



联想控股
LEGEND HOLDINGS
— 制造卓越企业 —

Annual Results Presentation

March, 2018

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Section I

2017 Business Review and Outlook



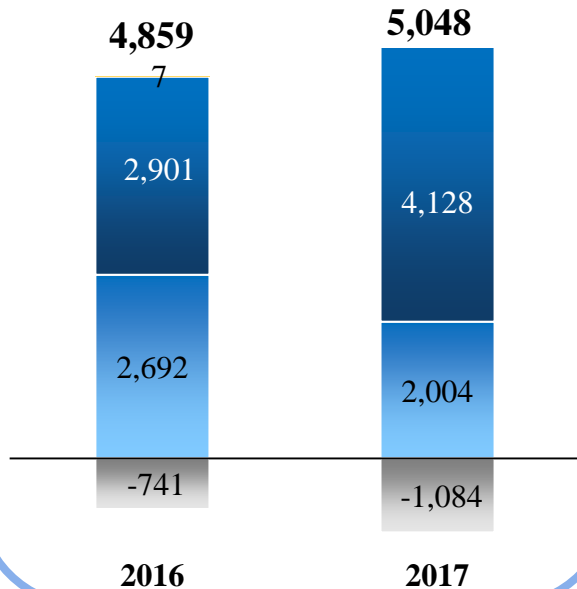
2017 Overall Performance

■ In 2017, Legend Holdings made steady and orderly progress in business development through developing its strategic guideline of an ever-growing investment portfolio and by leveraging on its two-wheel-drive advantage. Revenue grew by 3% to RMB 316,300mn, and net profit attributable to equity holders of Legend Holdings increased by 4% to RMB 5,048mn, marking a growth for the third consecutive year since public listing.

Sustainable Profit Growth

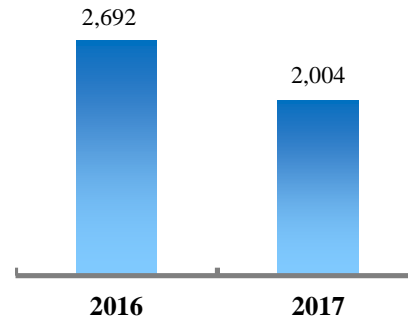
Net profit attributable to equity holders of the Company (RMB mn)

- Discontinued Operations
- Unallocated
- Financial Investment
- Strategic Investment



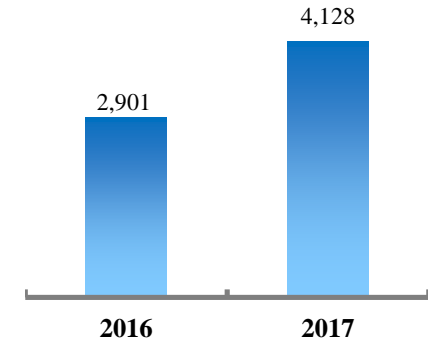
Strategic Investment

(RMB mn)



Financial Investment

(RMB mn)



Growth in the three focused strategic segments

Financial services	-----	Rev +130%, net profit +7%
Innovative Consumption and Services	----	Rev +32%, loss narrowed
Agriculture and Food	-----	Rev +52%, net profit +231%
IT	-----	Rev +6%
New Materials	-----	Rev +4%, net profit +242%

Net profit contributed by financial investments up 42%.

Enhancing the Unique “Two-Wheel-Drive” Advantages

- The synergic driving model based on collaborative project investments between financial investments and strategic investments has delivered new tangible fruits.



EAL

- In June 2017, Legend Holdings invested RMB 1,025mn in 25% equity interests of EAL, after which EAL’s valuation reached RMB 4,100mn. Legend Holdings holds 20.1% equity interests, and Legend Capital holds 4.9%.
- This case demonstrates the effective synergy between Legend Holdings and Legend Capital. The excellent performance of EAL also proves that our decision is correct. A new company with strong growth potential has been included in the Company’s investment portfolio.

Better Sun

- In July 2017, Legend Holdings invested USD 127.5mn in 51% equity interests of Better Sun Educational Group, and Hony Capital invested in another 29% equity interests.
- Both Legend Holdings and Hony Capital shared an optimistic view on the pre-school education and the upgrade of educational consumption. With the brand and fund support of Legend Holdings and the platform operation of Hony Capital, Better Sun can enjoy a sustainable business development and value growth.

Constantly Optimizing Existing Asset Portfolio

- Legend Holdings conducts regular assessment on the investment portfolio. The Company helps the portfolio companies connect with diverse resources and makes dynamic adjustments through follow-on financing, spin-off and separate listing, reorganization and disposal to increase portfolio value.

Joyvio Agriculture

- Joyvio Agriculture is the first publicly listed company under the agriculture and food segment. During the reporting period, Joyvio Agriculture completed a key asset reorganization and acquired the controlling position of Qingdao Starfish, a domestically leading company in seafood sales. It will enhance in the purchase, processing and distribution of seafood and other high-end animal proteins by investment and M&A.

Levima New Materials

- CAS Holdings made a strategic investment in Levima New Materials whose prior overall valuation stood at RMB 2,460mn; this transaction brings Levima New Materials the profound technologies and innovation resources of CAS, optimizes its capital structure, and improves its business competitiveness.

Funglian Group

- Funglian Group cooperated with Hebei Hengshui Laobaigan (600559.SH), a A-share company. Upon completion of the transaction, Joyvio Group will receive a cash consideration of RMB 490mn and a share consideration of RMB 620mn, and become the second largest shareholder of Laobaigan. The transaction has gained approval of China Securities Regulatory Commission.

Phyllion Battery

- In May 2017, we disposed of all the equity interests we held of Phyllion Battery at a consideration of RMB 930mn as calculated based on the valuation of Phyllion Battery of RMB 2,800mn, getting sound financial returns from the exit.

Steady Performance of Financial Investments

- Net profit attributable to equity holders of Legend Holdings up 42%; investment income and gains up 122%; both overall fair value and distributable earnings improved.
- Total AUM of the fund platforms grew steadily, with a number of portfolio companies successfully listed on capital markets.



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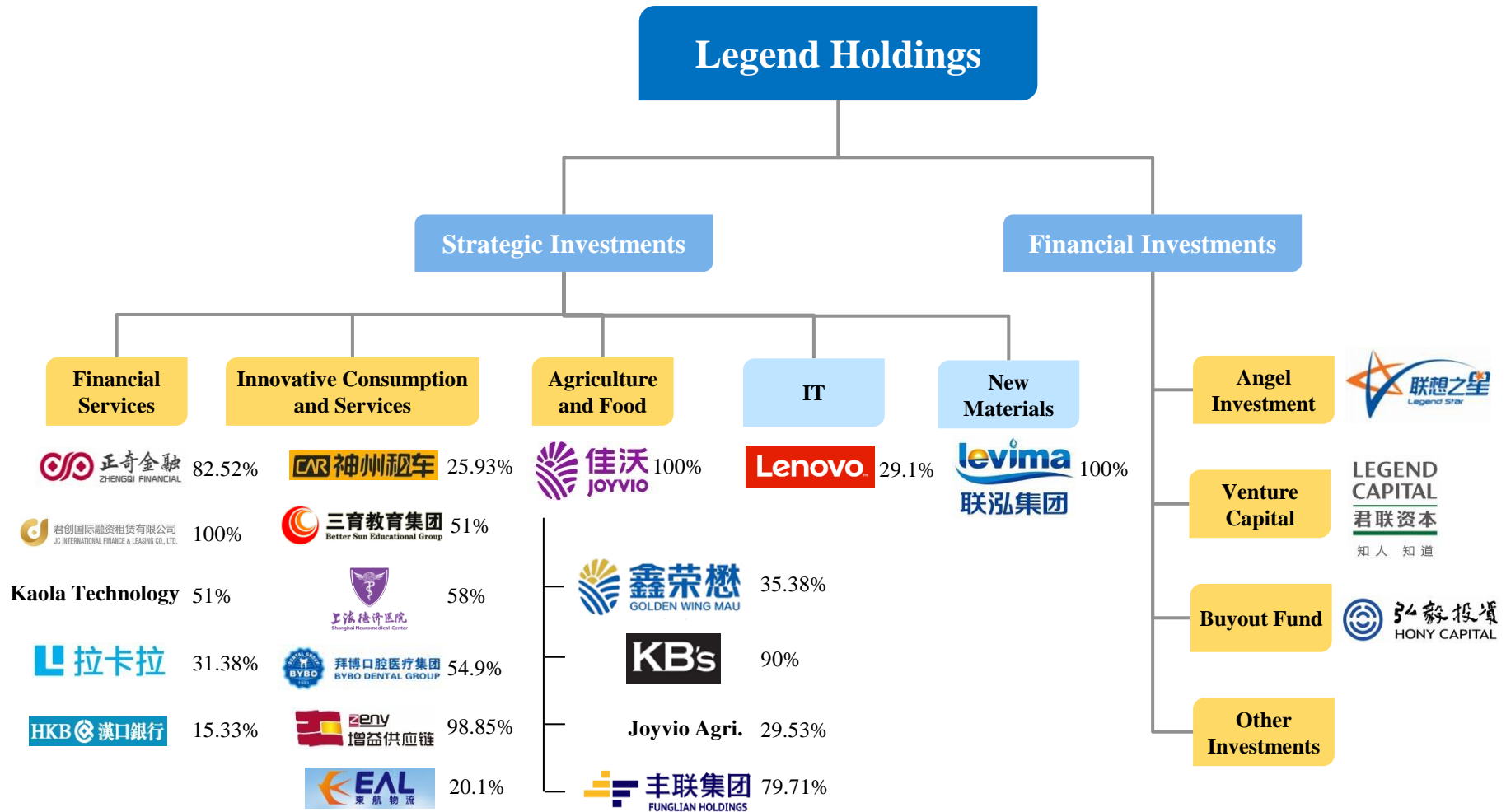
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Legend Star

- Total AUM topped RMB **35bn**.
- Launched the 2nd culture & sports fund; completed the 7th USD fund and the 4th RMB fund raising. Raised in total RMB **3.61bn**.
- Invested in **60** new projects and exited from **21** projects.
- **8** portfolio companies got listed during the reporting period.

- Total AUM topped RMB **70bn**.
- Succeeded in piloting **property finance** while keeping top-tier position in **SOE reform** and **cross-border investments**.
- Completed raising of the 2nd property value-added strategic fund and launched two new funds raising.
- Obtained **mutual fund** license.

- Total AUM of RMB **2.5bn**.
- First time fundraising from third-party investors. Launched the 3rd RMB fund and USD fund and has already raised RMB **700mn** and USD **20mn** respectively.
- Invested in over **50** on/offshore projects; **63** investees completed the follow-on financing; and exited from **7** projects.

Our Investment Portfolio



Note: Major but not all portfolio companies are listed.

Firm Promotion of Business Development along Established Strategic Guidelines

01

Focus on three segments and keep building pillar assets

- More active management on and value-added services to Lenovo to improve its profitability and value as a pillar asset
- Strategic controlling in Banque Internationale àLuxembourg (BIL) to build another pillar asset
- Platform enterprises in healthcare services, education and other consumption areas
- Consolidation of Joyvio Group's leading position in distribution of mid-and-high-end fruits and high-end animal proteins

02

Improve resource allocation to optimize the investment portfolio

- Further optimization of existing assets
- Full use of “two-wheel-drive” advantages to constantly land new projects

03

Strengthen portfolio management to improve the value

- Perfection of the corporate governance of portfolio companies
- Planning and assisting in the spin-off and separate listing of portfolio companies or laying a solid foundation for it

Themes and Directions of Financial Investments

- Consolidate the leading position, deepen the business presence in cutting-edge technologies and new lifestyles, and diversify the contents of financial investments.



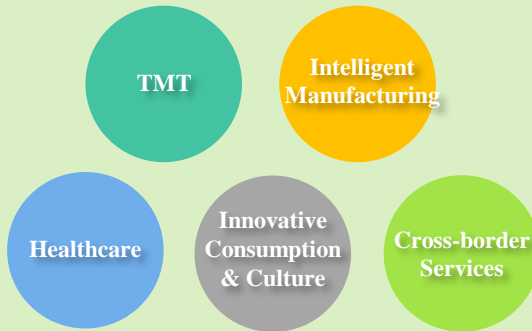
underlying technology
intelligent mobility
consumption services
financial statistics
smart home
education
space technology
.....



new focus
new culture
new retail
new consumption
new entertainment
.....



medicine R&D
biotechnology
genetic testing
payment efficiency
medical data
grassroots healthcare
.....



Examples for the key themes:

- Investment in enterprises of different segmented markets in mobility following “electric, intelligent, and auto-piloting”
- Investment in content-based social platforms targeting at new generations of segmented groups
- Presence in medical device diagnosis, biomedicine, and medical care services.



- Focus on education and healthcare, guidance on shared economy, intensive work on SOE reforms, and service to “China consumption”



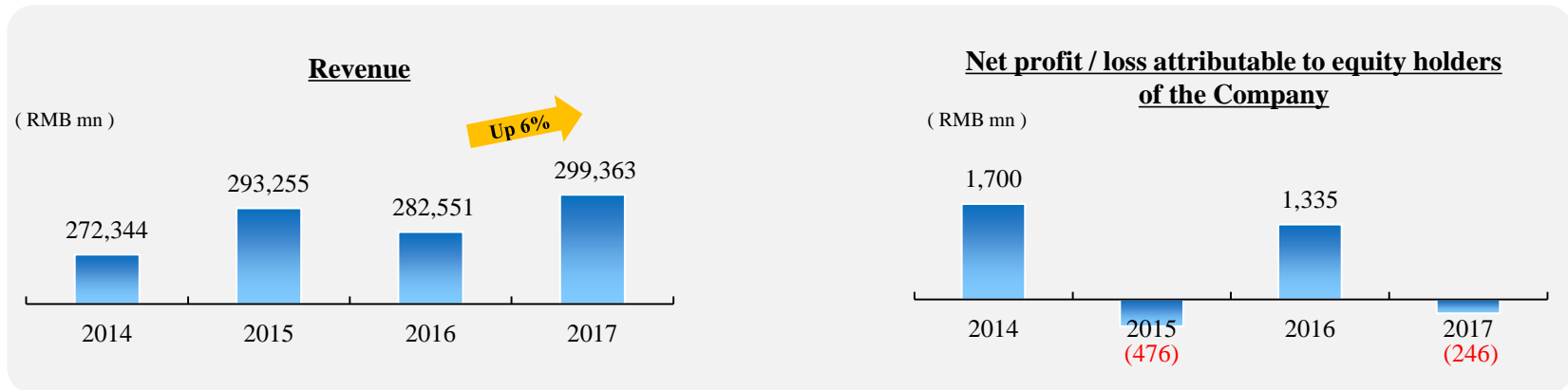
- To improve the stability and risk resistance of financial investments by extensive presence in fund of funds, special frontier funds, fixed-income products, innovative derivatives, etc.

Section II Segment Review



IT Segment Focused on Balance Between Growth and Profitability

- In 2017, Lenovo continued to balance between growth and profitability in PCSD while promoting the transformation of DCG and MBG, laying a solid foundation for the long-term sustainable growth and development of AI capabilities.
- During the reporting period, Lenovo's PC and Mobile businesses witnessed a strong growth of revenue guided by its 3-wave strategy. However, due to the continuous rise of components prices and the Tax Cut and Jobs Act enacted by the US government, Lenovo recorded a net loss of RMB 670mn in 2017.



PC and Smart Device Business Group (PCSD)

- In 2017, the PC market continued to show signs of stabilization thanks to continued commercial refreshment and improved consumer demand in selective regions. Lenovo has continued its strategy to prioritize its profit and drive premium-to-market revenue growth in its PC business, thereby focusing on driving its product mix and average selling price improvement, to mitigate challenges from higher component prices.

Data Center Business Group (DCG)

- Lenovo's implementation of transformation plan started to bring momentum to the business. The Data Center business started to deliver stronger revenue growth and improve its profitability across the board. It has recorded its highest quarterly revenue in the last two years during the 4th quarter of 2017.

Mobile Business Group (MBG)

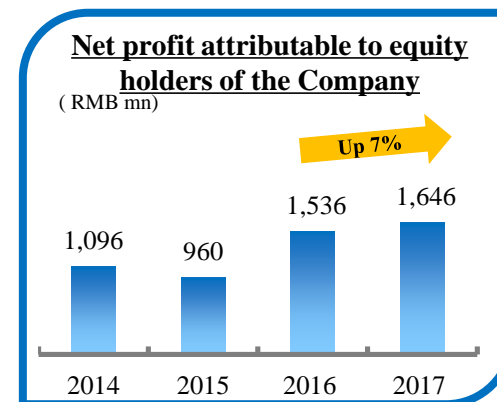
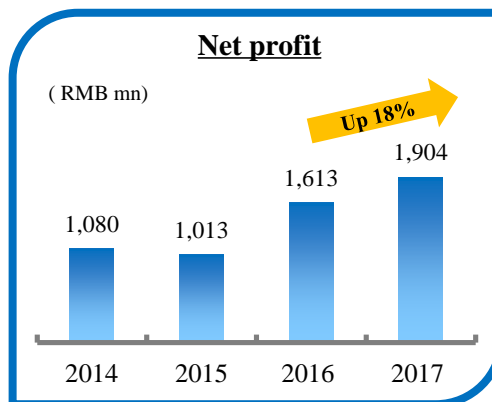
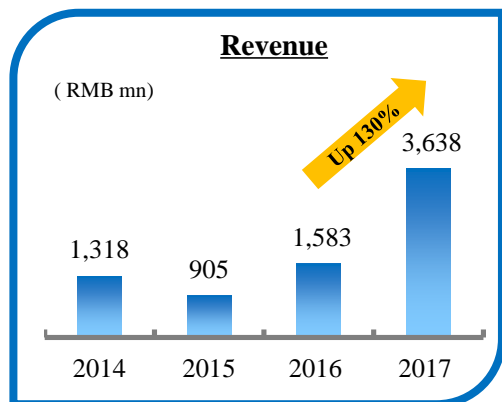
- In 2017, Lenovo's Mobile business continued its solid performance in Latin America. Shipments in North America grew rapidly by initial success in mainstream models with carrier expansion. A slower brand transition in emerging areas in EMEA and the competition in Asia Pacific emerging markets impacted the overall shipments. In China, Lenovo continued to refine its product strategy to fit the local market for future growth.

Lenovo Capital and Incubator Group (LCIG) and Others

- During the reporting period, Lenovo closed several investment. Lenovo established an AI Lab in March 2017 and set up core AI technologies in voice recognition, language understanding, machine learning, computer vision and data analytics.

Financial Services Segment Improved its Profitability

- During the reporting period, the revenue of Legend Holdings' financial services segment grew by about 130% y-o-y to RMB 3,638mn, mainly due to greater revenue contributions from financial leasing, loan business and innovative financial services; net profit increased by 18% to RMB 1,904mn mainly due to endogenous growth of the businesses.



- During the reporting period, Zhengqi Financial achieved stable growth in the business scale and profits through intensified efforts on exploring the needs and value of its clients, optimizing asset allocation and implementing the long-term strategy of investment-loan linkage.
- As of the end of the reporting period, its outstanding loan balance grew by 9% to RMB 5,874mn; micro-loan balance grew by 3% to RMB 3,257mn; balance of financial lease receivable grew by 44% to RMB 4,986mn; credit guarantee balance grew to RMB 3,765mn; and commercial factoring balance grew by 48% to RMB 1,537mn.
- During the reporting period, Zhengqi's revenue grew by 20% to RMB 1,180mn, and net profit dropped by 16% to RMB 839mn.



君创国际融资租赁有限公司
JC INTERNATIONAL FINANCE & LEASING CO., LTD.

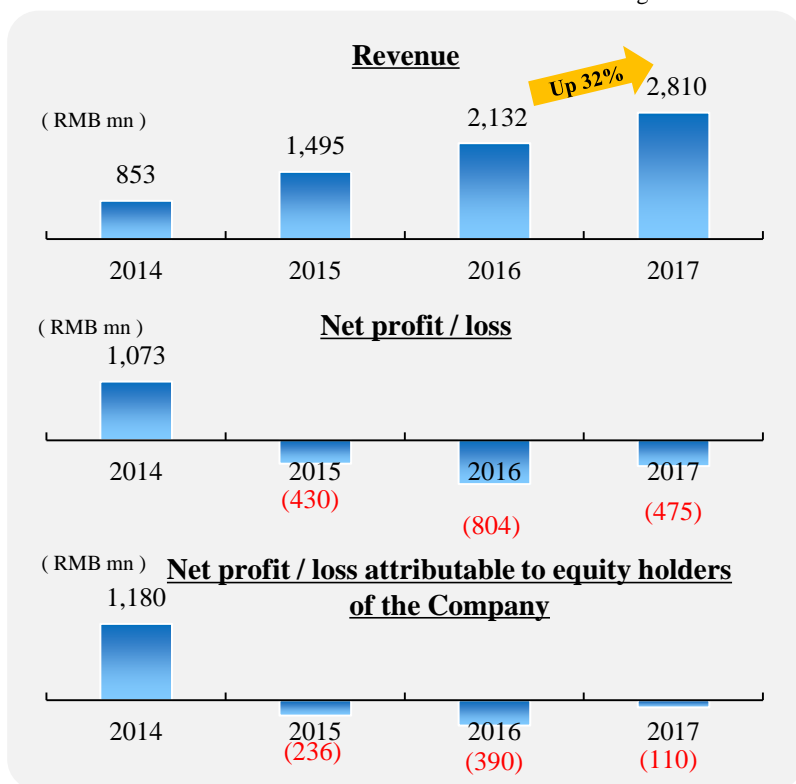
- JC International Finance & Leasing continued to reinforce its business presence and market expansion. During the reporting period, while maintaining significant growth in the existing businesses, it officially carried out the financial leasing for transportation and logistics and that for SMEs. The company also set up the Beijing office and Zhengzhou office, and it currently has 8 offices and businesses covering all provinces across China.
- Businesses grew rapidly. As of the reporting period end, total asset stood at RMB 10,761mn and account receivable was RMB 9,935mn, up 81% and 73% as compared to 2016 end respectively.
- During the reporting period, revenue grew by 139% to RMB 719mn, and net profit grew by 122% to RMB 180mn.



- **Kaola Technology:** the outstanding loan balance by 2017 end approximated RMB 7bn. Overdue rate reduced due to better risk control technologies, leading to substantially higher profit margin. Kaola Technology will deliver to financial institutions the technology for customer acquisition based on data analysis and the risk control technology to push ahead the entire industry's development. During the reporting period, revenue reached RMB 1,728mn and net profit was RMB 457mn.
- **Lakala Payment:** IPO application has been submitted to CSRC. Profitability continued to improve in 2017. During the reporting period, the transaction volume of acquiring business topped RMB 2.3tn, with businesses covering over 330 cities, more than 10mn merchants and over 10mn individual users in China.

Innovative Consumption and Services Segment Made New Achievements by Two-Wheel-Drive

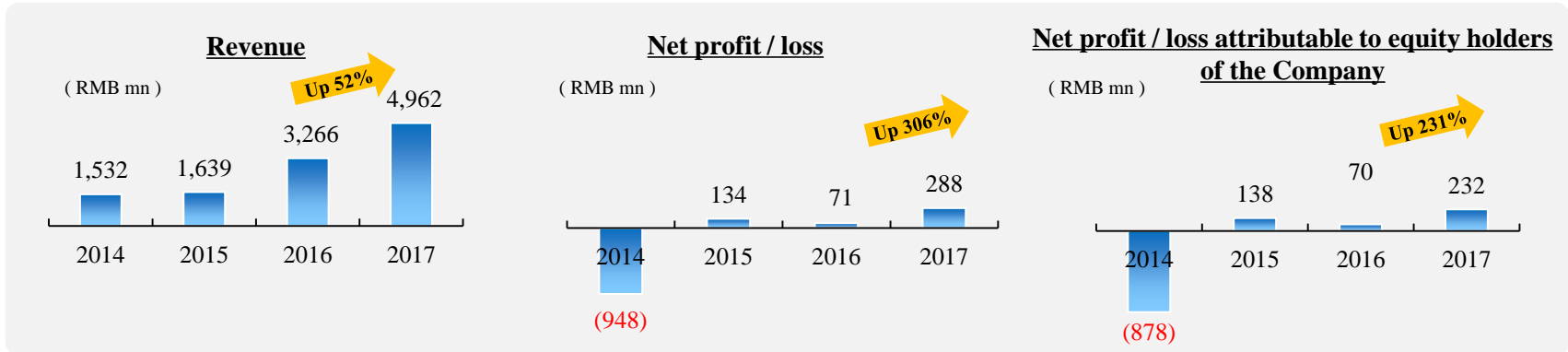
- During the reporting period, Legend Holdings made a joint investment with Hony Capital in the Better Sun Educational Group, a leading kindergarten group with direct operation networks of middle-and-high-end kindergartens in China; we also cooperated with Legend Capital in the investment in EAL, a leading air logistics company in China. In the innovative consumption and services segment, Shanghai Neuromedical Center, Better Sun, CAR and EAL are all fruits delivered by our two-wheel-drive business model.
- We will continue to focus on the present businesses and build platform enterprises in healthcare, education and other consumption areas by more diversified market resources and more flexible shareholding forms.



拜博口腔医疗集团 BYBO DENTAL GROUP	Dec. 31, 2017	Dec. 31, 2016
Number of outlets	212	200
Number of dental chairs	2,816	2,569
	2017	2016
Revenue (RMB mn)	1,434	1,257
Net profit (RMB mn)	(793)	(795)
<ul style="list-style-type: none"> ■ On Jan. 24, 2018, the existing shareholders of Bybo Dental entered into an agreement with Taikang Life Insurance on the strategic introduction of Taikang Life Insurance as the controlling shareholder of Bybo Dental. Legend Holdings will continue to underpin the future development of Bybo Dental. The transaction is still subject to the approval by CSRC. 		
三育教育集团 Better Sun Educational Group	Dec. 31, 2017	
Number of directly operated kindergartens	91	
	Aug. – Dec. 2017	
Revenue (RMB mn)	187	
Net profit (RMB mn)	25	
上海德济医院 Shanghai Neuromedical Center	2017	2016
Revenue (RMB mn)	221	53
Net profit (RMB mn)	(9)	(12)
zeny 增益供应链	2017	2016
Revenue (RMB mn)	968	822
Net profit (RMB mn)	(156)	(327)

Strategic Deployment of Agriculture and Food Segment Has Taken Shape

- During the reporting period, Joyvio Group completed the integration of the overall business mix. As an investment holding and operating platform of Legend Holding's agriculture and food segment, Joyvio Group will focus on the fruit and animal protein industrial chains and capture the future growth magnet by industrial investment.



Fruit

- Golden Wing Mau, an associate of Joyvio Group, is the industrial operation platform for the fruit business of Joyvio Group. During the reporting period, the blueberries planted by Golden Wing Mau reached a new record-high production volume, leading to further enhancement in the brand awareness and consolidation of Joyvio blueberry as the No.1 domestic brand; by acquiring the Asian business of Capespan, the company extended its fruit distribution to the markets of Southeast Asia, Japan, Korea and Hong Kong, marking the start for global network for the fruit business; by acquiring Thai Crown of Thailand, the company made its presence in product resources in Southeast Asia.

Animal Protein

- Joyvio Group conducts domestic and overseas animal protein-related businesses relying on the listed company Joyvio Agriculture and the subsidiary KB Food, respectively.
- Joyvio Agriculture will speed up the purchase, processing and distribution of high-end animal proteins including seafood and has invested in Qingdao Starfish, a leading seafood company in China; for overseas market, we will integrate and expand the global seafood product supply chain system based on KB Food, a leading seafood supply chain enterprise in Australia.

Drinks

- The branded drinks business of Joyvio Group includes Chinese liquor (Funglian Group), tea leaves (Longguan Company), wine and Liquor Easy.

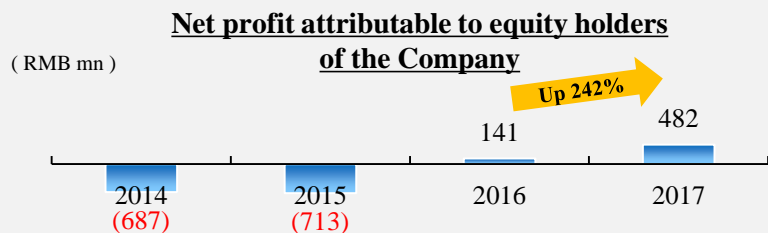
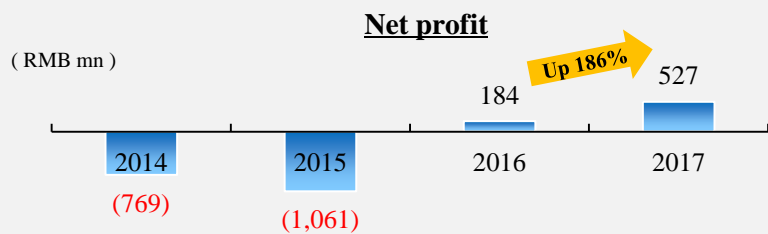
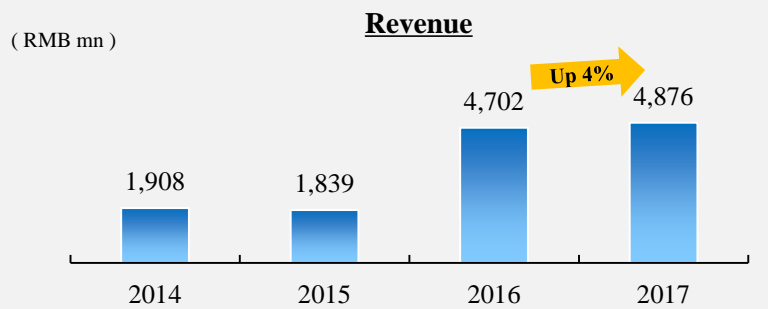
Processed Food

- Joyvio Group tapped into the field of processed food products through the investment in Huawen Food.

Food Materials Supply Chain

- In September 2017, Joyvio Group completed strategic investment in Nine Masters and now holds 68.58% equity interests in it. Founded in 2010, Nine Masters provides integrated services in relation to food materials supply chain to modern industrial and commercial enterprises, public institutions, chain catering industry, fresh food e-commerce, new retail supermarkets, chain convenient stores, modern families, etc.

New Materials Segment Optimized the Businesses



- During the reporting period, revenue of the new materials segment was RMB 4,876mn, up 4% y-o-y; net profit was RMB 527mn, up 186% y-o-y.
- Given the adjustments to the investment portfolio, optimization of asset allocation and further promotion of strategic focus, the Company transferred all its 33.21% equity interests in Phylion Battery to a third party strategic investor during the reporting period at a consideration of approximately RMB 930mn as calculated based on the overall valuation of RMB 2,800mn. We gained a sound financial return through the transaction with the recognition of gains on disposal after tax of RMB 386mn.



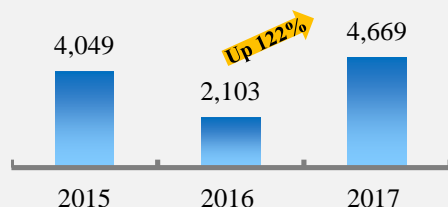
联泓集团

- CAS Holdings strategically invested RMB 850mn in Levima New Materials. This transaction gave Levima New Materials the access to the profound technologies and innovative resources of CAS and optimized its capital structure, drawing on resources for its future development and improving its business competitiveness.
- During the reporting period, by stronger product development and sustained market channel expansion, Levima Group's product mix was further optimized. In particular, its market share ranked first in China in terms of polypropylene, EVA, EOD and other segmented products.
- In November 2017, the company successfully implemented the first production halt since it came into operation for overhaul, technical transformation and capacity expansion. Upon full resumption of production, the capacity of DMTO device increased by approximately 30%, contributing to substantial reduction in the unit cost of products. The resumed DMTO device is believed to provide powerful support for the company's future profitability.
- During the reporting period, Levima Group recorded revenue of RMB 4,876mn and net profit growth by 35% to RMB 116mn.

Financial Investments Gained Sound Return

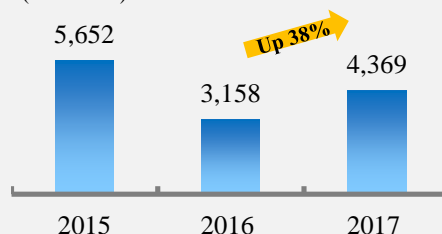
Investment gains

(RMB mn)



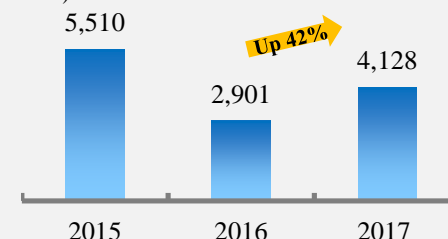
Net profit

(RMB mn)



Net profit attributable to equity holders of the Company

(RMB mn)



Angel Investment



- As of 2017 end, Legend Star managed five funds in total, of which the size exceeded RMB 2bn containing over 200 on/offshore investment projects. During the reporting period, Legend Star invested in over 50 on/offshore new projects, witnessed follow-on financing completed by 63 projects and exited from 7 projects.
- In 2017, Legend Star newly launched the 3rd RMB fund and the 3rd USD fund. During the reporting period, over RMB 700mn was raised from the 3rd RMB fund and USD 20mn was raised from the 3rd USD fund.

Venture Capital

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- As of 2017 end, Legend Capital managed 18 funds in total. In 2017, it launched the 2nd culture and sports fund and completed the final closing of the 7th USD fund and the 4th RMB fund. Total raised fund during the reporting period amounted to RMB 3.61bn.
- During the reporting period, Legend Capital completed 60 new project investments and exited from 1 project with cash inflow of over RMB 700mn; 8 portfolio companies went public, namely Fullhan Microelectronics, Tanyuan Technology, WuXi Biologics, Union Optech, Berry Genomics, KingMed Diagnostics, Putailai and PPdai.

Private Equity Fund



- As of 2017 end, Hony Capital managed 13 funds in total. In 2017, Hony Capital raised the 2nd property value-added strategic fund with a size of RMB 2.56bn, and launched fund raising for the Haidian technology industry space optimization fund and the cultural industry fund, and the fund raised till now has reached RMB 1.74bn.
- During the reporting period, Hony Capital completed 29 new investments and exited from 21 projects with cash inflow of RMB 1.47bn; one portfolio company got listed in the HK (Hospital Corporation of China Limited).

- We also own the Tower A, B, C of Raycom Info Tech Park, a high-end office building complex located in Zhongguancun, Beijing. As of the end of the reporting period, the fair value of the investment properties stood at RMB 10,999mn.

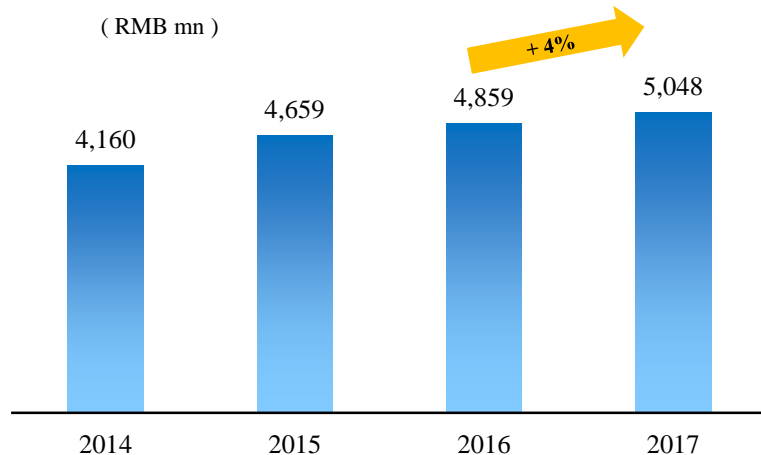
Section III

Financials

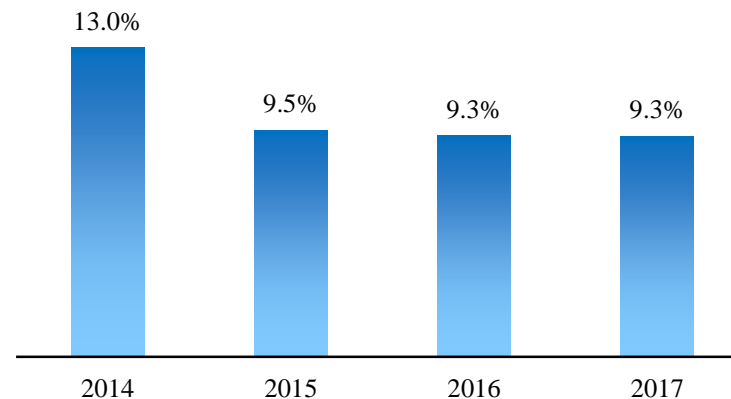


Profit Structure

Net profit attributable to equity holders of the Company



Return on equity (ROE)



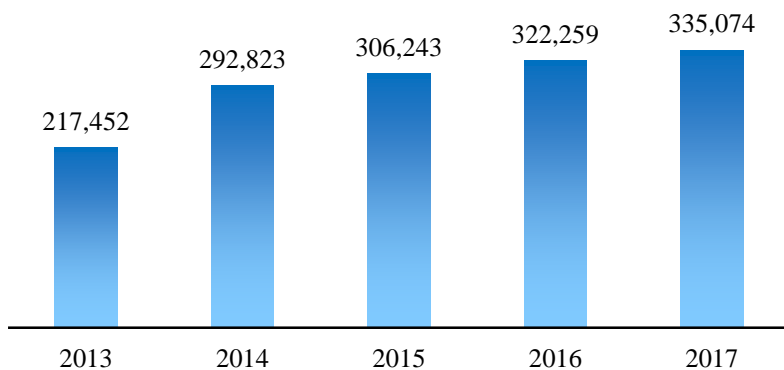
Breakdown of net profit attributable to equity holders of LH

RMB mn	2017		2016	
IT	-246	-5%	1,335	27%
Financial services	1,646	33%	1,536	32%
Innovative consumption and services	-110	-2%	-390	-8%
Agriculture and food	232	5%	70	1%
New materials	482	10%	141	3%
Financial investments	4,128	82%	2,901	60%
Unallocated and elimination	-1,084	-21%	-741	-15%
Discontinued operations	0	0%	7	0%
Net profit attributable to equity holders of LH	5,048	100%	4,859	100%

Capital Structure

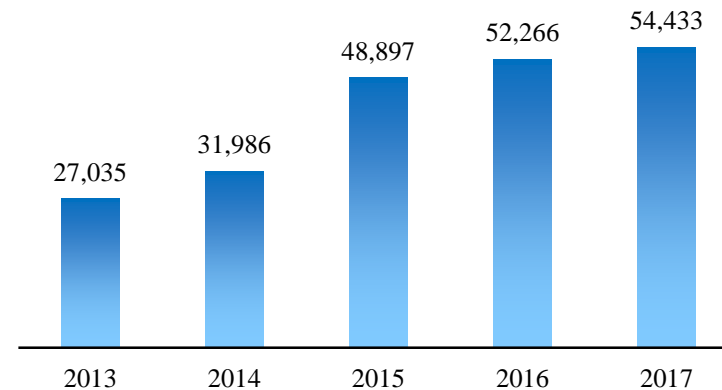
Consolidated total assets

(RMB mn)

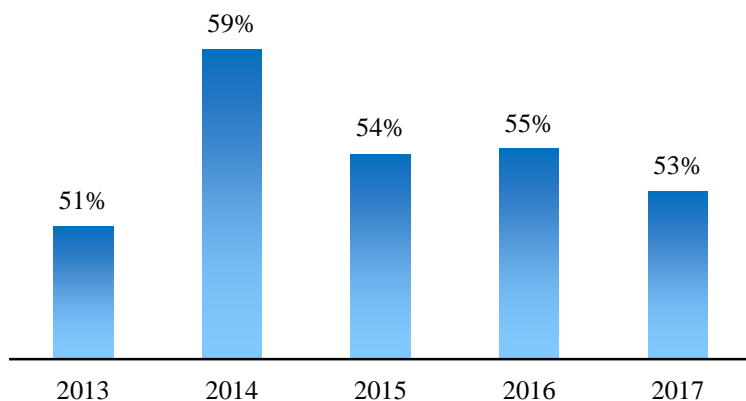


Equity attributable to equity holders of the Company

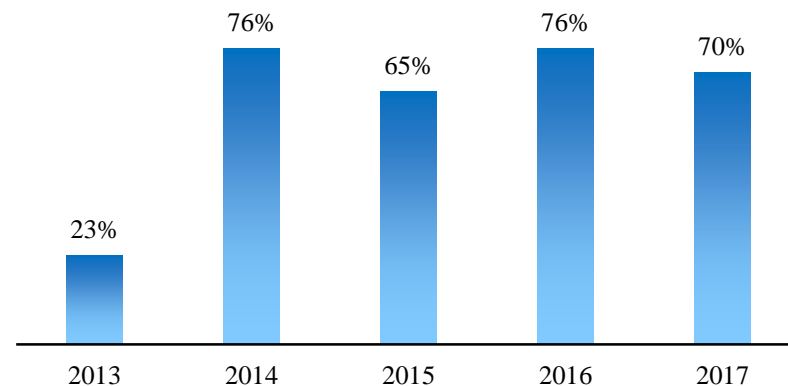
(RMB mn)



Consolidated total debt / total capital*



Debt / equity ratio*

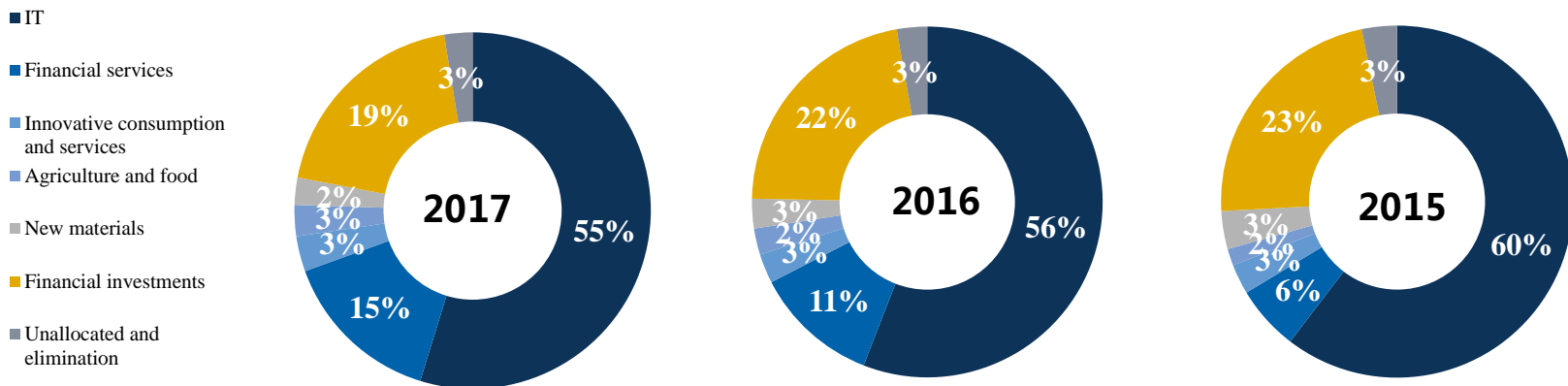


*Total capital = total debt + total equity

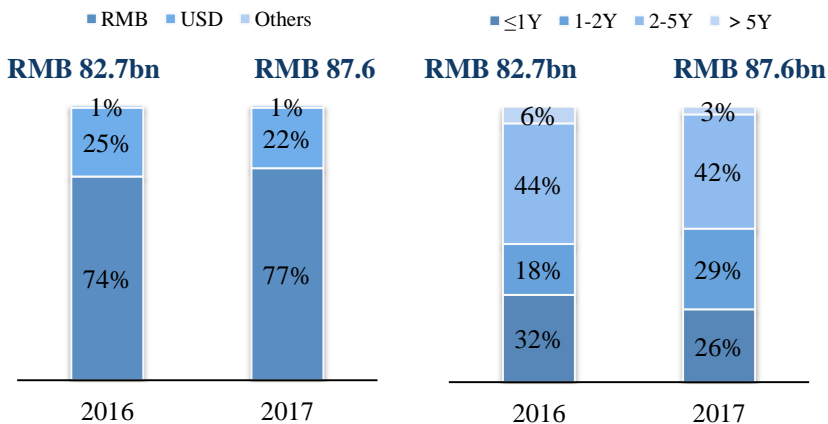
*Debt / equity ratio = net debt / total equity

Capital Structure (Continued)

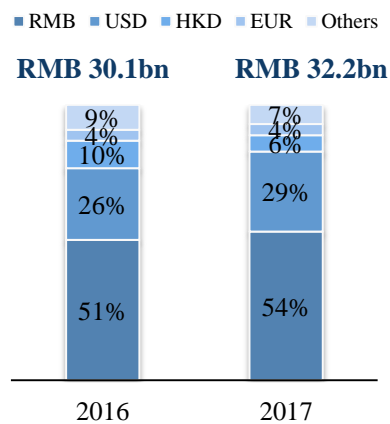
Asset allocation becomes more balanced, with lower proportion of IT segment and larger proportion of financial services segment in total assets.



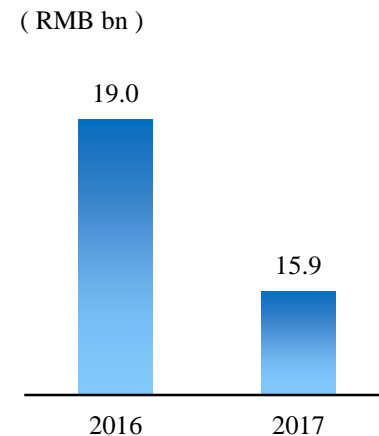
Interest-bearing liabilities



Cash and cash equivalent



Decrease of net debt of head office *

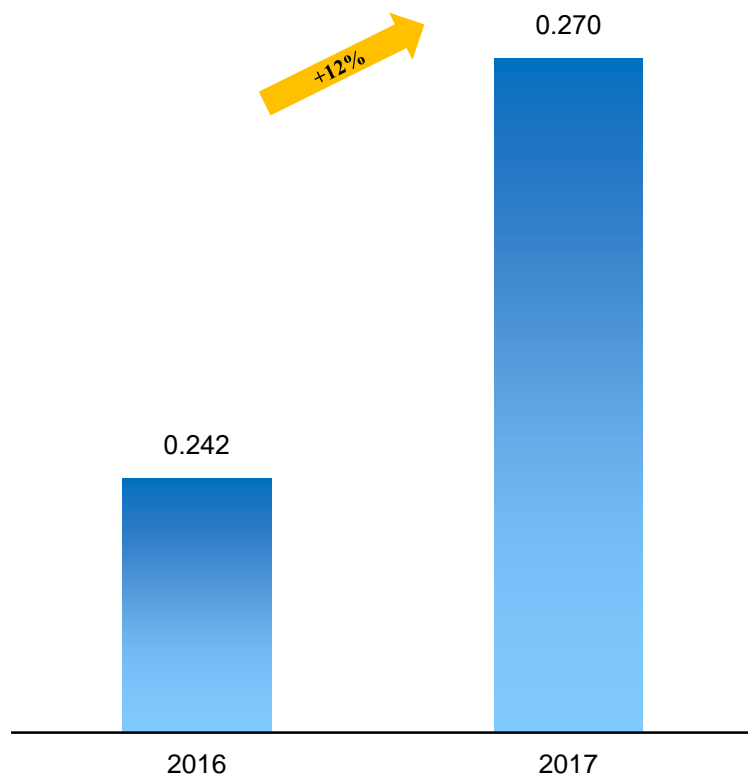


*Net debt of head office includes the debt of Legend Holdings with its platform, Right Lane Limited with its platform, and Raycom Property Co. Ltd..

RMB 0.27 Per Share as Final Dividend Suggested by the Board

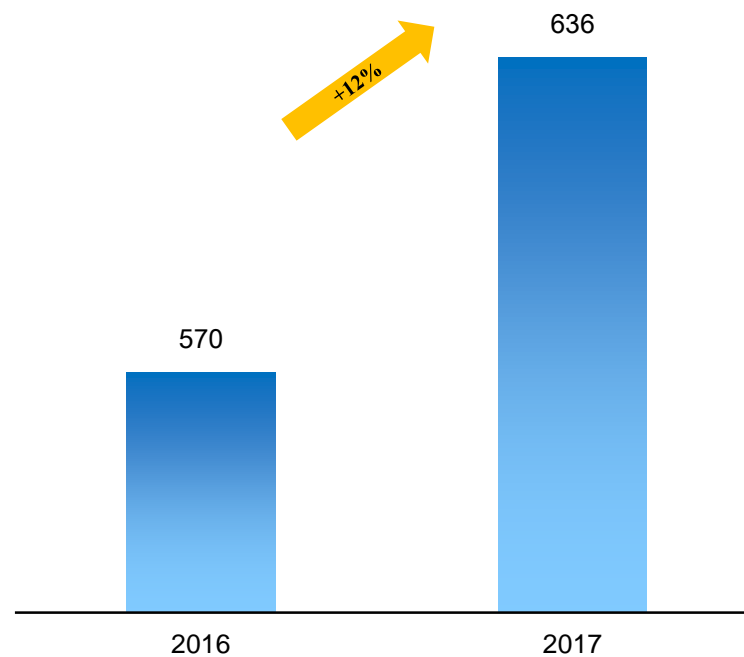
2017 DPS (BT) up 12% y-o-y

(RMB)



2017 total dividend in cash (BT) up 12% y-o-y

(RMB mn)





Thank you!

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