



联想控股
LEGEND HOLDINGS
— 制造卓越企业 —

Management Presentation

August 2018

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Section I

Interim Business Review



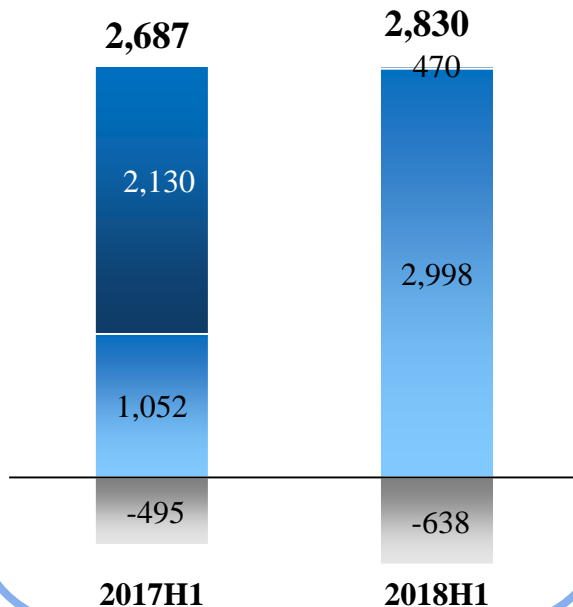
2018H1 Overall Performance

Legend Holdings progressed steadily with business development along the strategic guideline of focusing on the three major segments, optimizing investment portfolio, and building pillar assets. Revenue grew by 10% to RMB 156.5 billion, and net profit attributable to equity holders of Legend Holdings increased by 5% to RMB 2.83 billion, realizing a sustainable growth.

Sustainable Profit Growth

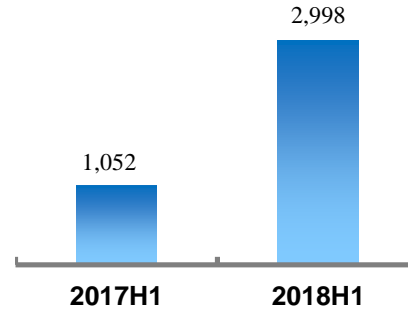
Net profit attributable to equity holders of the Company (RMB mn)

- Unallocated
- Financial investments
- Strategic investments



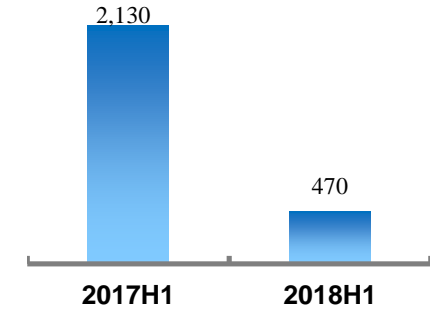
Strategic Investments

(RMB mn)



Financial Investments

(RMB mn)



The three focused strategic segments continued to grow:

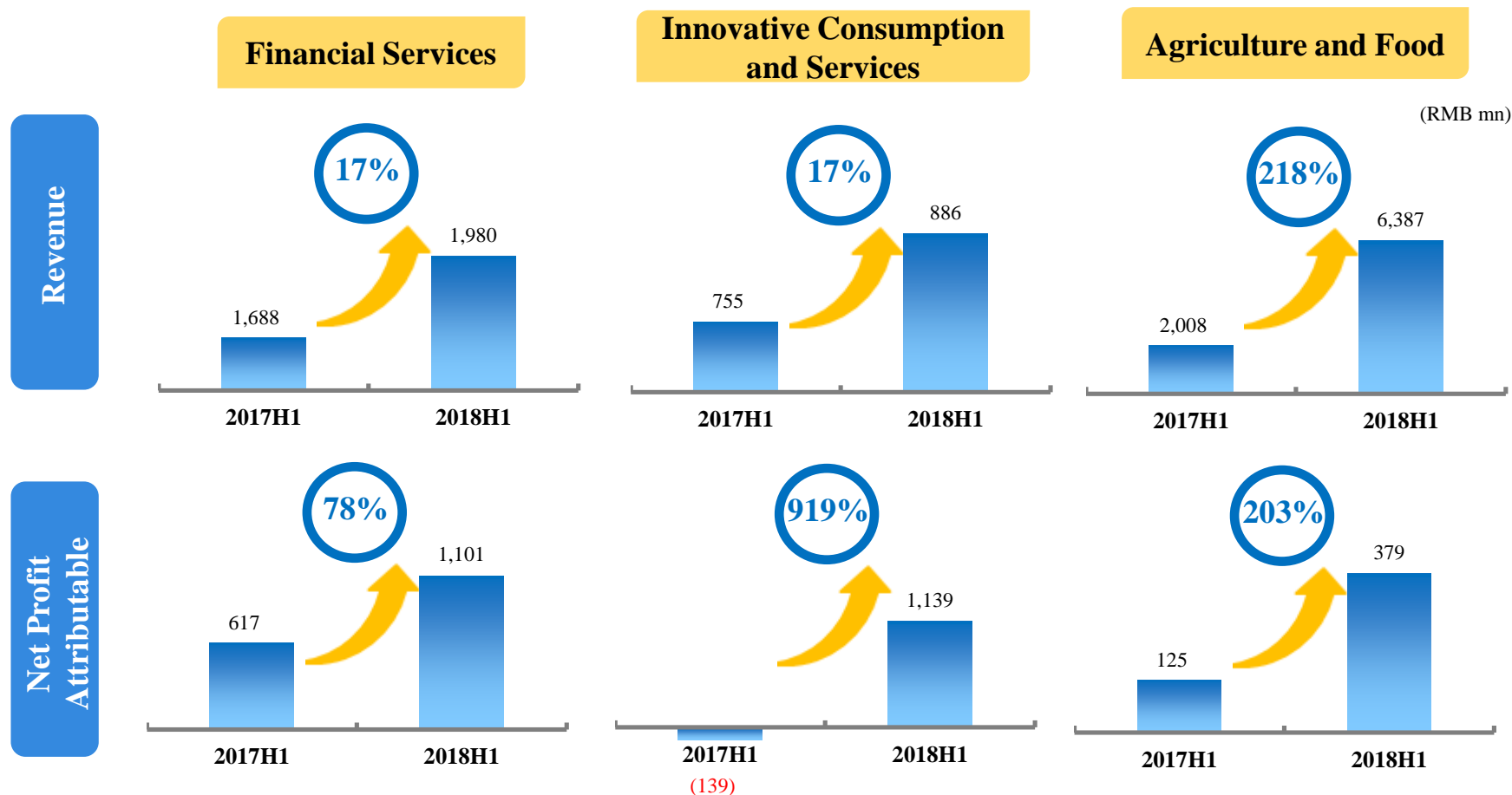
Financial services	Rev + 17%, net profit + 78%
Innovative consumption and services	Rev + 17%, turn around to profit
Agriculture and food	Rev + 218%, net profit + 203%
IT	Rev + 7%, net profit + 1344%
Advanced manufacturing and professional services	Rev + 2%

Net profit of financial investments decreased by 78% y-o-y due to the capital market's fluctuations.

Focus on Major Segments and Optimization of Portfolio

- Despite growing uncertainties in the macro-environment, Legend Holdings continued to focus on the major segments and optimize the investment portfolio. The strategic investment business, especially the three focused segments, witnessed both revenue and net profit growth.

Continuous Growth of Strategically Focused Segments



Purchase of Banque Internationale à Luxembourg S.A.

- Banque Internationale à Luxembourg S.A. (“BIL”) is a pillar asset in the strategically focused segments and a key overseas investment. The deal was closed on July 2nd, 2018.
- This is the first time that ECB has approved a Chinese non-financial corporation’s purchase of a bank regulated by it and identified as one of the “other systematically important banks (O-SIBs)”.
- With Legend Holdings’ resources, we aim to make BIL a more intelligent and international bank with core competitiveness in the selected markets.



EUR **23.8** bn
Total Assets

EUR **39.4** bn
AUM

EUR **553** mn
Revenue

EUR **117** mn
Net Profit

International

- Consolidate BIL’s leading position in the local market;
- Expand to European and other markets;
- Take the opportunities in China’s market.

Intelligent

- Support business, risk control and compliance with technologies;
- Reduce operating cost;
- Improve customer experience.

Distinctive

- Resource advantages of a universal bank
- Core abilities of wealth management and SME services.

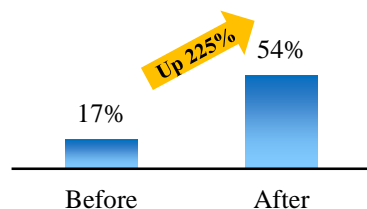


Note: financial data from BIL’s audited report by 2017 end 5

First Company to Pilot H-share “Full Circulation” Project

- On April 20th, CSRC announced that Legend Holdings would be the first company to pilot the H-share “full circulation” project. The pilot program not only propels Legend Holdings’ development, but also enables us to contribute our part to China’s capital market’s reforms.

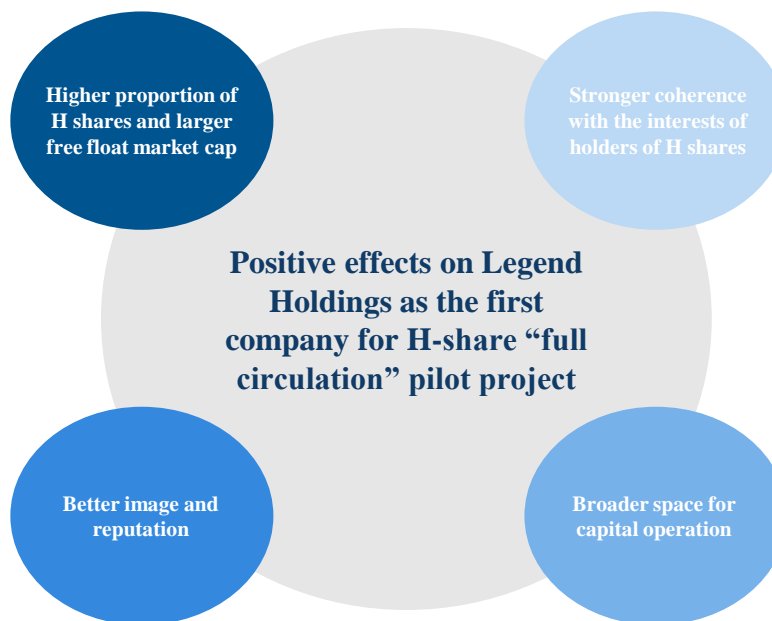
Proportion of H shares before / after the “full circulation” project



- An aggregate of 880mn domestic shares will be converted to H shares.
- Calculated on the stock price at 2017 end, the market cap of tradable shares will raise by about HKD 31.6bn.

Prominent features in line with regulatory criterion

- Our business observes the idea of “innovation, coordination, green, and sharing”, follows the direction of industrial development as pointed out by the government, and tallies with the national strategies to support the real economy and “Belt and Road” Initiative;
- We have a normative corporate governance, an internal decision-making procedure that complies with laws and regulations, and a simple and clear shareholder structure;
- We have built an extensive brand influence and a positive social image.



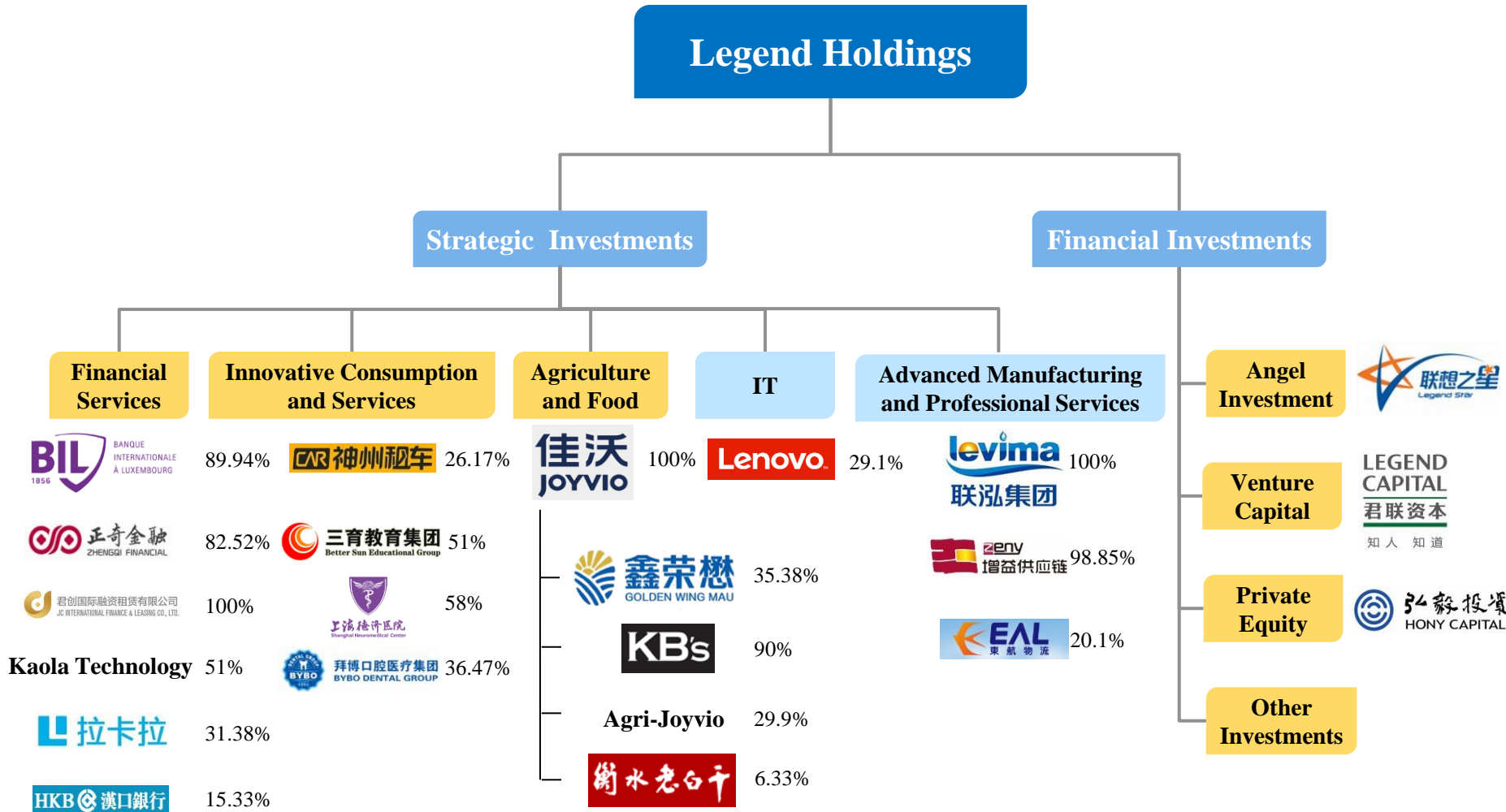
Participants of the pilot project

- The holders of the Company’s restricted stocks and management of the Company are the main participants of the conversion this time.
- After the conversion, the Company’s management, employees, and holders of the tradable shares will be more closely connected, leading to stronger incentives and better development of the Company.

Flexible market cap management and capital operation

- With the minimum proportion of floating shares required by the Stock Exchange, previously, neither could the Company repurchase the stocks, nor could the management increase their shares. After the conversion, the Company will achieve more flexibility for its market cap management and better adapt to the market development and shareholders’ appeals;
- With larger free float market cap brought by higher proportion of tradable shares, the Company will have broader space in capital operation.

Our Investment Portfolio



Note: Major but not all portfolio companies are listed.

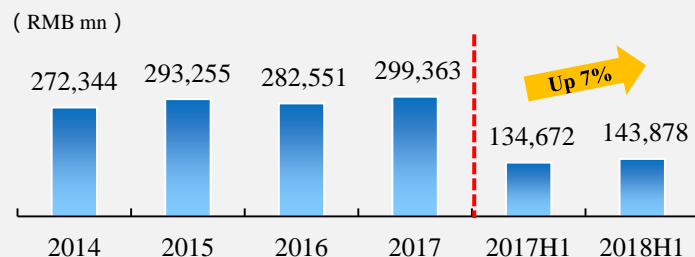
Section II Segment Review



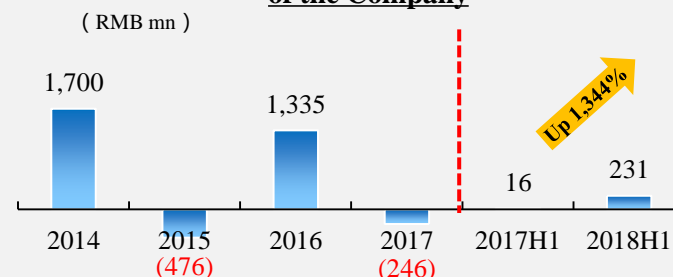
IT Segment Picked up

- During the Reporting Period, Lenovo's transformation has come to fruition. PCSD continued to grow, Mobile business narrowed its loss, and DCG maintained a upbeat trend.
- Lenovo has an organizational structure with higher efficiency, enabling more customer-oriented businesses and a more attractive product mix. With strong execution, Lenovo is confident to establish a leading position in all the businesses and to grow the profitability.

Revenue



Net profit / loss attributable to equity holders of the Company



PC and Smart Device Business Group (PCSD)

- During the Reporting Period, PCSD continued with the strategy to prioritize profitability, and the revenue growth outperformed the competitors. Now its PC business has resumed the top 1 position with robust revenue growth and industry-leading profit margin.

Data Center Business Group (DCG)

- The transformation has taken gradual effect, making DCG an engine for revenue and growth for Lenovo. The quarterly revenue set a record high since the acquisition of System x; the Hyperscale business and Software Defined Infrastructure business grew rapidly, and HPC became the world No. 1.

Mobile Business

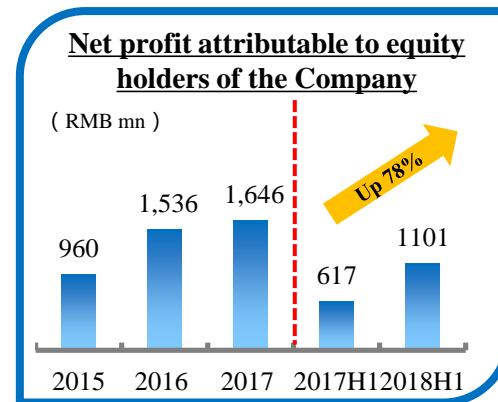
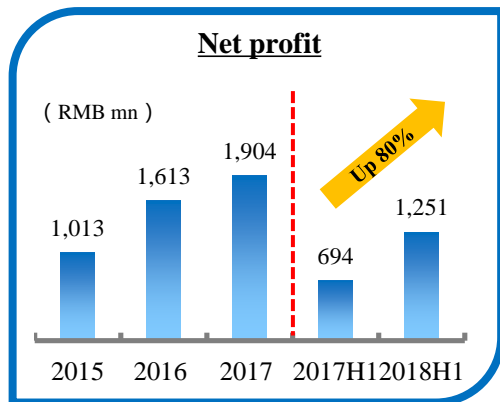
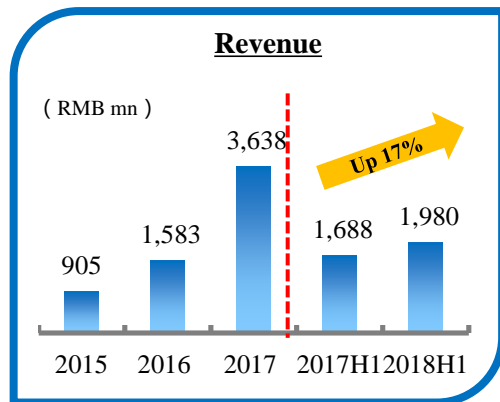
- The Mobile business repositioned its strategy and focused on core markets. It has maintained a leading role in Latin America, witnessed tremendous sales in North America, and seeks healthy long-term development in China.
- It has developed a new generation of smart products and promoted the first 5G-upgradable smart phone.

Lenovo Capital and Incubator Group (LCIC) and Others

- By investment, LCIC is committed to building information technologies of the new generation, including AI, IoT, big data, VR/AR, etc. It closely follows sectors such as manufacturing, healthcare, and transportation.

Financial Services Segment Grew Steadily

- During the Reporting Period, the revenue of financial services segment increased by 17% y-o-y to RMB 1,980 million, mainly due to larger revenue contribution from financial leasing, loans and innovative financial businesses; Net profit increased by 80% y-o-y to RMB 1,251 million, mainly due to the profit growth from financial leasing and credit business, as well as the value growth of the investment in Pension Insurance Corporation.



- **Zhengqi Financial** achieved stable growth in business scale and profit through intensified efforts on exploring the needs and value of its clients, optimizing asset allocation and implementing the investment-loan linkage long-term strategy.
- As of June 30, 2018, the balance of financial leasing grew by 25% to RMB 5,310 mn; micro loans grew by 1% to RMB 4,385 mn; guarantee grew by 7% to RMB 4,200 mn; and commercial factoring grew by 55% to RMB 1,909.
- During the Reporting Period, revenue grew by 8% to RMB 637 mn and net profit grew by 25% to RMB 396.



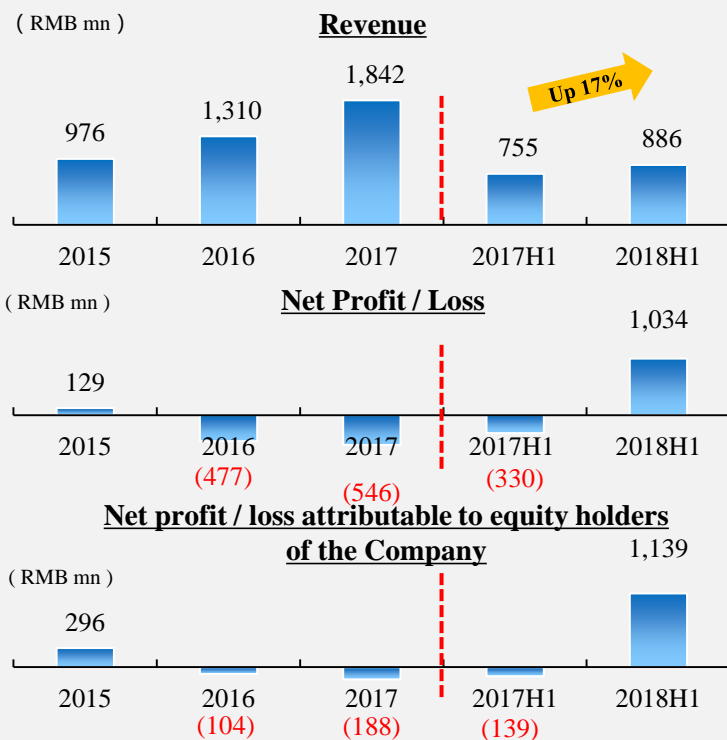
- **JC Finance & Leasing** expanded the business and market. Apart from the robust growth of existing businesses, the transportation and logistics department completed the business layout in 4 provinces and set up tens of branch offices, and won a successful start.
- As of June 30, 2018, total assets stood at RMB 11,722, and balance of outstanding leasing was RMB 10,612, up 9% and 7% compared with those at 2017 end respectively.
- Revenue grew by 46% to RMB 441 mn, and net profit grew by 12% to 95 mn.



- **Kaola Technology** kept its credit balance at around RMB6.4 billion as of June 30, 2018. It has ensured sustainable fund supply and cost control and also controlled the overdue loans, hence a high profit margin. With new technologies, it also delivers to financial institutions the customer acquisition technology. Revenue stood at RMB 881, and net profit reached RMB 249.
- **Lakala Payment's** transaction amount of acquiring business exceeded RMB 1,700 bn, up over 100% y-o-y. It covers more than 330 cities, with over 15 mn merchants and 10 mn individual customers.

Innovative Consumption and Services Segment Optimized

- We value the potential of “consumption + services”, and have invested in niche segments including mobility, healthcare and education. These will continue to be the our foci, and we are committed to building platform enterprises in healthcare and education.
- The segment’s revenue increased by 17% y-o-y to RMB886 mn, mainly due to the consolidation of Better Sun’s revenue; net profit reached RMB 1,034 mn, a large increase y-o-y mainly due to the growth of RMB1,287 mn from the strategic investment from Taikang Life Insurance for Bybo Dental.



三育教育集团 Better Sun Educational Group	June 30, 2018	June 30, 2017
Direct kindergartens	110	91
Enrolled students	Over 32,000	Over 26,000
	Jan. – Jun. 2018	Jan. – Jun. 2017
Revenue (RMB mn)	245	-
Net profit (RMB mn)	34	-

拜博口腔医疗集团 BYBO DENTAL GROUP	June 30, 2018	June 30, 2017
Outlets	213	207
Dental chairs	2,789	2,742
	Jan. – Jun. 2018	Jan. – Jun. 2017
Revenue (RMB mn)	793	650
Net Profit (RMB mn)	(356)	(406)

Taikang Life Insurance made a strategic investment in Bybo Dental and became the controlling shareholder. Legend Holdings will continue to support Bybo by capital increase. Apart from funding, Taikang will also create synergy in customer resources, marketing and promotion, payment procedures, and insurance products for oral health.

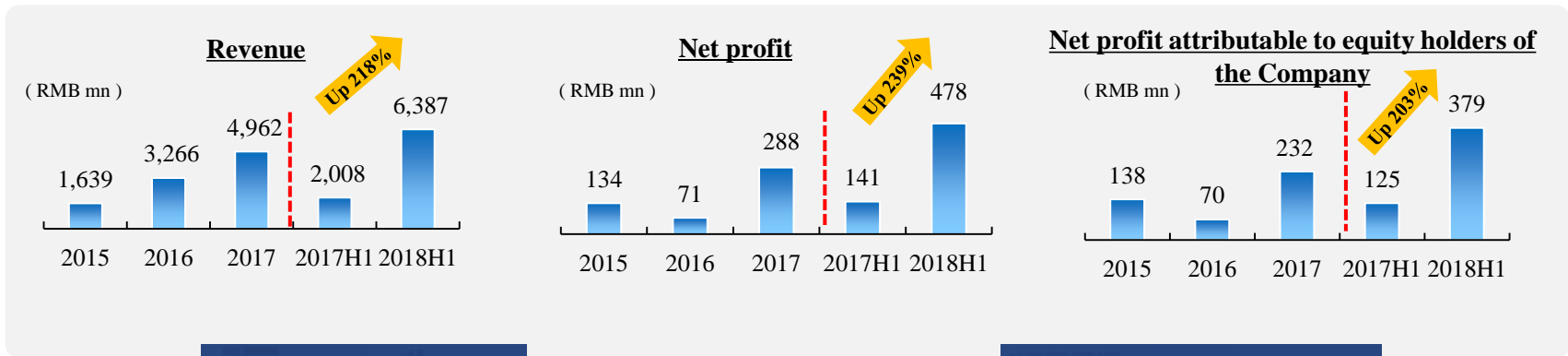
神州租车	June 30, 2018	June 30, 2017
Fleet Size	123,879	100,029
Revenue (RMB mn)	3,075	3,612
Net Profit (RMB mn)	135	379

To promote car sharing business, the company appropriately slowed down vehicle retiring, leading to the decrease of revenue; net profit decreased y-o-y, mainly due to the large RMB exchange rate fluctuation during the period that resulted in a large loss of the one-off fair value of the issued USD-denominated bonds.

Note: historical data restructured in accordance with the latest segmentation.

Agriculture and Food Segment Developed Rapidly

- We have become the controlling shareholder of Golden Wining Mau. As the portfolio company and operating platform of the agriculture and food segment, Joyvio Group will focus on the two industrial chains of fruits and animal proteins and cultivate future growth points through investment.
- During the Reporting Period, the segment’s revenue stood at RMB 6,387 mn, up 218% y-o-y, mainly due to the growth of Golden Wing Mau, Joyvio Agriculture, Nine Masters and KB Food; net profit reached RMB 478 mn, up 239%, mainly due to the one-off gain recognized from Funglian Group’s restructuring and Joyvio Agriculture’s goodwill impairment.



Fruits

- Thanks to the upbeat consumption, there are more imported quality fruits and domestic branded fruits, driving the rapid revenue growth from supermarket and hypermarket channels as well as wholesale channels of Golden Wing Mau whose main products are high quality fruits.
- Golden Wing Mau deepened the cooperation with the world-leading blueberry enterprise Hortifrut in new varieties and technologies for domestic blueberry to enhance its own quality, cost and growing season advantages. It strengthened the supply chain guarantee for Thai durians through the portfolio company Thai Crown, continued to market its own brand products – Joyvio blueberry and Joyvio durian, and consolidated the leading position and competitive advantages.

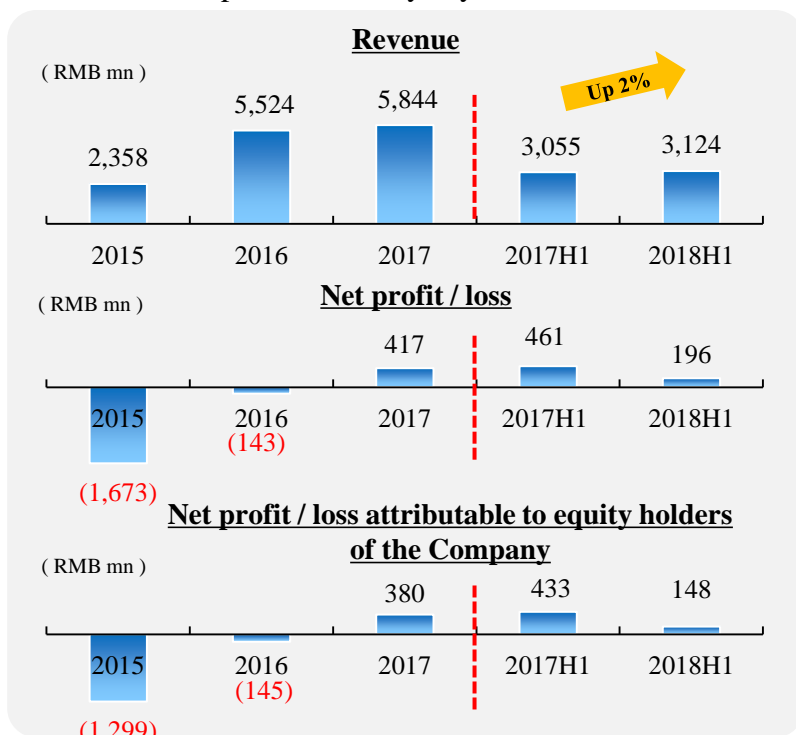


Animal Proteins

- Through domestic and overseas animal protein businesses relying on the listed company Joyvio Agriculture and the subsidiary KB Food respectively, Joyvio Group aims to build a new model featuring “global resources + China’s consumption” with domestic and overseas synergy.
- 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; in the overseas market, we rely on KB Food to expand and integrate the global seafood supply chain and keep improving the ability to provide products to China’s market.

Advanced Manufacturing and Professional Services Segment Maintained Organic Growth

- We have partly completed the layout in advanced materials and high-end logistics. We will continue to focus on materials, technology, manufacturing and services that are in short supply in China, and keep expanding frontier business while facilitating the industrial development.
- The segment's revenue stood at RMB 3,124 mn, up 2% y-o-y; net profit reached RMB 196 mn, down 57% y-o-y, mainly due to the off gain from the transaction of Phylion Battery last year, without which net profit should be up about 160% y-o-y.



Note: historical data restructured in accordance with the latest segmentation.



联泓集团	June 30, 2018	June 30, 2017
Revenue (RMB mn)	2,838	2,588
Net profit (RMB mn)	122	81

The DMTO integrated device was in safe and stable operation, and raw material consumption kept decreasing. The product mix was optimized, as the market share ranked first in China in terms of PP, EVA and EOD. The proportion of thin-walled polypropylene injection molding products accounted for 100% in PP products, with top 1 market share in takeout and fresh food services; EVA products with a high content of VA reached 100%, and the market share of cable material product with high gross profit continued to rank first in China.



增益供应链	June 30, 2018	June 30, 2017
Revenue (RMB mn)	286	467
Net profit (RMB mn)	(38)	(31)

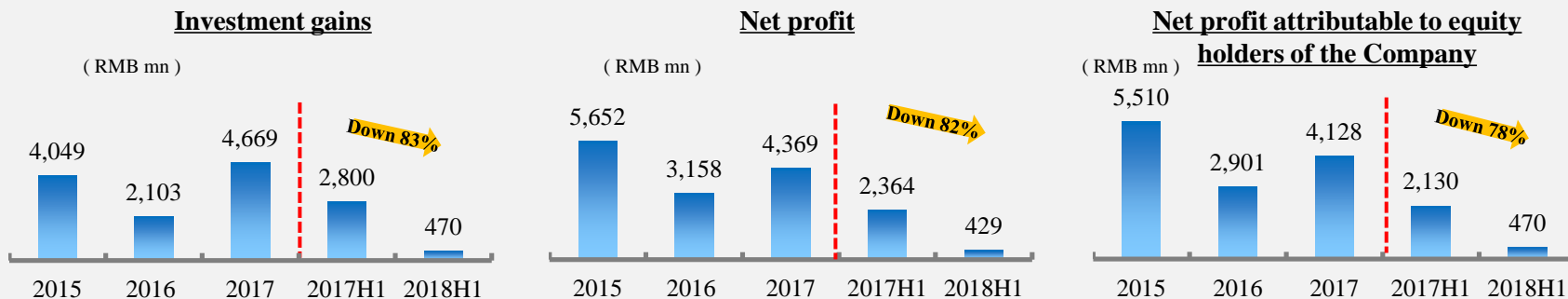


Jan. – Jun. 2018

- Both revenue and net profit grew by more than 30% y-o-y, primarily because of the increase in the volume and price of air freight and the rising revenue from ground freight handling.
- EAL has opened a new cargo airline between Shanghai and Frankfurt to offset the potential risk of cargo decline on the China-US air routes. It also set up freight service agencies in Shanghai Zhangjiang High-tech Park and Waigaoqiao Bonded Zone to connect air ports and customers and provide the full chain services,
- EAL signed agreements with China Eastern Airline to integrate the cargo businesses and build a world-class air logistic company.

Financial investments' net profit dropped, yet with successful fund raising and stable cash return

- The net profit of financial investments dropped largely y-o-y due to the volatility in capital market, but we do not think the temporary fluctuation will harm the long-term development of financial investments.
- The three financial investment platforms' fund-raising was successful, and the cash return contributed exceeded RMB 1 bn.



Angel Investment



- Completed the final closing of the 3rd RMB fund with total amount over RMB 700 mn.
- Invested in nearly 20 projects at home and abroad, helped over 40 portfolio companies with follow-on financing, and exited from about 10 projects.

Venture Capital



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- Launched the 2nd RMB medical fund and finished the final closing of the 2nd culture and sports fund. Total fund raised during the Reporting Period was RMB 1.26 bn.
- Invested in 37 new projects, completely or partly exited 12 projects, and helped 4 portfolio companies with IPO, contributing over RMB 450 mn cash return to Legend Holdings.

Private Equity



- Completed the new round of delivery of Haidian technology industry space optimization fund with a size of RMB 2.01 bn.
- Follow-on investment in 6 projects for PE fund, 5 for property fund, and 1 for culture fund; exited from 6 projects for PE fund & mezzanine fund respectively; helped 1 portfolio company (Bank of Chengdu) with IPO, contributing over RMB 600 mn cash return to Legend Holdings.

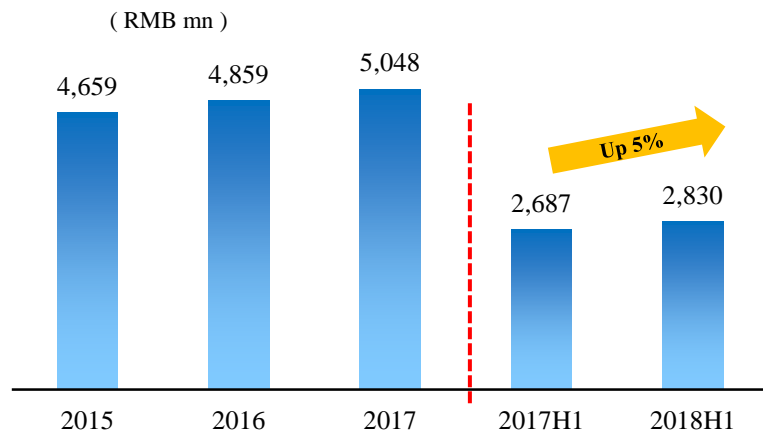
- We also own the Tower A, B, C of Raycom Info Tech Park, a high-end office building complex located in Zhongguancun, Beijing. As of the end of the Reporting Period, the fair value of the investment properties stood at RMB 11,108 mn.

III. Financials

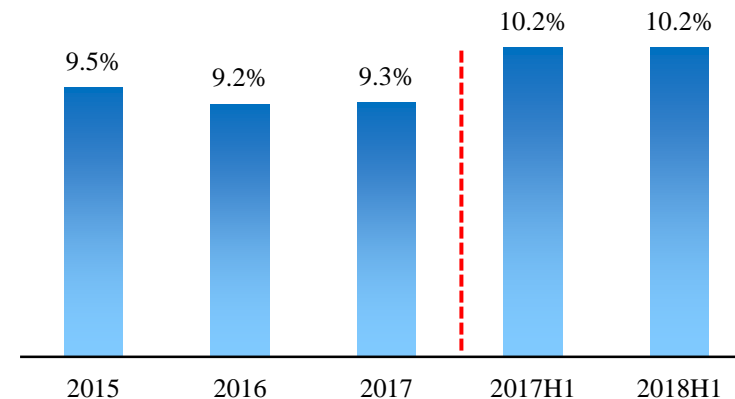


Profit Structure

Net profit attributable to equity holders of the Company



Return on equity (ROE)



Note: annualized data

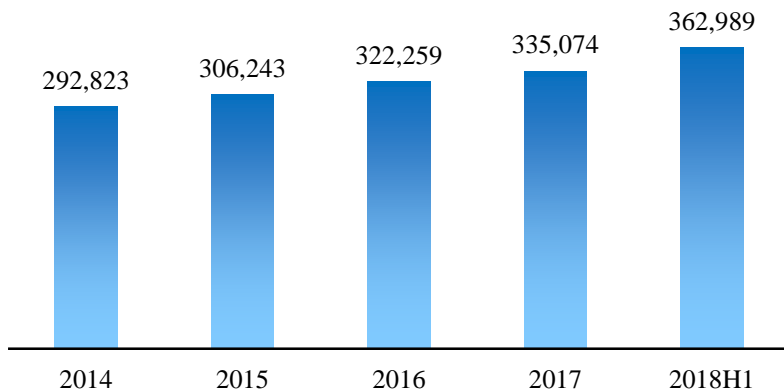
Breakdown of net profit attributable to equity holders of the Company

RMB mn	2018H1		2017H1	
IT	231	8%	16	1%
Financial services	1,101	39%	617	23%
Innovative consumption and services	1,139	40%	-139	-5%
Agriculture and food	379	13%	125	5%
Advanced manufacturing & Professional Services	148	5%	433	16%
Financial Investments	470	17%	2,130	79%
Unallocated	-638	-22%	-495	-18%
Net profit attributable to equity holders of LH	2,830	100%	2,687	100%

Capital Structure

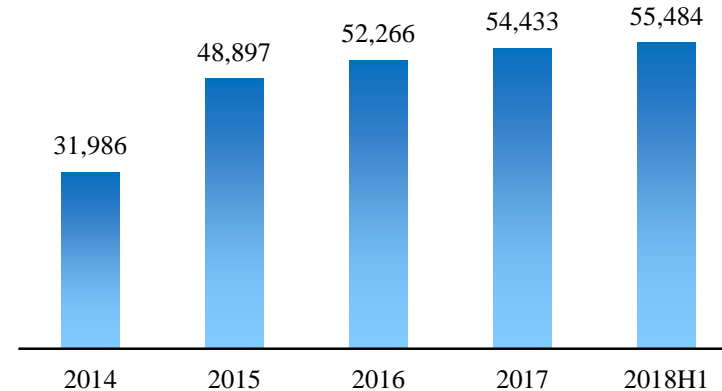
Consolidated total assets

(RMB mn)

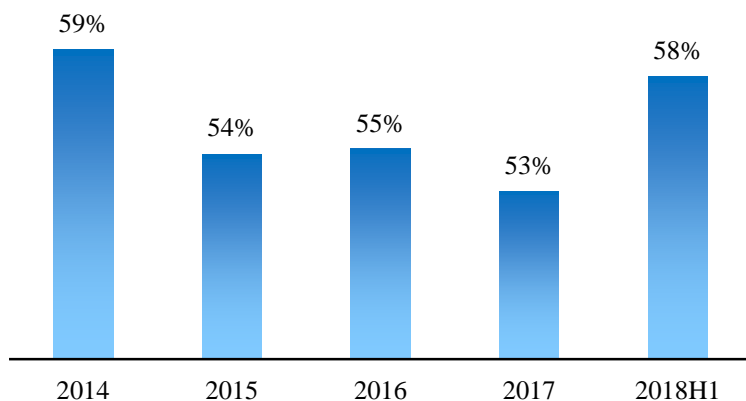


Equity attributable to equity holders of the Company

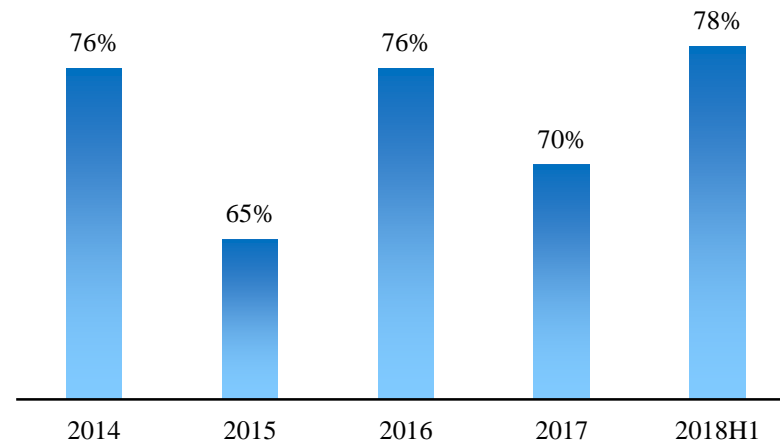
(RMB mn)



Consolidated total debt / total capital*



Debt / equity ratio*



*Total capital = total debt + total equity

*Debt / equity ratio = net debt / total equity



Thank you!

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LEGEND HOLDINGS

— 制造卓越企业 —