	**20,514,453**	28,590,518

(a) Analysis by nature:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Unsecured	**18,876,207**	26,464,116
Collateralised	**2,163,301**	2,777,833
	21,039,508	29,241,949

(b) The carrying amounts of amount due to credit institutions are denominated in the following currencies:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
EUR	**8,644,347**	15,531,741
USD	**10,706,198**	11,078,460
CHF	**329,743**	567,163
GBP	**1,071,584**	1,526,000
Others	**287,636**	538,585
	21,039,508	29,241,949

Amount due to credit institutions are all from BIL.

42. AMOUNT DUE TO CUSTOMERS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Demand deposits and savings deposits	**78,077,192**	87,959,469
Term deposits	**63,090,594**	57,047,611
Cash collateral	**2,073**	1,970
Total	**141,169,859**	145,009,050
Less: Non-current portion	**(4,936,174)**	(3,473,989)
Current portion	**136,233,685**	141,535,061

Amount due to customers are all from BIL.

43. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Debt instruments *(i)*	**24,222,688**	22,292,506
Special Financial Instruments *(ii)*	**1,414,251**	832,360
Total	**25,636,939**	23,124,866
Less: Current portion	**(8,666,316)**	(6,799,953)
Non-current portion	**16,970,623**	16,324,913

(i) BIL primarily uses the fair value option (FVO) to designate such liability as financial liability at fair value through profit or loss to eliminate or at least significantly reduce the measurement or recognition inconsistency (also known as the accounting mismatch) that would arise from measuring financial assets or liabilities or recognising the gains and losses on these assets and liabilities on a different basis. The fair value of unlisted financial instruments was determined using pricing tools and procedures established by BIL. These pricing tools are discounted cash flow models that allow the current value to be determined on the basis of an interest rate curve that is applicable to similar securities and takes into account BIL's own credit rating.

(ii) Special financial instruments are financial instruments that the external financing of the Group meet the characteristics of special financial instruments under IFRS, which are classified as equity instruments in the individual financial statements of subsidiaries, but classified as financial liabilities at fair value through profit or loss in the consolidated financial statements.

44. BORROWINGS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Bank loans		
– Unsecured loans	**31,633,410**	31,857,697
– Guaranteed loans	**22,879,969**	22,810,779
– Collateralised loans	**14,063,158**	9,669,146
Other loans *(i)*		
– Unsecured loans	**500,000**	500,000
– Guaranteed loans	**325,000**	292,075
– Collateralised loans	**9,834,040**	6,674,000
Corporate bonds *(1)*		
– Unsecured bonds	**48,726,402**	48,863,288
– Guaranteed bonds	**344,088**	494,569
– Collateralised bonds	**2,939,362**	3,351,308
	131,245,429	124,512,862
Less: Current portion	**(59,348,540)**	(56,154,990)
Non-current portion	**71,896,889**	68,357,872

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

44. BORROWINGS (Continued)

As at December 31, 2024 and 2023, the carrying amount of the borrowings approximates their fair value.

(1) The information about corporate bonds issued as at December 31, 2024 is as below:

Issuer	Type of bonds	Issuance date	Term	Principal amount
The Company	Corporate bonds	July 6, 2016	10 years	RMB2,000 million
Lenovo	Medium term notes	April 24, 2020 & May 12, 2020	5 years	USD965 million
Lenovo	Medium term notes	November 2, 2020	10 years	USD900 million
Lenovo	Medium term notes	July 27, 2022	5.5 years	USD600 million
Lenovo	Medium term notes	July 27, 2022	10 years	USD563 million
Lenovo	Convertible bonds *(2)*	August 26, 2022	7 years	USD675 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	Bank subordinate bonds	February 1, 2023	10.25 years	EUR100 million
BIL	Medium term notes	September 1, 2021 & February 8, 2022	5 years	JPY1,000 million
BIL	Medium term notes	2014-2024	0.4-20 years	EUR2,124 million
BIL	Medium term notes	2020-2024	0.25-5 years	USD57 million
BIL	Medium term notes	November 30, 2020	4.6 years	CHF180 million
BIL	Medium term notes	November 5, 2021 & January 19, 2022	5 years	GBP6 million
BIL	Medium term notes	November 3, 2023	3 years	CNH300 million
JC Finance & Leasing	Asset-backed notes *(i)*	August 9, 2023	1-2 years	RMB264 million
JC Finance & Leasing	Asset-backed notes *(i)*	December 6, 2023	1-2 years	RMB408 million
JC Finance & Leasing	Asset-backed notes *(i)*	March 28, 2024	2-3 years	RMB636 million
JC Finance & Leasing	Asset-backed notes *(i)*	October 15, 2024	2-3 years	RMB1,628 million
JC Finance & Leasing	Corporate bonds	January 5, 2024	3 years	RMB350 million

The annual interest rates of the above bonds are from 0% to 6.9%.

(i) The asset-backed notes packages issued in 2024 and 2023 include multiple notes. The principle amounts of the two packages on issuance dates amounted to RMB2,748 million and RMB3,480 million respectively.

44. BORROWINGS (Continued)

(2) Convertible bonds

A. On August 26, 2022, Lenovo completed the issuance of 7-Year USD675 million convertible bonds bearing annual interest at 2.5% due in August 2029 ("the 2029 Convertible Bonds") to the bondholders. The proceeds were used to repay the previous convertible debenture and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of Lenovo at a conversion price of HKD9.94 per share, subject to adjustments. The conversion price was adjusted to HKD8.95 per share effective on January 8, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HKD8.95 per share, the 2029 Convertible Bonds will be convertible into 591,171,787 shares.

The outstanding principal amount of the Bonds is repayable by Lenovo upon the maturity of the 2029 Convertible Bonds on August 26, 2029 if not previously redeemed, converted or purchased and cancelled. On August 26, 2026, the bondholders will have the right, at the bondholders' option, to require Lenovo to redeem part or all of the 2029 Convertible Bonds at their principal amount.

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

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

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

B. Fresh Investment SpA ("Fresh"), 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 within 60 months, at the share's price evaluated by a third-party evaluator which is agreed by the two parties when conversion. In July 2022, Joyvio Group and Cangyuan Investment entered into the Convertible Bond Transfer Agreement, under which Joyvio Group was assigned the principal amount of USD62.5 million convertible bonds issued by Fresh held by Cangyuan Investment and the deferred payment of interest ("PIK") corresponding to such portion of convertible bonds.

In August 2024, the Company, as the actual controller of Joyvio Food, and Cangyuan Investment entered into the Convertible Bond Transfer Agreement, under which the Company was assigned the principal amount of USD62.5 million convertible bonds issued by Fresh held by Cangyuan Investment, the aggregate nominal value of the PIK bonds corresponding to that portion of the principal amount of the convertible bonds, all the corresponding interest in cash, the interest on the PIK bonds and all of Cangyuan Investment's rights and obligations under the Convertible Bond Agreement.

44. BORROWINGS (Continued)

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

	As at December 31,	
	2024	2023
Bank loans	**0.99%-10.40%**	1.44%-11.52%
Other loans	**3.71%-8.00%**	4.06%-8.50%

The upper limit range of the interest rate above mainly refers to the agreed interest rate by the Company's overseas subsidiaries under local financing contracts.

(b) Borrowings are repayable as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**59,348,540**	56,154,990
After 1 year but within 2 years	**24,039,098**	20,596,231
After 2 years but within 5 years	**26,233,420**	22,980,462
After 5 years	**21,624,371**	24,781,179
	131,245,429	124,512,862

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
RMB	**64,802,396**	63,031,190
USD	**36,386,884**	38,979,032
EUR	**19,698,274**	17,182,499
HKD	**7,662,357**	2,944,664
CHF	**1,445,738**	1,533,876
Others	**1,249,780**	841,601
	131,245,429	124,512,862

45. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets:		
Recovered after 12 months	**17,444,211**	13,538,146
Recovered within 12 months	**9,454,292**	8,718,237
	26,898,503	22,256,383
Deferred tax liabilities:		
Recovered after 12 months	**(9,626,032)**	(9,364,377)
Deferred tax assets – net	**17,272,471**	12,892,006

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**12,892,006**	10,623,293
Acquisition of subsidiaries	**–**	(43,824)
Credited to the income statement *(Note 13)*	**4,470,774**	2,044,112
(Charged)/Credited to other comprehensive income *(Note 13)*	**(2,548)**	18,520
Directly (charged)/credited to equity	**(39,752)**	110,216
Disposal of subsidiaries	**(12,161)**	–
Exchange adjustment and reclassification	**(35,848)**	139,689
At end of the year	**17,272,471**	12,892,006

45. DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking the offsetting of balances within the same tax jurisdiction into consideration, is as follows:

Deferred income tax assets	**Provision and accruals and tax depreciation allowance** *(i)*	**Tax losses**	**Deferred revenue**	**Fair value changes – associates**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	6,133,954	12,287,433	1,480,781	221,289	1,331,598	21,455,055
Acquisition of subsidiaries	75,218	–	–	–	1,344	76,562
Credited to the income statement	1,323,431	648,877	57,749	29,208	811,926	2,871,191
Credited to other comprehensive income	13,560	–	–	–	10,168	23,728
Directly credited to equity	–	13	–	–	109,753	109,766
Exchange adjustment and reclassification	286,037	(426,396)	129,280	–	49,341	38,262
At December 31, 2023	7,832,200	12,509,927	1,667,810	250,497	2,314,130	24,574,564
Credited/(Charged) to the income statement	**6,455,084**	**(3,204,708)**	**289,049**	**24,924**	**(638,911)**	**2,925,438**
(Charged)/Credited to other comprehensive income	**(7,350)**	**–**	**–**	**–**	**5,695**	**(1,655)**
Directly charged to equity	**–**	**–**	**–**	**–**	**(39,694)**	**(39,694)**
Disposal of subsidiaries	**(2,745)**	**(20,894)**	**–**	**–**	**(1,855)**	**(25,494)**
Exchange adjustment and reclassification	**(88,090)**	**484,469**	**(129,352)**	**–**	**453,894**	**720,921**
At December 31, 2024	**14,189,099**	**9,768,794**	**1,827,507**	**275,421**	**2,093,259**	**28,154,080**

Deferred income tax assets are recognised for deductible temporary differences and tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable.

(i) Some organizational changes have been made to support future business planning and global business growth by Lenovo, which resulted in one-time income tax credit of RMB2,005 million and recognized as deferred income tax assets accordingly.

45. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities	Fair value gains – investment properties	Fair value gains – financial assets	Fair value changes – associates	Outside basis differences	Assets valuation *(i)*	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	2,765,791	2,064,467	683,581	966,334	1,824,342	2,527,247	10,831,762
Acquisition of subsidiaries	–	–	–	–	47,953	72,433	120,386
(Credited)/Charged to the income statement	(1,448)	(193,224)	(203,264)	(129,699)	(190,842)	1,545,556	827,079
Charged to other comprehensive income	4,545	663	–	–	–	–	5,208
Directly credited to equity	–	(450)	–	–	–	–	(450)
Exchange adjustment and reclassification	–	6,130	–	13,191	10,495	(131,243)	(101,427)
At December 31, 2023	2,768,888	1,877,586	480,317	849,826	1,691,948	4,013,993	11,682,558
(Credited)/Charged to the income statement	**(35,458)**	**(130,877)**	**(402,447)**	**8,428**	**(238,426)**	**(746,556)**	**(1,545,336)**
Charged to other comprehensive income	**–**	**893**	**–**	**–**	**–**	**–**	**893**
Directly charged to equity	**–**	**–**	**–**	**–**	**–**	**58**	**58**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(13,333)**	**(13,333)**
Exchange adjustment and reclassification	**–**	**9,763**	**–**	**8,878**	**6,764**	**731,364**	**756,769**
At December 31, 2024	**2,733,430**	**1,757,365**	**77,870**	**867,132**	**1,460,286**	**3,985,526**	**10,881,609**

(i) Assets valuation included valuation gains on property, plant and equipment, right-of-use assets and intangible assets arising from initial recognition in business combination.

45. DEFERRED INCOME TAX (Continued)

At December 31, 2024 and 2023, the Group did not recognise deferred income tax assets in respect of deductible temporary differences of approximately RMB23,464 million and RMB22,001 million and tax losses of approximately RMB31,809 million and RMB33,170 million that can be carried forward against future taxable income. At December 31, 2024 and 2023, the unrecognised tax losses of RMB14,529 million and RMB15,460 million can be carried forward indefinitely. The balances of unrecognised tax losses will expire as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
– within 1 year	**1,323,394**	996,578
– 1 to 2 years	**4,861,186**	2,261,209
– 2 to 3 years	**6,211,268**	5,497,990
– 3 to 4 years	**4,257,946**	7,953,839
– Over 4 years	**15,155,443**	16,460,762
	31,809,237	33,170,378

46. RETIREMENT BENEFIT OBLIGATIONS

The Group's retirement benefit obligations are mainly related to Lenovo and BIL.

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Pension obligation included in non-current liabilities		
Pension benefits *(a)*	**1,449,959**	1,488,039
Post-employment medical benefits *(b)*	**210,634**	203,054
	1,660,593	1,691,093
Expensed in income statement		
Pension benefits *(Note 9)*	**159,409**	158,310
Post-employment medical benefits *(Note 9)*	**8,207**	7,841
	167,616	166,151
Remeasurements for		
Defined pension benefits	**(43,310)**	179,902
Post-employment medical benefits	**(11,145)**	4,555
	(54,455)	184,457

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The Group operates a sectionalized plan that has both defined contribution and defined benefit features in Germany, including benefits based on a final pay formula. This plan is closed to new entrants. The defined benefit plan for Motorola Mobility in Germany does not have employees, but a large number of retirees and former employees with benefits fully vested but have yet to reach retirement age. The Group's largest pension liabilities are now in Germany.

The Group continues to maintain significant pension liabilities in Japan where a cash balance benefit is provided for substantially all employees.

In the United States, the defined benefit plan is closed to new entrants, and now covers only less than 1% of employees. There is also a supplemental defined benefit plan that covers certain executives.

The Group also operates final salary defined benefit plans in a number of countries as a result of past acquisition. The Group's major plans are valued by qualified actuaries annually using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period they arise.

(a) Pension benefits

The amounts recognised in the consolidated balance sheet are determined as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Present value of funded obligations	**4,362,080**	4,681,089
Fair value of plan assets *(Note 46(c))*	**(3,965,031)**	(4,131,302)
Deficit of funded plans	**397,049**	549,787
Present value of unfunded obligations	**897,753**	830,715
Liabilities in the balance sheet	**1,294,802**	1,380,502
Representing:		
Retirement benefits obligation	**1,449,959**	1,488,039
Retirement plan assets	**(155,157)**	(107,537)
	1,294,802	1,380,502

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(a) Pension benefits (Continued)

The principal actuarial assumptions used were as follows:

	As at December 31, 2024	2023
Discount rate	**1.00%-5.00%**	1.50%-5.30%
Future salary increases	**0.00%-5.40%**	0.00%-5.40%
Future pension increases	**0.00%-2.50%**	0.00%-2.30%
Life expectancy for male aged 60	**20.30-28.00**	21.80-27.80
Life expectancy for female aged 60	**25.70-29.80**	26.00-29.90

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

	Year ended December 31, 2024		
	Impact on defined benefit obligation *(i)*		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	**0.50%**	**Decrease by 5.60% or 3.64%**	**Increase by 6.20% or 4.05%**
Salary growth rate	**0.50%**	**Increase by 1.00% or 1.06%**	**Decrease by 0.90% or 0.86%**
Pension growth rate	**0.50% or N/A**	**Increase by 3.70% or N/A**	**Decrease by 3.50% or N/A**
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
Life expectancy		**Increase by 1.40% or 1.10%**	**Decrease by 1.40% or 1.08%**

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)
(a) Pension benefits (Continued)

	Year ended December 31, 2023		
	Impact on defined benefit obligation *(i)*		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 5.70% or 3.53%	Increase by 6.20% or 3.87%
Salary growth rate	0.50%	Increase by 1.20%	Decrease by 1.30% or 1.04%
Pension growth rate	0.50% or N/A	Increase by 5.20% or N/A	Decrease by 5.40% or N/A
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 1.60% or 1.18%	Decrease by 1.50% or 1.17%

(i) Different subsidiaries in the Group have pension plans in various regions. As different models are used, change in an assumption may result in different output. The analysis results of different model are listed respectively in above sensitivity analysis.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change for the year ended December 31, 2024 and 2023.

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes.

The US plan (Lenovo Future Health Account and Retiree Life Insurance Program) is currently funded by a trust that qualifies for tax exemption under US tax law, out of which benefits to eligible retirees and dependents will be made.

As post-employment medical benefits plan made no agreements on future benefit level changes, the changes in future medical cost trend rates have no effect on the liabilities for post-employment medical benefits.

The amounts recognised in the consolidated balance sheet are determined as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Present value of funded obligations	**–**	–
Fair value of plan assets *(Note 46(c))*	**–**	–
Deficit of funded plans	**–**	–
Present value of unfunded obligations	**210,634**	203,054
Liabilities in the balance sheet	**210,634**	203,054

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(c) Additional information on post-employment benefits (pension and medical)

Percentage of fair value of the plan assets are analysed below:

	2024 Quoted	2024 Unquoted	2024 Total	2023 Quoted	2023 Unquoted	2023 Total
Pension						
Equity instruments *(i)*	8.84%	–	5.95%	8.11%	–	5.62%
Debt instruments *(ii)*	83.19%	–	55.94%	78.09%	–	54.09%
Properties	0.33%	17.42%	5.93%	0.32%	17.87%	5.71%
Qualifying insurance policies	–	26.83%	8.79%	–	28.52%	8.77%
Cash and cash equivalents	1.97%	0.86%	1.61%	6.50%	1.29%	4.90%
Investment funds	5.67%	42.08%	17.59%	6.98%	38.87%	16.78%
Structured bonds	–	10.48%	3.43%	–	11.17%	3.43%
Others	–	2.33%	0.76%	–	2.28%	0.70%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Medical Plan						
– Cash and cash equivalents	–	–	–	–	–	–

(i) The equity instruments in plan assets of the subsidiaries of the Group mainly include IT, energy, manufacturing and other industries.

(ii) The debt instruments in plan assets of the subsidiaries of the Group mainly include government bond and corporate bond (both investment grade and non-investment grade).

The long-term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, the liquidity requirements of the plans.

For the year ended December 31, 2024 and 2023, the weighted average duration of defined benefit obligation is 11 years and 11 years respectively.

Pension and medical plan assets do not include any of the Company's ordinary shares, US real estate occupied by the Group, own transferable financial instruments issued or assets occupied or used by BIL for the year ended December 31, 2024 and 2023.

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(c) Additional information on post-employment benefits (pension and medical) (Continued)

Reconciliation of fair value of plan assets of the Group:

Pension	Year ended December 31, 2024 RMB'000	2023 RMB'000
Opening fair value	**4,131,302**	4,075,818
Interest income	**97,333**	91,303
Actuarial gains/(losses)	**43,386**	(121,896)
Contributions by the employer	**265,402**	240,735
Contributions by plan participants	**19,149**	22,565
Benefits paid	**(255,252)**	(309,972)
Exchange adjustment	**(330,135)**	138,945
Others	**(6,154)**	(6,196)
Closing fair value	**3,965,031**	4,131,302
Actual return on plan assets	**140,719**	(30,593)

Medical Plan	Year ended December 31, 2024 RMB'000	2023 RMB'000
Opening fair value	**–**	–
Interest income	**92**	–
Actuarial losses	**–**	–
Contributions by the employer	**7,895**	6,875
Benefits paid	**(8,129)**	(6,875)
Exchange adjustment	**142**	–
Closing fair value	**–**	–
Actual return on plan assets	**92**	–

Contribution of RMB189 million are estimated to be made for the year ended December 31, 2025 (For the year ended December 31, 2024: RMB162 million).

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(c) Additional information on post-employment benefits (pension and medical) (Continued)

Reconciliation of movements in present value of defined benefit obligations of the Group:

Pension	Year ended December 31, 2024 RMB'000	2023 RMB'000
Opening defined benefit obligations	**5,511,804**	5,799,350
Current service cost	**116,536**	124,581
Past service cost	**8,698**	3,277
Interest cost	**132,795**	122,862
Actuarial losses/(gains)	**86,696**	(301,798)
Contributions by plan participants	**19,064**	17,319
Benefits paid	**(287,883)**	(337,414)
Curtailment gains	**(1,287)**	(1,107)
Exchange adjustment	**(326,590)**	84,734
Closing defined benefit obligations	**5,259,833**	5,511,804

Medical Plan	Year ended December 31, 2024 RMB'000	2023 RMB'000
Opening defined benefit obligations	**203,054**	191,903
Exchange adjustment	**(3,735)**	14,740
Current service cost	**1,238**	2,038
Interest cost	**7,061**	5,803
Actuarial gains	**11,145**	(4,555)
Benefits paid	**(8,129)**	(6,875)
Closing defined benefit obligations	**210,634**	203,054

For the year ended December 31, 2024 and 2023, benefit of RMB33 million and RMB27 million were paid directly by the Group.

46. RETIREMENT BENEFIT OBLIGATIONS (Continued)

(c) Additional information on post-employment benefits (pension and medical) (Continued)

The amounts recognised in the consolidated income statement were as follows:

Pension	Year ended December 31, 2024 RMB'000	2023 RMB'000
Current service cost	116,536	124,581
Past service cost	8,698	3,277
Interest cost	132,795	122,862
Interest income	(97,333)	(91,303)
Curtailment gains	(1,287)	(1,107)
Total expense recognised in the consolidated income statement	159,409	158,310

Medical Plan	Year ended December 31, 2024 RMB'000	2023 RMB'000
Current service cost	1,238	2,038
Interest cost	7,061	5,803
Interest income	(92)	–
Total expense recognized in the consolidated income statement	8,207	7,841

Summary of pensions and post-retirement medical benefits of the Group:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Present value of defined benefit obligations	5,470,474	5,714,858
Fair value of plan assets	(3,965,031)	(4,131,302)
Deficit	1,505,443	1,583,556
Actuarial gains/(losses) arising on plan assets	43,386	(121,896)
Actuarial (losses)/gains arising on plan liabilities	(97,841)	306,353
	(54,455)	184,457

47. PROVISIONS

	Warranties	Environmental restoration	Restructuring	Financial guarantees*(i)*	Other provisions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	**7,099,721**	**178,640**	**547,202**	**129,662**	**97,006**	**8,052,231**
Provision made	**4,999,463**	**117,453**	**453,996**	**–**	**5,861**	**5,576,773**
Unused amounts reversed	**–**	**–**	**–**	**(50,683)**	**(16,358)**	**(67,041)**
Amount utilised	**(4,983,254)**	**(102,652)**	**(550,831)**	**–**	**(12,766)**	**(5,649,503)**
Exchange adjustment	**(140,687)**	**(12,171)**	**(4,971)**	**(6,408)**	**(4,055)**	**(168,292)**
Others	**–**	**–**	**1,277**	**25,668**	**(5,640)**	**21,305**
At end of the year	**6,975,243**	**181,270**	**446,673**	**98,239**	**64,048**	**7,765,473**
Less: Non-current portion	**(1,138,470)**	**(152,681)**	**(3,861)**	**(97,911)**	**(52,724)**	**(1,445,647)**
As at December 31, 2024	**5,836,773**	**28,589**	**442,812**	**328**	**11,324**	**6,319,826**
As at January 1, 2023	7,646,156	203,540	27,061	100,422	114,944	8,092,123
Provision made	4,574,554	111,334	1,502,482	917	3,351	6,192,638
Unused amounts reversed	–	–	(2,147)	(60,516)	(14,037)	(76,700)
Amount utilised	(5,263,058)	(128,679)	(984,810)	(156)	(14,240)	(6,390,943)
Exchange adjustment	142,069	(7,555)	4,616	40,952	6,988	187,070
Acquisition of subsidiaries	–	–	–	48,043	–	48,043
At end of the year	7,099,721	178,640	547,202	129,662	97,006	8,052,231
Less: Non-current portion	(1,215,966)	(158,164)	(4,032)	(125,580)	(62,614)	(1,566,356)
As at December 31, 2023	5,883,755	20,476	543,170	4,082	34,392	6,485,875

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

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

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

47. PROVISIONS (Continued)

(i) The provision for financial guarantees mainly represents the provision made by the Group for financial guarantee business under the financial services business.

The following table sets forth the total guarantees of the Group as at December 31, 2024 and 2023:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Financial guarantee of guarantee business *(a)*	**4,775,033**	6,476,245
Other guarantee *(b)*		
– Related parties *(Note 54(e))*	**543,941**	622,016
– Unrelated parties	**75,000**	100,000
	5,393,974	7,198,261

(a) Financial guarantee of guarantee business

The subsidiary of the Company in banking service provides diversified guarantees to customers and charge them guarantee fees accordingly. As at December 31, 2024 and 2023, the guarantee balance was RMB4,775 million and RMB6,476 million respectively. The Directors evaluate the financial risk of the guaranteed entities and make provision accordingly. As at December 31, 2024 and 2023, the provision made by the Group was RMB98 million and RMB130 million respectively, which were included in "Provisions" in the consolidated balance sheet.

(b) Other guarantee

As at December 31, 2024 and 2023, the total guarantee balances the Group provided to related parties and unrelated parties are approximately RMB619 million and RMB722 million respectively.

48. DIVIDENDS

The Board of Directors recommended no dividend will be paid for the year ended December 31, 2024. As recommended by the Board of Directors, no dividend for the year ended December 31, 2023 was paid in 2024. The dividends paid in 2023 were RMB444 million (RMB0.2 per share).

49. CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations

	Year ended December 31,	
	2024 *RMB'000*	2023 *RMB'000*
Profit before income tax	7,692,199	2,423,928
Adjustments for:		
Impairment loss for non-current assets *(Note 8)*	1,294,779	426,318
Impairment loss for loans to customers *(Note 8)*	566,408	380,675
Impairment loss for other financial assets *(Note 8)*	1,083,438	1,005,302
Inventory write-down *(Note 8)*	126,525	851,196
Depreciation of property, plant and equipment *(Note 15)*	4,408,359	4,069,414
Depreciation of right-of-use assets *(Note 16)*	1,019,410	1,407,178
Amortisation *(Note 19)*	6,681,275	6,130,640
(Gains)/Losses on disposal of property, plant and equipment and intangible assets *(Note 7)*	(14,594)	137,579
Fair value losses on investment properties *(Note 7)*	354,479	122,878
Fair value losses on consumable biological assets *(Note 18)*	120,816	139,271
Fair value losses on financial liabilities	134,541	847,143
Gain on remeasurement of a written put option liability *(Note 38(iii)(1))*	(1,020,110)	–
Disposal gains, fair value losses, dividend income from financial instruments at fair value through profit or loss and others	(402,414)	183,844
Fair value losses and dividend income from associates measured at fair value through profit or loss *(Note 6)*	761,666	1,122,164
Net finance costs *(Note 10)*	7,913,679	6,934,622
Gains on disposal/dilution of associates *(Note 6)*	(9,652)	(383,879)
(Gains)/Losses on disposal of subsidiaries *(Note 6)*	(56,741)	58,477
Dividend income from financial assets at fair value through other comprehensive income *(Note 6)*	(8,112)	(17,508)
Share-based payments *(Note 33(c))*	1,901,648	2,332,229
Share of (profit)/losses of associates and joint ventures using equity accounting	(281,338)	488,580
Net foreign exchange losses *(Note 7)*	81,939	598,959
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
Inventories, consumable biological assets and properties under development	(22,819,901)	10,247,663
Trade and other receivables	(13,032,574)	(4,357,999)
Loans and advances and other financial instruments	6,672,787	(12,255,002)
Amount due to customers and credit institutions	(12,041,632)	(7,119,445)
Trade and other payables	39,654,338	(1,729,842)
Cash generated from operating activities	30,781,218	14,044,385

49. CASH GENERATED FROM OPERATIONS (Continued)

(b) Net debt reconciliation

	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000
Cash and cash equivalents	**60,967,998**	59,571,033
Borrowings – repayable within one year	**(59,348,540)**	(56,154,990)
Borrowings – repayable after one year	**(71,896,889)**	(68,357,872)
Lease liabilities	**(2,889,137)**	(3,744,672)
Net debt	**(73,166,568)**	(68,686,501)
Cash and cash equivalents	**60,967,998**	59,571,033
Gross debt – fixed interest rates	**(72,574,917)**	(75,975,976)
Gross debt – floating interest rates	**(61,559,649)**	(52,281,558)
Net debt	**(73,166,568)**	(68,686,501)

	Cash and cash equivalents RMB'000	Borrowings due within 1 year RMB'000	Borrowing due after 1 year RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as at January 1, 2023	81,159,017	(50,902,399)	(81,584,846)	(4,046,635)	(55,374,863)
Cash flows	(24,033,829)	37,316,880	(32,569,540)	1,034,871	(18,251,618)
Foreign exchange gains/(losses)	2,445,845	(2,198,721)	5,425,764	–	5,672,888
Additions of leases	–	–	–	(579,244)	(579,244)
Other non-cash movements	–	(40,370,750)	40,370,750	(153,664)	(153,664)
Net debt as at December 31, 2023	59,571,033	(56,154,990)	(68,357,872)	(3,744,672)	(68,686,501)
Cash flows	**3,006,980**	**30,467,188**	**(29,038,381)**	**1,085,631**	**5,521,418**
Foreign exchange losses	**(1,610,015)**	**(2,341,025)**	**(5,820,349)**	**–**	**(9,771,389)**
Additions of leases	**–**	**–**	**–**	**(70,336)**	**(70,336)**
Other non-cash movements	**–**	**(31,319,713)**	**31,319,713**	**(159,760)**	**(159,760)**
Net debt as at December 31, 2024	**60,967,998**	**(59,348,540)**	**(71,896,889)**	**(2,889,137)**	**(73,166,568)**

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**2,549**	3,209
Right-of-use assets	**36,920**	70,107
Intangible assets	**4,578**	8,921
Investments in subsidiaries	**33,346,097**	31,289,850
Associates using equity accounting	**8,501,197**	8,923,957
Associates measured at fair value through profit or loss	**484,571**	557,489
Financial assets at fair value through profit or loss	**1,110,004**	1,110,004
Deferred income tax assets	**164,235**	188,367
Other financial assets at amortised cost	**549,580**	–
Other non-current assets	**1,097,740**	2,625,293
	45,297,471	44,777,197
Current assets		
Amounts due from subsidiaries	**9,178,347**	15,271,747
Amounts due from related parties	**44,901**	51,251
Prepayment, other receivables and other current assets	**332,003**	262,493
Derivative financial assets	**87,803**	–
Financial assets at fair value through profit or loss	**598,092**	443,212
Cash and cash equivalents	**3,382,331**	2,593,507
	13,623,477	18,622,210
Total assets	**58,920,948**	63,399,407
Share capital	**2,356,231**	2,356,231
Reserves *(Note 50(b))*	**17,145,704**	15,963,422
Total equity	**19,501,935**	18,319,653

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Balance sheet of the Company (Continued)

	As at December 31, 2024 RMB'000	2023 RMB'000
LIABILITIES		
Non-current liabilities		
Borrowings	**11,693,452**	13,067,397
Derivative financial liabilities	**454,619**	–
Lease Liabilities	**1,255**	37,133
Other non-current liabilities	**4,653,294**	4,558,305
	16,802,620	17,662,835
Current liabilities		
Amounts due to subsidiaries	**5,494,264**	8,882,075
Amounts due to related parties	**43,587**	181,188
Other payables and accruals	**486,373**	327,727
Derivative financial liabilities	**867,719**	–
Borrowings	**15,689,674**	17,990,718
Lease Liabilities	**34,776**	35,211
	22,616,393	27,416,919
Total liabilities	**39,419,013**	45,079,754
Total equity and liabilities	**58,920,948**	63,399,407

The balance sheet of the Company was approved by the Board of Directors on March 28, 2025 and was signed on its behalf.

NING Min
Director

LI Peng
Director

50. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Movement of reserves of the Company

The changes in the reserves of the Company during the year ended December 31, 2024 and 2023 are as follows:

	The Company						
	Statutory surplus reserve *RMB'000*	Investment revaluation reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Shares held for share scheme *RMB'000*	Other reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
As at January 1, 2023	919,845	14,975	370,146	(336,574)	11,782,949	4,040,055	16,791,396
Losses for the year	–	–	–	–	–	(360,866)	(360,866)
Share of other comprehensive income of associates	–	41,304	–	–	–	–	41,304
Share of other reserve of associates	–	–	–	–	(52,248)	–	(52,248)
Transfer to reserve	–	493	–	–	–	(493)	–
Share-based compensation	–	–	(114,286)	129,379	–	–	15,093
Dividends paid and declared *(Note 48)*	–	–	–	–	–	(471,257)	(471,257)
As at December 31, 2023	919,845	56,772	255,860	(207,195)	11,730,701	3,207,439	15,963,422
As at January 1, 2024	**919,845**	**56,772**	**255,860**	**(207,195)**	**11,730,701**	**3,207,439**	**15,963,422**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,122,283**	**1,122,283**
Share of other comprehensive income of associates	**–**	**58,230**	**–**	**–**	**–**	**4**	**58,234**
Share of other reserve of associates	**–**	**–**	**–**	**–**	**1,360**	**–**	**1,360**
Transfer to reserve	**–**	**517**	**–**	**–**	**–**	**(517)**	**–**
Share-based compensation	**–**	**–**	**(60,125)**	**60,530**	**–**	**–**	**405**
Transfer to statutory surplus reserve	**86,465**	**–**	**–**	**–**	**–**	**(86,465)**	**–**
As at December 31, 2024	**1,006,310**	**115,519**	**195,735**	**(146,665)**	**11,732,061**	**4,242,744**	**17,145,704**

51. BENEFITS AND INTERESTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors', supervisors' and chief executive officer's emoluments

The emoluments of each director, supervisor, and the chief executive officer for the year ended December 31, 2024 is set out below:

Name	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses *RMB'000*	Medium and long-term incentive plan *RMB'000*	Retirement payment and employer's contribution to pension schedule *RMB'000*	Other benefits *RMB'000*	Total *RMB'000*
Executive Director							
Mr. NING Min (寧旻)	–	1,581	2,767	–	–	291	4,639
Mr. LI Peng (李蓬) *(Chief Executive officer)*	–	1,563	2,735	–	–	290	4,588
Non-executive Director							
Mr. ZHU Linan (朱立南) *(Note 1)*	711	–	–	1,649	–	–	2,360
Mr. ZHAO John Huan (趙令歡) *(Note 1)*	765	–	–	1,649	–	–	2,414
Mr. SUO Jishuan (索繼栓) *(i)*	–	–	–	–	–	–	–
Mr. YANG Jianhua (楊建華) *(i)*	–	–	–	–	–	–	–
Ms. CHEN Jing (陳靜) *(ii)*	–	–	–	–	–	–	–
Ms. YANG Hongmei (楊紅梅) *(ii)*	–	–	–	–	–	–	–
Independent Non-executive Directors							
Mr. MA Weihua (馬蔚華) *(i)*	225	–	–	–	–	–	225
Ms. HAO Quan (郝荃)	450	–	–	–	–	–	450
Mr. YIN Jian'an (印建安)	450	–	–	–	–	–	450
Mr. YUAN Li (袁力) *(ii)*	263	–	–	–	–	–	263
Supervisors							
Mr. GAO Qiang (高強)	–	834	1,666	–	127	297	2,924
Mr. LUO Cheng (羅成)	–	–	–	–	–	–	–
Mr. ZHANG Yong (張勇) *(i)*	–	–	–	–	–	–	–
Ms. PEI Xiaofeng (裴小鳳) *(ii)*	–	–	–	–	–	–	–
	2,864	3,978	7,168	3,298	127	878	18,313

Note 1: For the year ended December 31, 2024, the remuneration of Mr. ZHU Linan and Mr. ZHAO John Huan is the fees and medium and long-term incentive awards received from Lenovo as directors of Lenovo, and there was no remuneration paid by Legend Holdings.

(i) Retired on June 27, 2024.

(ii) Appointed from June 27, 2024 onwards.

51. BENEFITS AND INTERESTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors', supervisors' and chief executive officer's emoluments (Continued)

The emoluments of each director, supervisor, and the chief executive officer for the year ended December 31, 2023 is set out below:

Name	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses *RMB'000*	Medium and long-term incentive plan *RMB'000*	Retirement payment and employer's contribution to pension schedule *RMB'000*	Other benefits *RMB'000*	Total *RMB'000*
Executive Director							
Mr. NING Min (寧旻)	–	1,265	1,940	–	–	255	3,460
Mr. LI Peng (李蓬) *(Chief Executive officer)*	–	1,250	1,918	–	–	254	3,422
Non-executive Director							
Mr. ZHU Linan (朱立南) *(Note 1)*	705	–	–	1,577	–	–	2,282
Mr. ZHAO John Huan (趙令歡) *(Note 1)*	705	–	–	1,577	–	–	2,282
Mr. SUO Jishuan (索繼栓) *(i)*	–	–	–	–	–	–	–
Mr. YANG Jianhua (楊建華) *(i)*	–	–	–	–	–	–	–
Independent Non-executive Directors							
Mr. MA Weihua (馬蔚華) *(i)*	450	–	–	–	–	–	450
Ms. HAO Quan (郝荃)	450	–	–	–	–	–	450
Mr. YIN Jian'an (印建安)	450	–	–	–	–	–	450
Supervisors							
Mr. GAO Qiang (高強)	–	834	1,260	–	127	272	2,493
Mr. LUO Cheng (羅成)	–	–	–	–	–	–	–
Mr. ZHANG Yong (張勇) *(i)*	–	–	–	–	–	–	–
	2,760	3,349	5,118	3,154	127	781	15,289

Note 1: For the year ended December 31, 2023, the remuneration of Mr. ZHU Linan and Mr. ZHAO John Huan is the fees and medium and long-term incentive awards received from Lenovo, and there was no remuneration paid by Legend Holdings.

(i) Retired on June 27, 2024.

51. BENEFITS AND INTERESTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(b) Interest of Directors and Supervisors

In 2019, Dongfangqihui, a wholly-owned subsidiary of the Company and as one of the limited partners, together with other limited partners and Hony Capital Management (Tianjin) (Limited Partnership) ("Hony Capital Management") (as an ordinary partner and manager), entered into a Partnership Agreement to set up a fund, Hony Capital Management is a connected entity of Mr. ZHAO. Pursuant to the Partnership Agreement, the total amount of the final capital commitment of Dongfangqihui shall not exceed RMB800 million, and the proportion of its commitment shall not exceed 20% of the total size of the fund.

Leap Wave Limited ("Leap Wave"), a subsidiary of the Company, as the subscriber, and Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司, "Hospital Corporation"), as the issuer, entered into the Subscription Agreement, pursuant to which Hospital Corporation has issued and Leap Wave has subscribed for the convertible bonds in the aggregate principal amount of HKD800 million and the initial conversion price is HKD20.00 per conversion share. On August 12, 2021, Leap Wave approved Hospital Corporation to enter into an amendment to amend certain provisions relating to early redemption of the convertible bonds. In accordance with the amended terms, Hospital Corporation and Leap Wave have agreed to a full HKD784 million instalment arrangement for the early redemption of convertible bonds. As at December 31, 2024, HKD734 million has been recovered. Hospital Corporation is a connected entity of Mr. ZHAO.

On August 10, 2021, the Company and Better Education Group Corporation ("Better Education") entered into a 2021 Financial Assistance Agreement, whereby the Company or its subsidiaries agree to provide Better Education and its subsidiaries with financial assistance not exceeding RMB210 million or equivalent US dollars within a period of 36 months upon Better education's written request. Better Education is a connected entity of Mr. ZHAO. The financial assistance agreement expired on August 10, 2024.

Other than the aforesaid, there are no loans, quasi-loans or other dealings in favor of directors or supervisors, their controlled bodies corporate and connected entities.

51. BENEFITS AND INTERESTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(c) Five highest paid individuals

The emoluments of the five highest paid individuals of the Group for the year ended December 31, 2024 are as follows:

1) The five highest paid individuals exclude any of the Company's directors and senior management for the year ended December 31, 2024.

2) The five highest paid individuals exclude any of the Company's directors and senior management for the year ended December 31, 2023.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Salaries	**39,224**	44,055
Discretionary bonuses *(Note 1)*	**109,142**	86,311
Medium and long-term incentive plan *(Note 1)*	**199,534**	247,449
Retirement payment and employer's contribution to pension schedule	**4,893**	3,415
Other benefits	**6,403**	21,261
Total	**359,196**	402,491

Note 1: Discretionary bonuses and medium and long-term incentive awards accrued for the two years ended December 31, 2024 and 2023 represent the amounts related to performance-related discretionary bonuses and medium and long-term incentive awards for those two years, respectively.

51. BENEFITS AND INTERESTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(c) Five highest paid individuals (Continued)

Total remuneration falls within the following ranges – disclosed in RMB:

	Number of individuals Year ended December 31,	
	2024	2023
Emolument bands:		
RMB40,101,161 – RMB40,556,855	**1**	–
RMB49,670,756 – RMB50,126,450	**1**	–
RMB51,949,231 – RMB52,404,925	**1**	–
RMB54,683,401 – RMB55,139,095	**1**	–
RMB56,050,486 – RMB56,506,180	**–**	1
RMB59,696,046 – RMB60,151,740	**–**	1
RMB61,974,521 – RMB62,430,215	**–**	1
RMB87,037,746 – RMB87,493,440	**–**	1
RMB136,708,501 – RMB137,164,195	**–**	1
RMB161,316,031 – RMB161,771,725	**1**	–

For the year ended December 31, 2024 and 2023, there was no emolument paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

52. COMMITMENTS

(a) Capital commitments

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**732,377**	1,040,824
Intangible assets	**9,150**	17,523
Investments *(i)*	**2,899,578**	3,117,123
Total	**3,641,105**	4,175,470

(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.

52. COMMITMENTS (Continued)

(b) Loans commitments

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Unused credit lines granted to credit institutions	**1,176,872**	1,539,148
Unused credit lines granted to customers	**27,282,665**	28,938,836
Total	**28,459,537**	30,477,984

53. TRANSACTIONS WITH OTHER NON-CONTROLLING INTERESTS

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended December 31, 2024 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Acquisition of additional interests in subsidiaries *(a)*	**(832,978)**	(1,055,913)
Disposal of interests in subsidiaries without loss of control *(b)*	**209,595**	(626,893)
Exemption from debt obligations of non-wholly owned subsidiaries	**(109,262)**	(978,042)
Net effect in equity attributable to equity holders of the Company	**(732,645)**	(2,660,848)

53. TRANSACTIONS WITH OTHER NON-CONTROLLING INTERESTS (Continued)

(a) Acquisition of additional interests in subsidiaries

The effect of acquisition of additional interests in subsidiaries is summarized as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Carrying amount of non-controlling interests acquired	**1,800,262**	2,966,682
Consideration paid to non-controlling interests	**(2,633,240)**	(4,022,595)
Excess of consideration paid recognised within equity	**(832,978)**	(1,055,913)

(b) Disposal of interest in subsidiaries without loss of control

The effect of disposal of interests in subsidiaries is summarised as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Carrying amount of non-controlling interests disposed	**(65,430)**	(2,102,907)
Consideration received from non-controlling interests	**275,025**	1,476,014
Gains/(losses) on disposal within equity	**209,595**	(626,893)

54. RELATED PARTY TRANSACTIONS

The Company does not have any ultimate controlling party. The general information and other related information of the subsidiaries is set out in Note 11.

(a) For the year ended December 31, 2024 and 2023, the principal related parties that had transactions with the Group are listed below:

	Relationship with the Group
IGRS Engineering Lab Limited (閃聯信息技術工程中心有限公司)	Associate of the Group
Legend Capital Co., Ltd. (君聯資本管理股份有限公司)	Associate of the Group
Legend Capital Management Limited	Associate of the Group
Well Faith Management Limited	Associate of the Group
Hony Capital Management Limited	Associate of the Group
Social Touch (Beijing) Technology Development Co., Ltd. (時趣互動（北京）科技有限公司)	Associate of the Group
Hefei Zhiran Real Estate Company (合肥質然房地產開發有限公司) ("Hefei Zhiran")	Associate of the Group
Fortune Eight Deacon Limited	Associate of the Group
Zeny Supply Chain (Tianjin) Co., Ltd. (增益供應鏈（天津）有限公司)	Associate of the Group
Honghe Jiayu Agricultural Technology Co., Ltd. (紅河佳裕農業科技有限公司)	Associate of the Group
Dehong Jiayu Agricultural Technology Co., Ltd. (德宏佳裕農業科技有限公司)	Associate of the Group
NAVIERA TRAVESIA S.A.	Associate of the Group
Tibet Kaola Science & Technology Development Co., Ltd. (西藏考拉科技發展有限公司)	Associate of the Group
Hankou Bank	Associate of the Group
Beijing Social Touch Advertising Co., Ltd. (北京時趣互動廣告有限公司)	Associate of the Group
Beijing Ripple Culture Communication Co., Ltd. (北京波紋文化傳播有限公司)	Associate of the Group
Legend Shenzhen Science and Technology Park Limited (深圳市君和科技園有限公司) ("Shenzhen Science and Technology Park")	Associate of the Group
Taikang Dental Group Co., Ltd. (泰康口腔集團有限公司)	Associate of the Group

54. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties for the year ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024 *RMB'000*	2023 *RMB'000*
Purchase of goods from		
– Associates	500,706	562,164
Sale of goods to		
– Associates	63,500	156,736
Services received from		
– Associates	29,278	183,677
Rendering of services to		
– Associates	54,229	76,268
Loans to related parties/(Loans from related parties), net		
– Associates	421,474	(1,438,358)
Interest income from		
– Associates	38,059	133,441
Interest expenses to		
– Associates	69,731	108,837
Equity purchased from		
– Associates	–	31,740
(Release of guarantees provided)/guarantees provided for related parties, net		
– Associates	(78,075)	(1,106,080)

54. RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances due from/to related parties

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Account and notes receivables		
– Associates	**26,255**	26,397
Prepayment, other receivables and other current assets *(i)*		
– Associates	**1,937,592**	1,665,665
Trade and notes payables		
– Associates	**16,249**	19,018
Advance from customers		
– Associates	**–**	14,060
Other payables and accruals		
– Associates	**621,978**	637,934
Other non-current assets		
– Associates	**2,192,479**	2,228,939
Borrowings		
– Associates	**1,007,800**	1,924,160
Loans to customers		
– Associates	**647,048**	663,098
Loans to credit institutions		
– Associates	**8,659**	3,407

(i) Prepayment, other receivables and other current assets includes amounts receivables from the following parties:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Hefei Zhiran	**131,239**	132,331
Shenzhen Science and Technology Park	**426,238**	426,238
Others	**1,380,115**	1,107,096
Total	**1,937,592**	1,665,665

54. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Fees	**2,864**	2,760
Salaries	**6,192**	5,563
Discretionary bonuses	**11,204**	8,385
Medium and long-term incentive plan	**3,298**	3,154
Employer's contribution to pension schedule	**350**	350
Other benefits	**1,646**	1,515
	25,554	21,727

(e) Guarantee provided to related parties

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Honghe Jiayu Agricultural Technology Co., Ltd	**124,209**	168,667
Social Touch (Beijing) Technology Development Co., Ltd.	**143,999**	164,291
Dehong Jiayu Agricultural Technology Co., Ltd	**121,608**	146,308
NAVIERA TRAVESIA S.A.	**108,125**	117,750
Beijing Social Touch Advertising Co., Ltd.	**23,000**	15,000
Beijing Ripple Culture Communication Co., Ltd.	**23,000**	10,000
	543,941	622,016

55. SUBSEQUENT EVENTS

(a) Lenovo completes the convertible bonds and the warrants issuance

On May 28, 2024, Lenovo, a subsidiary of the Company, entered into the bond subscription agreement with ALAT Technologies Company ("Alat"), pursuant to which Alat has conditionally agreed to subscribe for the zero-coupon convertible bonds in an aggregate principal amount of USD2,000,000,000 subject to the satisfaction of the conditions precedent as set out in the bond subscription agreement. The convertible bonds maturity date falling on the third anniversary from the issue date of the convertible bonds. Pursuant to the convertible bonds terms and conditions, the Investor may extend the convertible bonds maturity date by a fixed period of three months. The conversion right attaching to the convertible bonds can be exercised at least 15 calendar days prior to the convertible bonds maturity Date, the initial conversion price is HKD10.42 per Lenovo Share and will be subject to standard adjustments clauses.

On July 15, 2024, Lenovo approved the proposed issuance of 1,150,000,000 Lenovo warrants, the exercise ratio is the number of Lenovo warrant shares to be issued per Lenovo warrant, being 1:1. The Lenovo warrants last exercise date falling on the third anniversary of the Lenovo warrants issuance date, if the convertible bonds maturity date is extended pursuant to the terms of the convertible bonds, the Lenovo warrants last exercise date will be automatically extended by a fixed period of three months to align with the convertible bonds maturity date. The initial exercise price shall be HKD12.31 per Lenovo share and is subject to standard warrant exercise price adjustments events. The detailed terms are set out in the Company's announcement dated August 22, 2024.

All the conditions precedent under the bond subscription agreement and the warrants subscription agreement have been satisfied and completion of the bond issue and the warrants issuance took place on January 8, 2025.

As of the report issue date, the convertible bonds and warrants issued by Lenovo have not caused any dilution of the Company's proportionate holdings on Lenovo.

(b) The equity transfer and the capital increase transaction on JC Finance & Leasing

On November 1, 2024, the Group entered into the equity transfer and capital increase agreement with Sunshine Life Insurance Corporation Limited ("Sunshine Life") on the equity of JC Finance & Leasing, a subsidiary of the Company. Pursuant to which (i) the Group conditionally agreed to sell and Sunshine Life conditionally agreed to acquire the registered capital of JC Finance & Leasing of RMB450 million, representing approximately 15.33% of the enlarged registered capital of JC Finance & Leasing, at a consideration of RMB501 million; (ii) Sunshine Life conditionally agreed to subscribe for the additional registered capital of JC Finance & Leasing of RMB721 million at a consideration of RMB803 million, representing approximately 24.57% of the enlarged registered capital of JC Finance & Leasing. In addition, upon the occurrence of any of the repurchase events as described in the agreement, Sunshine Life has the right to require the Company's subsidiary Junchuang Financial Group Limited, the Company and its designated entities approved by Sunshine Life to repurchase all or part of the equity interests in JC Finance & Leasing held by Sunshine Life by then. The equity transfer and the capital increase transaction have been completed on January 9, 2025. Upon the completion, the Company indirectly holds 52.79% equity interests in JC Finance & Leasing, and JC Finance & Leasing remains a subsidiary of the Company.

Five-year Financial Summary

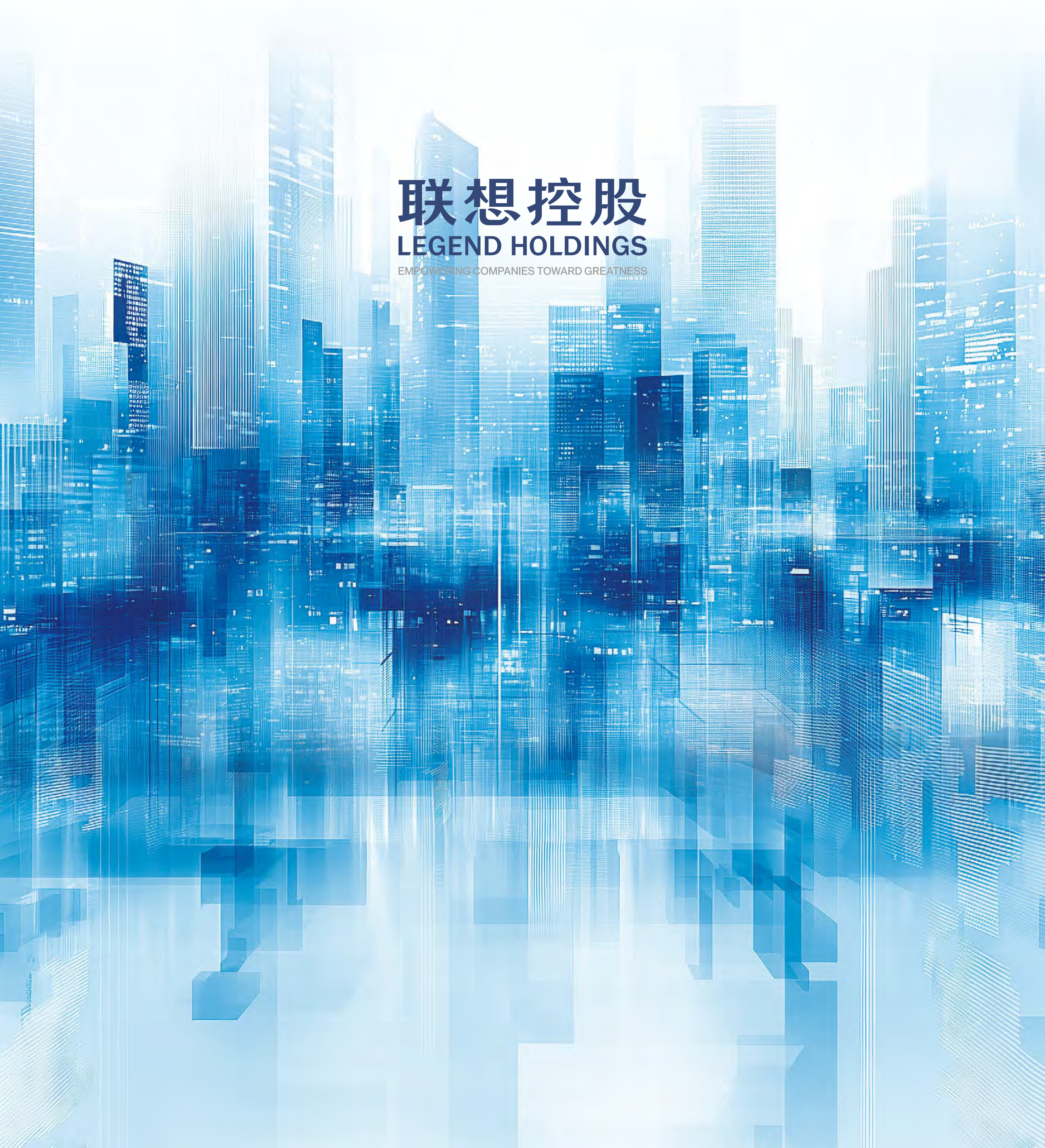
CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**512,806,435**	436,012,166	483,662,697	489,871,677	417,566,853
Profit before income tax	**7,692,199**	2,423,928	12,849,412	22,090,330	12,632,829
Income tax expense	**(9,035)**	(1,793,620)	(2,455,439)	(6,041,822)	(3,614,400)
Profit for the year	**7,683,164**	630,308	10,393,973	16,048,508	9,018,429
Profit attributable to:					
– Equity holders of the Company	**133,231**	(3,874,279)	1,167,063	5,754,886	3,868,011
– Perpetual securities holders	**–**	–	–	–	317,801
– Non-controlling interests	**7,549,933**	4,504,587	9,226,910	10,293,622	4,832,617
	7,683,164	630,308	10,393,973	16,048,508	9,018,429
Earnings/(Losses) per share for the profit attributable to the equity holders of the Company (expressed in RMB per share)					
Basic earnings/(losses) per share	**0.06**	(1.65)	0.50	2.46	1.66
Diluted (losses)/earnings per share	**(0.01)**	(1.68)	0.37	2.28	1.62

CONDENSED CONSOLIDATED BALANCE SHEET

	As at December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	**367,920,000**	373,029,601	347,124,628	323,166,649	331,888,932
Current assets	**328,047,994**	292,702,966	333,949,540	357,519,525	319,843,839
Total assets	**695,967,994**	665,732,567	681,074,168	680,686,174	651,732,771
Non-current liabilities	**128,918,093**	123,129,090	133,906,898	161,943,876	163,095,556
Current liabilities	**469,404,336**	442,484,521	445,011,644	425,931,574	401,964,017
Total liabilities	**598,322,429**	565,613,611	578,918,542	587,875,450	565,059,573
Net assets	**97,645,565**	100,118,956	102,155,626	92,810,724	86,673,198

If there are discrepancies between Chinese and English version of the annual report, Chinese version shall prevail.


联想控股
LEGEND HOLDINGS
EMPOWERING COMPANIES TOWARD GREATNESS