



# 2018 Annual Results Presentation

March 2019

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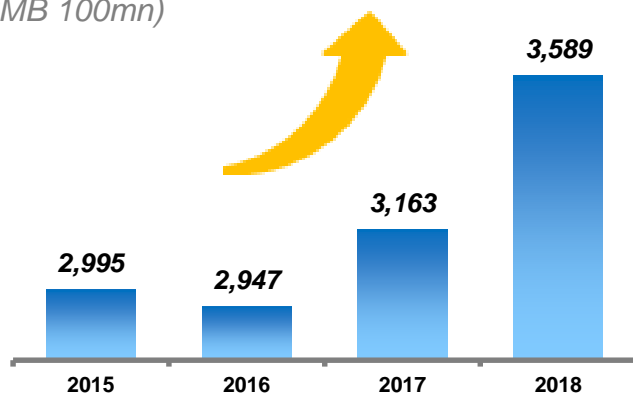
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## **Section I — 2018 Business Review and Outlook**

# Performance Overview

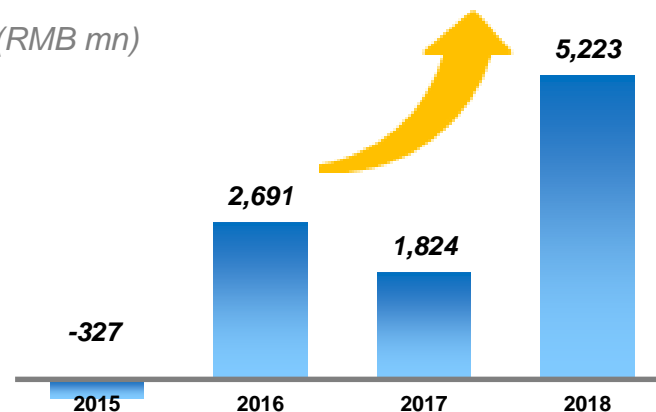
## Record-high Revenue

(RMB 100mn)



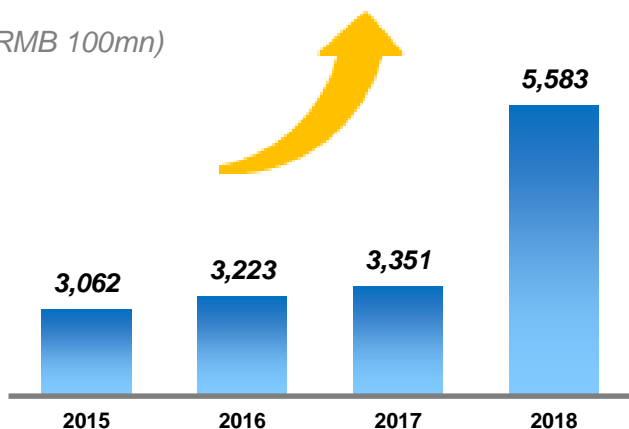
## Record-high Profit Contribution from Strategic Investments

(RMB mn)

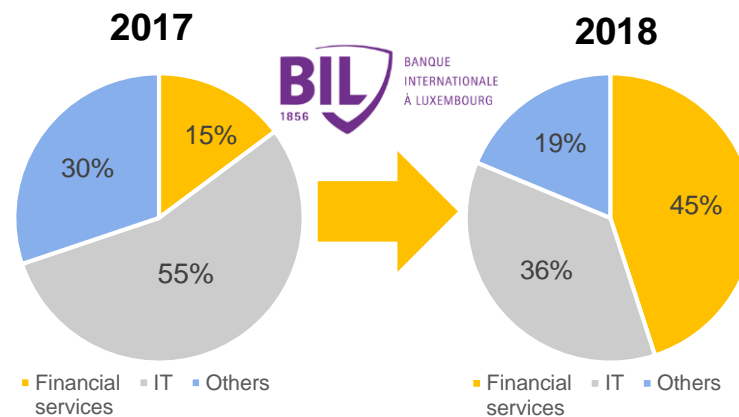


## Significant Increase in Total Assets

(RMB 100mn)



## More Balanced Asset Structure



# 2018 Business Performance

In 2018, though the external environment changed dramatically, Legend Holdings maintained steady development with breakthroughs in building pillar assets and continuous optimization of investment portfolio. The revenue for the year increased by 13% to RMB 358.9bn; and the net profit attributable to equity holders of the Company decreased by 14% to RMB 4,362mn, which was mainly due to the profit decline of the financial investments segment as a result of the capital market's volatility.

Unit: RMB 100mn	2017	2018	Y-o-Y change (%)
Revenue	3,163	<b>3,589</b>	13%
Net profit attributable to equity holders	50.48	<b>43.62</b>	-14%
Of which: SI's contribution	18.24	<b>52.23</b>	186%
FI's contribution	43.08	<b>5.40</b>	-87%

## Strategic investments

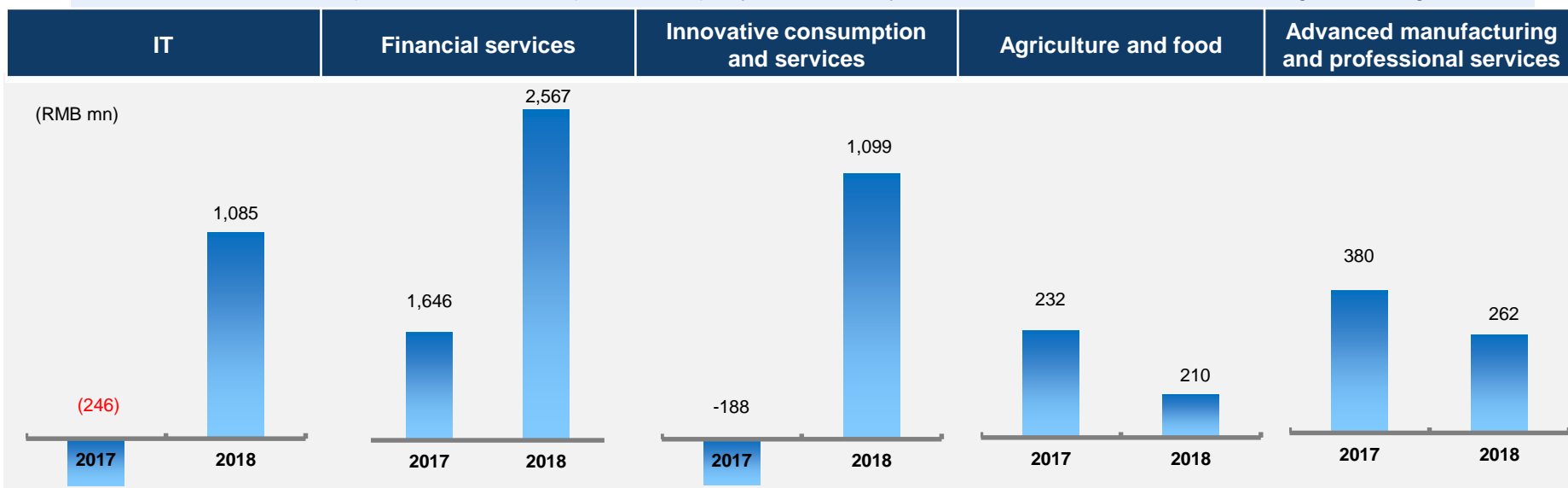
IT	Revenue up 10%, turning losses to profits
Financial services	Revenue and net profit attributable to parent company up 91% and 56%, respectively
Innovative consumption and services	Reversing losses to profits
Agriculture and food	Revenue up 161%.
Advanced manufacturing and professional services	Revenue up 8%

## Financial investments

AUM	Total Funds Raised	Listed Projects
Over RMB 125bn	Over RMB 10bn	13 enterprises listed on/offshore

# All-segmental and record-high profit for SI

- The post-investment management and services for strategic investment portfolio have promoted business development and value growth by enhancement of both business and capital operations. In 2018, all the five segments witnessed organic growth and, for the first time, all of them recorded profit. The overall revenue of strategic investment rose by 14% to RMB 358.3bn, and the net profit attributable to parent company increased by 186% to RMB 5,223mn, both setting record highs.



Lenovo

- PC business topped the market share list with leading profitability;
- Mobile business recorded profit for the first time;
- Data Center business maintained a high revenue growth and further narrowed the loss.



- The segmental revenue and profit maintained steady growth in spite of tightened regulations and interest rate volatility.



- The asset portfolio was optimized as Bybo Dental introduced Taikang Life Insurance as its controlling shareholder;
- Businesses of the segment continued to grow.

佳沃  
JOYVIO

- Joyvio Group acquired controlling position of Golden Wing Mau;
- Restructuring of Funglian Group with Laobaigan was completed;
- Profit dropped due to the impairment of goodwill arising from the fluctuation of Joyvio Agriculture's stock price.

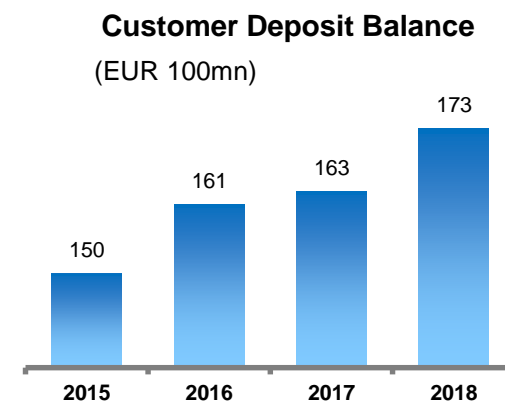
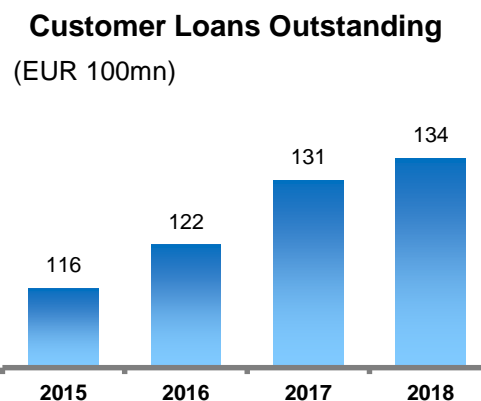
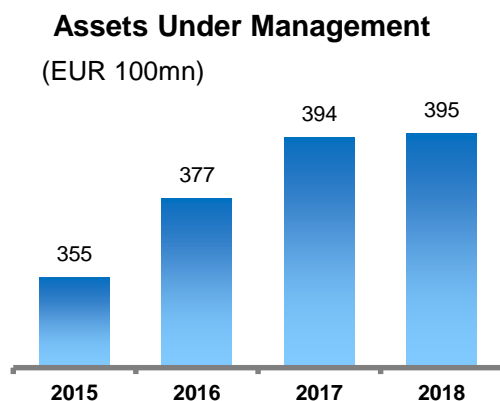


- Levima Group and Eastern Air Logistics maintained revenue and profit growth;
- Profit dropped due to the absence of the one-off gain from the disposal of Phyllion Battery in 2017.



# Strategic Objective of Building Pillar Assets Fulfilled

- In July 2018, we completed the acquisition of Banque Internationale à Luxembourg (BIL) and became the controlling shareholder with 89.94% of its equities. This is the first time that the European Central Bank (ECB) approved a Chinese non-financial company to acquire an “Other Systemically Important” European bank regulated by ECB.
- Our total assets grew significantly with more balanced allocation, better financial stability, and enhanced financing capability.
- BIL maintained steady growth. In the future, we will empower the bank with more intelligence and expand its global presence.



## Major Performance Indicators as of 2018 End of BIL

**EUR 25.5bn**

Total assets

Approximately **RMB 200bn**

**EUR 39.5bn**

AUM

Approximately **RMB 310bn**

**EUR 273mn**

Revenue contribution  
(July to December 2018)

Approximately **RMB 2.2bn**

**EUR 64mn**

Net profit contribution  
(July to December 2018)

Approximately **RMB 510mn**

**Broader  
global  
presence**

- Consolidating the bank's leading position in Luxembourg;
- Expanding into European and other target markets;
- Seizing the tremendous opportunities in the Chinese market.

**More  
intelligence**

- Supporting business development, risk control and compliance with technologies;
- Reducing operating costs;
- Offering better customer experience.

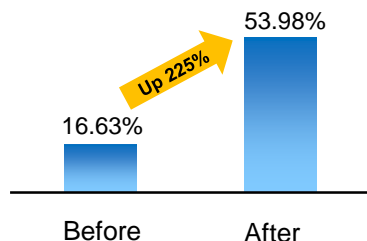
**Distinctive  
features**

- Giving full play to the resources of a universal bank;
- Highlighting the core competence in wealth management and SME services.

# The First H-share “Full Circulation” Pilot Project

- On April 20, 2018, CSRC designated Legend Holdings as the first company to pilot the H-share “full circulation” project. The pilot program not only propelled Legend Holdings’ development, but also enabled us to contribute to China’s capital market reforms. Currently, the relevant work of the project has been completed.

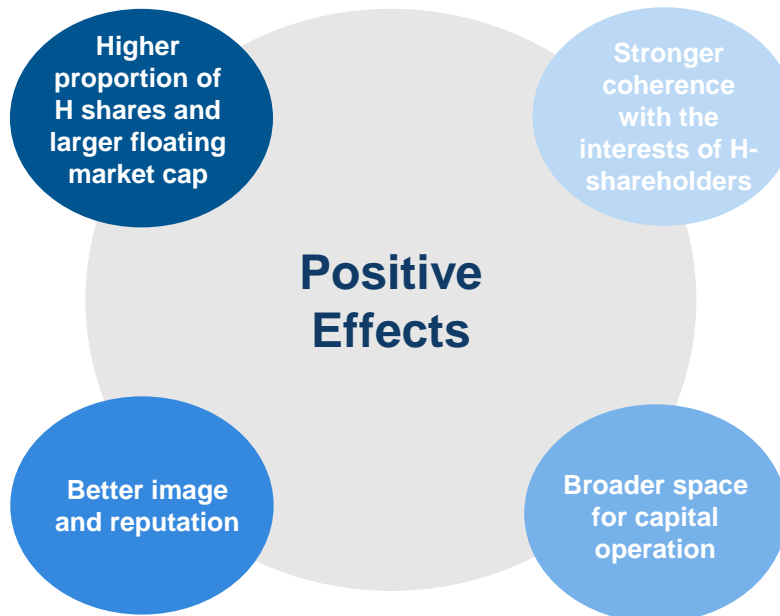
## Proportion of H shares before / after



- An aggregate of 880mn domestic shares were converted to H shares.
- Calculated on the stock price at 2018 end, the market cap of floating shares increased by about HKD18bn.

## Prominent features of Legend Holdings in line with regulatory criterion

- Our business observes the idea of “innovation, coordination, green, opening 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 sound corporate governance, an internal decision-making procedure that complies with laws and regulations, and a clear shareholder structure;
- We have an extensive brand influence and a positive social image.



## Participants of the pilot project

- The ESOP 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 floating 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, however, 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 enabled by higher proportion of tradable shares, the Company will have broader space in capital operation.



# Risk Control to Ensure Stable Development of FI

- In 2018, we paid special attention to potential risks, appropriately slowed down the investment rhythm, and strengthened risk control of investment projects. Meanwhile, we pushed the portfolio companies to complete financing as soon as possible, so as to prepare more funds for the uncertain environment. During the Reporting Period, distressed by the bearish global markets, the net profit of financial investments attributable to parent company decreased by 87% to RMB 540mn. Nevertheless, under the aforementioned strategy, the three fund platforms maintained good fundamentals and a steady pace in terms of fundraising, new investments and exits; the portfolio of our financial investments maintains a healthy development, and the companies in it are operating well with improving performance.



- Legend Star successfully completed its first fundraising from external limited partners. The RMB fund raised over RMB 700mn, and the USD fund raised USD 20mn.
- During the Reporting period, Legend Star invested in nearly 40 new domestic and overseas projects; more than 60 of its invested companies completed follow-on financing, and 10 projects were fully or partially exited.
- It consolidated its leading position among domestic start-up investment institutions, and came atop the annual ranking list for angel investment and start-up investment institutions as evaluated by professional institutions such as Zero2IPO Group and ChinaVenture Group.

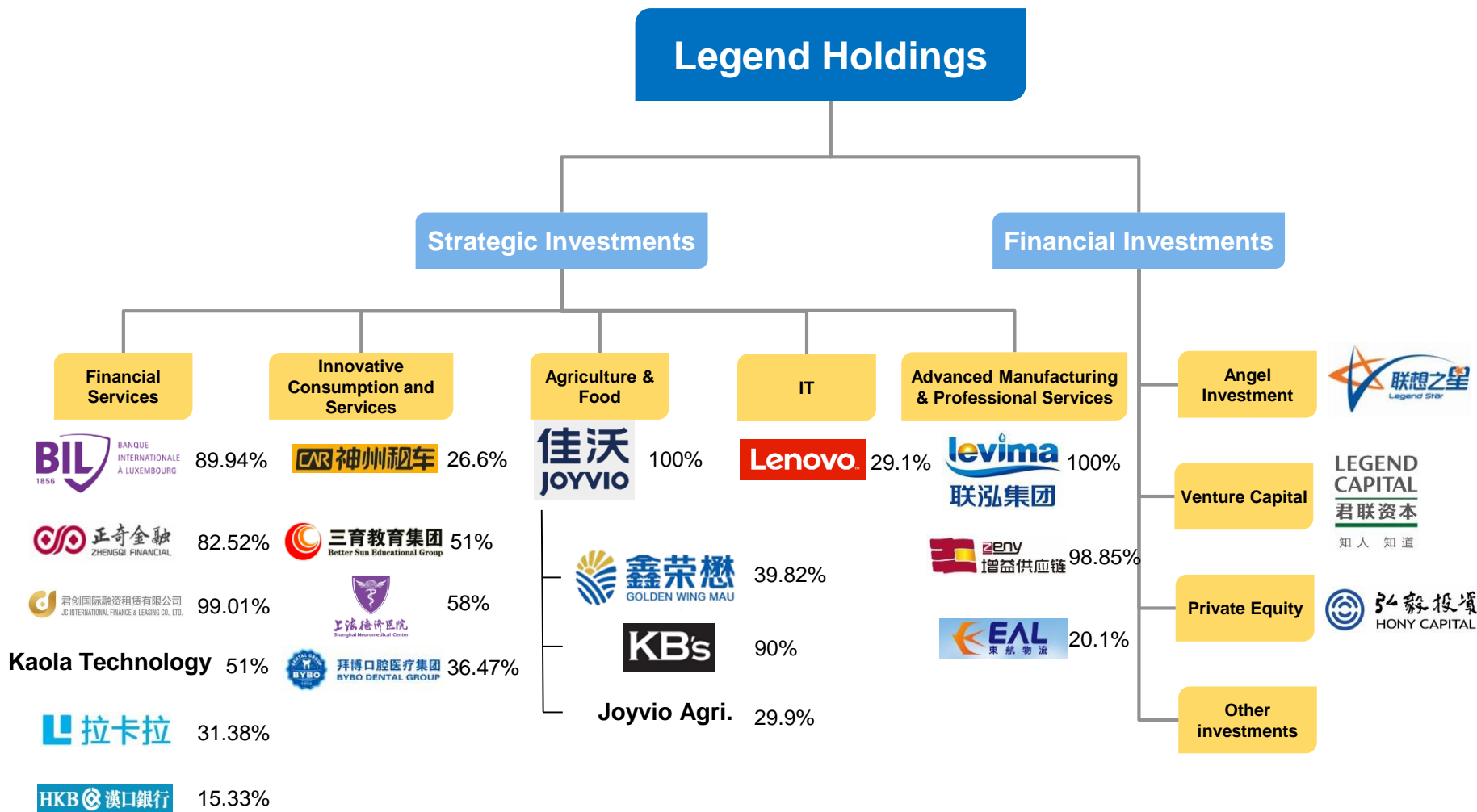


- The total AUM of Legend Capital exceeded RMB 43bn. During the Reporting Period, Legend Capital raised over RMB 3.45bn.
- During the Reporting Period, Legend Capital completed the investment in 50 new projects and exited from 24 projects fully or partially. Besides, 11 of its invested companies successfully got listed on the domestic and overseas capital markets.
- The venture capital kept consolidating its influence of investment in industries such as TMT, innovative consumption, intelligent manufacturing, professional services, medical care and health, culture and sports. Both the number of listed companies and IRR ranked among the top in the industry.



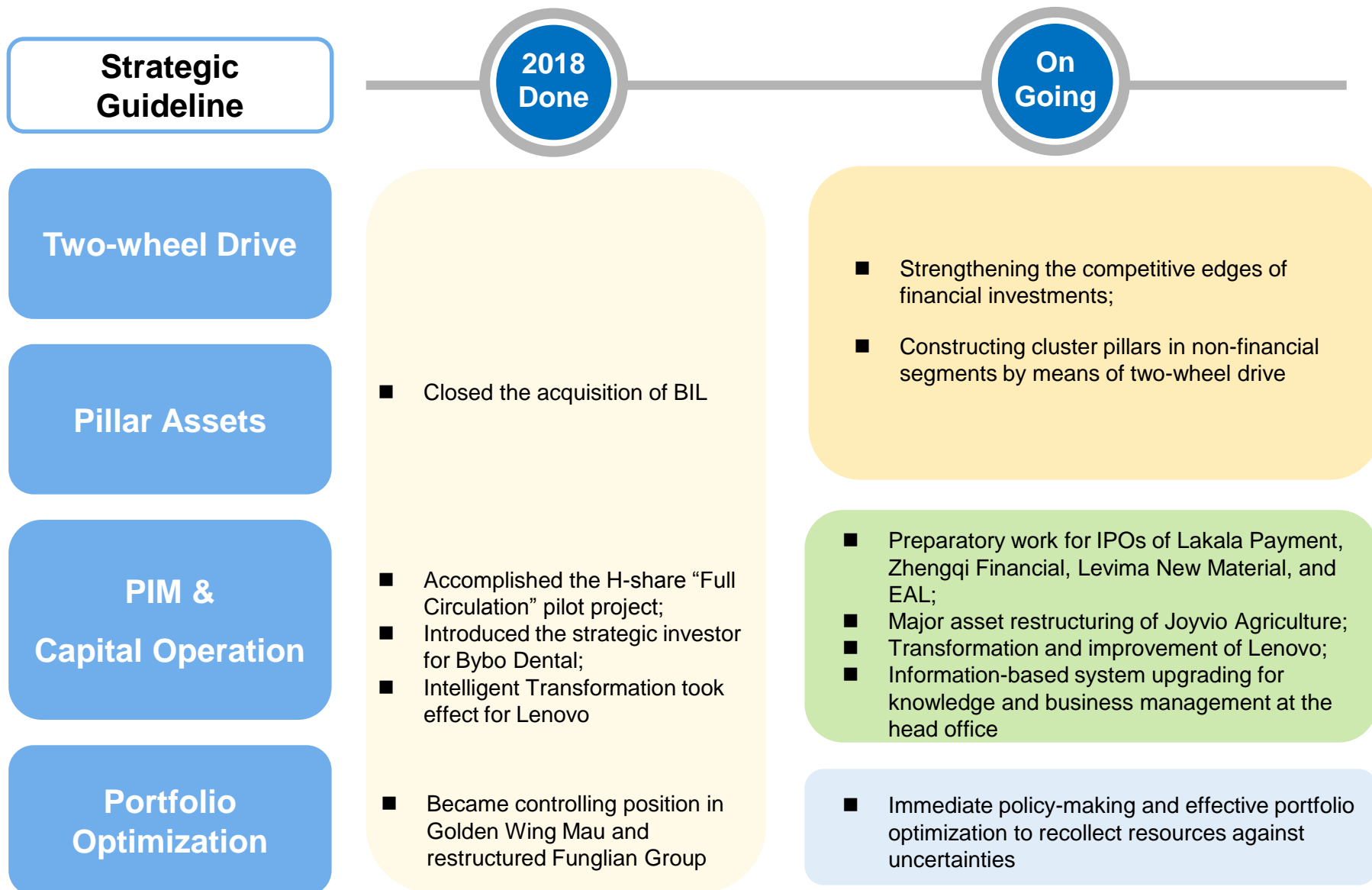
- The total AUM of Hony Capital exceeded RMB 80bn. During the reporting period, Hony Capital raised RMB 5.8bn.
- During the Reporting Period, Hony Capital completed the investment in 17 projects and exited from 19 projects fully or partially. Besides, 2 of its invested companies went IPO on the domestic capital market.
- Hony Capital keeps building its advantages in PE and real estate finance, and seeks breakthroughs in new businesses such as public offering fund, hedge fund and special opportunity investment to form a "2+3" business development pattern.

# Our Investment Portfolio



Note: Major but not all portfolio companies are listed  
as of December 31, 2018

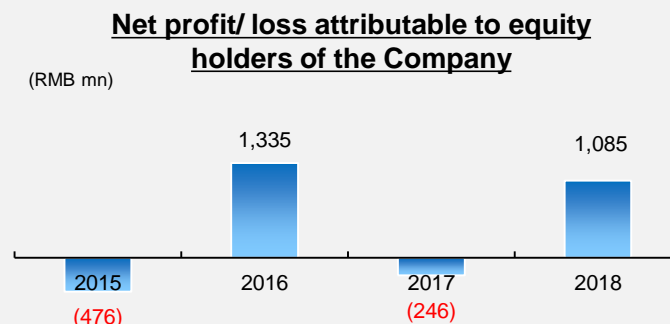
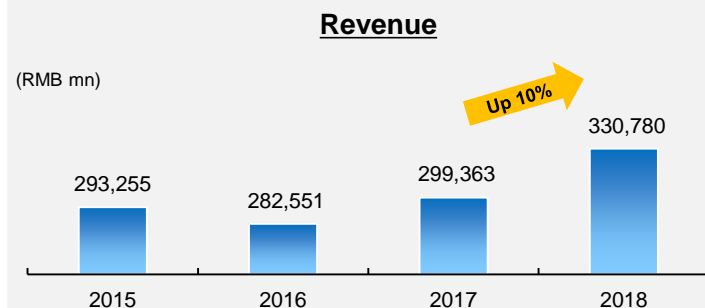
# Business Roadmap Oriented by Value Creation



## **Section II — Segment Review**

# IT: Transformation Leads to Bottom-up

- In 2018, Lenovo's Intelligent Transformation achieved initial results, and the profits of all main businesses improved. The revenue increased by 10% year-on-year to RMB 330.78bn, and the net profit attributable to parent company amounted to RMB 1,085mn, reversing the previous losses to profits.
- PC business reached a record high market share of 24.6%, ranking 1st in the global market; Mobile business turned profit in 18Q4; and Data Center business maintained a high revenue growth and further narrowed the losses.



## PC and Smart Device Business

- In 2018, despite the industry-wide supply shortage of processors and the decline of the global PC market shipments, Lenovo continued its strategy of prioritizing profitability and driving premium-to-market revenue growth in its PC business and made successful gain of market share in premium and high-growth and commercial segments. Lenovo achieved record high market share of 24.6% in global PC market and was the fastest growing PC vendor among top-5, according to the industry data. When viewed by product segment, Lenovo continued to gain share in Workstation, Thin & Light, Visuals, and Gaming PC.

## Data Center Business

- The Data Center business delivered solid growth and profitability improvement, after further strengthening its long-term capabilities in business model, product leadership, and sales and marketing. Among all product segments, the Hyperconverged and Software Defined Infrastructure segments continued to deliver stellar growth. In the HPC segment, the business remained the worldwide number one player in the HPC TOP500 List.

## Mobile Business

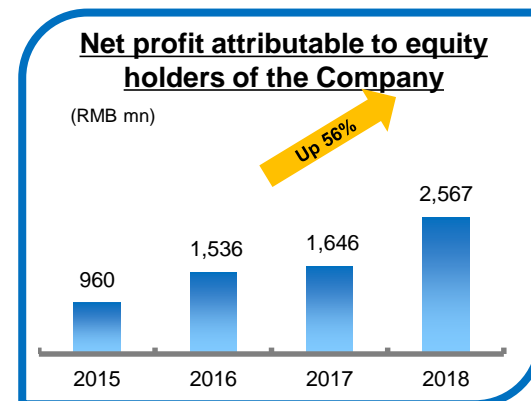
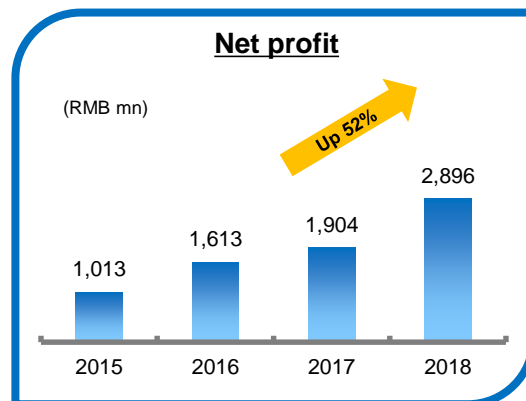
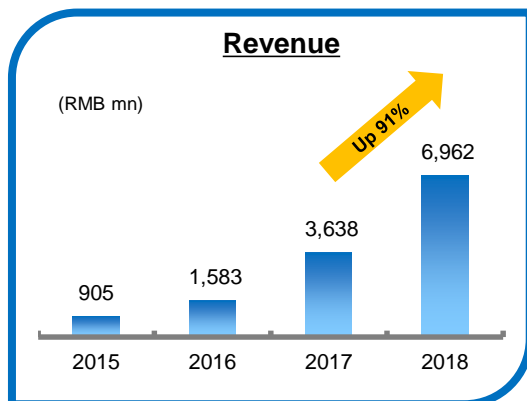
- In 18Q4, the Mobile business achieved its first pre-tax profit since Lenovo's acquisition of Motorola by reducing expenses, simplifying the portfolio and focusing on core markets in Latin and North America.
- Viewed by geographies, the Mobile business remained profitable in Latin America. Shipments in North America also saw significant growth. In China, Lenovo continued to build brand equity.

## Lenovo Capital and Incubator Group and Others

- Lenovo Capital and Incubator Group supports Lenovo's Intelligent Transformation Strategy in building stronger vertical solutions and services businesses. Lenovo achieved quick revenue growth in Software & Services, Big Data, Vertical Solutions and E-commerce business. In China, the Smart IoT User Devices and Services platform also witnessed rapid increase of its monthly average users.

## Financial Services: Continuous and Steady Growth

- During the Reporting Period, the segments' revenue rose by about 91% to RMB 6,962mn, mainly due to the consolidation of BIL's financial statements and the growth of financial leasing and other businesses. The net profit increased by 52% to RMB 2,896mn, mainly due to the stronger net profit contribution from the financial leasing and the payment businesses, the increment from BIL's consolidation, and the fair value change of PIC.



- AUM reached EUR 39.5bn, up by 0.2% from EUR 39.4bn at the end of 2017;
- Customer deposits was EUR 17.3bn, up by 5.8% from EUR 16.3bn at the end of 2017; Customer loans was EUR 13.4bn, up 0.3% year-on-year;
- As of 2018 end, CET-1 was 12.04%, demonstrating business stability;
- Moody's confirmed BIL's ratings with a revised outlook from positive to stable (A2/Stable). Both S&P's and Fitch confirmed ratings in 2018 which remained unchanged compared with 2017 year-end (A-/Stable and BBB+/Positive, respectively).



- Zhengqi Financial** achieved steady business growth with a revenue of RMB 1,831mn, up 20% y-o-y based on the same calculation methods, and a net profit of RMB 720mn, down 14% y-o-y, mainly due to the increased impairment loss.
- Zhengqi Financial** officially submitted the application form for listing to the Hong Kong Stock Exchange on November 30, 2018.
- JC Finance & Leasing** maintained healthy and rapid development with a revenue of RMB 903mn and a net profit attributable to the Company of RMB 230mn, with a y-o-y increase of 26% and 28%, respectively. Meanwhile, it accelerated the expansion of retail financial leases represented by heavy truck and SME leasings.

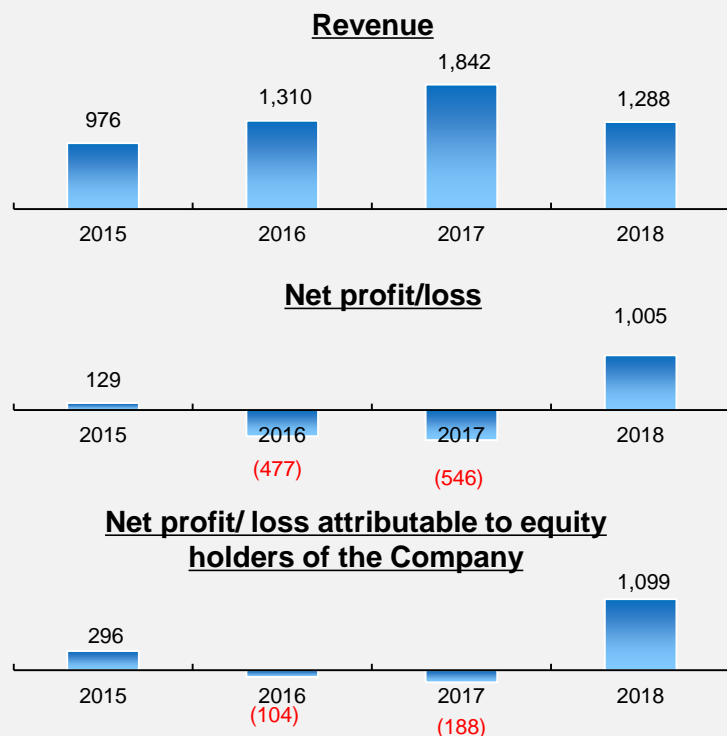


- Kaola Technology** maintained approximately RMB 6.0billion of credit balance at 2018 end despite tightening financial regulations. It has ensured sustained fund supply and cost control by constantly strengthening the cooperation in funds and businesses with accredited financial institutions. Meanwhile, it has accumulated and improved the risk management technology to keep the overdue loans under control. During the Reporting Period, its revenue reached RMB 1,950mn; and net profit reached RMB 453mn.
- Lakala Payment** has submitted IPO application in the A-share market. During the Reporting Period, its transaction amount exceeded RMB 3,800bn, up around 70% y-o-y. The transaction amount and number of transactions processed through the platform were among the highest in the domestic third-party payment industry with business coverage nationwide. By 2018 end, it has served more than 19mn merchants.



# Innovative Consumption and Services: Optimization


- we have been driving the development and value creation of existing businesses while seeking new investment opportunities. On one hand, we place more focus on niche segments; on the other hand, we strengthen the two-wheel drive with the financial investments segment. During the Reporting Period, we continued to explore opportunities in the medical services segment and subscribed for the HK\$800 million convertible bonds issued by Hospital Corporation.
- During the Reporting Period, the segment realized a revenue of RMB 1,288mn with a y-o-y decrease, mainly due to deconsolidation Bybo's revenue, and a net profit of RMB 1,005mn, turning loss into profit, mainly due to the investment income of RMB 1,287mn from the strategic introduction of Taikang Life Insurance as the controlling shareholder of Bybo Dental.



Note: Historical data have been re-stated in accordance with the latest classification of segments.

三育教育集团 Better Sun Educational Group	31 December 2018	31 December 2017
Number of kindergartens, early education centers, and training schools	119	91
Enrollment of students	Over 31,000	Over 26,000
	2018	2017
Revenue (RMB mn)	497	187
Net profit (RMB mn)	51	25

上海德济医院 Shanghai Deji Hospital	2018	2017
Revenue (RMB mn)	273	221
Net profit (RMB mn)	(9)	(9)

 拜博口腔医疗集团 BYBO DENTAL GROUP	2018
■ Taikang Life Insurance was strategically introduced as the controlling shareholder of Bybo Dental. Via capital increase, Legend Holdings further supported the development of Bybo Dental. Besides capital investment, Taikang Life Insurance will establish business synergies in customer resources support, marketing and promotion cooperation, insurance payment procedure, oral health insurance product cooperation, etc..	

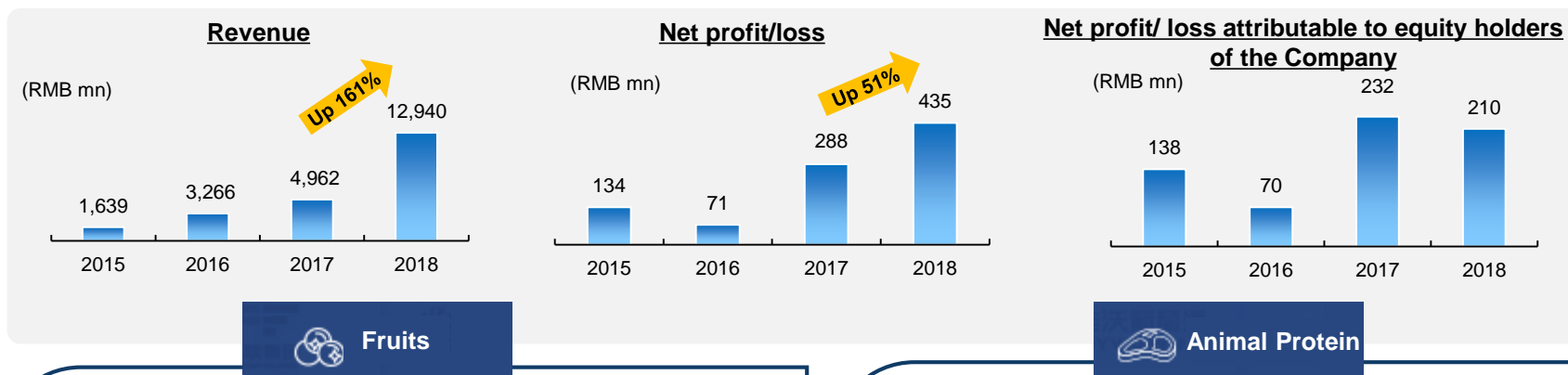
CAR 神州租车

	31 December 2018	31 December 2017
Size of fleet	135,191	102,500
Revenue (RMB mn)	6,444	7,717
Net profit (RMB mn)	290	881

■ The y-o-y decrease in revenue was mainly due to the the reduction in the number of used cars decommissioned and sold. However, the total rental income rose by 6% y-o-y. The y-o-y decline in net profit was mainly due to the relatively significant fluctuation in the RMB exchange rate during the period that ended up with a large one-off fair value loss of the issued US dollar bonds. During the Reporting Period, the adjusted net profit was RMB 681mn with a y-o-y increase of 11%.

# Agriculture and Food: Fast Development

- Golden Wing Mau (GWM) changed from an associate to a subsidiary of Joyvio Group. Joyvio Group, with other shareholders, will continue to provide quality fruit products and services to consumers and make GWM a world-leading fruit company.
- During the Reporting Period, the revenue increased by 161% y-o-y to RMB 12,940mn, mainly due to consolidation of GWM and the increase in the revenue of Joyvio Agriculture, Nine Masters, and KB Food; net profit increased by 51% y-o-y to RMB 435mn, mainly due to the consolidation of GWM and the equity restructuring of Funglian Group. The decrease in net profit attributable to the Company was due to the goodwill impairment of Joyvio Agriculture.



## Fruits

- Thanks to the upgrading trend of fruit consumption, GWM enjoyed rapid revenue growth and officially became a national key leading enterprise in agricultural industrialization.
- The influence of "Joyvio" keeps increasing. Following blueberries, Joyvio's durians and bananas also gained recognition from consumers. Joyvio, as the only fruit brand included, ranked among Top 500 Chinese brands.
- GWM continued to deploy its resources in the global supply chain and a comprehensive pipeline sales network. In respect of plantation, the company co-operated with Hortifrut, a world-leading blueberry company, in new varieties and plantation technologies of blueberry, and achieved mass production. In respect of supermarket and retailer service, the company kept up with new retail upgrades and became the supplier of Fresh Hema and 7fresh, and once again won the Best Supplier of the Year Award from Wal-Mart China, a global retail giant. In respect of distribution, the company has achieved layout in 14 first-class fruit wholesale markets in China. In addition to kiwifruits, it also became the largest importer and distributor of apples, blueberries, cherries and grapes in China.

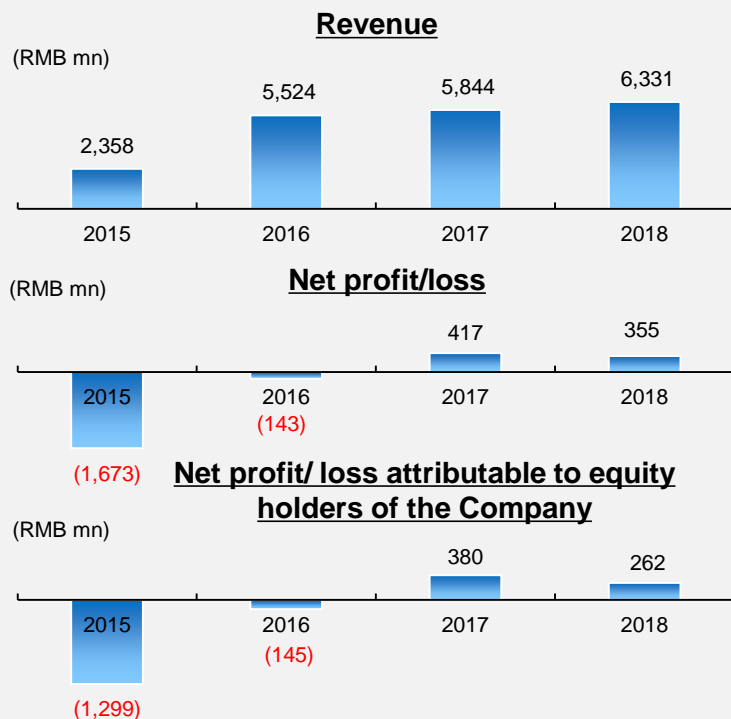


## Animal Protein

- Joyvio Agriculture had a steady business growth, allowing it to maintain a leading position as China's largest pandanus borealis importer and distributor, the largest pollock processor and supplier, and a seafood brand importer with full-channel layout. Besides, Joyvio Agriculture has started to expand its business layout towards scarce seafood resources and assets in the upstream.
- KB Food has been awarded the Best Seafood Supplier by Woolworths, the biggest supermarket chain operator in Australia for three consecutive years, further increased the market share of Australian rock lobster business, acquired a deep-sea shrimp fishing vessel, and consolidated its leading position in shrimp products. It also signed a cooperation framework with Joyvio Agriculture to expand its market share in China, relying on the channels and resources of the latter.

# Advanced Manufacturing & Professional Services: Robust Organic Growth

- We are engaged in professional services of China's leading manufacturing industries and relevant fields and completed the phased layout in advanced materials. In the future, we will focus on materials, technologies, manufacturing industries, and services that are scarce in China, facilitate the development of existing industries while constantly expanding frontier businesses, strengthen coordination, and strive to make world-leading companies.
- During the Reporting Period, the segment realized a revenue of RMB 6,331mn with a y-o-y increase of 8% and net profit of RMB 355mn with a y-o-y decrease of 15%. The decline was mainly due to the absence of the RMB 386mn one-off gain from the disposal of Phylion Battery in the same period last year. Should this impact be excluded, the net profit would increase dramatically.



Note: Historical data have been re-stated in accordance with the latest classification of segments.

**levima**

**联泓集团**

	2018	2017
Revenue (RMB mn)	5,945	4,876
Net profit (RMB mn)	212	116

- Levima New Materials set a record low of its key consumption indicators since the operation of its device, optimized the product portfolio, with the market share of its special PP, EVA and EOD products remaining the first place in several niche segments in China;
- Levima New Materials was awarded as a high-tech enterprise and was entitled to a preferential policy of 15% corporate income tax rate, further improving its profitability;
- In 2018, Levima New Materials completed the shareholding reform. Its application for spin-off listing was approved by HKEX. It has applied to CSRC Shandong Bureau for IPO counseling.

**zenvy**  
**增益供应链**

	2018	2017
Revenue (RMB mn)	386	968
Net profit (RMB mn)	(60)	(156)

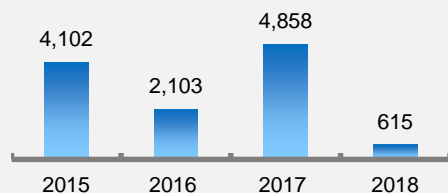
**EAL**  
**东航物流**

- The y-o-y revenue and net profit growth was mainly due to the increase in revenue from air express and high-end logistics solutions and the optimization of operations to reduce costs;
- It opened the Shanghai-Frankfurt cargo airline to intensify cooperation with South America, Australia, and Southeast Asia, and set up air cargo service center in Shanghai Zhangjiang High-tech Park and Waigaoqiao Bonded Zone to connect the airport with customers. Supported by over 200 chartered flights, its cumulative import and delivery of global fresh agricultural products in 2018 approximated 20,000 tons, up 100% y-o-y. In terms of high-end logistics solutions, EAL has developed new customers such as Yangtze River Storage and launched the new business of precision instrument transportation guarantee.
- EAL held the founding meeting for the joint-stock company and pressed ahead with its IPO.

# Steady Development of Financial Investments

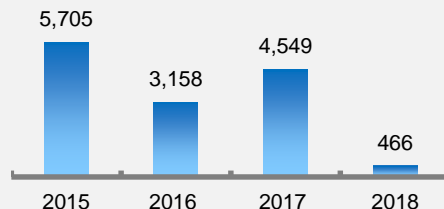
## Investment income and gains

(RMB mn)



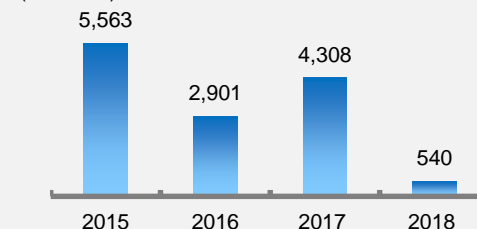
## Net profit

(RMB mn)



## Net profit attributable to equity holders of the Company

(RMB mn)



### Angel Investment



- As of 2018 end, Legend Star managed 5 funds in total with total AUM over RMB 2bn. In 2018, Legend Star newly launched the 3rd RMB fund and the 3rd USD fund. During the Reporting Period, the final closing of the 3rd RMB fund was completed, raising over RMB 700mn; USD 20mn was raised from the 3rd USD fund.
- The cumulative number of on/offshore investment projects exceeded 230. During the Reporting Period, Legend Star invested in over 40 on/offshore new projects. Over 60 projects under management realized follow-on financing, and more than 10 projects were exited.

### Venture Capital



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- As of 2018 end, Legend Capital managed 20 funds in total. In 2018, it launched the 5th RMB growth fund and 2nd RMB medical fund, and completed the final closing of the 2nd culture and sports fund. Total fund raised during the Reporting Period amounted to RMB 3.45bn.
- During the Reporting Period, Legend Capital completed 50 new project investments and exited from 24 projects with a cash inflow of over RMB 700mn; 11 portfolio companies went public, and 2 more passed the A-share IPO review.

### Private Equity Investment



- As of 2018 end, Hony Capital managed 13 main funds. In 2018, the final closing of Haidian Science and Technology Industry Space Optimization Fund was completed with a total raised fund of RMB 2.16bn. Beijing Hony Future Fund successfully raised the first publicly offered fund in the secondary market - Beijing Hony State-owned Enterprise Transformation and Upgrade Hybrid Fund with a net subscription amount of RMB 493mn.
- During the Reporting Period, Hony Capital completed 17 new investments and exited from 19 projects; and 2 portfolio companies got listed in the domestic capital market.

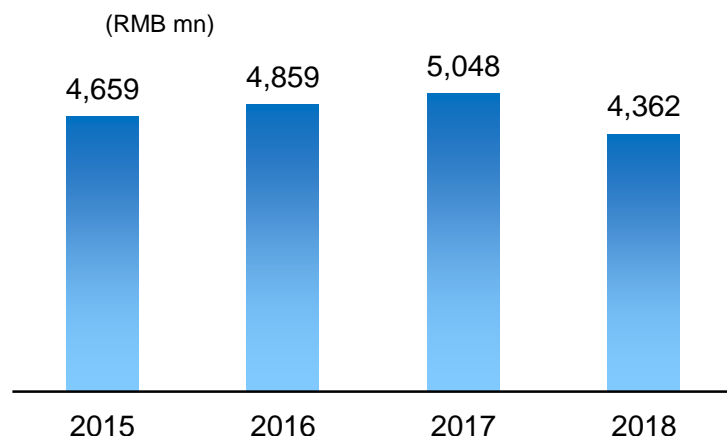
- We also own the Tower A, B, C of Raycom Info. Tech Park, a high-end office building complex located in Zhongguancun, Beijing. As of the end of the Reporting Period, the fair value of the investment properties stood at RMB 11.23bn.

## **Section III — Financials**

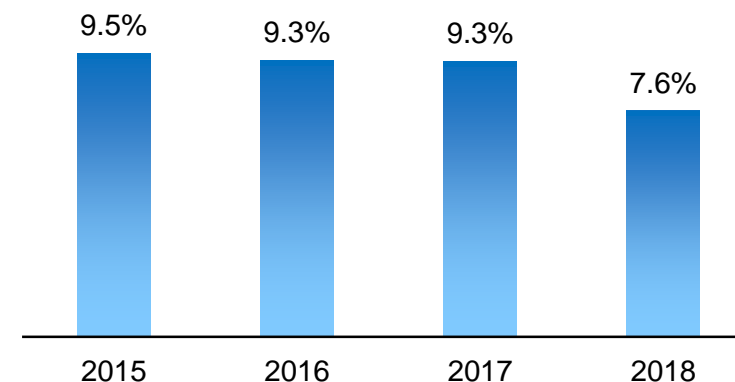


# Profit Structure

## Net profit attributable to equity holders of the Company



## Return on equity (ROE)



## Breakdown of net profit attributable to equity holders of the Company

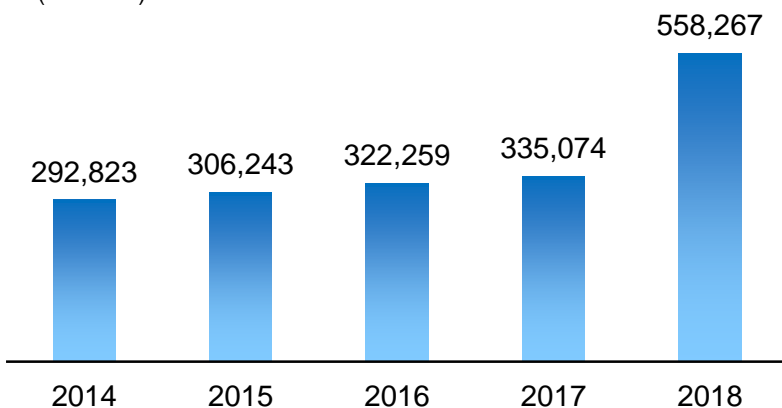
(RMB mm)	2018		2017	
IT	1,085	25%	-246	-5%
Financial services	2,567	59%	1,646	32%
Innovative consumption and services	1,099	25%	-188	-4%
Agriculture and food	210	5%	232	5%
Advanced manufacturing and professional services	262	6%	380	8%
Financial investments	540	12%	4,308	85%
Unallocated and elimination	-1,401	-32%	-1,084	-21%
<b>Net profit attributable to equity holders of the Company</b>	<b>4,362</b>	<b>100%</b>	<b>5,048</b>	<b>100%</b>



# Capital Structure

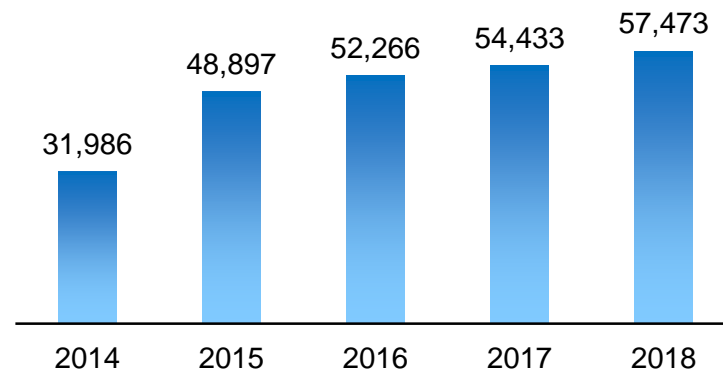
## Consolidated total assets

(RMB mn)

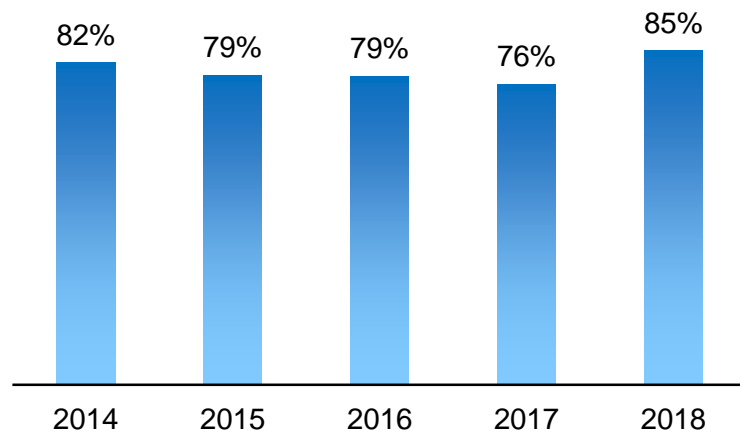


## Equity attributable to equity holders of the Company

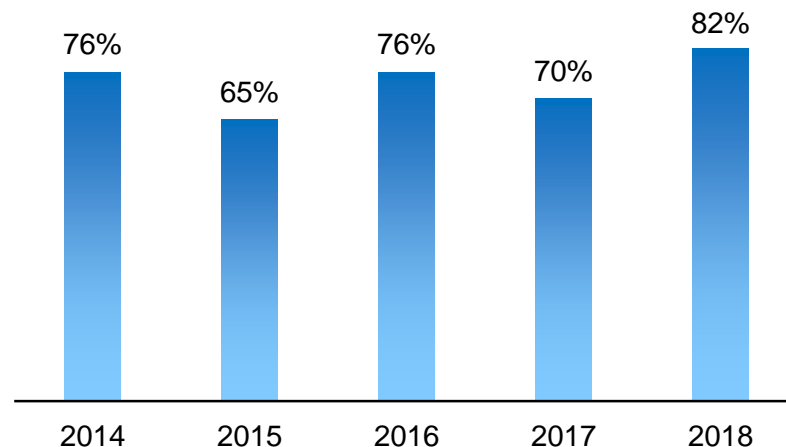
(RMB mn)



## Liability / asset ratio



## Debt / equity ratio\*



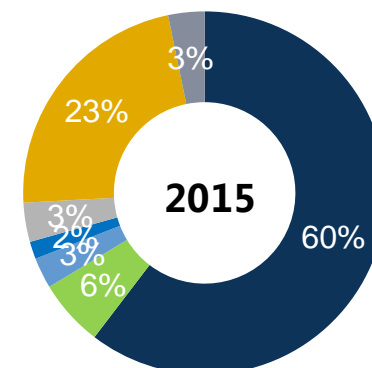
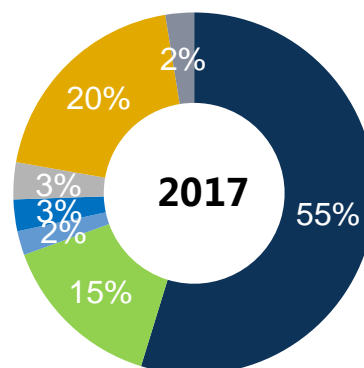
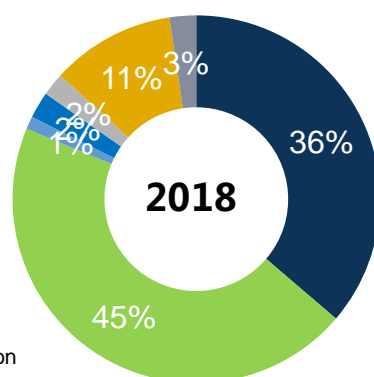
\*Debt / equity ratio = net debt / consolidated equity

Net debt = interest-bearing liabilities – cash and cash equivalents

# Capital Structure (Continued)

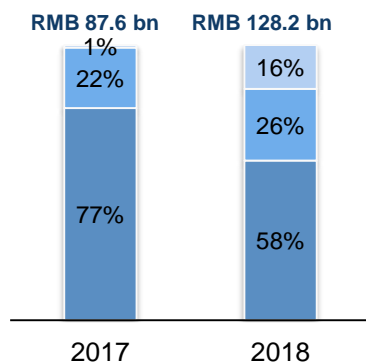
Asset allocation becomes more balanced, with lower proportion of IT segment and higher proportion of financial services segment in total assets

- Information Technology
- Finance
- Consumption
- Agriculture
- Manufacturing
- Financial Investments
- Unallocated & Elimination

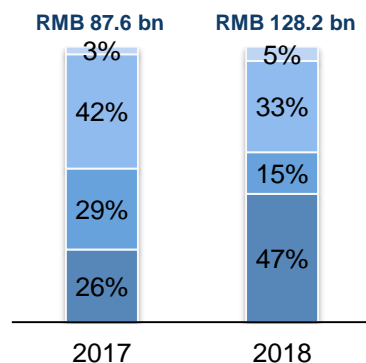


## Interest-bearing liabilities

- RMB
- USD
- Others

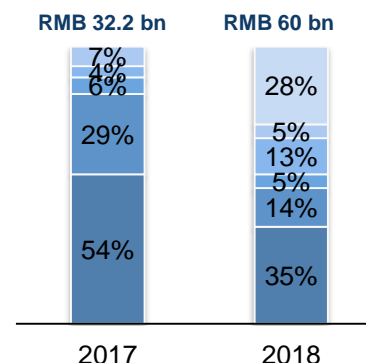


- Within 1Y
- 1-2Ys
- 2-5Ys
- Over 5Ys



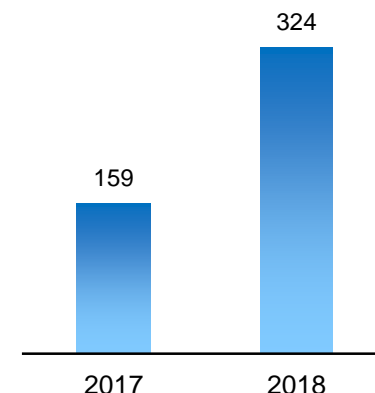
## Cash and cash equivalents

- RMB
- USD
- HKD
- EUR
- Others
- CHF



## Net debt of Head Office

(RMB 100mn)

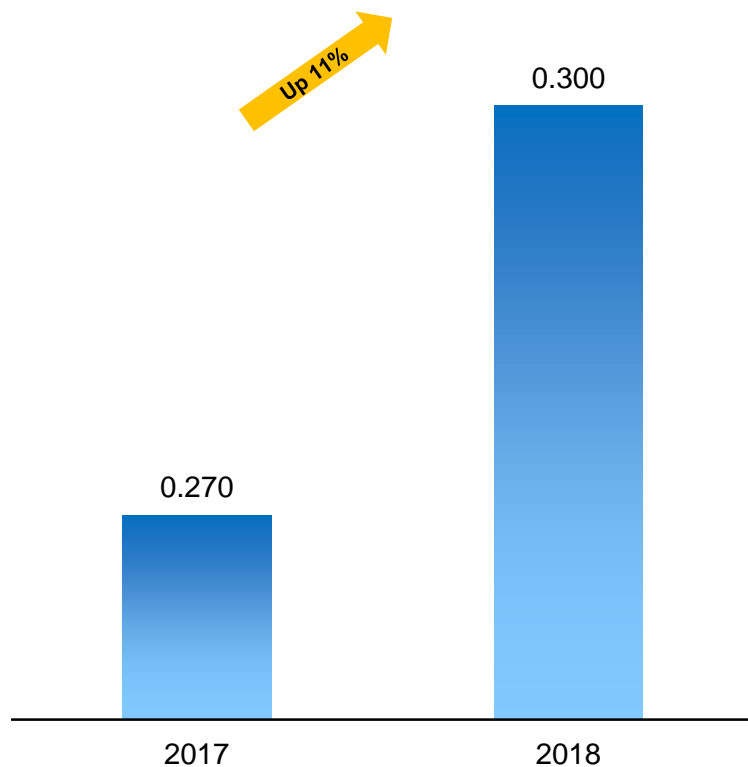


\*Net debt of head office includes the debt of Legend Holdings with its platform, Right Lane Limited with its platform, and Raycom Property Co. Ltd.

# RMB 0.3/Share as Final Dividend Suggested by the Board

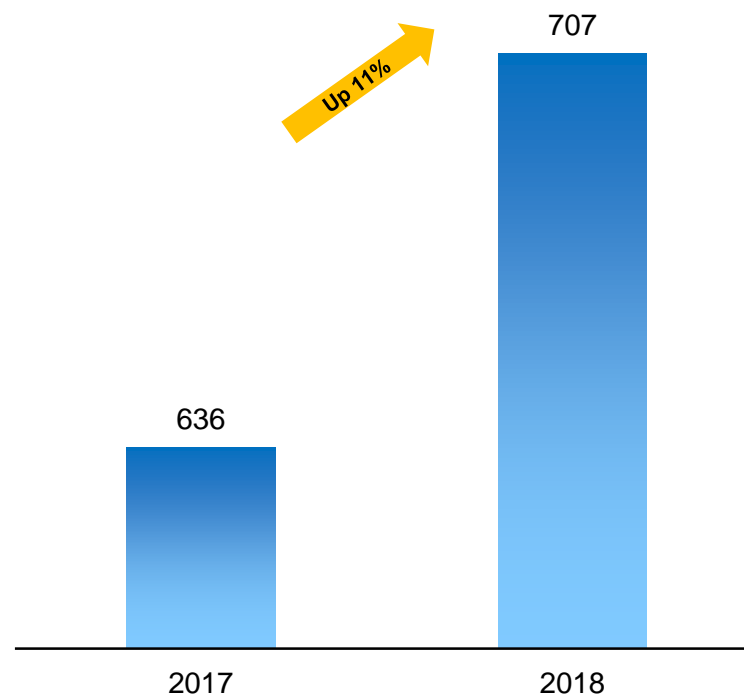
## 2018 DPS (BT) up 11% y-o-y

(RMB)



## 2018 total dividend in cash (BT) up 11% y-o-y

(RMB mn)



# Thank you!

**联想控股**  
LEGEND HOLDINGS  
— 制造卓越企业 —