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联想控股 联想控股股份有限公司
LEGEND HOLDINGS Legend Holdings Corporation
BUILDING GREAT COMPANIES

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

(Stock Code: 3396)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

The board of directors (the “Board”) of Legend Holdings Corporation (the “Company”/ “Legend Holdings”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively as the “Group”) for the year ended December 31, 2015 (the “reporting period”) together with the comparative figures for the corresponding period of last year as follows:

FINANCIAL HIGHLIGHTS

- Revenue of the Group was RMB309.8 billion, representing an increase of 7% as compared with the corresponding period last year
- Net profit attributable to equity holders of the Company was RMB4,659 million, representing an increase of 12% as compared with the corresponding period last year
- Basic earning per share was RMB2.14, representing an increase of 3% as compared with the corresponding period last year

	Year ended December 31,	
	2015	2014
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	309,826	289,476
Strategic investments	309,837	289,470
Financial investments	23	43
Elimination	(34)	(37)
Net profit attributable to equity holders of the Company	4,659	4,160
Strategic investments	1,324	3,412
Financial investments	4,127	1,868
Unallocated	(792)	(1,120)
Earnings per share-Basic (RMB)	2.14	2.08
Earnings per share-Diluted (RMB)	2.14	2.07

CHAIRMAN'S STATEMENT

Dear Shareholders of Legend Holdings,

The year 2015 was a landmark year for Legend Holdings. We achieved the listing of H shares in June 2015. Since then, we have a broader international perspective and a closer connection to capital markets. I am grateful for your continuing trust in and support to Legend Holdings!

Looking back, the year 2015 was full of uncertainties. The Chinese and global economies advanced in the midst of trials and errors. On the one hand, the growth of Chinese economy entered into a new normal, demographic dividend declined, and structural reform entered into a critical stage; on the other hand, there are growing uncertainties in international macro-economy and increasing geopolitical risks. Against such a backdrop, a company like us is flexible and adaptable. What Legend Holdings has been emphasizing is to make timely adjustments to its strategies. Positioning in China and eyeing for the world, we proactively seek investment opportunities and consolidate our value-based portfolio amid cyclical and structural challenges with a view to creating a quality and diversified investment holding platform.

Upholding the vision of “becoming a globally respected, trusted and influential international investment holding group that builds leaders across various industries”, we brought our unique two-wheel-drive business model into play to achieve steady growth of results. In 2015, the net profit attributable to equity holders of the Company amounted to RMB4,659 million, representing an increase of 12% as compared with the corresponding period last year, with earnings per share at RMB2.14. Our distinctive business model which drove and supported the growth of results was fully manifested.

In general, the two-wheel-drive business model of Legend Holdings comprises strategic investments and financial investments: The former focuses on our strategic direction substantiated through acquisition or greenfield investment. With constant adjustment and optimization, it eventually formed a portfolio of multi-pillar businesses. The latter is our financial investments consisting of various sections, namely angel investments, venture capital, private equity and minority interests. The two-wheel-drive businesses encompassing strategic investments and financial investments generate huge synergy that constitute our core advantages in enhancing portfolio value: Firstly, these two major businesses are operated on market-oriented principles and develop rapidly in their respective fields of expertise. Secondly, they concurrently cover various stages of business development which turn into investment resources with a tremendous value from their respective projects either ongoing or invested. We gained higher growth value from the development of invested enterprises by means of market-oriented approaches (for instance, joint investment, exit through transfer) and

achieved returns of 1+1>2. In addition, such mix shares management experiences, research results and market information across businesses so that we can better cope with volatility and risks in markets and seize opportunities in a bid to more effectively create and dynamically adjust the portfolio. Apart from synergy between strategic investments and financial investments, each line of business also boasts enormous opportunities for cooperation. Synergy can be generated by sharing businesses and resources.

The strategic investments of Legend Holdings cover an array of industries and various stages of business development. After examining complex domestic economic environment, we are of the view that opportunities outweigh challenges in areas experiencing structural adjustments to the Chinese economy and transformation of the economic development model. While fluctuations in valuation is related to the stability of the Chinese economy and ongoing transformation of its development model, a continuous improvement in the fundamentals of underlying assets constitutes the real basis for sustained value growth. Over the past year, we leveraged our experiences in strategic, operational and organizational aspects as always, and our strengths in resources including brand, capital and information, all contributed to the creation and enhancement of the value of our invested enterprises.

- Our financial service segment achieved healthy development with outstanding results primarily in the following aspects: 1) Combination between financial services and the internet: Lakala has become the leading integrated Internet financial services group in China. Leveraging its brand reputation and the capital market, it rapidly enhanced its advantages in third-party payment settlement business and extended its business to value-added financial services. 2) Business innovation and risk control in parallel: on the basis of constant increase in its business scale and regional expansion, Zhengqi Financial realized business innovation on asset and forming a rather comprehensive “quasi-financial supermarket” which provided flexible, convenient, diversified and customized financial services to SMEs; in respect of liability, by utilizing the macro environment of interest rate cuts and innovative financial instruments, Zhengqi Financial reduced cost through issuing bonds and converting assets into securities. 3) Capture of market opportunities brought by supply side reform: in 2015, the financial segment of Legend Holdings welcomed a new member, JC Finance & Leasing. Since its incorporation, it is striving to become a leading financial and leasing company in respect of domestic healthcare services, environmental protection, clean energy, advanced manufacturing, public services and transportation equipments, with a clearly-defined horizontal and vertical focus.

- Consumption accounts for an increasing proportion of the Chinese economy with an increasing contribution to the growth in GDP, resulting in a rapid development of the businesses directly facing consumers in our modern service segment: 1) CAR constantly pushed forward product innovation and value-chain extension. In 2015, it successfully positioned itself in three major platforms, namely car-sharing business, quasi-new car business and fleet management in order to access the broader automobile market. 2) Benefiting from the brand endorsement of Legend Holdings, its unique combination of “share+guarantee” capital support and management experiences in strategic operation and organization, Bybo Dental was pursuing national expansion in a rapid and organized manner. With a fast growing number of branches and in-house doctors coupled with strong brand recognition across China, it has already become the leading provider of private dental care services in the country.
- With regard to agriculture and food segment, Legend Holdings has completed merging and reorganization of its domestic fruit business with Golden Wing Mau. The leading enterprise established by a win-win combination of the advantages of Joyvio’s brand and the channel of Golden Wing Mau formed a balanced value chain that goes from farm to table. Through this transaction, our sales channel of fruit business would be improved significantly with a more balanced capability in every link of the value chain and the bargaining power with both upstream and downstream will be strengthened by a boosted scale and leading position, all of which greatly enhanced the profitability and value of the business. Joyvio Golden Wing Mau will endeavor to become a fruit business with global influence in the future.
- Aside from the existing business, Legend Holdings also pursued investment opportunities regarding the penetration and enhancement by Internet to conventional industries in 2015 and our Internet-related investment was more focused on the confirmed strategic directions. In our modern service segment, we invested in Social Touch, an industry-leading provider of enterprise digital marketing solutions in the mobile social age, and xywy.com, a leading platform providing one-stop Internet healthcare services in China; in the agriculture and food segment, our investment extended to fields of production upgrade and sales channel upgrade by investing in Cloud Farm, an Internet-based agriculture-related service provider which solved the implementation difficulty of agricultural e-commerce, and Liquor Easy which strived to reshape sales channels of liquor industry and combine online and offline operations.

Facing a severe external environment, we made greater efforts to overcome more challenges and uncertainties for our existing businesses. In 2015, having examined the situation, we constantly adjusted the business of invested companies in order to optimize the value of our portfolio. 1) For our IT business, the integration of Moto mobile-phone business and X86 server business was completed in 2015. Although our IT business recorded a loss for the year, the digestion of short-term pressure provided a solid runway for the take-off of its future business. Its business realignment plan is on track to achieve total savings of US\$650 million in the second half of its fiscal year, and about US\$1.35 billion on an annual basis. 2) Our property development business also faced market downturn and adjustments. In 2015, we managed to control the number and pace of newly started projects, actively reduce inventory pressure and increase presale income; We believe that carefully chosen locations and consistent quality provide insurance for us to stay competitive and keep steady growth in the present market. 3) Our fine chemicals business began production as planned. In the future, we will rely on the advantages of leading production technologies and equipments and rely on product innovation to overcome the impact of price drop in energy products. 4) After carefully examining the market environment, we resolved to exit from the conventional express delivery business. The logistics business of Zeny Supply Chain will be more focused on comprehensive cold chain operations and comprehensive logistics services.

Strategic investments are a crucial contributor to the continuous and rapid growth of the underlining value of Legend Holdings. We leverage the advantage of value enhancement through strategic and management services and constantly build leading enterprises while optimizing our portfolio. Meanwhile, financial investments of Legend Holdings need to be more responsive to market opportunities and realize exceptional investment returns. In 2015, we captured opportunities in the capital market for our financial investment platform and actively carried out adjustment to the portfolio through project exits. The net profit generated from financial investments attributable to equity holders of the Company for the year amounted to RMB4,127 million, representing an increase of 121% as compared with the corresponding period in 2014.

- As of the end of 2015, Legend Capital managed 14 phases of USD and RMB funds in total. Major investments include Chinese enterprises and cross-border opportunities at the start-up stage and growing stage of TMT and innovative consumption, modern services, healthcare, culture and sports sectors. In 2015, it completed 72 new project investments. For enterprises under management, three completed initial public offering in domestic and overseas capital markets. Another four were listed on NEEQS. New funds raised for the year amounted to RMB4.3 billion, showing the appeal of Legend Capital as a leading venture capital investment house in China.

- As of the end of 2015, Hony Capital managed 9 phases of USD, RMB and mezzanine funds in total. Its main focus includes reforms of SOEs, growth of private enterprises and cross-border mergers and acquisitions. It consistently carries out investments with specific industry themes, such as consumption, services, general healthcare, advanced manufacturing and mobile Internet. In 2015, Hony Capital completed 8 new projects or follow-on investments in existing projects. For enterprises under management, three were listed in domestic and overseas capital markets, three were listed on NEEQS or granted approvals. In 2015, Hony Capital also raised a new phase of mezzanine fund with a fund size of RMB2.05 billion.
- As of the end of 2015, Legend Star manages two funds with a fund size of approximately RMB1.1 billion. Legend Holdings is the sole contributor of the fund. Since the incorporation of Legend Star in 2010, it systematically deployed in three areas, namely TMT, healthcare and intelligent machines, and became a leading angel investment institution leveraging its unique resources and brand advantages. In 2015, it completed investments in 52 projects, of which 24 projects have finished another round of financing. In addition, Legend Holdings carried out direct investments in high-quality projects in domestic and overseas primary and secondary markets. These investments are increasingly becoming one of the important sources contributing to our continuous growth in value and cash profit.

Alongside the successful listing of Legend Holdings in 2015, we are making constant practices to improve the system, objectivity and transparency of our corporate governance work. We have established a sound corporate governance structure and mechanism in order to safeguard the interests of the shareholders and return from investments. We consistently see it incumbent upon us to be responsible to the shareholders. On the one hand, we are careful and discreet in using the proceeds raised from our listing. On the other hand, we reward our shareholders with an ever-increasing amount of dividends, provided that our profits have been growing progressively. The Board recommends distributing a final dividend of RMB0.22 per ordinary share for the year ended December 31, 2015, representing an increase of 42% in the total amount of dividend distribution as compared with that of 2014.

Looking forward to 2016 and the longer future, Legend Holdings will continue to emphasize the investment themes of consumption and services for our strategic investment business, with resources concentrated in fields such as financial services, healthcare services, agriculture and food as well as Internet and consumer innovations. Facing an increasingly integrated global economy, we will create and manage our portfolios from a global perspective, and we have already invested into farming resources abroad. Regarding key strategic aspects, we believe that business opportunities pervade in both domestic and overseas markets. While continuing with our efforts in forging pillar assets in strategic investments, we will also deploy more resources to emerging and innovative industries through the financial investment platform that encompasses angel investments, venture capital investments and private

equity investments. We will apply both conventional and novel strategies combining both short-term and long-term horizons. In this context, not only will we receive return from investments, but also strengthen the synergy between our two-wheel-drive businesses in a systematic manner to build a solid foundation for the sustained and robust growth in the value of asset portfolios.

When it comes to value enhancement of strategic investments, we will 1) step up our management and service support to invested businesses in line with the New Normal trend of China. We will help them seize opportunities and grow into outstanding enterprises that enjoy rapid growth in both value and financial return; 2) help investees which are more susceptible to the external environment further unearth their potential. As for certain businesses, we leave open the option of making adjustments through optimization; 3) timely improve and fine-tune our debt structure, which effectively minimizes the cost of funding and in turn augment our profitability. As far as our financial investments are concerned, aside from continuing to allocate into emerging and innovative industries, we will also follow closely the capital markets and seize the right window to realize listing or exits for our investees.

Legend Holdings will, as always, take value creation as our due responsibility while leveraging and enhancing the two-wheel-drive business model as well as our cutting edge in value enhancement through management and strategic services. Focusing on opportunities in defined strategic fields domestic and abroad, Legend Holdings will take into account both external environment and our own situation in dynamically optimizing and adjusting the investment portfolio, thus enabling a sustained and fast growth of its value. By adhering to a business philosophy based on good faith and integrity, we will reward our shareholders with positive returns from an ever-growing business over the medium and long run.

Legend Holdings Corporation
LIU Chuanzhi
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue contribution from the Group's businesses

Unit: RMB million

	2015	2014	Change in amount	Change %
Strategic investments	309,837	289,470	20,367	7%
IT	293,255	272,344	20,911	8%
Financial services	905	1,318	(413)	(31%)
Modern services	1,495	853	642	75%
Agriculture and food	1,639	1,532	107	7%
Property	10,704	11,515	(811)	(7%)
Chemicals and energy materials	1,839	1,908	(69)	(4%)
Financial investments	23	43	(20)	(46%)
Elimination	(34)	(37)	3	N/A
Total	<u>309,826</u>	<u>289,476</u>	<u>20,350</u>	<u>7%</u>

Net profit contribution attributable to equity holders of the Company from the Group's businesses

Unit: RMB million

	2015	2014	Change in amount	Change %
Strategic investments	1,324	3,412	(2,088)	(61%)
IT	(476)	1,700	(2,176)	(128%)
Financial services	960	1,096	(136)	(12%)
Modern services	(236)	1,180	(1,416)	(120%)
Agriculture and food	138	(878)	1,016	N/A
Property	1,651	1,001	650	65%
Chemicals and energy materials	(713)	(687)	(26)	N/A
Financial investments	4,127	1,868	2,259	121%
Unallocated	(792)	(1,120)	328	N/A
Total	<u>4,659</u>	<u>4,160</u>	<u>499</u>	<u>12%</u>

Asset allocation of the Group

Unit: RMB million

	As of December 31, 2015	As of December 31, 2014	Change	Change %
Strategic investments	258,137	258,367	(230)	0%
IT	168,137	179,524	(11,387)	(6%)
Financial services	16,615	11,097	5,518	50%
Modern services	7,657	4,993	2,664	53%
Agriculture and food	4,321	4,269	52	1%
Property	51,696	48,619	3,077	6%
Chemicals and energy materials	9,711	9,865	(154)	(2%)
Financial investments	41,828	31,717	10,111	32%
Unallocated	19,126	12,434	6,692	54%
Elimination	(12,848)	(9,695)	(3,153)	N/A
Total	306,243	292,823	13,420	5%

Strategic Investment

IT

We are engaged in IT business through our subsidiary Lenovo. Lenovo is a Fortune 500 company which develops, manufactures and sells high-end technology products and provides related services to the consumers and corporate customers. As of December 31, 2015, we held 30.91% equity interests in Lenovo.

In 2015, the macro-economy and global markets remained challenging along with currency fluctuations. These factors affected overall consumer demand which led to a continued decline in the PC and tablet markets and slower growth of the worldwide smartphone market. Amidst these market challenges, Lenovo managed to deliver solid profit growth from its businesses driven by well executed strategies and decisive actions for business realignment. During the reporting period, Lenovo continued to build a more balanced product portfolio to drive balanced growth.

During the reporting period, the revenue and net (loss)/profit of the IT segment are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	293,255	272,344
Net (loss)/profit	(1,330)	5,411
Net (loss)/profit attributable to equity holders of Legend Holdings Corporation	<u>(476)</u>	<u>1,700</u>

During the reporting period, revenue of our IT segment increased by 8% year-on-year to RMB293,255 million, which is mainly due to the additional revenue as a result of Lenovo's integration of System X and Motorola's business. We recorded a loss of RMB1,330 million in our IT segment, which is mainly due to restructuring costs of approximately RMB3,728 million and one-time charges (including additional spending to clear smartphone inventories and inventories write off) of approximately RMB2,017 million.

PC Business Group (PCG)

During the reporting period, the global PC industry continued to decline due to macro-economic issues and currency fluctuations. Despite the market challenges, Lenovo continued to outperform the PC market through solid execution of its strategy to reach record-high global market share and further solidified its number one position. Lenovo's market share continued to increase, and its worldwide PC market share reached another record-high level of 21.6% in the fourth quarter of 2015, according to preliminary industry estimates.

Mobile Business Group (MBG)

The business realignment plan of Lenovo in the second quarter of its fiscal year 2015/16 was on track. Lenovo's mobile business achieved its first-time operational breakeven in the fourth quarter of 2015 after its acquisition of Motorola Mobile, helped by the improved efficiency and lower cost structure resulting from its recent business realignment actions. Lenovo's market share in the worldwide smartphone market was 5.1%, maintaining its number four position worldwide in the fourth quarter of 2015, according to the preliminary industry estimates.

To address the softer demand amid fierce competition in the China smartphone market, Lenovo has refined its strategy and focused on expansion into markets outside of China. As a result, Lenovo has built a more diverse geographical mix, in which the proportion of sales from markets outside of China increased to 83%. Meanwhile, Lenovo has launched a wide range of new products, including Moto X Force that has an innovative shatterproof screen, and wearable product Moto 360 sport. These new products have received good market reviews and strong early momentum.

Lenovo's worldwide tablet market share was 4.8% in the fourth quarter of 2015, according to preliminary industry estimates.

Enterprise Business Group (EBG)

As the number three worldwide server player, Lenovo's enterprise business continued to demonstrate healthy revenue growth and remained operationally profitable. Lenovo has demonstrated good momentum in new accounts acquisitions, especially in China, in which it was successful in acquiring new hyperscale clients.

Ecosystem, Cloud Services Business Group (ECS) and Others

Lenovo continued to build a solid foundation for its ecosystem business during the reporting period, with an objective to create a new and unique user experience for Lenovo's product users. The ECS team continued to demonstrate strong achievements during the period and its monthly active user number has reached 150 million.

Looking forward, Lenovo is seeing the benefits as a result of its strategic actions. Despite the current challenging market environment, the efficient organization structure, coupled with competitive cost structure across all of its businesses, together with its solid execution, position Lenovo well to sustain its growth. Lenovo will continue to invest in areas it believes are important to its future success. Lenovo remains fully committed to its “protect and attack” strategy, supported by its well proven execution capabilities, to lead Lenovo on its ongoing journey towards building a respected global tech leadership position in every business Lenovo enters and to drive profitable growth that, in turn, creates better value for shareholders.

Financial Services

Overview

We conduct financial services business mainly through diversified subsidiaries and associates:

- Zhengqi Financial, our subsidiary, mainly provides direct loans, credit guarantees, pawn loans, financial leasing, entrusted loans and other emerging financial services;
- JC Finance & Leasing, our subsidiary, mainly provides financial leasing and operating leasing services;
- Lakala, our associate, mainly provides third-party payment and relevant value-added and financial services;
- Hankou Bank, our associate, mainly provides commercial banking services;
- Union Insurance, our associate, mainly provides insurance brokerage and related services;
- Eloancn.com, our associate, mainly provides Internet financial services; and
- Suzhou Trust, our associate, mainly engages in the trust business.

We believe that there is great potential for development in the financial industry in light of the macro environment and continuous deepening of financial reform in China. Participation of private capital in the financial industry enjoys greater opportunities than challenges. The future development in the industry is mainly fueled by: (i) tremendous and unfulfilled financing needs from small and medium enterprises and individuals, (ii) demands for comprehensive financial products including insurance, investment and consumer related services, brought by an ageing population and emerging middle class in China, (iii) demands for convenient financial services brought

by changes in consumption habits of the younger generation, and (iv) opportunities to launch new businesses driven by technology innovation in such areas as the Internet, the mobile Internet and big data through both online and offline platforms.

Based on our understandings of the above and our well-established reputation and brand, our subsidiaries and associates have obtained various financial licenses and permits since 2009 and establish a broad presence in China’s financial industry. Our diverse product and service offerings enable us to quickly capture both conventional and innovative financial service opportunities. We will continuously experiment with financial innovation, and optimize the scope and efficiency of our financial services platforms in order to provide our customers with all-round, convenient and safe “one-stop” financial services. We facilitate the long-term development of our portfolio companies in the financial industry by providing them with all-round supports. We also help them rapidly achieve better financial performance in the short term, and to maintain persistent, healthy and rapid growth:

- through ways such as equity investments and loan guarantees to financial institutions, we provide funding supports for these companies, and help them develop innovative financing approaches in order to improve their financing capability;
- based on a large pool of our portfolio and customer resources, we promote synergy of our financial businesses, including business alignment and consolidation, intelligence sharing, big data analysis for the enhancement of overall risk management capability and competitiveness;
- in the meantime, we assist our portfolio companies to effectively promote their corporate governance, and improve their incentive schemes, which we believe could effectively attract and retain high quality financial professionals.

During the reporting period, the revenue and net profit of the financial services segment are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	905	1,318
Net profit	1,013	1,080
Net profit attributable to equity holders of Legend Holdings Corporation	960	1,096

During the reporting period, revenue of our financial services segment was RMB905 million, representing a decrease of 31% as compared to RMB1,318 million in the same period of last year. If excluding the accounting effect of not consolidating Union Insurance starting from this reporting period, there was an increase of 25%. Net profit of our financial services segment was RMB1,013 million, representing a decrease of 6% as compared to RMB1,080 million in the same period of last year, mainly due to a substantial decrease in non-recurring income of the segment including our equity interests disposal and equity dilution gains in associates during the reporting period. After eliminating such impacts of non-recurring income, the net profit of our financial services segment increased by approximately 15% as compared with the corresponding period last year.

Operating Highlights

- Aside from strengthening its conventional core businesses, Zhengqi Financial, our subsidiary, also rigorously cultivates new core businesses in 2015. It provides customized funding solutions and convenient and flexible financial services for small and medium enterprises. Zhengqi Financial has also developed various funding channels by issuing micro-credit asset-backed securities, financial leasing asset-backed securities and corporate bonds, established comparative advantage among its peers. During the reporting period, Zhengqi Financial has realized 23% revenue growth and 35% profit growth, which has demonstrated its forward-looking strategical insight, strong execution through adjustments, and outstanding operations;
- As of December 31, 2015, Lakala, our associate, authorized more than 2.5 million of POS terminals in more than 300 cities nationwide, covering 2.7 million merchants and 100 million individual users. It also established strategic partnership with China UnionPay and more than 50 banks. Lakala processed over RMB1.6 trillion transaction volumes for the year 2015, representing an increase of over 300% as compared to 2014, in which the transaction amount of card acceptance business was over RMB900 billion, positioning it at the forefront of the industry. Lakala has transformed from an internet-based payment company to a comprehensive financial service group, which has huge potential for future business development and value growth.

Zhengqi Financial

Zhengqi Financial was established in 2012. As of December 31, 2015, we held 92.00% equity interests in Zhengqi Financial. In 2015, Zhengqi Financial further expanded its market share and established two new subsidiaries in commercial factoring and internet finance. Currently, through its nine major business lines consisting of microfinance, credit guarantees, pawn loans, financial leasing, commercial factoring, equity investments, asset management, capital markets business and P2P internet finance, Zhengqi Financial provides customized funding solutions and convenient and flexible financial services to SMEs. During the reporting period, Zhengqi Financial further expanded its business and achieve rapid growth in scale.

Zhengqi Financial focuses on recognizing the needs and value of its clients, providing overall funding solutions including short and long term debts, mezzanine investments and equity investments, through active configuration of its nine major business lines. It also provides comprehensive financial services such as management consulting, financial advisory, M&A and restructuring solutions. During the reporting period, Zhengqi Financial helped various high quality clients to conduct industrial M&A, pre-IPO financial enhancement, disposal of distressed assets and other businesses through overall solutions. For example, after providing years of services, Zhengqi Financial has become a shareholder of Yuan He Pharmaceutical (源和藥業) (NEEQS: 833379), that has been listed for trading on the National Equities Exchange and Quotations System, contributing rapid equity value gain for Zhengqi Financial. In similar cases, Zhengqi Financial also invested in other high quality clients planning to be listed. Looking forward, this unique business model is expected to become another important source of profit aside from Zhengqi Financial's conventional loan business.

Zhengqi Financial has continued to expand its loan business and has consistently optimized its business structure. As of December 31, 2015, its outstanding balance of direct loans and pawn loans amounted to RMB3,088 million, representing an increase of RMB328 million or 12% as compared to RMB2,760 million at the end of 2014. Its outstanding balance of entrusted loan amounted to RMB1,586 million, representing an increase of RMB173 million or 12% as compared to RMB1,413 million at the end of 2014. During the reporting period, Zhengqi Financial strengthened its leading position in microfinance business in Anhui Province and started to gradually expand into market outside the province. As of December 31, 2015, the aggregated outstanding balance of microcredit of Hefei Guozheng Microcredit Company (合肥市國正小額貸款公司) and Shenzhen Chengzheng Microcredit Company (深圳市誠正小額貸款公司) amounted to RMB2,538 million, representing an increase of RMB366 million or 17% as compared to RMB2,172 million at the end of 2014.

Ever since Zhengqi Financial established its financial leasing business in the second half of 2013, by improving its capability in providing professional services, cooperation with underlying asset provider and recognition of potential clients, the financial leasing business of Zhengqi Financial has achieved rapid growth. As of December 31, 2015, the outstanding balance of lease receivables of the financial leasing business amounted to RMB1,997 million, representing an increase of RMB1,167 million or 141% as compared to RMB830 million at the end of 2014.

Zhengqi Financial actively developed the credit guarantee business and expanded into the litigation guarantee sector in the second half of 2015, which achieved breakthroughs within a short time. As of December 31, 2015, the outstanding balance of credit guarantee amounted to RMB4,530 million, representing an increase of RMB484 million or 12% as compared to RMB4,046 million at the end of 2014.

In June 2015, Zhengqi Financial established Anhui Weiyuan Financial Information Services Company Limited(安徽唯源金融信息服務有限公司) that engages in operating Zhengqi Financial’s internet finance strategic platform Qilerong (奇樂融). Qilerong was officially launched on October 28, 2015. As of December 31, 2015, its number of registered users was 17,203. Qilerong is dedicated to providing professional, transparent, safe and profitable internet finance services for SMEs and individual users and to becoming a top-tier internet finance services platform with market influence, credibility, innovative insight and competitiveness.

In September 2015, Zhengqi Financial established Zhengqi International Commercial Factoring Company Limited (正奇國際商業保理有限公司) which provides receivables factoring business to core enterprises and the upstream and downstream companies across their supply chain. As of December 31, 2015, the outstanding balance of commercial factoring amounted to RMB163 million. With great market volume and rapid growth potential, such business will have greater contribution to Zhengqi Financial’s development in the future.

During the reporting period, Zhengqi Financial expanded its funding channels and developed innovative funding methods. In March 2015, the first tranche of asset-backed securities of Guozhen Microcredit was listed on the Shanghai Stock Exchange, which was the first and the fourth asset-backed securities of microcredit in Anhui Province and in China respectively that listed on the Shanghai Stock Exchange after the new policy¹ of asset securitization by the China Securities Regulatory Commission. In June 2015, the first tranche of leasing asset-backed securities special project of Zhengqi Leasing was set up on the Shanghai Stock Exchange and was the first securitization project of leasing assets in Anhui and the fifth on the Shanghai Stock Exchange after the new policy. In September 2015, “Zhengqi Bond” of Zhengqi Financial was publicly issued in Shanghai Stock Exchange and became the first corporate bond of private financial institutions in Anhui, overtaking its domestic peers. In January 2016, the issuance of Zhengqi Financial’s first tranche of corporate bonds 2016 was approved by the China Securities Regulatory Commission and the issuance was completed in March 2016. Currently, Zhengqi Financial has various funding sources including banking facilities, trusts, insurance companies, asset securitization and issuance of corporate bonds. In general, Zhengqi Financial possesses comparative advantages among its peers in relation to funding capability with effective channels and low funding cost.

¹ Securities Company and Fund Management Company Subsidiaries Assets Securitization Business Management Regulations (《證券公司及基金管理公司子公司資產證券化業務管理規定》) and its relevant rules and the Administrative Measures for the Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》) promulgated by the China Securities Regulatory Commission on November 19, 2014 and in January 2015, respectively.

In 2015, under a macro environment with continuing slowdown of economic growth, growing challenges for SMEs and the downward market interest rates, Zhengqi Financial enhanced the system infrastructure of risk control and adopted and strengthened various risk management approaches in order to keep overall risks under control. Meanwhile, Zhengqi Financial reinforced its analysis and judgement on the macro-economy so as to take proactive structural adjustments to the businesses. In addition, Zhengqi Financial took the initiative to expand into capital markets business since the second half of 2014 and 2015, allowing it to elevate its profitability through various approaches.

During the reporting period, the revenue and net profit of Zhengqi Financial are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	893	726
Net profit	519	385

During the reporting period, the revenue grew 23% from RMB726 million in the corresponding period last year to RMB893 million, mainly due to the growth of financial leasing business and loan business; whereas the net profit increased 35% from RMB385 million in the corresponding period last year to RMB519 million, mainly attributable to the growth of leasing business and equity investments business.

JC Finance & Leasing

In light of our confidence in the long-term potential of China's financial leasing industry, we Incorporated JC International Finance & Leasing Company Limited (君創國際融資租賃有限公司) (hereinafter referred to as "JC Finance & Leasing") in Shanghai on November 2, 2015. Backed by the brand of Legend Holdings and the professionalism of its management team, JC Finance & Leasing will initiate cooperation with both domestic and international equipment manufacturers, concentrate on industry and industrial chain, commence financial leasing business by focusing on areas that reflect new economic trends in China, such as medical services, environmental protection, clean energy, advanced manufacturing, public services and transportation, in turn establishing a leading enterprise in the industry. As of December 31, 2015, the outstanding balance of interest-bearing assets of JC Finance & Leasing amounted to RMB732 million.

Lakala

The core business of Lakala is to provide enterprise users and individual users with third-party payment services as well as other value-added and financial services. With a consistent mission of inclusiveness, technological progress, innovations and integrated approach, Lakala creates a symbiotic system that has a solid foundation and is user-oriented to provide personal and business users with payment (e.g. repayment for credit cards, community convenient payment services, receipt of bills by merchants), credit investigation (e.g. Lakala credit scores, merchant credit scores and Lakala occupational scores), financing (e.g. individual loans and loans for micro and small enterprises), wealth management, community finance and other services. Lakala independently develops and produces POS machines, mobile payment devices, self-service terminals, mobile POS devices, mobile apps and various other software and hardware products to satisfy diverse payment and financial needs of users. As of December 31, 2015, we held 31.38% equity interests in Lakala.

As of December 31, 2015, Lakala authorized more than 2.5 million POS terminals in more than 300 cities nationwide, covering 2.7 millions merchant and 100 million individual users. It also established strategic partnership with China UnionPay and more than 50 banks. Lakala processed over RMB1.6 trillion transaction volumes for the year 2015, representing an increase of over 300% as compared to 2014, in which the transaction amount of card acceptance business was over RMB900 billion, positioning it at the forefront of the industry.

Third-party payment services

Third-party payment services of Lakala mainly include card acceptance services and individual payment services.

Card acceptance services: As the leading professional card acceptance service provider in China, currently Lakala offers card acceptance, value-added services and industry solutions for over 2.7 million merchants in more than 300 cities nationwide. Its authorized merchants are mainly in the industries of food and beverages, retails, logistics and trading.

Individual payment services: The individual payment business of Lakala consists of convenient payment business and mobile payment business. The convenient payment business is pioneered by Lakala through Lakala terminals installed in community stores to realize convenient payment services, whereas the mobile payment business provides users with personal finance and living payment services including credit card payments, transfer of remittances, value charge and payment, bill payment and bank card balance inquiries through phone card readers. As an advocator and active practitioner of inclusive financial services in China, Lakala has currently authorized approximately 100,000 Lakala convenient payment terminals across the country. The convenient payment services of Lakala include self-service banking, convenient payment services and daily living services. Lakala persistently conducts innovation of mobile terminals products in order to satisfy the needs of individual users, such as credit card payments and living payments. Lakala has been devoted to providing safe, convenient and stylish mobile payment services, enhancing all-round experiences of users, improving transaction efficiency and building a new lifestyle of mobile payments for individual users.

Value-added financial services

Value-added financial services of Lakala mainly include credit loan business and credit investigation business.

Credit loan business: Lakala has a large pool of users based on years of payment business. In light of advanced internet technology, operating systems, a large amount of data resources and risk control model, Lakala provides enterprise users and individual users with credit loan services on the basis of the payment business. The credit loan business of Lakala consists of individual loans and small and micro enterprise credit loans, depending on types of borrowers, in which major products include Repayment-for-You (替你還), Easy Instalments (易分期) and POS Credit (POS貸).

Credit investigation business: The credit investigation business of Lakala is operated by Koala Credit (考拉徵信), an associate of Lakala, which provides information inquiry, credit reports and other services by means of legitimate collection, investigation, storage, collation and evaluation of credit information of corporates and individuals to meet the needs of credit information services in the credit market. Among it, corporate credit services are to provide small and micro merchants and corporate organizations with credit services for a comprehensive understanding of operational status and profitability of the concerned merchants and corporate organizations. Products include merchant credit points, corporate credit points and reports to facilitate the merchants to swiftly obtain loan approval. Meanwhile, it is also a reference for the corporates with respect to risk control and credit management. Individual credit information services are comprehensive credit assessment on personal information, in which products include personal credit points, occupation credit points, individual and occupation reports that the individuals can enjoy better quality services in the areas of financial credit, social engagements, career recruitment, shopping, car rental, apartment rental, hotel, food and beverages and people's livelihood. While reducing the costs of recruitment and staff management, it helps improve efficiency.

Hankou Bank

Hankou Bank conducts commercial banking business including corporate banking, retail banking and treasury operations. It generates revenue primarily from net interest income and fee and commission income. As of December 31, 2015, we held 15.33% equity interest in Hankou Bank. As of December 31, 2015, Hankou Bank had 137 affiliated agencies in China, including its head office, 11 branches, 15 first-tier sub-branches, one direct sub-branch and 109 second-tier sub-branches (including 20 community branches). The network of Hankou Bank covers substantially the whole territory of Hubei Province, and it also has branches in Chongqing.

Union Insurance

Union Insurance is a leading professional insurance intermediary in China. As of December 31, 2015, we held 48.00% equity interests in Union Insurance. The major clients of Union Insurance come from the educational sector. It provides risk advisory services to schools, local and provincial educational institutions and insurance products services to students. During the reporting period, the insurance brokerage business of Union Insurance achieved a steady growth and maintained a leading position in China's education related insurance brokerage sector. As of December 31, 2015, Union Insurance established a national service network through 33 branches and 110 sales departments, providing risk management and insurance brokerage services to 28 provinces and cities, 380,000 schools and 180 million teachers and students. Union Insurance is in cooperation with over 30 insurance companies. Union Insurance is actively expanding its product range by introducing new products and expanding to fields beyond the educational sector. During the reporting period, Union Insurance

had already started to undertake risks advisory and insurance services in the fields of environmental protection and medical insurance products. At the same time, Union Insurance is also actively cooperating with domestic well-known universities in studying risk management and relevant insurance products. It also sets up an actuarial firm to develop innovative insurance products.

Eloancn.com

Eloancn.com is a leading Internet finance company in China. By introducing the model of “inter-city O2O” (同城O2O), it successfully integrates the convenience of internet with conventional financial lending. Eloancn.com focuses on providing inclusive financial service to farmers and small and micro enterprises. As of December 31, 2015, we held 33.33% equity interest in Eloancn.com.

Adhering to the principal of doing business in accordance with laws and regulations, Eloancn.com became a national financial reform pilot enterprise in 2012 and was granted the first “private lending business brokerage services” license in China. Since August 19, 2015, all borrowers data on Eloancn.com is linked to the Internet Financial Risk Information Sharing System under the Payment & Clearing Association attached to the People’s Bank of China (中國人民銀行支付清算協會互聯網金融風險信息共享系統). As of December 31, 2015, Eloancn.com established operation centers in approximately 200 cities across the country with a coverage of more than 1,000 counties. Currently, the platform has approximately 2.8 million registered users, representing an increase of 1,291% compared to 2014. In 2015, Eloancn.com completed approximately 131,000 of Internet lending transactions with a volume of approximately RMB9.87 billion, representing a growth of 366% compared to 2014, among which, approximately RMB8.08 billion or 82% was related to agriculture, rural infrastructure and farmers livelihood.

Suzhou Trust

Suzhou Trust engages in trust business. It acts as a trustee and manages entrusted properties and provides financial advisory and other consulting services. As of December 31, 2015, we held 10.00% equity interests in Suzhou Trust. Leveraging on the overall development of the trust industry and extensive wealth management needs from high-net-worth customers, Suzhou Trust established a wealth management platform in Jiangsu Province, one of China’s most affluent provinces, to meet the investment and financing needs of a broad group of corporates and high-net-worth customers in the region. As at the end of the reporting period, the size of ongoing trust of Suzhou Trust amounted to RMB86.92 billion with 280 ongoing trust projects, among which 137 are collective trust products with an ongoing size of RMB47.99 billion and 143 are individual trust products with an ongoing size of RMB38.93 billion. The wealth management department of Suzhou Trust has established outstanding marketing capability and serves many high-net-worth customers. As of December 31, 2015, Suzhou Trust had more than 10,000 wealth management clients.

Modern Services

Overview

Our subsidiaries and associates in the modern services business include:

- Bybo Dental, our subsidiary, mainly provides dental healthcare services through chain operations;
- CAR, our associate, mainly provides comprehensive car rental services including short-term rentals and long-term rentals, as well as sales of used cars;
- Zeny Supply Chain, our subsidiary, mainly provides logistics services;
- EnsenCare, our subsidiary, mainly provides mid- to high-end senior care services;
- Social Touch, our associate, mainly provides enterprise-level digital marketing solutions; and
- XYWY.com, our associate, mainly provides internet healthcare services.

In the context of China's economic transformation, there is a broad market to tap into for modern services that are closely related to people's livelihood and corporate upgrading. In 2015, we continued to vigorously support the rapid development of existing businesses, CAR continued to expand its businesses and strengthened its leading position after its IPO; Bybo Dental leveraged its well-run management model and growing brand influence to establish a significant presence of medical institutions across the country. Meanwhile, we actively expanded into other areas of strategic interests: benefiting from insights into opportunities arising from such new technology and business models as mobile Internet and big data, we invested in Social Touch and Xywy.com for mobile digital marketing and Internet-based healthcare services respectively. With social media fast on the move, Social Touch further tempered its business model of precise marketing driven by big data and achieved fast growth in 2015; Xywy.com continued to develop various business models of Internet-based healthcare services against the backdrop of deepening healthcare reform in China.

In addition, it is also one of our important strategies to actively support existing businesses to embrace the Internet. We supported CAR to develop a new business model based on the Internet and establish its on-demand chauffeured business together with UCAR (as defined below). It has already become a leading brand in this industry with significant growth in scale, reputation and operational performance.

During the reporting period, the revenue and net (loss)/profit of modern services segment are set out as follow:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	1,495	853
Net (loss)/profit	(430)	1,073
Net (loss)/profit attributable to equity holders of Legend Holdings Corporation	(236)	1,180

During the reporting period, revenue of modern services segment increased by 75%, mainly due to the consolidation of Bybo Dental in the second half of 2014 and substantial growth of dental healthcare related businesses in 2015, as well as significant growth of business of Zeny Supply Chain. During the reporting period, modern services segment recorded a loss against a profit in 2014, mainly due to: equity dilution gains of RMB1,647 million generated from the IPO of CAR in the corresponding period of 2014; temporary operating loss of RMB369 million resulting from accelerated business expansion of Bybo Dental during the reporting period; relatively large additional costs and expenses resulting from strategic adjustment to the courier business of Zeny Supply Chain in the second half of 2015, causing an increase of RMB350 million in loss as compared with the corresponding period of 2014.

Bybo Dental

Bybo Dental provides dental healthcare services through chain operations. As of December 31, 2015, we held 54.90% equity interests in Bybo Dental.

Along with an ageing population, urbanization, increases in people's affordable income and gradually improved basic healthcare protection system, there is great potential for growth of China's healthcare services market. Supported by state policies in recent years, private medical institutions are bracing for a more favorable policy environment. Dental services in China are characterized by a huge user base, relatively poor dental health conditions, high morbidity ratio and low ratio of clinical visits. Dental healthcare services in China has been mainly provided by public hospitals and individual clinics, but given the usual one-hospital-one-city model for public dental hospitals in most cities, aggravated by a limited number of doctors and dental chairs available, it is impossible to satisfy the demand of patients for convenient and comfortable medical services. In the meantime, the demand for equipment and medical technology is rapidly and continuously increasing for dental healthcare services while most individual clinics are short of sufficient funding for more investments. With further implementation of state policies encouraging the development of private medical institutions, and development of medical technology such as tooth planting and orthodontic treatment, we expect the demand for services by dental healthcare chain operations to increase even more.

Bybo Dental has accumulated extensive management experiences and developed strong brand recognition in various regions in China. It plans to make use of its first-mover advantage and strong brand recognition to expand its presence in China through both organic growth and acquisitions. As of December 31, 2015, Bybo Dental owned 27 hospitals and 108 clinics, representing an 80% increase in the number of outlets year-on-year and covering 21 provinces and municipalities. Its number of dental chairs has increased from 724 as of December 31, 2014 to 1,567 as of December 31, 2015.

As of December 31, 2015, Bybo Dental had 2,138 skilled healthcare professionals. In 2015, its number of dentists increased from 451 to 769. Bybo Dental kept its professional pool stable by providing competitive compensations and good working conditions.

Bybo Dental will work to further improve its professional services and brand recognition. It will continue to strengthen its management capability, upgrade its IT systems, carry out academic exchanges and cooperation, align physical expansion with management enhancement, thus constantly closing in on the objective of building time-honored store and the No. 1 brand of dental health in China.

The major business statistics of Bybo Dental for the year ended December 31, 2014 and 2015 respectively are set out as follows:

	As of December 31, 2015	As of December 31, 2014
Number of outlets	135	75
Area of outlets (<i>Square meter</i>)	138,838	52,200
Number of dental chairs	1,567	724
Number of dentists	769	451

During the reporting period, the revenue and net loss of Bybo Dental are set out as follows:

Unit: RMB million

	2015	For the six months from July 1, 2014 to December 31, 2014
Revenue	975	358
Net (loss)	(369)	(42)

During the reporting period, the revenue of Bybo Dental increased from RMB546 million of 2014 to RMB975 million of 2015. The increase in net loss was due to rapid expansion of businesses and the majority of clinics were either in preparation or opened within less than one year, with breakeven point yet to be reached.

CAR

CAR currently provides comprehensive car rental services including short-term and long-term rental, and sales of used cars services. Through its strategic partner, UCAR Co., Ltd. (“UCAR”), it provides an on-demand chauffeured car services based on mobile Internet technology and the strong brand of “UCAR”. It also launched a pilot program of its own used car direct sales and service network, focusing on strong demand in third and fourth-tier cities through a B2C platform. As of December 31, 2015, we held 23.54% equity interests in CAR.

CAR endeavors to become the leading auto mobility provider in China with continuous product innovation and value chain extension. It is marching into the broader auto market by setting up three major platforms of car-sharing, used car sale and fleet management, proceeding from its car rental business built over the years. In 2015, CAR reinforced its absolute leading position in the car rental market. Its fleet has grown from 63,522 cars as of December 31, 2014 to 91,179 as of December 31, 2015. Its total revenue has grown from RMB3,520 million for the year ended December 31, 2014 to RMB5,003 million for the year ended December 31, 2015. And its net profit has increased from RMB436 million for the year ended December 31, 2014 to RMB1,401 million for the year ended December 31, 2015.

In the meantime, CAR has made significant development in value chain extension. It initiated comprehensive collaboration with UCAR in January 2015 providing professional on-demand chauffeured car services. Different from other on-demand chauffeured car services providers in the market, UCAR only uses licensed cars and professional drivers from such car rental companies as CAR, stressing safety and quality of service for mid- to high-end users, underlining a clear profit-making model. As a latecomer to the on-demand chauffeured car services market, UCAR established its differentiated position through one year's relentless efforts, making significant breakthroughs in terms of both market share and reputation. According to report issued by Roland Berger in August 2015, UCAR secured 42% market share in the on-demand chauffeured car services market for mid- to high-end users, making it one of the largest on-demand chauffeured car services providers in China.

As an important step in its value chain extension strategy, CAR opened pilot stores in eight third-tier cities in October 2015 as part of a pilot program to build a used car direct sale and service network. The company aspires to become the No. 1 brand of used cars B2C service in China. CAR believes that its brand premium and high quality products and services will help it to realize higher vehicle residual value, better management of rental vehicles service life cycle and capture growth potential of China's used car market.

CAR has already built Asia's biggest internet-of-vehicles system, integrating advanced technologies such as big data, internet-of-vehicles, in-vehicle information collection and analysis, and machine learning, all of which effectively improves the service and management standards of both car-sharing and used car businesses. It is expected to facilitate the innovations and setting new benchmarks for the entire industry.

Looking ahead, we believe that auto-related industry is at a critical juncture of transformation. CAR has already positioned itself strategically to better capture new growth opportunities out of this transformation. CAR will continue to embrace technology innovation, endeavoring to provide more reliable, convenient and value-for-money travel solutions for its users.

Zeny Supply Chain

Zeny Supply Chain provides logistics services, mainly including comprehensive cold chain operations, comprehensive logistics services and domestic courier services. Zeny Supply Chain is committed to becoming a leading provider of comprehensive supply chain services. As of December 31, 2015, we held 94.00% equity interests in Zeny Supply Chain.

Comprehensive cold chain operations refer to the use of self-owned cold chain property to provide cold storage services, wholesale market space lease services, commodity trading services, micro loans and guarantee services to commercial tenants of the wholesale market, bonded commodity inspection and examination and

logistics services. We conduct the above services through our cold chain properties in Hubei Province and Tianjin Dongjiang harbor. During the reporting period, we continued to expand the regional presence of cold chain businesses. We have signed acquisition agreements regarding equity acquisition of Tianjin Dongjiang harbor and the acquisition of the cold chain business in Zhengzhou, Henan. As of the end of the reporting period, we have completed equity acquisition and assets settlement of Dongjiang harbor while assets of the cold chain business in Zhengzhou, Henan have yet to be settled.

Comprehensive logistics services refer to a newly-founded third-party logistics business model during the reporting period, providing one-stop and customized logistics services to corporate clients in such area as clothing and accessories, home and household appliances, cold chain food and motor accessories through integrated solutions and consolidated third-party capacities. Its business network mainly covers four major regions of northern, central, eastern and southern China.

Domestic courier services includes courier and logistics services. During the reporting period, due to faster-than-expected changes in the market, we have made strategic adjustments to the courier business in the second half of 2015. As of the end of the reporting period, we have closed courier business in eastern and southern China, while such business in Shandong and Beijing was being transformed into comprehensive logistics services.

During the reporting period, revenue and net loss of Zeny Supply Chain are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	519	362
Net (loss)	(612)	(262)

During the reporting period, revenue from the logistics business increased by RMB157 million year-on-year, mainly due to increased businesses in comprehensive cold chain operations and comprehensive logistics services compared with the corresponding period last year. Net loss increased by RMB350 million year-on-year, mainly due to one-off expenses from strategic adjustments to the courier business in the second half of 2015.

EnsenCare

EnsenCare mainly provides mid- to high-end senior care services. As of December 31, 2015, we held 100.00% equity interests in EnsenCare. In 2015, EnsenCare continued to create mid- to high-end senior care service products with unique features. On the one hand, it developed products in institutional senior care, senior apartments and others with Changzhou Project as a sample. On the other hand, it implemented pilot home-based senior care business, exploring new model of senior care products with Chinese characteristics. In 2016, EnsenCare will continue to strengthen efforts of promotion, operation and sale of the Changzhou Project while experimenting with new model of senior care products and fostering new sources of growth.

Social Touch

In March 2015, we acquired 48.23% equity interests in Social Touch at a consideration of USD58.50 million. Social Touch is an industry-leading provider of the enterprise digital marketing solutions in the mobile social era. It helps enterprises to effectively establish and manage connections and interactions with consumers in a new mobile social environment. Social Touch has four major business segments which are marketing strategies and implementation service, corporate mobile marketing management software and implementation service, corporate mobile marketing data management and analysis service, and mobile original advertising procurement and placing service. Our investments in Social Touch is an important signal to move into the mobile marketing industry under the Internet+ environment. Meanwhile, our investments will effectively help integrate the upstream and downstream resources for Social Touch and shape it into the largest comprehensive services platform of mobile marketing in China.

XYWY.COM

Wenkang Group is mainly engaged in Internet healthcare services business through operating XYWY.com. As of December 31, 2015, we held 17.02% equity interests in Wenkang Group. Currently, XYWY.com is the leading platform providing one-stop Internet healthcare services in China. It is also one of the earliest platforms to explore and implement Internet healthcare services in China. XYWY.com has dynamically integrated patients, doctors, hospitals and pharmaceutical enterprises together, building a comprehensive network and a complete ecosystem of Internet healthcare services covering the entire clinical visit process from pre-treatment (online self-diagnosis, online enquiry, telephone consultation, medicine checks and purchase, specialist reservation and others) to in-treatment (ad-hoc reservation, clinical visit guide, clinical escort and others) and to post-treatment (rehabilitation, clinical follow-up, data tracking and others), providing fast and convenient services to patients. As of December 31, 2015, XYWY.com has a total of 73.40 million registered users and 520,000 registered doctors. In December 2015, its daily average number of online visits was over 12 million.

Agriculture and Food

Overview

Our subsidiaries and associates in the agriculture and food business include:

- Joyvio Group, our subsidiary, mainly provides plantation and sales of premium fruits and agricultural products business and sales of wine business;
- Funglian Group, our subsidiary, is mainly engaged in the production and sale of Chinese liquor;
- Cloud Farm, our associate, mainly provides services related to agricultural capital goods, agricultural programs and agricultural technology through an agricultural-oriented e-commerce platform; and
- Liquor Easy, our associate, mainly develops and operates liquor direct selling networks.

There are significant opportunities in the agriculture and food industry in China: (1) With China's increased per capita disposable income and consequential changes in consumption patterns, we believe that Chinese consumers are looking to improve their lifestyle.(2) With the continuous promotion of structural reform and technology innovation in agricultural production and operation, we believe that agricultural and food enterprises in China are experiencing constant transformation. We have been proactively exploring opportunities in and invest into niche segments that benefit the most from the upgrading of products, production services and sales channels in agriculture and food.

In 2015, we started to elevate our upgrading efforts from that of products (Joyvio Group and Funglian Group) to that of production services (Cloud Farm) and distribution channels (Liquor Easy). Through industrial integration and a global presence, we hope to provide better products to Chinese consumers, furnish more advanced services to practitioners of the agriculture and food industry, and build more efficient distribution channels that better cater to upscale consumer demand.

Operating highlights

- Joyvio Group reported a substantial increase in the sales of agricultural products including blueberries and kiwifruit through continuously improving its planting technologies and developing new sources of supply and sales channels, and turned around in the reporting period through constant improvement on its management expertise, operational efficiency and restructuring and consolidation, leading to remarkably better performance.
- On December 8, 2015, Joyvio Group acquired the newly issued shares of Golden Wing Mau Agricultural Produce Corporation (“Golden Wing Mau”) with the consideration of equity interests it holds in its domestic fruit business company, therefore realizing the restructuring of the two companies’ fruit businesses. Through this transaction, the channel capacity of the merged company was significantly enhanced with more balanced capability in different segments of the supply chain, leading in terms of scale in the Chinese fruit industry, with increased bargaining weight on both the upper and lower streams. A combined business and team lead to reduced sales costs and management costs which translate into improved profitability. Upon completion of transaction, Joyvio Golden Wing Mau, as an associate of Joyvio Group, will become a fruit business platform, creating a fruit industry chain platform business with global influence.
- The Company made a new strategic investment in Cloud Farm, intending to use it as a platform to enhance conventional agriculture through the Internet to create “a new agricultural eco-system”. Cloud Farm is China’s first Internet-based agriculture-related service provider which integrates areas such as agriculture-oriented e-commerce, customization and trading of agricultural products, agricultural program services, agricultural technology services and rural finance. Cloud Farm has been growing rapidly after our investment. And now with a new round of investment led by Chun Xiao Capital, its valuation has also gone up substantially from the point of our investment.
- We made a new strategic investment in Liquor Easy. It is a leading liquor retailer in China with a self-operated chain store network, leveraging an integrated operation model which reshapes the sales channel of the liquor industry. Liquor Easy has been growing rapidly after our investment, establishing distribution networks and brand recognition successfully in various regions including Henan Province and Beijing.

During the reporting period, revenue and profit/(loss) of agriculture and food segment are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	1,639	1,532
Net profit/(loss)	134	(948)
Net profit/(loss) attributable to equity holders of Legend Holdings Corporation	138	(878)

During the reporting period, revenue of the agriculture and food segment increased from RMB1,532 million to RMB1,639 million, representing an increase of 7% year-on-year. Net profit turned from a net loss of RMB948 million in the corresponding period last year into a net profit of RMB134 million, mainly due to continuous growth of agricultural business, as well as easing out and slight growth in the liquor business under current relatively weak market environment.

Joyvio Group

Joyvio Group mainly provides quality fruit and agricultural products such as kiwifruits, blueberries, tea and imported wine. As of December 31, 2015, we held 100.00% equity interests in Joyvio Group. In 2015, the fruit industry in China registered continuous and steady growth. Joyvio Group targets customers who placed emphasis on safe and quality products. This category of customers grows rapidly alongside consumption upgrading in China. In 2015, key indicators of our agriculture business including revenue, net profit and operational cash flows were constantly improved.

On December 8, 2015, the fruit business of Joyvio Group has completed restructuring with Golden Wing Mau. Golden Wing Mau has 18 years of in-depth experience in the fruit industry. It is the largest fruit supply chain enterprise in China with services covering planting, storage, cold-chain logistics, import and export, and distribution. Upon the completion of the transaction, Golden Wing Mau was renamed as Joyvio Golden Wing Mau, and it becomes an associate of the Joyvio Group.

During the reporting period, the revenue and net profit/(loss) of Joyvio Group are set out as follows:

Unit: RMB million

	2015	2014
Revenue	452	411
Net profit/(loss)	41	(95)

During the reporting period, the revenue of agricultural business grew from RMB411 million to RMB452 million, representing an increase of 10%, turning loss into profit, mainly due to: 1) our continuous investment in agricultural technology, leading to constant upgrading of planting technology and expertise and enhancement in product quality and production capacity; 2) further development of supply channels of agricultural products leading to broadened product range as well as the increased sales volume of our popular products; and 3) continuous expansion and optimization of our sales channels: in addition to the continuing integration of conventional wholesale channels, we were also constantly improving our shares in supplying leading domestic supermarkets while experimenting with the internet to transform conventional channels; 4) the continuous improvement of our operational efficiency, optimization of cost structure and strengthening of cost control.

Funglian Group

Funglian Group is mainly engaged in the production and distribution of Chinese liquor. It has four regional brands including Bancheng, Confucius Family, Wenwang and Wuling. As of December 31, 2015, we held 93.30% equity interests in Funglian Group.

Domestic demand of Chinese liquor still remained low during the reporting period with overcapacity persisting in overall Chinese liquor industry. Upgrading of consumer products and business model innovation will become major opportunities for the industry in the future.

During the reporting period, the revenue and net loss of Funglian Group are set out below:

Unit: RMB million

	2015	2014
Revenue	1,187	1,121
Net (loss)	<u>(73)</u>	<u>(853)</u>

During the reporting period, the revenue of liquor segment increased by 6% and net loss decreased by RMB780 million year-on-year, mainly due to:

- (1) In 2014, provision for impairment of goodwill amounted to RMB621 million. There was no such provision in 2015;
- (2) For business, Liquor brand companies tried to develop new strategical market while focusing on their respective regional markets, actively executing product differentiation, strengthening mainstream products delivery, and leveraging innovative distribution models. These have led to optimized sales structure while an increase in average price improved gross margin;
- (3) Increased efficiency in sales and management further reduced overall cost.

Cloud Farm

Cloud Farm is the first Internet-based agriculture-related service provider in China which integrates areas such as agriculture-oriented e-commerce, customization and trading of agricultural products, rural logistics, agricultural technology services and rural finance. The official online operation of Cloud Farm began on February 8, 2014, providing agricultural capital goods, agricultural programs and agricultural technology services to farmers and farm operators as target users by leveraging the agriculture-oriented e-commerce platform. We started investing in Cloud Farm in May 2015. As of December 31, 2015, we invested an aggregate of RMB107 million in Cloud Farm and held 25.00% equity interests in it.

Cloud Farm solved the localization difficulty of agricultural e-commerce by setting up an extensive network of service centers for farm operators (ground testing and fertilizer matching) and village-based (agricultural business) Internet connection, building an Internet-based agriculture-related service provider which integrates online platform with offline terminals. Leveraging our stock of experiences and resources in the agricultural industry, Cloud Farm grew rapidly after our investment. Apart from standard products and agricultural supply, newly developed business of ground testing, fertilizer matching and agricultural programs services all grew rapidly, with regional presence going beyond Shandong province into the whole country. Currently, Cloud Farm houses more than 2,000 well-known tenants including agricultural supply enterprises, distributors and service providers, more than 300 county-level service centers and more than 30,000 village-level stations, covering markets in 18 provinces including Shandong, Jiangsu, Henan and others. Its number of registered users has surpassed one million and has developed into China's largest online shopping mall for agricultural capital goods.

Liquor Easy

Legend Holdings invested RMB226 million in Liquor Easy in November 2015, owning 30.00% of its equity interests. Luquor Easy is a dedicated liquor retailer running chain store networks. Its business model of "Internet platform + call centre + physical outlets + delivery in 20 minutes" combined online and offline operations, and reshaped distribution channels of the liquor industry. Its promised delivery time of "20 minutes home delivery" has become the benchmark of liquor delivery. As of December 31, 2015, Liquor Easy has entered various cities including Zhengzhou, Beijing, Zhumadian, Xuchang and Nanyang with a total of 124 outlets and 38 delivery stations.

Property

According to information published by the National Bureau of Statistics of China, total investment in the country's property development amounted to RMB9.6 trillion in 2015, representing a nominal increase of 1.0% year-on-year (an actual increase of 2.8% excluding the price factor); total construction area of property development enterprises amounted to 7,357 million square meters, representing an increase of 1.3% year-on-year; the area of newly-commenced projects amounted to 1,545 million square meters, representing a decrease of 14.0%; the area of new housing completed was 1 billion square meters, representing a decrease of 6.9%. As for sales, the total national sold areas of commodity housing was 1,285 million square meters, representing an increase of 6.5% year-on-year. The total value of commodity housing sold was RMB8.73 trillion, representing an increase of 14.4% year-on-year; In December 2015, the average home price of the country's 100 cities (newly-built) was RMB10,980/square meter, representing a consecutive increase of 0.74%. Since May 2015, the average home price of these 100 cities have been rising for eight consecutive months. There was a new round of market momentum in the property market.

We are mainly engaged in the property business through Raycom, our subsidiary. Raycom is a property company specialized in the property development in China. As of December 31, 2015, we held 93.09% equity interests in Raycom Real Estate Development Co., Ltd. and 100.00% equity interests in Raycom Property Investment Limited. Raycom’s property business includes the (i) development and sale of residential properties; (ii) development, sale, lease and management of office buildings and industrial parks, with the ability to develop properties tailored to the requirements of our corporate customers; and (iii) property management services provided by Raycom’s joint venture, FPD Raycom Property Management Co., Ltd. (“FPD-Raycom”).

As of December 31, 2015, the real estate portfolio of Raycom covered 15 Chinese cities and included 52 projects, with a total land area of approximately 6.6 million square meters and a total GFA*² of approximately 14.6 million square meters.

Raycom primarily focuses on first-tier cities such as Beijing and affluent second- and third-tier cities in Southeast, Southwest and Central China. For residential property development, the primary focus of Raycom is on developing projects with comfortable living environments at locations with convenient public transportation. These projects are concentrated in municipalities, provincial capital cities and other cities with market potential. For our office building business, Raycom develops (i) office buildings that Raycom retains, leases and manages for investment purposes, including Raycom Infotech Center Tower A, Tower B and Tower C; (ii) office buildings that Raycom sells such as Raycom Wangjing Property Center and Raycom Creative Center; and (iii) customized office buildings for sale or lease to identified corporate customers, such as the Sohu New Media Plaza in Beijing. Raycom develops office buildings primarily in prime locations of first- and second-tier cities in locations with attractive nearby facilities and convenient transportation. Raycom selectively holds office buildings as investment properties for long-term returns. As of December 31, 2015, Raycom had an investment property portfolio with a total GFA* of approximately 173,000 square meters. Our properties held for investment include Raycom Infotech Tower A, Tower B and Tower C, a premium office building located in Beijing’s Zhongguancun area, with an average occupancy rate of over 95% as of December 31, 2015. We own Raycom Infotech Tower A and Tower C through our wholly owned subsidiary Raycom Property Investment, and own Raycom Infotech Tower B through our subsidiary Raycom Real Estate Development.

² The data of GFA marked with “*” set forth in this sub-section does not include the area which is not taken into consideration when calculating the plot ratio or floor area ratio, such as car parks and basement

During the reporting period, the revenue and net profit of the property sector are set out as follows:

Unit: RMB million

	2015	2014
Revenue	10,704	11,515
Net profit	2,184	983
Net profit attributable to equity holders of Legend Holdings Corporation	<u>1,651</u>	<u>1,001</u>

During the reporting period, the net profit of the property segment increased to RMB2,184 million as compared with that of RMB983 million in 2014, mainly due to an increase in the fair value of investment properties for the purpose of leasing, which are Raycom Infotech Center Tower B and Olive City located in Beijing, during the reporting period.

The table below summarizes property development projects of Raycom as of December 31, 2015 by city:

City	Total GFA*			Total (sq.m.)
	Completed (sq.m.)	Under development (sq.m.)	Future development (sq.m.)	
Beijing	1,082,778	90,568	–	1,173,346
Tianjin	682,557	132,164	309,117	1,123,838
Hangzhou	127,004	381,638	48,000	556,642
Wuhan	657,033	262,893	389,963	1,309,889
Chongqing	1,122,269	414,113	695,022	2,231,403
Changsha	1,022,855	71,692	165,021	1,259,568
Hefei	647,820	378,398	986,483	2,012,701
Wuxi	392,707	115,516	264,327	772,551
Kunming	213,740	159,971	1,089,090	1,462,801
Dalian	75,226	121,587	–	196,813
Sanya	–	78,835	177,136	255,971
Daqing	278,190	14,335	1,355,590	1,648,115
Jiangyin	95,271	4,583	–	99,854
Tangshan	197,777	–	–	197,777
Jingdezhen	46,767	46,550	169,300	262,617
Total	<u>6,641,994</u>	<u>2,272,843</u>	<u>5,649,049</u>	<u>14,563,886</u>

The table below summarizes property development projects of Raycom as of December 31, 2015 by property type:

Property type	Total GFA*			Total <i>(sq.m.)</i>
	Completed <i>(sq.m.)</i>	Under development <i>(sq.m.)</i>	Future development <i>(sq.m.)</i>	
Residential properties	6,304,893	2,098,224	4,470,684	12,873,801
Commercial properties	337,101	174,619	1,178,365	1,690,085
Office buildings	337,101	–	–	337,101
Industrial parks	–	174,619	1,178,365	1,352,984
Total	6,641,994	2,272,843	5,649,049	14,563,886

The following table sets forth certain information relating to completed properties, properties under development and properties held for future development of Raycom as of December 31, 2015 including GFA* data for each project³.

Project	Location	Site Area (sq.m.)	Completed (record of completion obtained) (in GFA*)						Under development (construction work permit obtained) (in GFA*)				Held for Future Development (construction work permit pending) (in GFA*)		
			GFA Completed (sq.m.)	GFA Sold and Delivered (sq.m.)	GFA Sold and Undelivered (sq.m.)	Saleable		GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Expected Completion Date	Planned GFA (sq.m.)	Rights obtained (sq.m.)	Shareholding of Raycom	
						GFA Remaining Unsold (sq.m.)	Rentable GFA Held (sq.m.)								Actual Completion Date
Raycom Skyline	Wuhan	87,366	400,700	383,860	1,046	8,979	2,728	05/2014	-	-	-	-	83,290	100.0	
Raycom Luoyu Road Centre	Wuhan	15,890	66,003	63,019	2,025	959	-	07/2013	-	-	-	-	53,000	100.0	
Raycom Flower Garden	Wuhan	112,860	190,330	157,054	24,201	9,075	-	12/2015	-	-	-	-	-	100.0	
Raycom Celestial Heigh	Wuhan	47,129	-	-	-	-	-	-	166,877	93,741	66,549	07/2017	-	35.7 ⁽¹⁾	
Raycom Zhi Gu	Wuhan	187,042	-	-	-	-	-	-	96,017	96,017	-	12/2016	253,673	100.0	
First Sea	Changsha	215,778	573,013	512,145	18,082	18,473	-	12/2015	71,692	63,986	5,365	12/2016	3,298	75.0	
La Villa	Changsha	111,674	282,778	277,071	369	2,669	-	12/2012	-	-	-	-	-	100.0	
Xi Tang	Changsha	46,380	-	-	-	-	-	-	-	-	-	-	161,723	95.0	
San Wan Ying															
Chi	Changsha	34,852	167,064	167,064	-	-	-	09/2008	-	-	-	-	-	100.0	
Jiu Yu Yi Pin	Jingdezhen	152,157	46,767	31,168	2,916	2,164	-	12/2013	46,550	46,550	-	04/2017	169,300	100.0	
Allinsun															
Garden	Hangzhou	70,464	127,004	47,564	12,456	65,502	-	07/2014	-	-	-	-	-	100.0	
Cover life	Hangzhou	60,801	-	-	-	-	-	-	151,954	111,428	39,340	09/2016	-	100.0	

³ The GFA* data for each project is for that project as a whole and does not reflect the amount of GFA* solely attributable to Raycom to the extent that our interest in the project is less than 100%.

⁽¹⁾ In addition to which 49% interests are attributable to Lenovo.

Project	Location	Site Area (sq.m.)	Completed (record of completion obtained) (in GFA*)						Under development (construction work permit obtained) (in GFA*)				Held for Future Development (construction work permit pending) (in GFA*)		
			GFA Completed (sq.m.)	GFA Sold and Delivered (sq.m.)	GFA Sold and Undelivered (sq.m.)	Saleable		GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Expected Completion Date	Planned GFA (sq.m.)	Rights obtained (sq.m.)	Shareholding of Raycom	
						GFA Remaining Unsold (sq.m.)	Rentable GFA Held (sq.m.)								Actual Completion Date
Xiaoshan														GFA without Land Use Rights with Land Use	
Dikuai	Hangzhou	107,876	-	-	-	-	-	229,684	172,369	51,882	09/2018	48,000	-	100.0	
Nine Jade City	Wuxi	122,496	70,878	245	10,438	-	06/2014	-	-	-	-	222,080	-	95.0	
Balance City	Wuxi	92,258	96,528	-	4,996	-	05/2011	115,516	45,562	62,658	08/2016	-	-	100.0	
Jinhua Bay														GFA without Land Use Rights with Land Use	
Shi Jia	Wuxi	133,298	78,206	1,418	64,922	-	08/2015	-	-	-	-	42,247	-	100.0	
Project Yixing	Wuxi	32,556	53,170	-	-	-	12/2010	-	-	-	-	-	-	60.0	
Wisdom Castle	Beijing	117,672	75,767	3,498	7,879	-	09/2015	90,568	80,542	10,007	11/2017	-	-	80.0	
Olive City	Beijing	132,451	386,384	318	394	8,954	08/2014	-	-	-	-	-	-	100.0	
Raycom														GFA without Land Use Rights with Land Use	
Chuangyi														GFA without Land Use Rights with Land Use	
Center	Beijing	19,750	65,996	-	12,450	-	01/2013	-	-	-	-	-	-	66.9	
Blocks A and C of Raycom														GFA without Land Use Rights with Land Use	
Info Tech														GFA without Land Use Rights with Land Use	
Centre	Beijing	27,128	102,264	-	-	-	09/2004	-	-	-	-	-	-	100.0	
Block B of Raycom Info														GFA without Land Use Rights with Land Use	
Tech Centre	Beijing	15,388	60,004	-	-	-	03/2015	-	-	-	-	-	-	100.0	
SOHU New														GFA without Land Use Rights with Land Use	
Media Plaza														GFA without Land Use Rights with Land Use	
Parc de	Beijing	6,443	28,517	-	-	-	03/2013	-	-	-	-	-	-	100.0	
Vincennes														GFA without Land Use Rights with Land Use	
Parc de	Beijing	47,824	117,951	-	4,420	-	09/2014	-	-	-	-	-	-	100.0	
Xiang Xue														GFA without Land Use Rights with Land Use	
Lan Xi	Beijing	81,979	205,394	-	114	-	10/2011	-	-	-	-	-	-	100.0	
Fenghe Yuan	Tianjin	67,392	85,169	13,491	4,350	-	09/2015	-	-	-	-	-	-	30.6	
Wu Qian Dao	Tianjin	584,786	76,005	4,796	16,511	-	11/2014	63,160	63,160	-	10/2018	253,961	-	95.0	

Held for Future

Project	Location	Site Area (sq.m.)	Completed (record of completion obtained) (in GFA*)						Under development (construction work permit obtained) (in GFA*)				Development (construction work permit pending) (in GFA*)		Shareholding of Raycom	
			GFA Completed (sq.m.)	GFA Sold and Delivered (sq.m.)	GFA Sold and Undelivered (sq.m.)	Saleable GFA Remaining Unsold (sq.m.)	Rentable GFA Held (sq.m.)	Actual Completion Date	GFA Under Development (sq.m.)	Saleable/Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Expected Completion Date	Planned GFA (sq.m.)	GFA obtained		Rights Land Use
Taiyin Yuan	Tianjin	18,214	27,319	26,500	-	799	-	-	09/2014	-	-	-	-	-	-	30.6
Han Tang Yuan	Tianjin	64,320	-	-	-	-	-	69,004	29,970	40,656	10/2016	55,156	-	-	-	30.6
Xin Yi Wan & Yi Jin Tai	Tianjin	195,331	478,119	474,287	-	-	-	-	04/2013	-	-	-	-	-	-	54.0
Raycom Up Town	Tangshan	131,205	197,777	182,495	12,234	3,810	-	-	07/2013	-	-	-	-	-	-	42.0
Yan Qi Du	Dalian	140,289	75,226	29,933	5,451	39,841	-	121,587	117,978	2,009	12/2016	-	-	-	-	50.0
Daqing Lengend Tech	Daqing	118,578	278,190	201,904	21,775	76,286	-	-	06/2013	-	-	113,900	-	-	-	100.0
Daqing City-2B	Daqing	168,329	-	-	-	-	-	-	-	-	-	-	437,656	-	-	100.0
Daqing City-3A	Daqing	199,973	-	-	-	-	-	-	-	-	-	-	-	201,972	-	100.0
Daqing City-2C	Daqing	75,929	-	-	-	-	-	-	-	-	-	-	-	174,637	-	100.0
Daqing City-2D	Daqing	103,424	-	-	-	-	-	-	-	-	-	-	-	104,458	-	100.0

Project	Location	Site Area (sq.m.)	Completed (record of completion obtained) (in GFA*)						Under development (construction work permit obtained) (in GFA*)				Held for Future Development (construction work permit pending) (in GFA*)	
			GFA Completed (sq.m.)	GFA Sold and Delivered (sq.m.)	GFA Sold and Undelivered (sq.m.)	Saleable GFA Remaining Unsold (sq.m.)	Rentable GFA Held (sq.m.)	Actual Completion Date	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Expected Completion Date	Planned GFA (sq.m.)	GFA without Land Use Rights with Land Use Rights Shareholding of Raycom (sq.m.)
Kunming Legend Tech														
City	Kunming	326,392	-	-	-	-	-	95,704	8,228	83,687	06/2016	1,089,090	-	51.0
Wu Tong Li Raycom	HeFei	69,779	80,540	19,516	25,114	-	09/2015	126,036	120,952	5,084	12/2017	-	-	60.0
Splendor Nonet														
HeFei	HeFei	74,916	242,795	234,845	602	7,348	-	-	-	-	08/2012	-	-	100.0
Hefei Raycom Private Palace														
City	HeFei	401,595	279,855	253,735	1,863	24,257	-	252,362	40,542	211,820	12/2016	830,088	156,394	61.4 ⁽²⁾
In City														
Blue Lifang	Jiangyin	83,824	95,271	28,443	41,821	-	12/2015	4,583	4,583	-	03/2016	-	-	100.0
Haitang Bay	Sanya	22,328	-	-	-	-	-	78,835	32,770	45,446	12/2016	-	-	60.0
	Sanya	587,382	-	-	-	-	-	-	-	-	-	177,136	-	65.0
Total		6,689,258	6,641,995	5,577,811	210,429	586,174	173,348	2,272,843	1,520,204	720,507		4,234,861	1,414,186	

(2) In addition to this, 29.4% interests are attributable to Lenovo.

Chemicals and Energy Materials

Overview

Our Chemicals and Energy Materials Business segment consists of fine chemicals and energy materials business, which focuses on innovative products with growth potential emerging during the transformation of China's chemical industry as well as the lithium-ion battery designed for new energy vehicles.

- Levima Group, our subsidiary, is engaged in the production of fine chemical and new chemical materials; and
- Phylion Battery, our associate, is engaged in the lithium-ion battery business. During the reporting period, as it ceased to be consolidated due to a decrease in shareholding, it was audited using equity method.

Chemicals and energy materials segment's revenue and net loss for the reporting period are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	1,839	1,908
Net (loss)	(1,061)	(769)
Net (loss) attributable to equity holders of Legend Holdings Corporation	<u>(713)</u>	<u>(687)</u>

During the reporting period, since Phylion Battery was no longer consolidated into the Company and instead of using equity method, the revenue of chemicals and energy materials business decreased by RMB69 million year-on-year. During the reporting period, demands were sluggish in the chloro-alkali chemical market of Levima Group's subsidiary Zhongyin Electrochemical and the coal market of Guozhuang Mining, pointing to continuous recession in the industry. We made a provision of asset impairment of Zhongyin Electrochemical and Guozhuang Mining, resulting in a continuous loss in this year.

Operating Highlights

- Development of chemicals production facilities of Shenda Chemicals and Haoda Chemicals, which were built since June 2012, have been completed construction and put into production and achieved safe, stable and full-capacity operation. It realized full-load fully-sold production and made profit in the year when production was commenced.
- With the gradual implementation of subsidies by the State and local governments to vehicles powered by lithium-ion battery, demand for electric vehicles was growing fast. Lithium-ion power battery products used for electric vehicles of Phylion Battery obtained certifications from renowned electric automobile manufacturers in terms of quality and safety. Its products were in short supply throughout the year and the sale of new energy vehicle products significantly increased.

Levima Group

As of December 31, 2015, we held 90.00% equity interests in Levima Group. Leveraging on the DMTO facilities, Levima Group focused on industries in high-end synthetic materials and special chemicals, which enjoy broad market prospects.

The DMTO facilities, the development of which started in June 2012, of Shenda Chemicals and Haoda Chemicals, subsidiaries of Levima Group, saw its last set of EVA successfully put into production on September 13, 2015. The five facilities were all successfully completed and put into production and operation. In October, all development projects were transferred into fixed assets and contributed revenue and profit. During the reporting period, the management and technical teams of Shenda Chemicals and Haoda Chemicals achieved safe, stable operation of facilities at full capacity during the trial operation period through lean production. Through continuous improvement in technology and improving operational standard, these facilities were able to lead in the leading position in terms of the technical and economic indicators, operational standards and the costs of products among its peer. They were leveraging research and development capabilities of its own research institution to constantly develop high-end differentiated products, successfully producing six types of PP products, seven types of EVA products and 54 types of EOD products and introducing them to target markets within a year after commencement of operation. The application efficacy of its special products for subway and leather markets is on a par with that of world-leading enterprises. By taking advantage of technologies and services of its research institution, together with a pre-deployed sale network, such products were well-accepted by high-end downstream customers at the beginning of the production. The professional technologies and services and reliable products of Levima were broadly praised by downstream customers with a continuous increase in the proportion of direct supply. During the reporting period, Shenda Chemicals and Haoda Chemicals achieved full production and made profit in the year when production was commenced, demonstrating relatively strong competitiveness of this integrated model.

During the reporting period, the chloro-alkali chemical industry, in which Zhongyin Electro (a subsidiary of Levima Group) was operating, suffered from overcapacity while the demand from downstream remained weak, resulting in lower profitability. Facing severe situation in the industry, Zhongyin Electrochemical closely monitored the market, adjust its operating strategies in a timely manner and arrange production of products according to their marginal contributions. Meanwhile, it strengthened internal control, implemented various technical transformation programs and laid off 200 employees to reduce costs. However, there was still no clear sign of recovery in the chloro-alkali chemical market. We made a provision of RMB403 million for asset impairment of Zhongyin Electrochemical.

Guozhuang Mining, a subsidiary of Levima Group, is engaged in coal mining and related business. During the reporting period, coal market suffered from overcapacity and coal prices continued to be at a low level and profit of the enterprise slid further. Guozhuang Mining improved its coal-mining technologies through technical transformation to reduce production costs while actively exploring sales channels, lowering inventories and cutting overheads. Since the government is now implementing supply-side reforms, policies in relation to removing excessive capacity for the coal industry will be launched in the near future. Coal prices therefore are likely to bottom out. However, given considerable uncertainties over the industry's outlook, we made a provision of RMB559 million for the asset impairment of Guozhuang Mining.

Levima Group's revenue and net loss for the reporting period are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	1,649	1608
Net (loss)	(1,226)	(780)

Phylion Battery

For better development, Phylion Battery introduced new strategic investors in June 2015, which resulted in Legend Holdings' equity interests in Phylion Battery being diluted from 50.77% to 44.51% and Phylion Battery thus becoming an associate from a subsidiary. During the reporting period, Phylion Battery expanded the market shares of first-tier clients at home and abroad and achieved a substantial increase in sales and higher gross by virtue of a broad customer base and good reputation over the years; in addition, Phylion Battery obtained the certification to supply downstream comprehensive automobile enterprise with battery products for domestic new energy vehicles. Nine types of car models under five auto brands installed with Phylion Battery's batteries were passed throughout the year and over 3,000 new energy vehicles were put in the market, contributing greatly to the results of the Company.

Phylion Battery maintained relatively high gross margin against the backdrop of increasing raw material prices and intensifying industrial competition through continuous improvement in materials, technical design, as well as operating efficiency of its production lines. The net profit of Phylion Battery increased significantly year-on-year. During the reporting period, income from disposal of subsidiaries amounted to RMB139 million as Phylion Battery was no longer consolidated into the Company.

Financial investments

Overview

Our financial investments business is positioned as pursuing financial returns while providing our strategic investments with cash flows, market information and other resources.

We are a pioneer in China's alternative investment sector, seeking to capture investment opportunities at various stages of a company's development. We achieve growth by leveraging our financial investment platforms, which include angel investment, VC and PE funds, and other investments. In our financial investments business, we also seek synergies and share resources with our strategic investments business. Each of our investment arms has a different specialization and focus, which allows us to target a broad range of investments. Through Legend Star, Legend Capital and Hony Capital, we have obtained a deep understanding of the financial investment industry, which provides us with access to numerous investment opportunities. Through investments in our associate funds in various asset classes, we are able to build a wide network in the investment community, expand information sources, capture more investment opportunities and diversify our investment risk.

Other investments including direct financial investments also provide us with continuous growth in value. We continue to promote the realization of asset value and carry out direct investments in primary and secondary markets with high liquidity so as to create sound cash return. We also attach great importance to cooperation with our associate funds to share intelligence and related resources and maximize the efficiency of financial investments.

During the reporting period, revenue and net profit of financial investments are set out as follows:

	<i>Unit: RMB million</i>	
	2015	2014
Revenue	23	43
Investment income and gains	4,049	2,491
Share of profit of associates and joint ventures accounted for using the equity method	378	417
Net profit	4,187	2,113
Net profit attributable to equity holders of Legend Holdings Corporation	4,127	1,868

During the reporting period, the investment income and gains of our financial investments amounted to RMB4,049 million, representing an increase of 63% compared with RMB2,491 million in 2014, the net profit amounted to RMB4,187 million, representing an increase of 98% compared with RMB2,113 million in 2014. It is mainly due to our timely judgements and adjustments towards capital market fluctuations in 2015, which help increase our gains from associate funds investment and minority shareholding investment, including the change in fair value of corporations under associate funds and minority shareholding investments and exit gains.

Legend Star

Founded in 2008, Legend Star is one of China's leading angel investment institutions. At the end of 2015, Legend Star managed two funds with a scale of approximately RMB1.1 billion. Legend Holdings is the sole LP of the funds. Legend Star was ranked by Zero2IPO (an integrated service provider in China's venture capital and private equity investment industry) as top five of the Annual Angel Investment Institution (“年度天使投資機構”) for two consecutive years of 2014 and 2015.

Legend Star is committed to becoming the leading angel investment institution in China. Its key strategy is professional investments + resourceful platforms: by systematically deploying in three major areas, namely TMT, healthcare and intelligent machines, recruiting investment teams of professional elites, and leveraging its unique resources and brand advantages, Legend Star aims to strengthen its presence in the long run.

Legend Star has accumulatively invested in over 120 projects. In 2015, it invested in 52 projects, of which 24 projects have finished another round of financing. Significant projects include:

- Face++: is a developer of core technology for visual machines and currently has the world-leading position in areas such as dynamic facial recognition. Face++ has provided 59,119 customers globally including dozens of large financial institutions and government authorities with 146 billion times cloud services for facial recognition so far. Legend Star invested in the company in 2011. In 2015, Face++ successfully completed B round financing at a higher valuation.
- Zhubaijia: is a leading domestic enterprise in shared economy model and provides customers with overseas boutique lodging services, covering millions of suite rooms in nearly 60 popular tourism cities across Asia, Europe, America and Australia. Legend Star invested in the company in 2014. In 2015, Zhubaijia introduced in various cornerstone investors and completed B round financing.
- Burning Rock Dx: Burning Rock Dx engages in tumor precision medical solutions and provide cancer patient with services such as proposals and advices for treatment and post-surgery monitoring based on genetic test data. Legend Star invested in the company in June 2014. In August 2015, Burning Rock Dx completed a new round of financing.

Legend Capital

Legend Capital is one of the leading venture capital institutions in China. As of the end of 2015, Legend Capital managed six comprehensive USD funds, three comprehensive RMB funds, two early-stage RMB funds , one USD fund in healthcare sector, one RMB fund in culture and sports sector and one fund in red-chip return concept. In 2015, Legend Capital raised three new RMB funds and one USD fund, which helped expand the asset size under management. Three RMB funds are Beijing Legend Capital Xinhai Equity Investments Partnership Enterprise (Limited Partnership) (the “Xinhai Fund”), Beijing Legend Capital Mingde Investments Partnership Enterprise (Limited Partnership) (the “Mingde fund”), Shanghai Qiji Venture Capital Partnership Enterprise (Limited Partnership) (the “Qiji fund”), respectively. One USD fund is LC Healthcare Fund I, L.P. (the “USD healthcare fund”). As of December 31, 2015, the size of new funds amounted to approximately RMB4.32 billion, including RMB1.42 billion from Xinhai Fund (inclusive of the total amount of RMB1.57 billion of Xinhai Parallel Fund), RMB1.03 billion from Mingde Fund, RMB420 million from Qiji Fund and USD200 million from USD healthcare fund.

In 2016, Legend Capital plans to launch comprehensive USD Fund VII, comprehensive RMB Fund IV and first RMB fund in healthcare sector. Legend Capital's newly raised funds will focus on Chinese enterprises and cross-border opportunities at the start-up stage and growing stage in TMT, innovative consumption, modern services, healthcare, and culture and sports sectors. In addition, in 2016, Legend Capital will continue to carry out the exit of projects under management for better cash return for LPs.

During the reporting period, Legend Capital completed 72 new investments, covering start-up stage and growing stage enterprises in TMT, modern services, healthcare, and culture and sports sectors.

During the reporting period, Legend Capital fully or partial exited 22 projects, contributing cash inflow of over RMB1.2 billion for Legend Holdings, achieving sound cash returns. Three of its portfolio companies conducted IPO in domestic and overseas capital markets, namely Wuxi Lead Intelligent Equipment (無錫先導), Yingjia Distillery (迎駕貢酒) and Dexter Studio, respectively. Another four enterprises were listed on the NEEQS. As of December 31, 2015, 37 of Legend Capital's portfolio companies have been successfully listed and another six are listed on the NEEQS.

Hony Capital

As of the end of 2015, Hony Capital managed five USD funds, two RMB funds and two mezzanine funds. In 2015, Hony Capital raised new RMB mezzanine fund II (Tibet Dazi Hony Phase II Mezzanine Fund Partnership (Limited Partnership)) with a size of RMB2.05 billion.

Hony Capital's PE funds focus on SOE reforms, development of private enterprises and cross-border mergers and acquisitions. It persistently carries out investment practice with specific industry focuses in consumption, services, healthcare, advanced manufacturing and mobile internet.

Hony Capital's mezzanine funds' risks and returns are categorized between senior bonds and equity. The investment strategies of Hony Captail's mezzanine funds are mainly in mergers and acquisitions financing, asset securitization financing and special opportunity financing (e.g. corporate bridge facility, asset-backed financing and asset restructuring opportunities, etc.)

In 2015, Hony PE funds completed five new projects or additional investment on existing projects, covering start-up stage and developing stage in enterprises in healthcare, consumption and services. Hony mezzanine funds completed three investments.

During the reporting period, Hony PE funds fully or partially exited 12 projects, and Hony mezzanine funds completed two projects exits, contributing cash inflow of over RMB4.2 billion for Legend Holdings. Meanwhile, three of its portfolio companies conducted IPO in domestic and international capital markets in 2015, namely Happigo (快樂購), Yingjia Distillery (迎駕貢酒) and Holly Futures (弘業期貨). Another three enterprises were listed or approved to be listed on NEEQS, namely Coagent (好幫手), Lessin (力誠百貨) and Commercial Capital (商之都). As of December 31, 2015, 33 of Hony's portfolio companies have been successfully listed onshore or offshore (including PIPE investment⁴) and another three are listed on NEEQS.

We also conducted other investments including direct financial investments through our headquarter and other domestic and overseas investment platforms. These investments provide us with continuous growth in value. We continue to promote the realization of asset value and carry out direct investments in primary or secondary markets with high liquidity so as to create sound cash return. We also attach great importance to cooperation with our associate funds to share intelligence and related resources and maximize the efficiency of financial investments.

FINANCIAL REVIEW

Net interest expense

Our net interest expenses after deducting capitalized amounts increased from RMB3,186 million for the year 2014 to RMB3,370 million for the year 2015. Increase in the net interest expenses was mainly due to increase in the total borrowings.

Taxation

Our taxation decreased from RMB3,738 million for the year 2014 to RMB1,662 million for the year 2015. Decrease in the amount of taxation was mainly due to decrease in the profit before taxation as compared with the corresponding period of last year.

⁴ PIPE investment means private investment in public equity

Capital expenditures and capital commitments

Our capital expenditures mainly arise from purchases of property, plant and equipment, new construction under work and intangible assets, and payment for investment. Capital expenditures were mainly funded by internally generated resources and external borrowings. Details of capital expenditures of all business segments are set out in Note 3 of the financial statement.

As at December 31, 2015, we had RMB10,836 million of capital commitments contracted. Such capital commitments were mainly used for purchases of property, plant and equipment, property development, and investment. Details of capital commitments of all business segments are set out in Note 21 of the financial statement.

Liquidity and financial resources

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

Cash and cash equivalents

As of December 31, 2015, our cash and cash equivalents include RMB34,803 million of cash at bank and in hand and money market funds, among which, RMB, US dollar, HK dollar, EUR and other currencies accounted for 45%, 20%, 24%, 3% and 8%, respectively, while the amount as at December 31, 2014 was RMB35,773 million, among which, RMB, US dollar, HK dollar, EUR and other currencies accounted for 46%, 43%, 1%, 3% and 7%, respectively. It is our policy to place our cash in interest-bearing principal-protected demand or short-term deposits with reputable PRC and foreign banks.

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

Indebtedness

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

Unit: RMB million

	December 31, 2015	December 31, 2014
Bank loans		
– Unsecured loans	17,137	20,677
– Guaranteed loans	13,909	14,469
– Collateralized loans	5,714	7,156
Other loans		
– Unsecured loans	100	15
– Guaranteed loans	11,654	10,905
– Collateralized loans	3,182	1,678
Corporate bonds		
– Unsecured	24,853	20,991
– Guaranteed	708	230
	77,257	76,121
Less: non-current portion	(56,621)	(56,550)
Current portion	20,636	19,571

As of December 31, 2015, among our total borrowings, 73% was dominated in RMB (December 31, 2014: 70%), 26% was dominated in US dollar (December 31, 2014: 29%) and 1% was dominated in other currencies (December 31, 2014: 1%). If categorized by whether the interest rates were fixed or not, the fixed interest rates borrowings and the floating interest rates borrowings accounted for 91% and 9% of our total borrowings, respectively, while as at December 31, 2014 accounted for 88% and 12%, respectively. Increase in our indebtedness was mainly due to growth and expansion of our strategic investment business.

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

Unit: RMB million

	December 31, 2015	December 31, 2014
Within 1 year	20,636	19,571
After 1 year but within 2 years	15,224	16,523
After 2 years but within 5 years	37,935	36,962
After 5 years	3,462	3,065
	77,257	76,121

As of December 31, 2015, we had the following corporate bonds outstanding:

Unit: RMB million

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount	As of December 31, 2015
The Company	Corporate bonds	RMB	October 31, 2011	7 years	RMB2,900 million	RMB2,888 million
The Company	Corporate bonds	RMB	November 30, 2012	10 years	RMB2,300 million	RMB2,286 million
The Company	Private placement bonds	RMB	March 6, 2013	3 years	RMB2,000 million	RMB2,000 million
Brave Rise Investments Limited, a subsidiary of Joyvio	Guaranteed bonds	RMB	May 24, 2013	3 years	RMB230 million	RMB230 million
The Company	Private placement bonds	RMB	March 21, 2014	5 years	RMB2,000 million	RMB1,979 million
The Company	Private placement bonds	RMB	March 27, 2014	5 years	RMB740 million	RMB735 million
Lenovo	Long term notes	USD	May 8, 2014	5 years	USD1,500 million	RMB9,691 million
Lenovo	Long term notes	RMB	June 10, 2015	5 years	RMB4,000 million	RMB3,981 million
The Company	Private placement bonds	RMB	August 20, 2015	1 year	RMB300 million	RMB300 million
Zhengqi Financial	Guaranteed bonds	RMB	September 16, 2015	3 years	RMB500 million	RMB478 million
The Company	Private placement bonds	RMB	October 29, 2015	3 years	RMB1,000 million	RMB992 million

The annual interest rates of our bonds listed above as of December 31, 2015 ranged from 3.95% to 7.00%.

As of December 31, 2015, the Company had undrawn banking facilities of RMB78.9 billion. The Company has entered into formal or informal cooperation agreements with various major banks in China. According to these agreements, the banks granted the Company general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities.

Current ratio and debt to equity ratio

	December 31, 2015	December 31, 2014
Current ratio (<i>Times</i>)	1.1	1.1
Debt to equity ratio	<u>65.2%</u>	<u>76.3%</u>

Current ratio

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

Debt to equity ratio

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

Pledged Assets

As of December 31, 2015, we pledged the assets of RMB21 billion (December 31, 2014: RMB20.7 billion) for obtaining borrowings.

Contingent Liabilities

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

We evaluated the financial position of financial guarantees provided in connection with our financial services business periodically and made provision accordingly. As of December 31, 2015 and December 31, 2014, the provision made by us was RMB135 million and RMB146 million respectively.

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

Unit: RMB million

	December 31, 2015	December 31, 2014
Guarantee in respect of mortgage facilities for certain purchaser	4,099	3,309
Financial guarantee of guarantee business	4,530	4,046
Other guarantee		
– Related parties	2,240	4,420
– Unrelated parties	1,500	1,500

FINANCIAL POLICIES AND RISK MANAGEMENT

General policies

Our activities expose us to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We have implemented a unified and multilevel financial control management system. We guide and supervise major aspects of the financial management of our subsidiaries and each subsidiary manages its financial risks locally. Certain of our subsidiaries use derivative financial instruments to hedge certain risk exposures.

Foreign exchange risk

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

Price risk

We are exposed to equity securities price risk because of investments held by us and classified on our consolidated balance sheets either as available-for-sale or at fair value through profit or loss. The commodity price risk to which we are exposed is not material. To manage our price risk arising from investments in equity securities, we diversify our portfolio.

Our investments in equity of other entities include companies that are publicly traded in the following four capital markets: Hong Kong, China, US and Japan.

Cash flow and fair value interest rate risk

Our interest rate risk arises primarily from long-term borrowings and loans from related parties. Long-term borrowings at floating rates expose us to cash flow interest rate risk. Long-term borrowings and loans from related parties at fixed rates expose us to fair value interest rate risk.

We operate a number of customers' financing programmes mainly in our IT business. We are exposed to the risks of fluctuation of rates arising from all the currencies covered in such programmes.

We manage the interest rate risk by performing regular reviews and monitoring our interest rate exposure and, when appropriate, using floating-to-fixed interest rate swaps.

Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from cash and cash equivalents, bank deposits, restricted deposits, trade and notes receivable, loans to customers, other receivables and derivative financial instruments, etc.

For the cash in bank deposits, we control our credit risk through monitoring our credit ratings and setting approved credit limits that are regularly reviewed.

We have no significant concentration of customer credit risk. We have policies to limit the credit exposure on receivables. We assess the credit quality of and set credit limits on our customers, taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of our customers is regularly monitored by us. In respect of customers with a poor credit history, we use written payment reminders, or shorten or cancel credit periods, to ensure our overall credit risk is limited to a controllable extent.

Liquidity risk

Cash flow forecasting is performed by us and each of our subsidiaries. We monitor our subsidiaries' rolling forecasts of their short-term and long-term liquidity requirements to ensure they have sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on their undrawn committed borrowing facilities from major financial institution so that they do not breach borrowing limits or covenants on any of their borrowing facilities to meet the short-term and long-term liquidity requirements.

Events after the reporting period

(a) Reorganisation of Lakala Payment Co., Ltd.

On February 4, 2016, the Company and Tibet Tourism Co., Ltd. (“Tibet Tourism”), a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (“A Shares”), entered into an agreement, pursuant to which Tibet Tourism will issue to the Company (as one of the shareholders of Lakala Payment Co., Ltd. (“Lakala”)) a total of 185,100,804 A Shares of Tibet Tourism at RMB18.65 per share (the “Issue Price Per A Share”), equivalent to a total of RMB3,452 million, for the consideration of acquiring the 112,978,800 shares of Lakala held by the Company, representing 31.38% of Lakala's issued share capital.

In addition, the Company and its indirect subsidiary, Tibet Zhidao Investment Co., Ltd. (“Tibet Zhidao”), each as one of the subscribers of the private placement of A Shares of Tibet Tourism, entered into a share subscription agreement with Tibet Tourism respectively, pursuant to which the Company will subscribe for and Tibet Tourism will issue 32,171,581 A Shares to the Company at the Issue Price Per A Share (equivalent to a total of RMB600 million), and Tibet Zhidao will subscribe for and Tibet Tourism will issue 1,072,386 A Shares to Tibet Zhidao at the Issue Price Per A Share (equivalent to a total of RMB20 million).

Upon completion of the reorganisation, we will hold a total of 218,344,771 A Shares, representing 23.23% of the enlarged issued share capital of Tibet Tourism. Since the Company has no control over Lakala, nor is it acting in concert with any other shareholder of Lakala in order to expand its voting rights of the shares in Tibet Tourism under its control, the consolidated financial statements of Tibet Tourism will not be consolidated into our financial statements but it will be treated as an associate of the Company. Due to the reorganisation, the Company may record gains or losses as a result of the dilution of its interest in its associate.

Besides, the Company and certain shareholders of Lakala entered into a profit compensation agreement with Tibet Tourism on February 4, 2016 to provide a guarantee that Lakala's net profit attributable to the shareholders of its parent company for 2016, 2017 and 2018 (net of extraordinary gain or loss and proceeds from subscription) will not be less than RMB450 million, RMB860 million and RMB1,450 million, respectively. If any of the actual figures turns out to be less than the aforesaid amounts, the Company's compensation obligation arise and it is expected to undertake 34.61% of the compensation amount calculated in accordance with the terms.

Up to the date of this announcement, the reorganisation is not completed due to the related conditions haven't all been satisfied. The detail of the conditions has been set out in the announcement published by the Company on the website of Hong Kong Stock Exchange (www.hkexnews.hk) on February 5, 2016.

(b) *Proposed Issue of Corporate Bonds by Raycom Real Estate Development Co., Ltd.*

On February 16, 2016, Raycom Real Estate Development Co., Ltd. (Raycom Real Estate), a subsidiary of the Company, intends to make an application to China Securities Regulatory Commission to issue of i) corporate bonds with an aggregate par value of no more than RMB2,500 million to qualified investors ("Raycom Real Estate 2016 Corporate Bonds") and maturity of no more than 10 years; and ii) non-public corporate bonds with an aggregate par value of no more than RMB5,000 million to qualified investors. The Company provides irrevocable joint and several liability guarantee for the full amount of Raycom Real Estate 2016 Corporate Bonds. As of the date of this announcement, the issuance of bonds is in progress.

(c) *Issue of Corporate Bonds by Zhengqi Anhui Financial Holdings Co., Ltd.*

On March 3, 2016, Zhengqi Anhui Financial Holdings Co., Ltd. ("Zhengqi Anhui"), a subsidiary of the Company, issued Zhengqi Anhui 2016 Corporate Bonds (First Tranche) bearing a coupon rate of 5.70% with a total issue amount of RMB400 million for a term of 3 years.

Details about the number of employees, remuneration policy, bonus and training programmes

As at December 31, 2015, the Group had approximately 75,000 employees. Adhering to the talent retention ideas of “investing in valuable people (投資於有價值的人)”, we attached great importance to internal talent cultivation, while actively introducing excellent talents from the outside; the Group continued to improve and work towards short-middle- and long-term incentive systems that are both competitive and fair, optimize employee benefits and create a career platform and working environment that is full of learning and development opportunities. Meanwhile, the Group enhanced efforts in performance appraisal and talent review to further optimize the talent structure, which allowed the Group to maintain a professional talent team that is full of passion and provided the first-class HR guarantee for fulfilling the Group’s strategies.

We truly understand that a team of top-notch talents is vital to a first-class investment holdings company. To attract and retain top-notch talents, the overall remuneration level has to have a strong market competitiveness. Therefore, the Company established a comprehensive remuneration system for senior management and employees with market competitiveness which is compatible with the business feature of the Company, including:

1. The overall remuneration of our senior management including the President, Executive Vice President, Senior Vice President, financial officers and the secretary of the Board of the Company comprises annual remuneration and benefits. Annual remuneration is determined by the Board of the Company based on the overall performance of the Company and duties undertaken by senior management and their performance. The Company will then determine performance results according to the Company’s performance and the performance appraisal of senior management. i) annual remuneration comprises annual basic salaries (determined based on duties undertaken by senior management) and target bonus (calculated based on certain proportion of basic salaries of senior management with reference to overall performance of the Company and performance appraisal of senior management); ii) benefits include basic social benefits, supplemental health benefits, supplemental elderly benefits and cash subsidies of the Company, etc..
2. Our employees’ remuneration comprises basic salaries and performance bonus, i) basic salaries represent post salaries, and are paid monthly based on positions and duties undertaken by the employees and their performance and capabilities; ii) performance bonus is determined based on certain proportion of the employees’ basic salaries and calculated based on target bonus with reference to annual operating results of the Company and annual performance appraisal of employees.

In 2015, in order to constantly improve professional techniques and management skill of core personnel, Legend Holdings provides employees of the Company and core management of the subsidiaries and associates with various training and learning activities.

In the headquarter of Legend Holdings, these activities include seminars and courses focusing on improvement of leadership skills and professional quality of core business personnel, lectures and sharing activities regarding the introduction of the Company's business model and the understanding of the trend in the industry for employees, and special learning and cultivation programme for senior management, etc..

For subsidiaries and associates, the Company continues to promote culture of Legend and management experience with characteristic of Legend using management school as a platform including corporate core value, work methodology represented by "review" and management experience of "three management factors" as the core, and creates platform and learning opportunities for business exchanges and business synergies between subsidiaries and associates.

Pursuant to relevant laws and regulations of China and other overseas jurisdictions, we provide various benefits to our employees, including pension insurance, medical insurance, employment injury insurance, unemployment insurance, maternity insurance and housing provident fund.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

As of December 31, 2015, the Company has used RMB2 billion for repayment of part of the corporate bonds due in 2015, and all the remaining amount had been deposited into licensed banks in Hong Kong.

RECOMMENDATION OF FINAL DIVIDEND

The Board has recommended a final dividend of RMB0.22 per ordinary share (before tax) for the year ended December 31, 2015 (2014: RMB0.183), amounting to a total of approximately RMB518 million (before tax) (2014: RMB366 million), subject to the approval of the shareholders of the Company at the forthcoming 2015 annual general meeting (the "AGM"). The Company will issue a separate announcement regarding the date of the 2015 AGM, the dates of closure of H share register of members of the Company, the record date and payment date for the dividends, etc..

FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2015

		Year ended December 31,	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods and services		<u>309,233,847</u>	<u>288,955,525</u>
Interest income		846,466	706,306
Interest expense		<u>(254,174)</u>	<u>(185,999)</u>
Net interest income		<u>592,292</u>	<u>520,307</u>
Total revenue	3	309,826,139	289,475,832
Cost of sales	6	<u>(261,797,199)</u>	<u>(246,333,803)</u>
Gross profit		48,028,940	43,142,029
Selling and distribution expenses	6	(16,595,173)	(13,972,291)
General and administrative expenses	6	(26,530,019)	(20,044,101)
Investment income and gains	4	5,231,579	4,806,134
Other income and gains/(losses)	5	(2,551,146)	(68,702)
Finance income	7	512,147	591,023
Finance costs	7	(3,370,453)	(3,185,529)
Share of profit of associates and joint ventures accounted for using the equity method		<u>712,204</u>	<u>291,689</u>
Profit before income tax		5,438,079	11,560,252
Income tax expense	8	<u>(1,662,473)</u>	<u>(3,738,081)</u>
Profit for the year		<u>3,775,606</u>	<u>7,822,171</u>
Profit attributable to:			
– Equity holders of the Company		4,659,083	4,160,389
– Non-controlling interests		<u>(883,477)</u>	<u>3,661,782</u>
		<u>3,775,606</u>	<u>7,822,171</u>
Earnings per share for the profit attributable to the equity holders of the Company (expressed in RMB per share)			
Basic earnings per share	9	<u>2.14</u>	<u>2.08</u>
Diluted earnings per share	9	<u>2.14</u>	<u>2.07</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

	Year ended December 31,	
Note	2015 RMB'000	2014 RMB'000
Profit for the year	<u>3,775,606</u>	<u>7,822,171</u>
Other comprehensive loss:		
Items that will not be reclassified to income statement		
Remeasurements of post-employment benefit obligation, net of taxes	(172,107)	(108,836)
Revaluation of investment properties upon reclassification from property, plant and equipment, net of taxes	122,722	–
Items that may be reclassified subsequently to income statement		
Currency translation differences	(2,134,874)	(2,165,787)
Share of other comprehensive income of associates using equity accounting	68,169	81,985
Change in fair value of available-for-sale financial assets, net of taxes	1,974,354	406,881
Fair value change on cash flow hedges, net of taxes	<u>(456,935)</u>	<u>448,233</u>
Other comprehensive loss for the year	<u>(598,671)</u>	<u>(1,337,524)</u>
Total comprehensive income for the year	<u><u>3,176,935</u></u>	<u><u>6,484,647</u></u>
Attributable to:		
– Equity holders of the Company	6,024,025	4,187,706
– Non-controlling interests	<u>(2,847,090)</u>	<u>2,296,941</u>
	<u><u>3,176,935</u></u>	<u><u>6,484,647</u></u>

CONSOLIDATED BALANCE SHEET

As at December 31, 2015

		As at December 31,	
	Note	2015	2014
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		2,234,255	1,512,285
Property, plant and equipment		20,732,944	20,681,559
Investment properties		10,219,472	6,023,298
Intangible assets		56,940,565	59,654,828
Associates and joint ventures using equity accounting		10,148,910	6,990,086
Associates measured at fair value through profit or loss		13,132,653	12,676,928
Available-for-sale financial assets		6,987,355	3,549,532
Loans to customers		–	118,800
Financial assets at fair value through profit or loss		713,461	–
Deferred income tax assets		6,762,026	3,665,626
Other non-current assets		3,362,867	1,984,869
		<u>131,234,508</u>	<u>116,857,811</u>
Current assets			
Inventories		18,362,352	19,750,338
Properties under development		27,296,999	28,569,482
Completed properties held for sale		6,214,796	6,001,854
Trade and notes receivables	10	38,288,360	39,352,687
Prepayments, other receivables and current assets	11	35,682,502	33,785,807
Available-for-sale financial assets		78,900	114,100
Loans to customers		4,569,434	3,965,794
Derivative financial instruments		412,443	1,293,703
Financial assets at fair value through profit or loss		2,228,771	1,147,797
Restricted deposits	12	1,410,625	1,378,512
Bank deposits	12	5,660,249	4,831,811
Cash and cash equivalents	12	34,802,953	35,772,890
		<u>175,008,384</u>	<u>175,964,775</u>
Total assets		<u>306,242,892</u>	<u>292,822,586</u>

CONSOLIDATED BALANCE SHEET (Continued)*As at December 31, 2015*

		As at December 31,	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	13	2,356,231	2,000,000
Reserves		46,540,284	29,982,691
Total equity attributable to equity holders of the Company		48,896,515	31,982,691
Non-controlling interests		17,513,967	22,215,587
Put option written on non-controlling interests		(1,343,399)	(1,343,399)
Total equity		65,067,083	52,854,879
LIABILITIES			
Non-current liabilities			
Borrowings	17	56,621,152	56,550,145
Deferred revenue		3,694,151	3,405,273
Retirement benefit obligations		2,495,478	2,249,295
Provisions	18	2,101,822	2,495,527
Deferred income tax liabilities		4,948,916	3,899,579
Other non-current liabilities	16	15,511,161	16,347,219
		85,372,680	84,947,038
Current liabilities			
Trade and notes payables	14	45,728,181	49,746,129
Other payables and accruals	15	63,716,314	61,403,987
Derivative financial instruments		213,516	572,641
Provisions	18	8,721,533	7,689,537
Advance from customers		9,411,895	7,873,102
Deferred revenue		3,811,126	4,646,376
Current income tax liabilities		3,564,941	3,518,362
Borrowings	17	20,635,623	19,570,535
		155,803,129	155,020,669
Total liabilities		241,175,809	239,967,707
Total equity and liabilities		306,242,892	292,822,586
Net current assets		19,205,255	20,944,106
Total assets less current liabilities		150,439,763	137,801,917

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Attributable to the equity holders of the Company											Total
	Paid-in capital/Share capital RMB'000	Statutory surplus reserve RMB'000	Treasury stock RMB'000	Revaluation reserve RMB'000	Share-based compensation reserve RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Non- controlling interests RMB'000	Put option written on non- controlling interests RMB'000	
As January 1, 2014	660,860	330,430	-	880,343	733,284	68,734	(1,865,885)	6,020,892	20,206,766	18,285,139	(1,343,399)	43,977,164
Profit for the period									4,160,389	3,661,782		7,822,171
Other comprehensive income												
Fair value changes on available-for-sale financial assets	-	-	-	534,977	-	-	-	-	-	33,013	-	567,990
Reclassified to income statement on disposal of available-for-sale financial assets	-	-	-	(161,109)	-	-	-	-	-	-	-	(161,109)
Share of other comprehensive income of associates using equity accounting	-	-	-	81,985	-	-	-	-	-	-	-	81,985
Fair value change on forward foreign exchange contracts	-	-	-	-	-	(54,966)	-	-	-	(155,951)	-	(210,917)
Reclassified to income statement on forward foreign exchange contracts	-	-	-	-	-	199,293	-	-	-	459,857	-	659,150
Currency translation differences	-	-	-	-	-	-	(539,995)	-	-	(1,625,792)	-	(2,165,787)
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-	-	(32,868)	-	(75,968)	-	(108,836)
Total comprehensive income/(loss) for the year	-	-	-	455,853	-	144,327	(539,995)	(32,868)	4,160,389	2,296,941	-	6,484,647
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	331,016	-	331,016
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(1,978,538)	-	(1,978,538)
Transaction with non-controlling interests	-	-	-	-	-	-	-	712,435	-	4,067,546	-	4,779,981
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	375,060	-	375,060
Transfer to reserve	-	-	-	-	-	-	-	19,912	(21,538)	(704)	-	(2,330)
Share of share option reserve of an associate	-	-	-	-	43,256	-	-	-	-	-	-	43,256
Share-based compensation	-	-	-	-	342,252	-	-	-	-	767,744	-	1,109,996
Contribution from a shareholder	-	-	-	-	-	-	-	106,401	-	-	-	106,401
Release of escrow shares for settlement of acquisition consideration	-	-	-	-	-	-	-	10,077	-	20,915	-	30,992
Reclassified share of reserve in associate to income statement upon dilution	-	-	-	-	-	-	-	(120,484)	-	-	-	(120,484)
Dividends paid	-	-	-	-	-	-	-	-	(332,750)	(1,949,532)	-	(2,282,282)
Conversion into a joint stock limited liability company	1,339,140	(330,430)	-	(336,863)	-	-	-	(1,162,347)	490,500	-	-	-
As December 31, 2014	2,000,000	-	-	999,333	1,118,792	213,061	(2,405,880)	5,554,018	24,503,367	22,215,587	(1,343,399)	52,854,879

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*
For the year ended December 31, 2015

	Attributable to the equity holders of the Company											
	Share capital	Share premium	Statutory surplus reserve	Revaluation reserve	Share-based compensation reserve	Hedging reserve	Exchange reserve	Other reserve	Retained earnings	Non-controlling interests	Put option written on non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As January 1, 2015	2,000,000	-	-	999,333	1,118,792	213,061	(2,405,880)	5,554,018	24,503,367	22,215,587	(1,343,399)	52,854,879
Profit for the year	-	-	-	-	-	-	-	-	4,659,083	(883,477)	-	3,775,606
Other comprehensive income												
Fair value changes on available-for-sale financial assets	-	-	-	1,613,090	-	-	-	-	-	408,992	-	2,022,082
Reclassified to income statement on disposal of available-for-sale financial assets	-	-	-	(47,728)	-	-	-	-	-	-	-	(47,728)
Share of other comprehensive income of associates using equity accounting	-	-	-	68,169	-	-	-	-	-	-	-	68,169
Fair value change on forward foreign exchange contracts	-	-	-	-	-	(386,101)	-	-	-	(879,211)	-	(1,265,312)
Reclassified to income statement on forward foreign exchange contracts	-	-	-	-	-	247,242	-	-	-	561,135	-	808,377
Currency translation differences	-	-	-	-	-	-	(200,643)	-	-	(1,934,231)	-	(2,134,874)
Remeasurement of post-employment benefit obligation	-	-	-	-	-	-	-	(51,809)	-	(120,298)	-	(172,107)
Revaluation of investment properties upon reclassification from property, plant and equipment	-	-	-	122,722	-	-	-	-	-	-	-	122,722
Total comprehensive income/(loss) for the year	-	-	-	1,756,253	-	(138,859)	(200,643)	(51,809)	4,659,083	(2,847,090)	-	3,176,935
Issuance of new shares (Note 13)	356,231	11,724,078	-	-	-	-	-	-	-	-	-	12,080,309
Share issuance cost	-	(442,138)	-	-	-	-	-	-	-	-	-	(442,138)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	9,582	-	9,582
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(281,791)	-	(281,791)
Transaction with non-controlling interests	-	-	-	-	-	-	-	(642,547)	-	(564,340)	-	(1,206,887)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	155,925	-	155,925
Transfer to reserve	-	-	-	-	-	-	-	29,265	(23,172)	(1,414)	-	4,679
Share of share option reserve of an associate	-	-	-	-	20,582	-	-	-	-	-	-	20,582
Share-based compensation	-	-	-	-	233,525	-	-	-	-	526,364	-	759,889
Transfer to statutory surplus reserve	-	-	191,599	-	-	-	-	-	(191,599)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(366,025)	(1,098,856)	-	(2,064,881)
As December 31, 2015	<u>2,356,231</u>	<u>11,281,940</u>	<u>191,599</u>	<u>2,755,586</u>	<u>1,372,899</u>	<u>74,202</u>	<u>(2,606,523)</u>	<u>4,888,927</u>	<u>28,581,654</u>	<u>17,513,967</u>	<u>(1,343,399)</u>	<u>65,067,083</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015

		Year ended December 31,	
	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	20	4,427,793	4,172,100
Income tax paid		(3,734,010)	(2,736,795)
Net cash generated from operating activities		693,783	1,435,305
Cash flows from investing activities			
Purchases of property, plant and equipment, and intangible assets		(6,949,455)	(9,087,844)
Proceeds from sale of property, plant and equipment, and intangible assets		547,677	108,977
Purchase of financial assets at fair value through profit or loss		(2,694,355)	(665,064)
Proceeds from the disposal of financial assets at fair value through profit or loss		1,420,786	1,984,766
Dividends from financial assets at fair value through profit or loss		553,823	185,141
Capital injection in associates measured at fair value through profit or loss		(1,979,840)	(2,163,613)
Distributions from associates measured at fair value through profit or loss		5,358,446	3,745,411
Acquisition of and capital injection in associates and joint ventures using equity accounting		(785,985)	(315,725)
Proceeds from partial disposal of associates using equity accounting		14,594	741,019
Distributions from associates using equity accounting		377,857	415,282
Purchase of available-for-sale financial assets		(1,972,616)	(626,743)
Proceeds from disposal of available-for-sale financial assets		620,606	186,193
Dividends from available-for-sale financial assets		287,599	13,154
Acquisition of subsidiaries, net of cash acquired		(196,521)	(14,815,107)
Disposal of subsidiaries, net of cash disposed		271,153	(2,015,654)
Decrease in restricted deposits		–	799,328
Interest received		548,864	549,649
Increase in bank deposits		(358,731)	(2,763,794)
Advance from proposed transactions		112,014	–
Net cash used in investing activities		(4,824,084)	(23,724,624)

CONSOLIDATED CASH FLOW STATEMENT *(Continued)**For the year ended December 31, 2015*

		Year ended December 31,	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities			
Proceeds from borrowings		23,363,058	39,114,885
Repayments of borrowings		(29,987,841)	(19,698,835)
Issuance of new shares		12,080,309	–
Payment of expense on issuance of new shares		(174,966)	–
Capital contributions from non-controlling interests		157,528	375,060
Distribution to non-controlling interests		(1,698,856)	(1,891,125)
Transaction with non-controlling interests		(1,332,089)	(1,693,619)
Cash proceeds from issuance of bonds, net of issuance costs		5,757,650	11,851,395
Dividends paid to equity holders of the Company	19	(366,025)	(332,750)
Interest paid		(4,707,091)	(4,617,940)
		<hr/>	<hr/>
Net cash generated from financing activities		3,091,677	23,107,071
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(1,038,624)	817,752
Cash and cash equivalents at beginning of year		35,772,890	35,461,855
Exchange gains/(losses) on cash and cash equivalents		68,687	(506,717)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	12	34,802,953	35,772,890
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The address of the Company’s registered office changes from 10F, Tower A, Raycom Info Tech Park, 2 Ke Xue Yuan Nan Lu, Hai Dian District, Beijing 100190, PRC to Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan Nanlu, Haidian District, Beijing, PRC with effect from January 25, 2016.

The Company operates businesses through two principal business platforms, strategic investments and financial investments. The strategic investments consist of operations in (a) IT industry, which is primarily engaged in the development, manufacturing and marketing high-quality and easy-to-use technology products and services for consumers and enterprises; (b) financial services industry, which offers services including short-term financing, credit guarantees, entrusted loans, finance lease, banking, insurance brokerage services, payment and internet finance and trusts, customised financial solutions to customers; (c) modern services industry, which operates in consumer services including dental care, logistics, senior care businesses, the car rental business, digital marketing solutions of enterprises and Internet healthcare services; (d) agriculture and food industry, which is mainly engaged in planting and sales of premium fruit and tea products in agriculture business, produce and sell various Chinese liquor brands, agriculture-oriented e-commerce platform and liquor direct sales chain; (e) property industry, which is engaged in the business of the development and sale of residential properties and office buildings, office rental services and property management services; and (f) chemicals and energy materials industry, which includes the fine chemicals and energy materials and lithium-ion battery businesses. The financial investments platform conducts investment in private equity and venture capital funds as a limited partner and holds interest in the general partners of certain funds. The Group also makes early stage or “angel” investments in technology start-ups and minority investments in other entities.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, associate measured at fair value, investment properties and biological assets other than bearer plants, which are carried 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 areas where assumptions and estimates are significant to the financial statements.

During the year, the Group has finalized the fair value assessments for the net assets acquired from the business combination activities in respect of Motorola Mobility Group (“Motorola”) and X86 server hardware and related maintenance services business of IBM (“System X”). On completion of the fair value assessments, adjustments made to the provisional calculation of identifiable assets and liabilities amounted to US\$581 million. The comparative consolidated balance sheet as at December 31, 2014 has been retrospectively reclassified to reflect the final allocation of fair values of the net assets acquired.

2.1.1 New amendments early adopted by the Group

Amendments to IAS 16 and IAS 41 on Agriculture: bearer plants change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include bearer plants in the scope of IAS 16 rather than IAS 41. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

Amendment to IAS 27 on equity method in separate financial statements allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is effective for annual period beginning on or after January 1, 2016, with earlier application permitted.

As at December 31, 2014, the Group has early adopted amendments to IAS 16 and IAS 41 with retrospective application. Consequently, the Group accounted bearer plants as property, plants and equipment. With the early adoption and retrospective application of IAS 27, the Company accounted for associates and joint ventures using equity accounting whereas investments in

subsidiaries are still accounted for at cost. Early adoption of those relevant standards is to be consistent with the financial information prepared for statutory report under Accounting Standards for Business Enterprises of the PRC.

2.1.2 New standards and interpretations adopted

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

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

The adoption of above amendments and interpretation does not have any significant financial effect on these consolidated financial statements.

2.1.3 New standards and interpretations not yet adopted

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

IAS 1 (Amendment)	The disclosure initiative ⁽¹⁾
IAS 16 and IAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation ⁽¹⁾
IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception ⁽¹⁾
IFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation ⁽¹⁾
IFRS 14	Regulatory deferral accounts ⁽¹⁾
Annual Improvement Project	Annual Improvements 2012–2014 Cycle ⁽¹⁾
IFRS 15	Revenue from Contracts with Customers ⁽²⁾
IFRS 9	Financial Instruments ⁽²⁾
IFRS 16	Lease ⁽³⁾

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

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

⁽³⁾ Effective for the accounting period beginning on January 1, 2019

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

2.1.4 New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap.622) became effective during the financial year, as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

3. SEGMENT INFORMATION

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

For management purpose, the Group is organized into business units based on their products and services. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identifies 7 reportable segments as follows:

- Information technology segment (“IT” segment), which is mainly engaged in the development, manufacturing and marketing high-quality and easy-to-use for technology products and services for customers and enterprises;
- Financial services segment, which offers services including short-term financing, credit guarantees, entrusted loans, financial leasing, banking, insurance brokerage services, payment and internet finance and trusts, to provide customised financial solutions to customers;
- Modern services segment, which operates in consumer services including dental care, logistics, senior care businesses, the car rental business, digital marketing solution of enterprises and Internet healthcare services;
- Agriculture and food segment, which are mainly engaged in planting and sales of premium fruit and tea products in agriculture business, produce and sell various Chinese liquor brands, agriculture-oriented e-commerce platform and liquor direct sales chain;
- Property segment, which is primarily engaged in the business of the development and sale of residential properties and office buildings, office rental services and property management services;
- Chemicals and energy materials segment, which includes the fine chemicals and fine new materials production services and lithium-ion battery business;

- Financial investments segment, which is engaged in investment in the private equity and venture capital funds as a limited partner and holds interest in the general partners of certain funds. It also makes early stage or “angel” investments in technology start-ups and minority investments in other entities.

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

The Board of Directors assesses the performance of the operating segments based on a measure of profit before tax.

Year ended December 31, 2015

	Strategic investment									Total
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investments	Unallocated	Elimination	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue										
Sales to external customers	293,255,377	309,730	1,494,615	1,638,511	10,673,637	1,838,988	22,989	-	-	309,233,847
Net interest income	-	592,292	-	-	-	-	-	-	-	592,292
Inter-segment sales	-	2,800	-	102	30,837	-	-	-	(33,739)	-
Total	293,255,377	904,822	1,494,615	1,638,613	10,704,474	1,838,988	22,989	-	(33,739)	309,826,139
Segment results										
(Loss)/profit before										
income tax	(2,081,053)	1,187,753	(365,370)	156,978	3,883,473	(1,100,870)	4,942,674	(1,056,552)	(128,954)	5,438,079
Income tax credit/(expense)	751,478	(175,213)	(64,193)	(22,832)	(1,699,693)	39,979	(756,137)	264,138	-	(1,662,473)
(Loss)/profit for the year	(1,329,575)	1,012,540	(429,563)	134,146	2,183,780	(1,060,891)	4,186,537	(792,414)	(128,954)	3,775,606
Segment assets	168,136,915	16,615,141	7,656,512	4,320,678	51,695,952	9,710,935	41,828,119	19,126,206	(12,847,566)	306,242,892
Segment liabilities	153,900,327	6,797,593	4,620,131	4,276,823	36,964,859	11,021,960	1,437,357	34,730,699	(12,573,940)	241,175,809

	Strategic investment									
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investments	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:										
Depreciation and amortisation	(4,670,940)	(5,020)	(158,735)	(117,442)	(21,479)	(200,758)	(3,099)	(7,787)	-	(5,185,260)
Impairment loss for non-current assets	-	-	(36,366)	-	-	(946,629)	-	-	-	(982,995)
Investment income and gains	13,601	542,653	177,978	310,015	808	145,271	4,049,293	-	(8,040)	5,231,579
Finance income	196,414	10,214	4,243	5,580	37,367	5,320	-	779,393	(526,384)	512,147
Finance costs	(1,437,088)	(35,613)	(134,218)	(145,706)	(397,162)	(191,025)	-	(1,558,825)	529,184	(3,370,453)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	96,467	60,622	326,368	(24,740)	(9,562)	5,635	378,328	-	(120,914)	712,204
Material non-cash items other than depreciation and amortisation	(808,275)	-	-	-	-	-	-	-	-	(808,275)
Capital expenditure	4,838,945	11,719	947,240	209,498	166,001	1,372,079	389	20,227	-	7,566,098
Associates and joint ventures using equity accounting	287,842	4,831,931	2,564,949	1,300,564	180,671	275,348	914,231	-	(206,626)	10,148,910
Associates measured at fair value through profit or loss	-	-	-	-	-	-	13,132,653	-	-	13,132,653

Year ended December 31, 2014

	Strategic investment									
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investments	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue										
Sales to external customers	272,343,938	798,136	853,407	1,531,323	11,498,478	1,908,500	21,743	-	-	288,955,525
Net interest income	-	520,307	-	-	-	-	-	-	-	520,307
Inter-segment sales	-	-	-	406	16,027	-	20,919	-	(37,352)	-
Total	272,343,938	1,318,443	853,407	1,531,729	11,514,505	1,908,500	42,662	-	(37,352)	289,475,832
Segment results										
Profit/(loss) before income tax	6,467,815	1,299,483	1,041,357	(960,064)	3,204,296	(753,736)	2,754,902	(1,493,801)	-	11,560,252
Income tax (expense)/credit	(1,056,900)	(219,602)	31,627	11,848	(2,221,602)	(14,911)	(641,992)	373,451	-	(3,738,081)
Profit/(loss) for the year	5,410,915	1,079,881	1,072,984	(948,216)	982,694	(768,647)	2,112,910	(1,120,350)	-	7,822,171
Segment assets	179,524,157	11,097,298	4,992,888	4,268,603	48,619,370	9,865,179	31,717,453	12,432,971	(9,695,333)	292,822,586
Segment liabilities	155,396,620	3,998,334	2,285,068	5,137,533	36,508,301	10,004,754	1,179,988	35,085,442	(9,628,333)	239,967,707

	Strategic investment									
	IT	Financial services	Modern services	Agriculture and food	Property	Chemicals and energy materials	Financial investments	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:										
Depreciation and amortisation	(2,378,330)	(34,654)	(123,833)	(114,934)	(17,176)	(186,396)	(2,704)	(8,232)	-	(2,866,259)
Impairment loss for non-current assets	-	-	-	(620,570)	-	(477,169)	-	-	-	(1,097,739)
Investment income and gains	9,155	650,409	1,646,131	7,158	4,490	(2,214)	2,491,005	-	-	4,806,134
Finance income	202,797	18,481	7,992	7,419	50,657	57,164	-	815,392	(568,879)	591,023
Finance costs	(1,118,980)	(22,563)	(98,422)	(199,902)	(181,003)	(169,733)	-	(1,963,805)	568,879	(3,185,529)
Share of (loss)/profit of associates and joint ventures accounted for using the equity method	(13,419)	186,065	(309,078)	960	10,184	-	416,977	-	-	291,689
Material non-cash items other than depreciation and amortisation	(593,716)	-	-	-	-	-	-	(106,401)	-	(700,117)
Capital expenditure	6,224,102	123,726	417,675	297,211	154,269	3,339,455	12,425	6,725	-	10,575,588
Associates and joint ventures using equity accounting	69,649	4,330,080	1,703,766	22,295	132,682	-	731,614	-	-	6,990,086
Associates measured at fair value through profit or loss	-	-	-	-	-	-	12,676,928	-	-	12,676,928

(a) Revenue from external customers/Net interest income

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
China	97,948,602	108,023,371
Overseas countries and regions	211,877,537	181,452,461
Total	309,826,139	289,475,832

(b) Non-current assets

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
China	50,328,499	45,744,430
Overseas countries and regions	40,881,179	43,245,583
Total	91,209,678	88,990,013

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

4. INVESTMENT INCOME AND GAINS

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Gains on disposal/dilution of associates	412,895	2,209,725
Gains on disposal of available-for-sale financial assets	172,476	119,977
Gains on disposal of subsidiaries	216,043	101,085
Dividend income from available-for-sale financial assets	279,584	85,622
Fair value gains and dividend income from associates measured at fair value through profit or loss	3,235,010	1,640,931
Fair value gains and dividend income from financial assets at fair value through profit or loss	872,137	607,586
Others	43,434	41,208
	<u>5,231,579</u>	<u>4,806,134</u>

5. OTHER INCOME AND GAINS/(LOSSES)

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Government grants	1,177,904	1,315,902
Losses on disposal of property, plant and equipment and intangible assets (i)	(1,933,825)	(273,835)
Fair value gains on investment properties	1,923,648	249,243
Net foreign exchange losses	(201,410)	(1,019,612)
Severance and related costs (i)	(1,452,307)	–
Inventories write off (i)	(1,168,276)	–
Provision for lease obligations (i)	(378,979)	–
Others	(517,901)	(340,400)
	<u>(2,551,146)</u>	<u>(68,702)</u>

- (i): Other income and gains decreased sharply as compared with last year, which is principally attributable to the restructuring and one-time charges from Lenovo in driving greater efficiency across its organizations. It is primarily associated with severance costs of RMB1,452 million, loss on impairment and disposal of assets of RMB1,870 million, provision for lease obligations of RMB379 million; and smartphone inventories write off of RMB1,168 million in relation to realignment of key elements under Mobile Business Group in Lenovo.

6. EXPENSES BY NATURE

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Cost of inventories sold	238,462,637	221,481,445
Cost of properties sold	6,692,744	6,463,520
Employee benefit expenses	24,748,961	21,693,721
Advertising costs	6,188,578	4,956,465
Depreciation and amortisation	5,185,260	2,866,259
Impairment loss for non-financial assets	982,995	1,097,739
Office and administrative expenses	3,140,099	2,495,427
Consultancy and professional fees	1,287,932	1,698,988
Auditors' remuneration	98,518	63,298
Labs and testing	527,047	393,004
Operating lease payments	1,273,887	916,204
Business tax and surcharge and other taxes	1,288,508	1,353,756
Transportation expenses	461,548	368,856
Inventory write-down	574,975	1,294,929
Other expenses (i)	14,008,702	13,206,584
	<u>304,922,391</u>	<u>280,350,195</u>

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

7. FINANCE INCOME AND COSTS

	For the Year ended December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interests expenses		
– Bank loans and overdrafts	1,718,396	2,007,707
– Other loans	1,855,880	1,902,209
– Bonds	1,304,564	747,945
Factoring costs	336,099	305,057
Interest costs on contingent considerations and put option liability	44,411	18,224
Commitment fee	33,703	77,446
	<hr/>	<hr/>
Total finance costs	5,293,053	5,058,588
Less: amounts capitalised on qualifying assets	(1,922,600)	(1,873,059)
	<hr/>	<hr/>
Finance costs	3,370,453	3,185,529
	<hr/> <hr/>	<hr/> <hr/>
Finance income:		
– Interest income on bank deposits and money market funds	(458,553)	(578,592)
– Interest income on loans to related parties	(53,594)	(12,431)
	<hr/>	<hr/>
Finance income	(512,147)	(591,023)
	<hr/> <hr/>	<hr/> <hr/>
Net finance costs	2,858,306	2,594,506
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

Majority of the group entities are subject to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities. Hong Kong profits have been provided at the rate of 16.5%. 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,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
Current income tax on profits for the year	3,150,786	2,567,717
LAT	611,915	1,275,607
	<u>3,762,701</u>	<u>3,843,324</u>
Deferred income tax	<u>(2,100,228)</u>	<u>(105,243)</u>
Income tax expense	<u><u>1,662,473</u></u>	<u><u>3,738,081</u></u>

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2015	2014
Weighted average number of issued ordinary shares (thousands)	<u>2,181,369</u>	<u>2,000,000</u>
Basic earnings attributable to equity holders of the Company (<i>RMB'000</i>)	<u>4,659,083</u>	<u>4,160,389</u>
Diluted impact on earnings (<i>RMB'000</i>) (<i>i</i>)	<u>–</u>	<u>(20,685)</u>
Diluted earnings attributable to the equity holders of the Company (<i>RMB'000</i>)	<u>4,659,083</u>	<u>4,139,704</u>
Earnings per share		
– Basic (<i>RMB per share</i>)	<u>2.14</u>	<u>2.08</u>
– Diluted (<i>RMB per share</i>)	<u>2.14</u>	<u>2.07</u>

(i): Diluted impact on earnings is due to the effect of two categories of dilutive instruments, namely share options and long-term incentive awards held by Lenovo Group Limited (“Lenovo”). They were anti-dilutive for the year ended December 31, 2015, and dilutive for the year ended December 31, 2014.

10. TRADE AND NOTES RECEIVABLES

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

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Up to 3 months	33,108,364	33,588,932
3 to 6 months	2,463,900	1,799,161
6 months to 1 year	355,990	367,099
1 to 2 years	320,490	217,549
2 to 3 years	5,353	133,588
Over 3 years	42,645	165,215
	<u>36,296,742</u>	<u>36,271,544</u>

11. PREPAYMENT, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Receivables from parts subcontractors	13,404,989	11,661,729
Prepayments	7,684,653	7,599,879
Prepaid tax	5,625,298	5,243,055
Amounts due from related parties	3,445,025	1,182,178
Amount due from non-controlling shareholders of subsidiaries	1,596,654	1,659,763
Advance to suppliers	1,403,637	1,824,013
Deposits receivable	482,122	509,919
Advance to employees	261,426	226,057
Adjustment for in-transit products	97,513	2,493,176
Others	1,730,278	1,436,628
	<u>35,731,595</u>	<u>33,836,397</u>
Less: provision for bad debt	(49,093)	(50,590)
	<u>35,682,502</u>	<u>33,785,807</u>

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

	As at December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Restricted deposit		
Deposits for guarantee business	481,708	559,706
Deposits for notes payables and borrowings	519,816	288,000
Other restricted deposit	409,101	530,806
	<u>1,410,625</u>	<u>1,378,512</u>
Current portion	<u><u>1,410,625</u></u>	<u><u>1,378,512</u></u>
Bank deposit		
Matured between three to twelve months	<u>5,660,249</u>	<u>4,831,811</u>
Cash and cash equivalents		
Cash at bank and in hand	32,681,323	30,797,706
Money market funds	<u>2,121,630</u>	<u>4,975,184</u>
	<u>34,802,953</u>	<u>35,772,890</u>
Total	<u><u>41,873,827</u></u>	<u><u>41,983,213</u></u>
Maximum exposure to credit risk	41,873,827	41,983,213
Effective annual interest rates	0%–14.25%	0%–11.50%

13. SHARE CAPITAL

Ordinary shares issued and fully paid

	Share capital	
	Number of shares '000	Share capital RMB'000
As at January 1, 2014	660,860	660,860
– Conversion into a joint stock limited liability company (<i>i</i>)	1,339,140	1,339,140
As at December 31, 2014	2,000,000	2,000,000
– Issuance of new shares (<i>ii</i>)	356,231	356,231
As at December 31, 2015	2,356,231	2,356,231

- (i) On February 18, 2014, the Company was converted into a joint stock limited liability company by capitalising its equity attributable to the equity holders of the Company of RMB2,529,122,962 as at June 30, 2013, representing share capital and reserve of RMB2,000 million and RMB529 million, respectively. The share capital represents 2,000,000,000 ordinary shares at RMB1 per share.
- (ii) On June 29, 2015, the Company completed its global public offering of shares (“Global Offering”) by issuing 352,944,000 H shares with nominal value of RMB1.00 each at a price of HK\$42.98 per share. Such shares were then listed on the Main Board of the Stock Exchange of Hong Kong.

On July 17, 2015, the over-allotment option under the Company’s Global Offering was partially exercised by the Joint Global Coordinators (on behalf of the International Underwriters) in respect of an aggregate of 3,286,900 H shares, representing approximately 0.93% of the Offer Shares initially available under the Global Offering. The over-allotment shares were issued and allotted by the Company at HK\$42.98 per share on July 21, 2015, being the offer price per share under the Global Offering.

14. TRADE AND NOTES PAYABLES

At December 31, 2015, the ageing analyses of the trade payables based on invoice date were as follows:

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
0–30 days	23,558,493	38,624,329
31–60 days	12,272,403	5,599,572
61–90 days	3,957,412	2,139,781
90 days-1 year	2,576,514	1,397,361
Over 1 year	1,411,955	845,709
	<u>43,776,777</u>	<u>48,606,752</u>

Notes payable of the Group is mainly repayable within three months.

15. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Payable to parts subcontractors	25,037,780	21,943,551
Allowance for billing adjustment (i)	13,422,700	14,362,321
Accrued expenses	12,071,648	10,664,465
Payroll payable	2,872,929	4,686,441
Other taxes payable	1,717,506	1,789,449
Amounts due to related parties (ii)	423,828	1,241,353
Deposits payable	491,216	676,212
Royalty payment	779,330	935,595
Amount due to minority shareholders of subsidiaries (iii)	1,297,125	1,567,346
Social security payable	850,922	789,517
Deferred consideration	191,998	261,104
Contingent considerations (note 16 (i))	1,944,931	–
Interest payable	419,964	398,560
Others	2,194,437	2,088,073
	<u>63,716,314</u>	<u>61,403,987</u>

- (i) Allowance for billing adjustment relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.
- (ii) Amounts due to related parties are unsecured, bearing interest rate of 8.00% and repayable within 6 months.
- (iii) As at December 31, 2015 and 2014, RMB1,045 million and RMB720 million are unsecured, bearing interest rate of from 6.53% to 8.80% and repayable on demand.

16. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Deferred considerations (i)	8,920,010	8,271,912
Contingent considerations (i)	–	1,902,091
Government incentives and grants received in advance (ii)	1,780,228	1,672,654
Written put option liability (iii)	1,434,767	1,338,684
Guaranteed dividend to non-controlling equity holders of a subsidiary (iv)	64,007	66,954
Loans from related parties	400,000	147,500
Unfavourable lease contracts assumed	585,041	529,265
Others	2,327,108	2,418,159
	<u>15,511,161</u>	<u>16,347,219</u>

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

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

	As at December 31,	
	2015	2014
Joint venture with NEC Corporation	Nil-USD309 million	Nil-USD325 million
Joint venture with EMC Corporation	USD39-59 million	USD39-59 million
Stoneware Inc.	Nil-USD48 million	Nil-USD48 million
CCE (a)	-	Nil-BRL 400 million
Google Inc.	USD1,448 million	USD1,464 million

- (a) CCE, the abbreviation of Digibrás Indústria do Brasil S.A., Digiboard Eletrônica da Amazônia Ltda., and Dual Mix Comércio de Eletrônicos Ltda., companies incorporated in Brazil.

With reference to the performance indicators, if their actual performances had been 10% higher/lower than their respective expected performances, contingent considerations would have been increased/decreased by approximately USD4 million and USD30 million, USD4 million and USD30 million on December 31, 2015 and 2014, respectively with the corresponding loss/gain recognised in consolidated income statement.

- (ii) Government incentives and grants received in advance by certain group companies included in other non-current liabilities are mainly related to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfil certain conditions under the terms of the government incentives and grants. The 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.
- (iii) Pursuant to the joint venture agreement entered into in 2012 between Lenovo and Compal Electronics, Inc. (“Compal”) to establish a joint venture company (“JV Co”) to manufacture notebook computer products and related parts, Lenovo and Compal are respectively granted call and put options which entitle Lenovo to purchase from Compal and Compal to sell to Lenovo the 49% Compal’s interests in the JV Co. The call and put options will be exercisable at any time after October 1, 2019 and October 1, 2017, respectively. The exercise price for the call and put options will be determined in accordance with the joint venture agreement, and up to a maximum of USD750 million.

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

The put option liability shall be re-measured at its fair value resulting from the change in the expected performance of the JV Co at each balance sheet date, with any resulting gain or loss recognised in the consolidated income statement. If the actual performance of JV Co had been 10% higher/lower than its expected performances, the written put option liability would have been increased/decreased by approximately USD4 million and USD4 million on December 31, 2015 and 2014, with the corresponding loss/gain recognised in the consolidated income statement. In the event that the put option lapses unexercised, the liability will be derecognised with a corresponding adjustment to equity.

- (iv) Following the acquisition of Medion AG (“Medion”) on July 29, 2011, Lenovo Germany Holding GmbH (“Lenovo Germany”), an indirect wholly-owned subsidiary of Lenovo and the immediate holding company of Medion entered into a domination and profit and loss transfer agreement (the “Domination Agreement”) with Medion on October 25, 2011. Pursuant to the Domination Agreement, Lenovo Germany has guaranteed to the non-controlling shareholders of Medion an annual guaranteed pre-tax dividend amounting to EUR0.82 per share for each fiscal year. The Domination Agreement became effective on January 3, 2012 and is terminable by either Lenovo Germany or Medion after March 31, 2017. Accordingly, a non-current liability in respect of future guaranteed dividend has been recognised. The corresponding amount stated at its discounted value on the date of acquisition of Medion was charged to retained earnings in equity.

17. BORROWINGS

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Bank loans		
– Unsecured loans	17,137,375	20,677,196
– Guaranteed loans	13,909,088	14,469,046
– Collateralised loans	5,713,809	7,155,674
Other loans		
– Unsecured loans	100,000	15,395
– Guaranteed loans	11,654,240	10,905,000
– Collateralised loans	3,182,370	1,678,000
Corporate bonds (<i>i</i>)		
– Unsecured	24,851,504	20,990,369
– Guaranteed	708,389	230,000
	77,256,775	76,120,680
Less: non-current portion	(56,621,152)	(56,550,145)
Current portion	20,635,623	19,570,535

As at December 31, 2015 and 2014, the carrying value of the borrowings approximates their fair value.

(i): The information about corporate bonds issued as of December 31, 2015 is as below:

Issuer	Type of bonds	Currency	Issuance date	Term	Principal amount '000
The Company	Corporate bonds	RMB	October 31, 2011	7 years	2,900,000
The Company	Corporate bonds	RMB	November 30, 2012	10 years	2,300,000
The Company	Private placement bonds	RMB	March 6, 2013	3 years	2,000,000
Brave Rise Investments Limited, a subsidiary of Joyvio	Guaranteed bonds (i)	RMB	May 24, 2013	3 years	230,000
The Company	Private placement bonds	RMB	March 21, 2014	5 years	2,000,000
The Company	Private placement bonds	RMB	March 27, 2014	5 years	740,000
Lenovo	Long term notes	USD	May 8, 2014	5 years	1,500,000
The Company	Private placement bonds	RMB	August 20, 2015	1 year	300,000
The Company	Private placement bonds	RMB	October 29, 2015	3 years	1,000,000
Lenovo	Long term notes	RMB	June 10, 2015	5 years	4,000,000
Zhengqi Financial	Guaranteed bonds (i)	RMB	September 16, 2015	3 years	500,000

(i): The guaranteed bonds issued by Brave Rise Investments Limited and Zhengqi Financial are secured by Right Lane and the Company respectively.

The annual interest rates of the above bonds are from 3.95% to 7.00%.

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

	As at December 31,	
	2015	2014
Bank loans	1.35% - 10.20%	1.26% - 13.56%
Other loans	0.37% - 10.80%	5.6% - 11.00%

(b) Borrowings are repayable as follows:

	As at December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	20,635,623	19,570,535
After 1 year but within 2 years	15,223,597	16,522,878
After 2 years but within 5 years	37,935,019	36,962,155
After 5 years	3,462,536	3,065,112
	<u>77,256,775</u>	<u>76,120,680</u>

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

	As at December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	57,202,845	53,435,436
USD	19,934,802	21,950,807
HKD	96,066	81,723
EURO	12,344	100
Brazil Real	–	646,735
Others	10,718	5,879
	<u>77,256,775</u>	<u>76,120,680</u>

18. PROVISIONS

	Warranties <i>RMB'000</i>	Environmental restoration <i>RMB'000</i>	Restructuring <i>RMB'000</i>	Provision on guarantee <i>RMB'000</i>	Total <i>RMB'000</i>
At beginning of the year	9,899,690	139,384	–	145,990	10,185,064
Provision made	6,695,788	40,627	2,192,854	–	8,929,269
Unused amounts reversed	(22,221)	(76,891)	–	(11,432)	(110,544)
Amount utilised	(7,309,574)	(48,626)	(1,034,717)	–	(8,392,917)
Exchange adjustment	165,382	474	46,627	–	212,483
	<u>9,429,065</u>	<u>54,968</u>	<u>1,204,764</u>	<u>134,558</u>	<u>10,823,355</u>
At end of the year					
Non-current portion	<u>(2,064,400)</u>	<u>(37,422)</u>	<u>–</u>	<u>–</u>	<u>(2,101,822)</u>
As at December 31, 2015	<u>7,364,665</u>	<u>17,546</u>	<u>1,204,764</u>	<u>134,558</u>	<u>8,721,533</u>
At beginning of the year	6,777,430	114,415	–	145,511	7,037,356
Provision made	6,665,461	76,578	–	479	6,742,518
Acquisition of subsidiaries	2,557,122	–	–	–	2,557,122
Unused amounts reversed	(82,855)	(126)	–	–	(82,981)
Amount utilised	(5,773,794)	(39,295)	–	–	(5,813,089)
Exchange adjustment	(243,674)	(12,188)	–	–	(255,862)
	<u>9,899,690</u>	<u>139,384</u>	<u>–</u>	<u>145,990</u>	<u>10,185,064</u>
At end of the year					
Non-current portion	<u>(2,230,189)</u>	<u>(119,348)</u>	<u>–</u>	<u>(145,990)</u>	<u>(2,495,527)</u>
As at December 31, 2014	<u>7,669,501</u>	<u>20,036</u>	<u>–</u>	<u>–</u>	<u>7,689,537</u>

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

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

Restructuring costs provision mainly comprises lease termination obligation and employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency. The Group records its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

19. DIVIDENDS

The dividends paid in 2015 and 2014 were RMB366 million (RMB0.183 per share) and RMB333 million (RMB0.166 per share) respectively. A dividend in respect of the year ended December 31, 2015 of RMB0.22 per share, amounting to a total dividend of approximately RMB518 million, is to be proposed at the forthcoming 2015 AGM. These financial statements do not reflect this dividend payable.

	Year ended December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of RMB0.22 (2014: RMB0.183) per ordinary share	518,371	366,025

20. CASH GENERATED FROM OPERATIONS

	Year ended December 31,	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax:	5,438,079	11,560,252
Adjustments for:		
Impairment loss	2,361,241	2,686,608
Inventories write off (<i>Note 5</i>)	1,168,276	–
Provision for lease obligations (<i>Note 5</i>)	378,979	–
Depreciation of property, plant and equipment	2,106,794	1,391,716
Amortisation	3,078,466	1,474,543
Losses on disposal of property, plant and equipment and intangible assets (<i>Note 5</i>)	1,933,825	273,835
Fair value gains on investment properties (<i>Note 5</i>)	(1,923,648)	(249,243)
Fair value gains and dividend income from financial assets at fair value through profit or loss (<i>Note 4</i>)	(872,137)	(607,586)
Fair value gains and dividend income from associates measured at fair value through profits or loss (<i>Note 4</i>)	(3,235,010)	(1,640,931)
Finance costs – net (<i>Note 7</i>)	2,858,306	2,594,506
Gains on disposal/dilution of associates (<i>Note 4</i>)	(412,895)	(2,209,725)
Gains on disposal of available-for-sale financial assets (<i>Note 4</i>)	(172,476)	(119,977)
Gains on disposal of subsidiary (<i>Note 4</i>)	(216,043)	(101,085)
Dividend income from available-for-sale financial assets (<i>Note 4</i>)	(279,584)	(85,622)
Share-based payment	808,275	593,716
Share of profit of associates and joint ventures accounted for using the equity method	(712,204)	(291,689)
Net foreign exchange losses	201,410	1,019,612
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
Inventories, properties under development and completed properties held for sale	2,213,140	(8,365,102)
Trade and other receivables	952,492	(2,307,988)
Trade and other payables	(11,247,493)	(1,443,740)
	4,427,793	4,172,100

21. COMMITMENTS

(a) Capital commitments

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

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Property, plant and equipment	2,815,808	2,462,353
Intangible assets	280	77,444
Investments (i)	3,796,440	2,386,016
Land use right and properties under development	4,223,761	4,613,794
Total	<u>10,836,289</u>	<u>9,539,607</u>

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

(b) Operating lease commitments

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group also leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the income statement during the year is disclosed in Note 6.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
No later than 1 year	802,347	804,580
Later than 1 year and not later than 5 years	3,761,078	3,167,917
Later than 5 years	1,934,999	2,056,035
	<u>6,498,424</u>	<u>6,028,532</u>

22. BUSINESS COMBINATIONS

During the year, the Company's subsidiary, Lenovo, has finalized the fair value assessments for the net assets acquired (including intangible assets) from the business combination activities in respect of Motorola and System X. On completion of the fair value assessments, adjustments made to the provisional calculation of identifiable assets and liabilities (as at December 31, 2014) amounted to RMB3,571 million (approximately US\$581 million), with an equivalent increase in the reported value of goodwill. The changes mainly represent finalization of future billing adjustments, deferred tax adjustments, provisions and recovery of impaired trade receivables at the respective acquisition dates. The comparative consolidated balance sheet as at December 31, 2014 has been retrospectively reclassified to reflect the final allocation of fair values of the net assets acquired.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in order to safeguard interests of our shareholders and enhance the corporate value and accountability. The Company has complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules since the listing date of the H shares up until December 31, 2015.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors and Supervisors (the "Model Code"), which is no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and Supervisors, and all the Directors and Supervisors have confirmed that they had complied with the Model Code since the listing date of the H shares up until December 31, 2015.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Since the listing date of the H shares and up until December 31, 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the results of the Group for the year ended December 31, 2015 and has discussed with the management the accounting policies and practices adopted by the Group, and its internal controls and financial reporting matters.

AUDITORS

PricewaterhouseCoopers (“PwC”) was appointed as the Company’s auditor for the year ended December 31, 2015. The 2015 consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards have been audited by PwC.

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

This announcement was published on the website of Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.legendholdings.com.cn). The annual report for the year ended December 31, 2015 will be dispatched to shareholders and published on the websites of Hong Kong Stock Exchange and the Company in due course.

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

Hong Kong, March 30, 2016

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

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