

联想控股
LEGEND HOLDINGS
— 制造卓越企业 —

2020 Interim Results Presentation

August 2020



Contents

Part I

2020H1 Business Review -----	3
------------------------------	---

Part II

Segment Review -----	10
----------------------	----

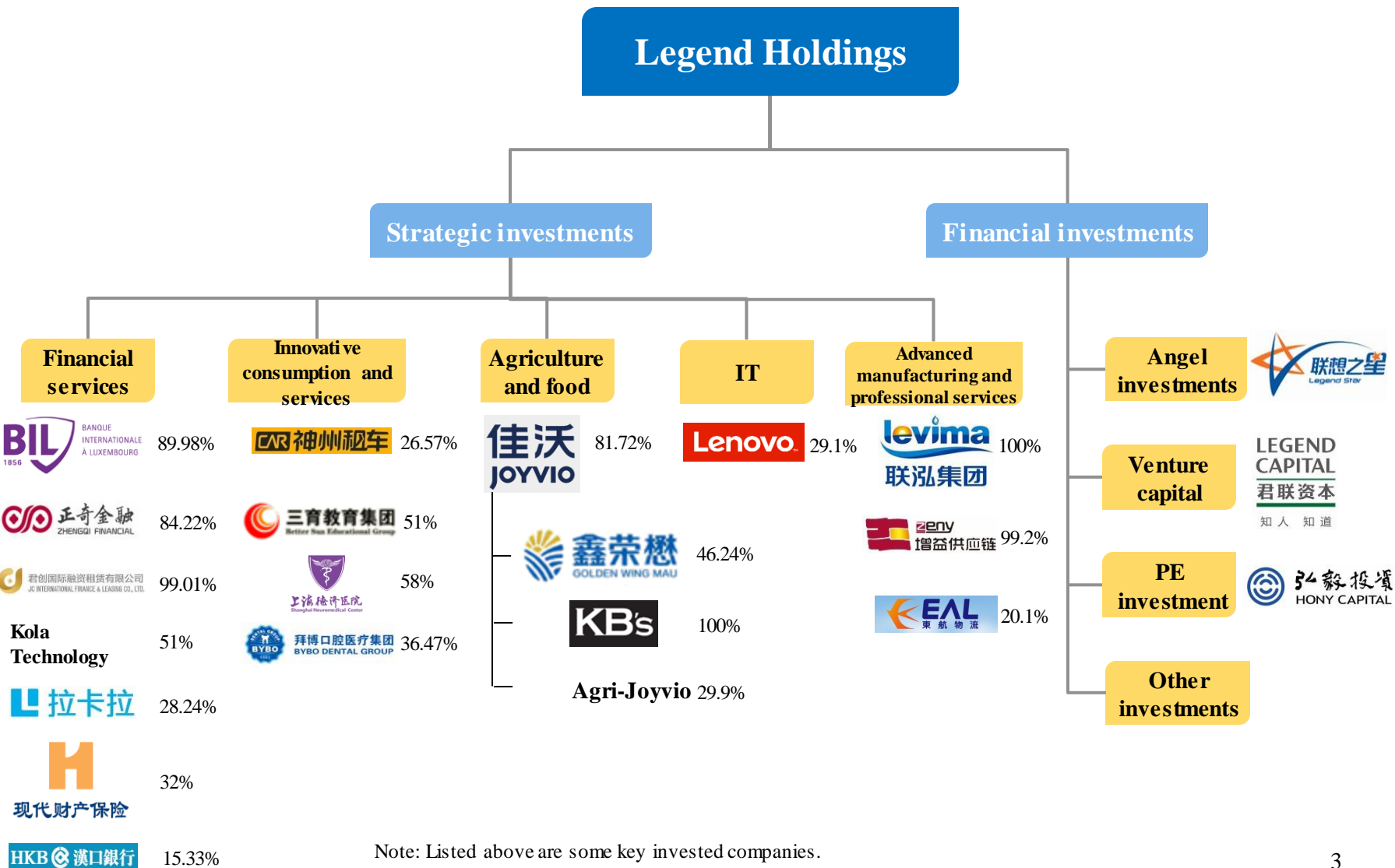
Part III

Financial overview -----	16
--------------------------	----

I. 2020H1 Business Review



Our investment portfolio

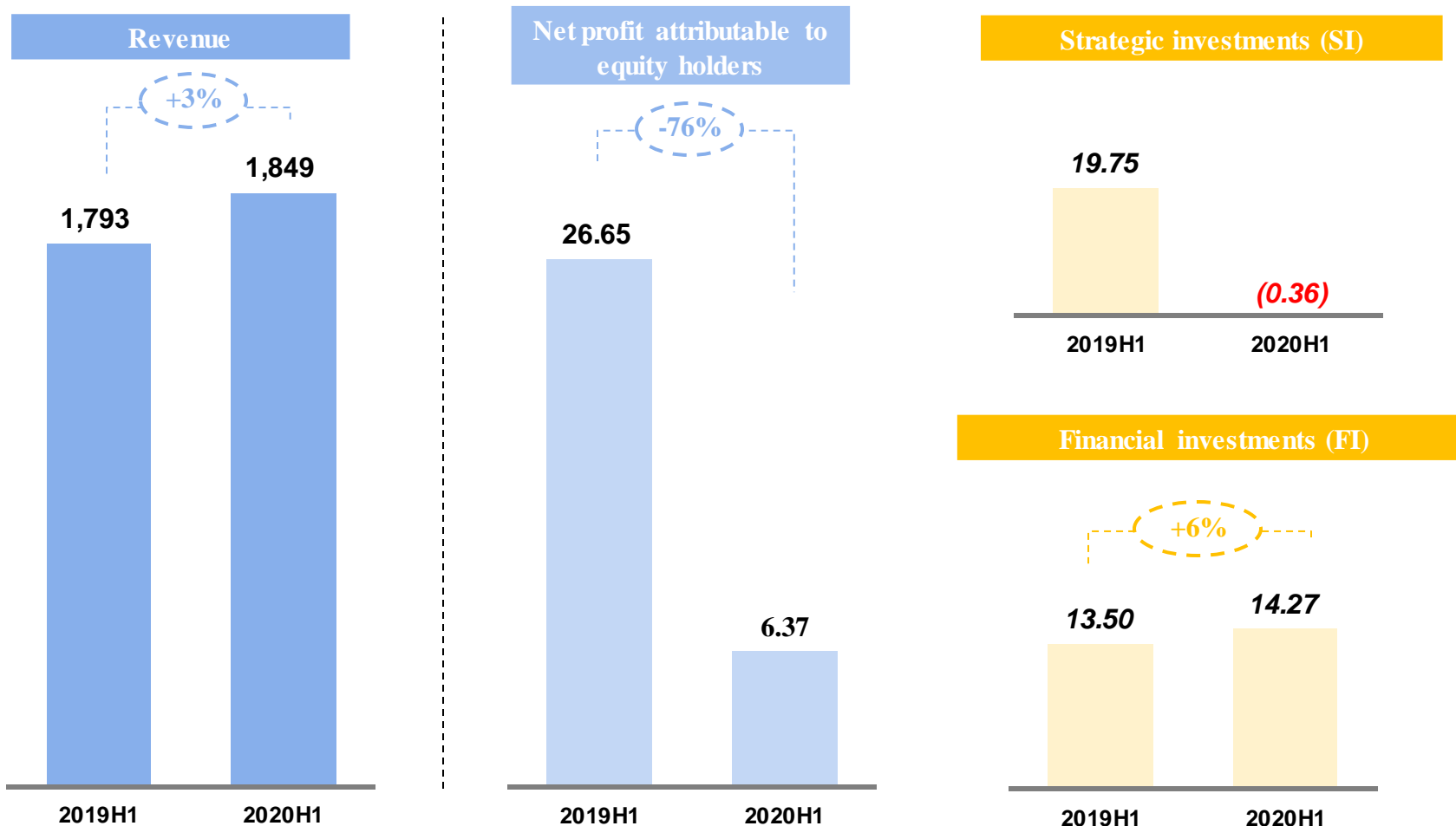


Note: Listed above are some key invested companies.

As at June 30, 2020

2020 interim results

Although the international environment is becoming increasingly complex amid the globally sweeping COVID-19 pandemic, Legend Holdings has managed to operate steadily, with our business expanded under the ongoing tough situation. During the reporting period, our revenue rose by 3% to RMB184.9 billion. Net profit attributable to equity holders of the Company dropped by 76% to RMB637 million, of which the strategic investments contributed net loss of RMB36 million, the year-on-year change from profit to loss was mainly affected by one-off factors such as the large impairment of CAR. Contribution of financial investments increased by 6% year-on-year to RMB1,427 million, mainly because Legend Star and Legend Capital continued to contribute an impressive return on profit, but the sharp decline in the fair value of individual projects dragged down the profit growth.



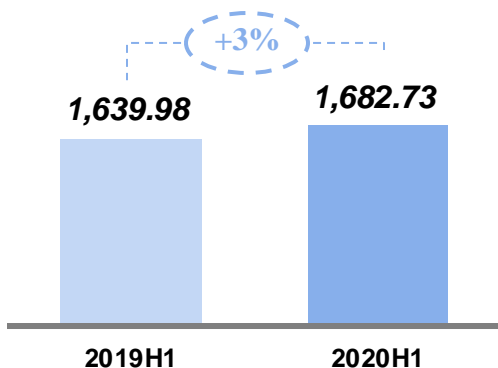
(RMB100 mm)

Notes: Net profit attributable to equity holders consists of Strategic investments, Financial investments, and nonapportionable income together.

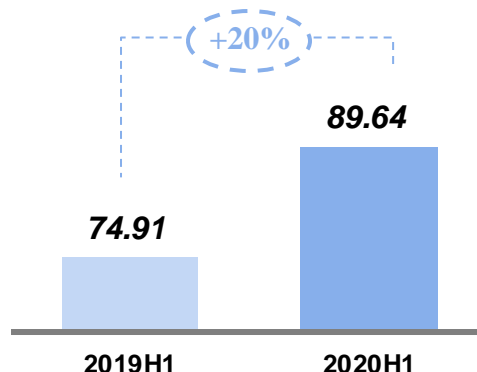
Strategic investments saw steady growth in both revenue and scale

In the first half of 2020, the strategic investments realized steadily increasing revenue, despite the tough situation. By then, we have reported growth for seven consecutive reporting periods. At the same time, the IT segment and the advanced manufacturing and professional services segment both maintained steady growth in revenue. Under the agriculture and food segment, the fruits and seafood business managed to rack up the rapidly growing income. By contrast, some companies under the financial services segment took the initiative to scale down their traditional lending business, which led to a slight decline in revenue. The innovative consumption and services segment suffered from a significant decline in revenue, which was caused by the closure of kindergarten business in response to the COVID-19 pandemic.

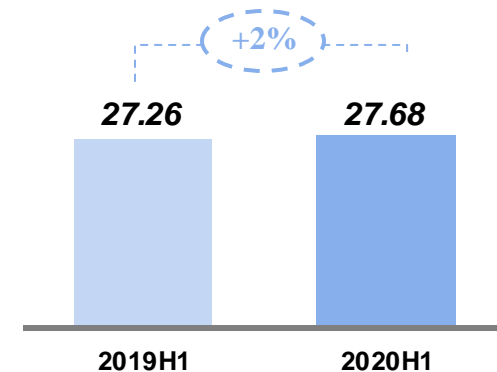
The IT segment generated the steadily increasing revenue.



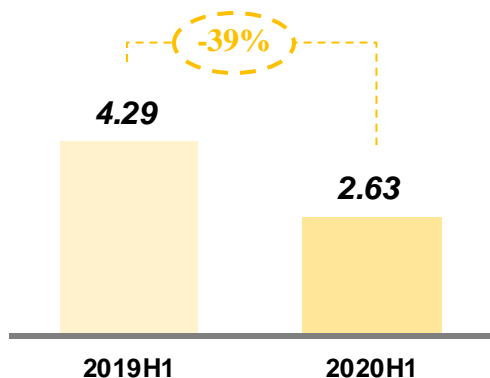
The agriculture and food segment saw growth in both fruits and seafood business.



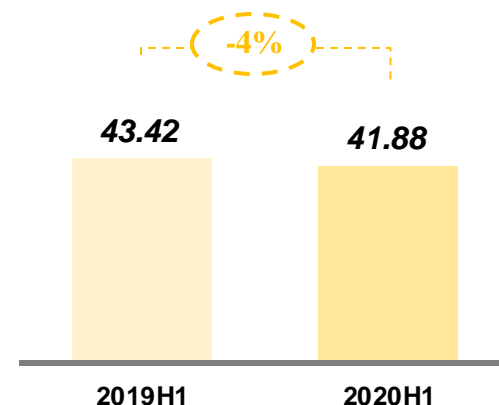
Advanced manufacturing and professional services grew steadily.



Innovative consumption and services experienced a decline.



Financial services saw a slight decline.



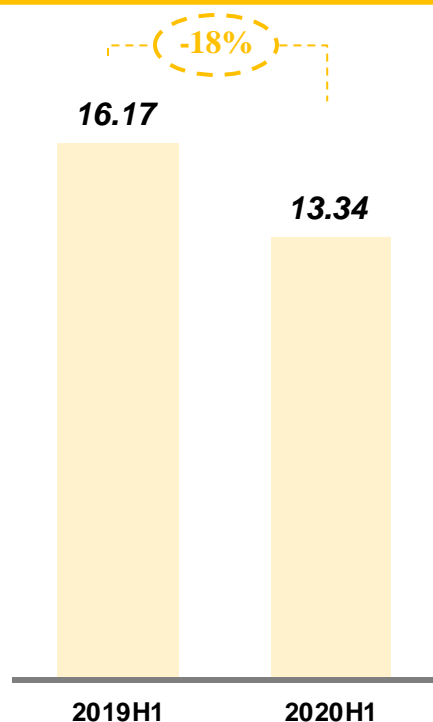
Revenue growth for 7 consecutive periods (2017H1-2020H1)

The strategic investment is operating steadily, and CAR has made large impairment losses resulting in segment losses

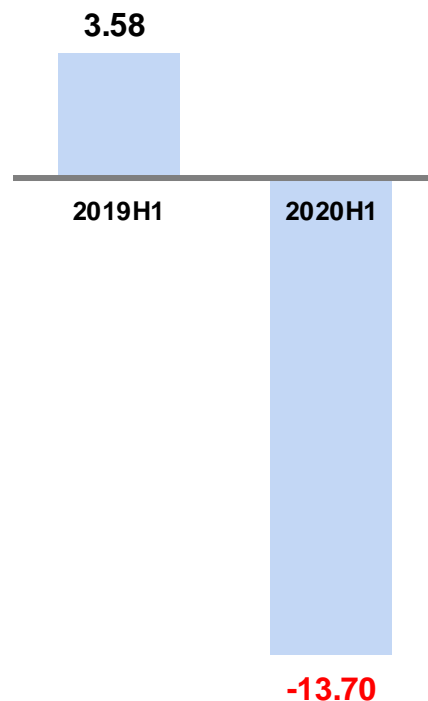
In the first half of 2020, all staff members of Legend Holdings rose to challenges and took active response. Strategic investments managed to maintain steady operations, with the operating net profit attributable to the parent company shrinking by 18% year on year due to the pandemic crisis. Despite the tough situation, many companies still delivered a business performance better than or comparable with that in a year ago, which included EAL, Zhengqi Financial, Lakala Payment, Lenovo, and Levima Advanced Materials.

In the first half of 2020, one-off factors contributed net loss of RMB1.37 billion, a year-on-year decrease of more than RMB1.7 billion, resulting in a turnaround of strategic investments from profit to loss. CAR set aside large-amount impairment provision, which yielded a significant decrease in net profit contribution worth over RMB1 billion, and we recognized the one-off gains worth RMB265 million during Lakala Payment IPO in the same period of last year.

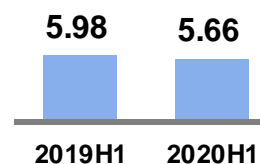
Of which : operating net profit attributable to the parent company



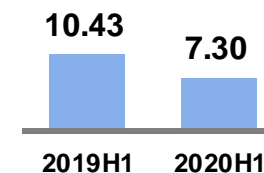
Of which : net profit of one-off factors attributable to the parent company



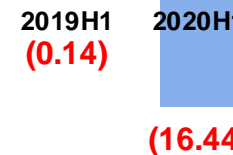
IT



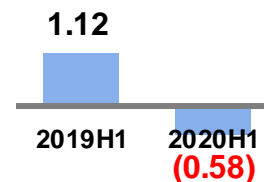
Financial services



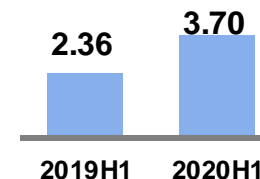
Innovative consumption & services



Agriculture and food



Advanced manufacturing and professional services



(RMB100 mn)

Financial investments produced steadily growing profit, but the sharp decline in the fair value of individual projects dragged down the profit growth

In the first half of 2020, the ongoing pandemic and great uncertainties made the capital market volatile. On the one hand, our financial investments assessed a variety of risks comprehensively, and became more proactive in post-investment management and risk response. On the other hand, we pursued a more prudential investment strategy. Adhering to the principle of merit, we appropriately slowed down the pace of investment, and raised investment threshold, to reduce the impact of uncertain factors on the funds under our management.

During the reporting period, financial investments yielded the net profit attributable to the parent company worth RMB1,427 million, a year-on-year increase of 6%. Specifically, Legend Star and Legend Capital continued to contribute an impressive return on profit, while the sharp decline in the fair value of individual projects dragged down the profit growth. In the first half of the year, financial investments continued to contribute a good cash inflow in an amount of over RMB 1.7 billion.



- During the reporting period, Legend Star had nearly 10 investment projects at home and abroad, which covered different segments such as artificial intelligence (AI), biotechnology, medical equipment, and new consumption. Among the projects under management, nearly 30 projects finished follow-on financing and four projects were exited.
- During the reporting period, Burning Rock Dx and Kintor Pharmaceutical were listed on the Nasdaq stock market and the Stock Exchange of Hong Kong Limited (SEHK), respectively.
- The fourth RMB fund completed the second closing.



- During the reporting period, Legend Capital wrapped up 22 new investments, and exited from 25 projects wholly or partially, contributing a cash inflow of more than RMB1,300 million to Legend Holdings.
- Three invested companies including UCloud, Cybrid Technologies, and Yanmade Technology went public on the A-share markets. Besides, QuantumCTek was listed on the STAR market on July 9, and WiPAM went public on the Korean Securities Dealers Automated Quotations (KOSDAQ) market on July 31.
- It is planned to raise the third RMB medical fund in 2020 and to complete the final raising of the eighth USD fund and the second USD medical fund. The funds raised in the reporting period amounted to RMB787 million.



- With the assets under management crossing the RMB80 billion mark, Hony Capital has extended its business presence to such fields including PE, real estate fund, public fund, hedge fund, and innovative investment.
- During the reporting period, different segments launched new investment projects and added further investments to existing projects in an orderly manner. With respect to investment management, some companies under management went public, and active endeavors were made in promoting project exits, thus contributing a continuously stable cash inflow to Legend Holdings.

Capital operation advanced steadily with the invested companies going public one after another

Approved by the IPO review committee



US market IPO
Date of listing: Jan. 17, 2020



STAR Market IPO
Date of listing: Jan. 20, 2020



A-share IPO
Date of listing: Feb. 10, 2020



A-share IPO
Date of listing: Apr. 30, 2020



H-share IPO
Date of listing: May 22, 2020



A-share IPO
Date of listing: Jun. 8, 2020



STAR market IPO
Date of listing: Jun. 10, 2020



US market IPO
Date of listing: Jun. 12, 2020



STAR Market IPO
Date of listing: Jul. 9, 2020



KOSDAQ IPO
Date of listing: Jul. 31, 2020



STAR market IPO
Status: Approved by the IPO review committee and to be listed



STAR market IPO
Status: Approved by the IPO review committee and to be listed



A-share IPO
Status: Approved by the IPO review committee and to be listed



STAR market IPO
Status: Approved by the IPO review committee and to be listed



A-share IPO
Status: Approved by the IPO review committee and to be listed

To be approved by the IPO review committee

Strategic investments



A-share IPO
Latest shareholding ratio : 60.44%



A-share IPO
Latest shareholding ratio : 20.10%



A-share IPO
Receiving pre-listing tutoring
Latest shareholding ratio : 46.24%

Financial investments























II. Segment Review



The IT segment transformed towards smart operation and continued to deliver a robust business performance.

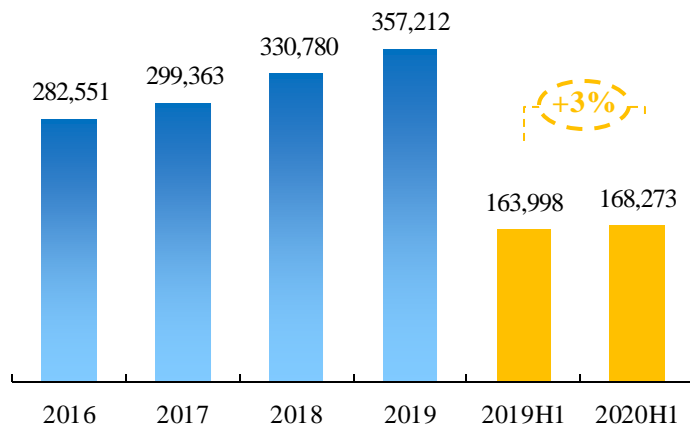
3S strategy (Smart IoT, Smart Verticals and Smart Infrastructure) enabled Lenovo to transform towards smart operation at a faster pace. During the reporting period, despite many unfavorable factors, the Group still delivered a robust business performance, thanks to the increasing demand arising from e-learning, work-from-home, and play-from-home.

The revenue of IT segment increased by 3% to RMB168,273 million year on year. This rise was mainly credited to the expanded sales from PCSD. The net profit attributable to equity holders of Legend Holdings under the segment dropped by 5% to RMB566 million, which was primarily due to a larger year-on-year loss on MBG.

- **PC and Smart Device (PCSD) business:** As the world-leading computer brand, the business maintained a global market share of about 25%. Besides, it also led the industry in profitability, with the pre-tax margin in the latest quarter reaching 6.3%.
- **Mobile Business Group (MBG):** The business continued to focus on developing in the regions and/or countries where it has the obvious competitive advantages. Nevertheless, market demand for MBG's biggest core market, Latin America, experienced a sharp decline, led to a shrink in its revenue. As a result of this, the business sustained somewhat increased losses.
- **Data Center Group (DCG):** Benefiting from the accelerated investments in cloud computing, the Cloud Service Provider business generated a revenue growing by 31% year on year in Q2 of 2020. The Enterprise and SMB business also experienced robust growth across multiple product categories.

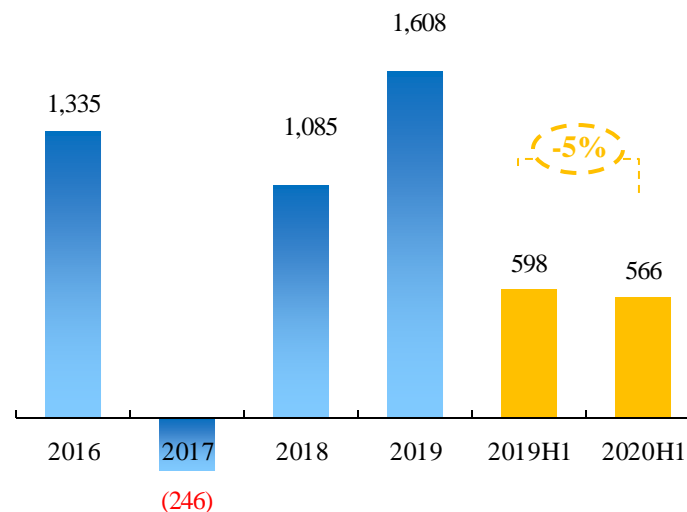
Operating revenue

(RMB1 mn)

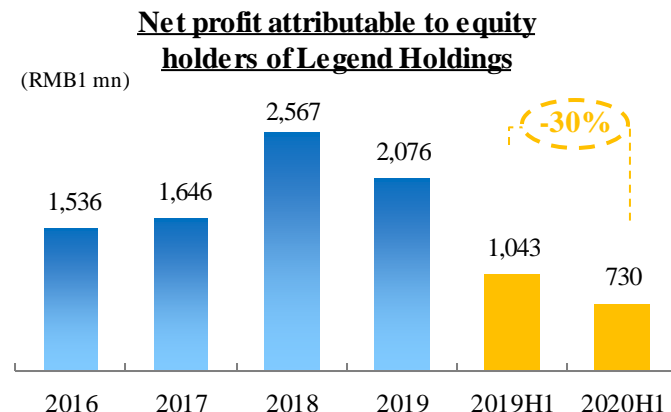
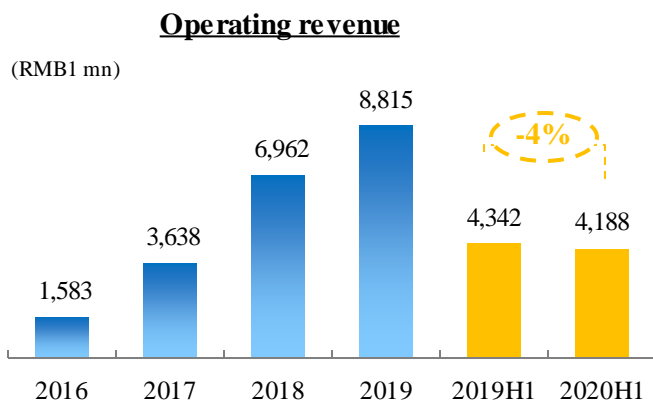


Net profit/loss attributable to equity holders of Legend Holdings

(RMB1 mn)



The financial services segment proactively adapted to risks, securing robust business results.



To adapt to the changing external environment, the financial segment proactively adjusted its business strategy, by boosting services to high-quality customers in the real economy, and adopting more prudent strategies in risk management and control:

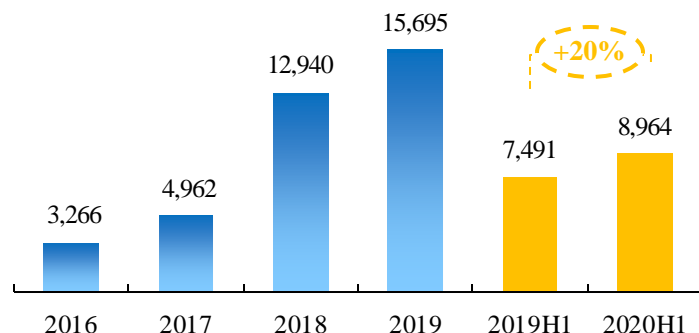
The revenue of financial services segment fell by 4% to RMB4,188 million year on year. This decline was primarily because some enterprises under the segment took the initiative to scale down their fund supplies in traditional capital business. The net profit attributable to equity holders of Legend Holdings plunged by 30% to RMB730 million, due to the impact of (1) COVID-19 affecting business development and rising risk costs; and (2) Lakala Payment confirmed a one-time diluted gain of RMB265 million when it was listed in the corresponding period of last year.

- **BIL:** Major financial indicators are listed as below: AuM of EUR41.4 billion (-4.9%); outstanding customer deposits of EUR19.1 billion (+0.7%); outstanding customer loans of EUR15.2 billion (+3.3%); core gross operating income (excl. non-recurring items) of EUR73 million (+24% yoy); net income after tax of EUR40 million (-11% yoy); CET-1 ratio of 12.79%; and rating: Moody's (A2/Stable/P-1) and S&P (A-/Stable/A-2).
- **Zhengqi Financial:** It upheld "joint investment-loan" model. Some of its invested companies made strides in their IPO process. ActBlue went public on the ChiNext Board, Trina Solar went public on the STAR Market, Sansure Biotech got IPO application approved on the STAR Market, and Chemclin Diagnostics Corporation submitted its application for IPO on the STAR Market and was accepted. During the reporting period, the company achieved a revenue of RMB469 million (-36% yoy), with the net profit reaching RMB214 million (+49% yoy).
- **JC Finance & Leasing:** It strengthened its business coverage and market development, and developed financial leasing of retail businesses represented by heavy truck and small and micro enterprises. During the reporting period, the company generated a revenue of RMB545 million (+9% yoy), with the net profit reporting RMB111 million (-8% yoy).
- **Kaola Technology:** It fully exploited its advantages in risk control, and increased support for the real economy. During the reporting period, it produced a revenue of RMB784 million, with the net profit standing at RMB6 million.
- **Lakala Payment:** Its merchants saw their transaction volume recovering year on year, and the income from such business lines with high gross profit as FinTech and IT took up a further enhanced proportion in the total. During the reporting period, the company posted a revenue of RMB2,506 million (+0.4% yoy), and the net profit attributable to equity holders of Lakala payment amounted to RMB436 million (+19.0% yoy).

The agriculture and food segment continued to expand its business scale.

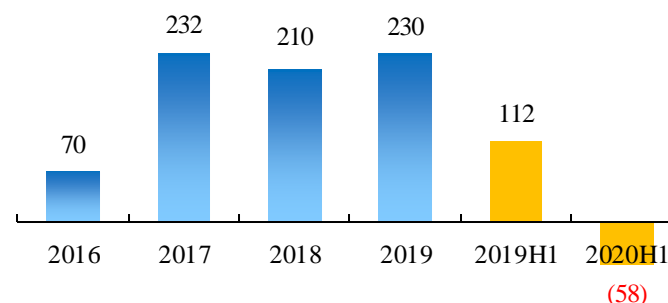
Operating revenue

(RMB1 mn)



Net profit attributable to equity holders of Legend Holdings

(RMB1 mn)



The Joyvio Group is committed to building an integrated resource platform for the two main supply chains of fruit and seafood. Its core industry strategy aims to integrate global resources with China consumption. With the completed industry chain and globalization, the group continues to promote operational efficiency and provide consumers with higher-quality products and services.

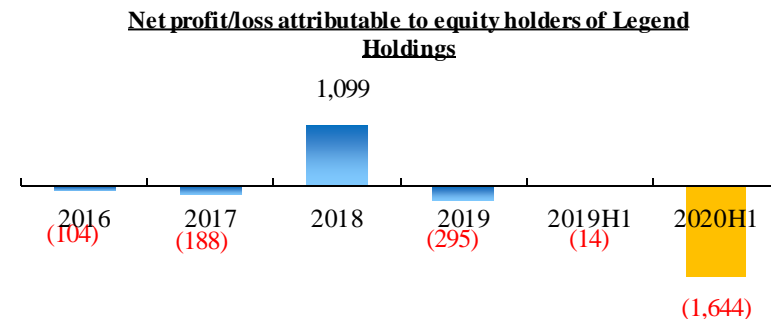
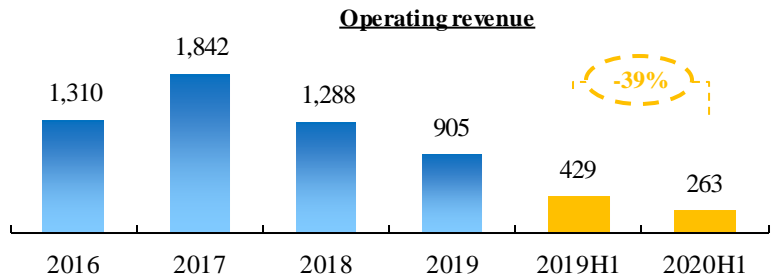
The revenue in the segment soared by 20% to RMB8,964 million year on year, which was largely due to the expanded scale of fruit and seafood business. Even so, the segment sustained the net loss attributable to equity holders of Legend Holdings worth RMB58 million, mainly due to businesses being affected to various degrees by COVID-19.

- **Fruit business:** In the face of the COVID-19 pandemic, Golden Wing Mau ensured the rapid revenue growth by increasing its investment in the market and developed more source markets. Xinguojiayuan continued its technological transformation and optimization of its management model. As a result, its blueberry output set a new record. Joyvio Group continued to increase its equity interests in both Golden Wing Mau and Xinguojiayuan.
- **Animal protein business:** It pushed on with the integration of Australis with existing business. It also leveraged its integration of upstream and downstream resources to promote the research and development of value-added products and expanded diversified sales channels. Besides, it maintained its industry-leading position as China's largest importer and distributor of arctic sweet shrimp, supplier of pollock and brand owner of all-channel imported animal protein products.
- **Other businesses:** As a ready-to-cook business supplier, Nine Masters Food reinforced research and development to develop best-selling products such as bullfrogs, and remodeled factories to enhance productivity. For drink business, Liquor Easy, a national wine and liquor chain retail enterprise, strengthened its marketing and operational capacity in online business, and further optimized the network of stores and distribution stations to enhance customer satisfaction. And for packaged food business, a snack food producer Huawen Foods, its A-share market IPO was approved and awaiting listing.

Other business segments proactively countered the adverse impacts of the COVID-19 pandemic, and continued to foster capital operations.

The innovative consumption and services segment made a concerted effort to overcome prevailing crisis brought by the pandemic. It took all protective measures and spared no effort to support the anti-pandemic initiative across China. Meanwhile, it developed new products and services and maintained good relationship with customers, and opened up new service scenarios. During the reporting period, it experienced a revenue decline, mainly due to the closure of pre-schools at the peak of the pandemic. Besides, the net profit in the segment plummeted sharply, mainly due to the provision of a large impairment for CAR resulted in a significant increase in the loss of its contribution, and the consumption business suffering bigger losses due to the extensive impact of COVID-19.

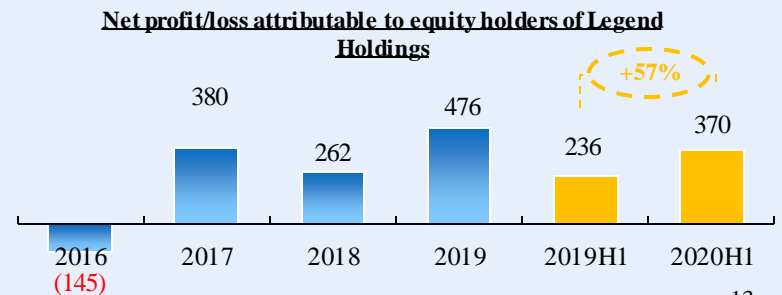
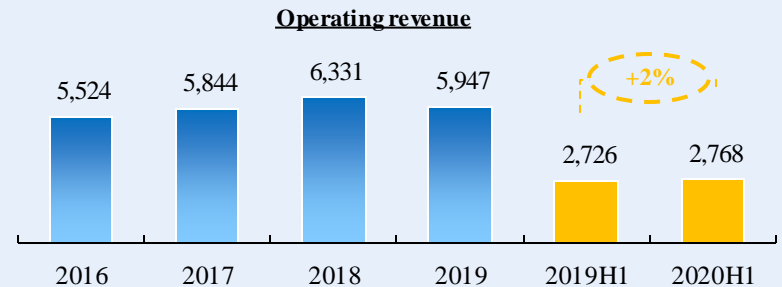
- **Better Education:** Better Education directly operated 111 kindergartens and 8 early learning centers and training schools, with over 33,000 enrolled students. Affected by the pandemic, classes at all preschools in the Better Education network were suspended from February to April 2020, and resumed from May continually. During the reporting period, it realized a revenue of RMB92 million with the net loss amounting RMB108 million.
- **Shanghai Neuromedical Center:** During the pandemic period, it joined the first community medical organization support team to Wuhan. The number of outpatients increased at the time when the pandemic was sweeping China. During the reporting period, it achieved a revenue of RMB171 million, an increase of 24% year on year.
- **CAR:** Its business was severely affected by the COVID-19. The provisioning of a large-amount, one-off impairment loss caused it a loss of over RMB3.8 billion in the first half of the year.



(RMB1 mn)

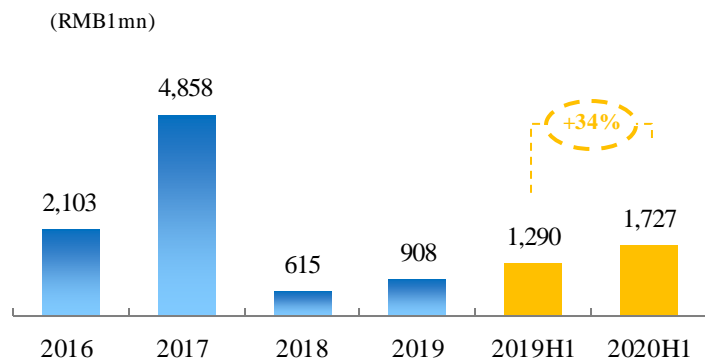
The advanced manufacturing and professional services segment actively made efforts to counter the impact of COVID-19 and changes in the macro environment, thus achieving sound business results despite the tough situation. Its revenue increased by 2% to RMB2,768 million year on year, and its net profit attributable to equity holders of Legend Holdings surged by 57% to RMB370 million year on year, which was mainly due to the growing profit from EAL.

- **Levima Group:** Despite the adverse impact of COVID-19, it performed well, as the cost of raw materials stayed low, manufacturing operation indicators and product structures were further optimized and the sales strategy was stepped up. As a result of this, it racked up a net profit of RMB222 million, merely down 8% year on year. Owing to its outstanding performance during the pandemic, it was included in the list of “Shandong Province’s Important Enterprises of Producing Anti-pandemic Materials”. Besides, the preparation for Levima Advanced Materials’ IPO was processing smoothly during the reporting period.
- **EAL:** As a leading company in China’s aviation logistics industry, it has made tremendous contributions to the global pandemic control, disaster relief efforts, and return to normal work and production. Benefiting from the combined effects of many factors including the rising freight costs and the collapse of crude oil prices, it attained the positive business growth in the first half of the year, compared with a year ago. As well, the preparation of EAL’s IPO was progressing as planned.

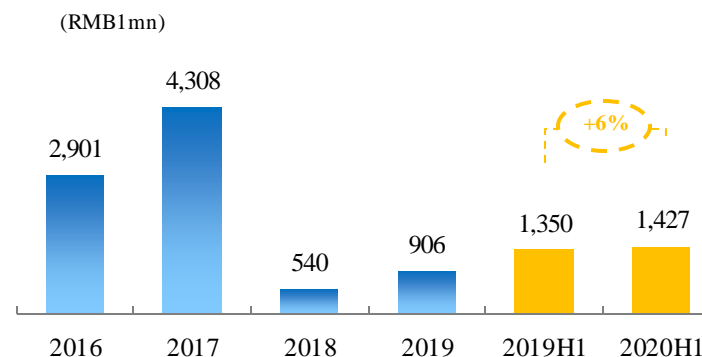


Financial investments produced steadily growing profit

Investment income and earnings



Net profit attributable to equity holders of Legend Holdings



The ongoing pandemic and great uncertainties made the capital market volatile. On the one hand, our financial investments assessed a variety of risks comprehensively, and became more proactive in post-investment management and risk response. On the other hand, we pursued a more prudential investment strategy. Adhering to the principle of merit, we relatively slowed down the pace of investment, and raised the investment threshold, to reduce the impact of uncertain factors on the funds under our management.

During the reporting period, Legend Star and Legend Capital managed to generate decent portfolio value increase and contribute considerable profit. But the profit growth was partially offset by the sharp decline in the fair value of individual projects.

- **Legend Star:** Legend Star managed seven funds with over RMB2.6 billion in total AUM, and invested in over 270 projects at home and abroad accumulatively. During the reporting period, Legend Star had nearly 10 investment projects at home and abroad, which covered different segments such as AI, biotechnology, medical equipment, and new consumption. Among the projects under management, nearly 30 projects finished follow-on financing and four projects were exited. Burning Rock Dx and Kintor Pharmaceutical were listed on the Nasdaq stock market and the SEHK, respectively, and the fourth RMB fund completed the second closing.
- **Legend Capital:** Legend Capital managed 21 funds with over RMB50 billion in total AUM. During the reporting period, Legend Capital wrapped up 22 new investment projects, and exited from 25 projects wholly or partially, contributing a cash inflow of more than RMB1.3 billion to Legend Holdings. Three invested companies including UCloud, Cybrid Technologies, and Yanmade Technology went public on A-share market. Besides, QuantumCTek was listed on the STAR market on July 9, and WiPAM went public on the KOSDAQ market on July 31. It is planned to raise the third RMB medical fund in 2020 and to complete the final raising of the eighth USD fund and the second USD medical fund. The funds raised in the reporting period amounted to RMB787 million.
- **Hony Capital:** Hony Capital managed 12 funds with over RMB80 billion in total AUM. Besides, Hony Horizon managed five public funds.
- We also hold high-end office buildings, i.e. Raycom Infotech Park Building A, Building B and Building C in Zhongguancun. As at the end of the reporting period, the fair value of our investment properties amounted to RMB11.54 billion. (excl. the part for own use).

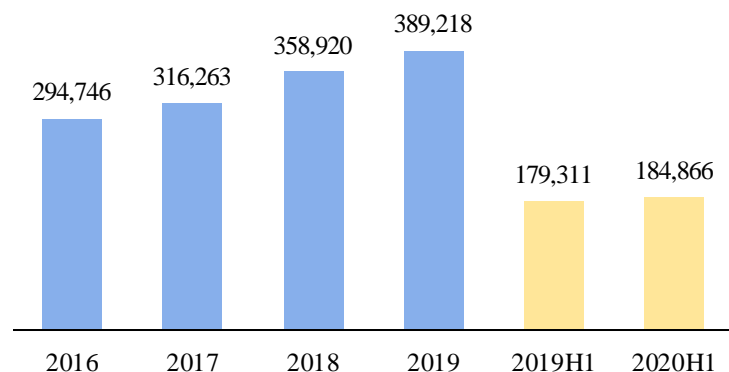
III. Financial overview



Profit structure

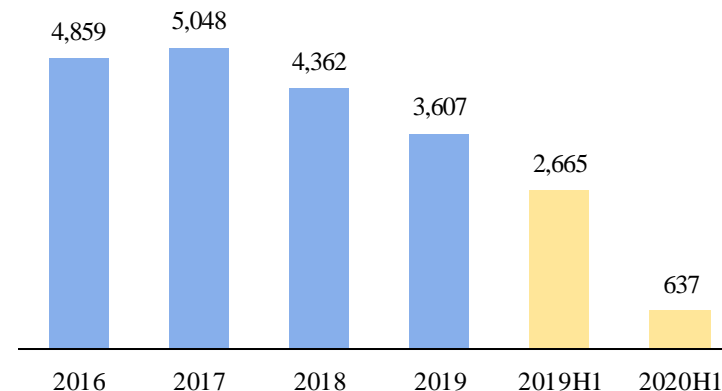
Revenue

(RMB1mn)



Net profit attributable to equity holders of the Company

(RMB1mn)



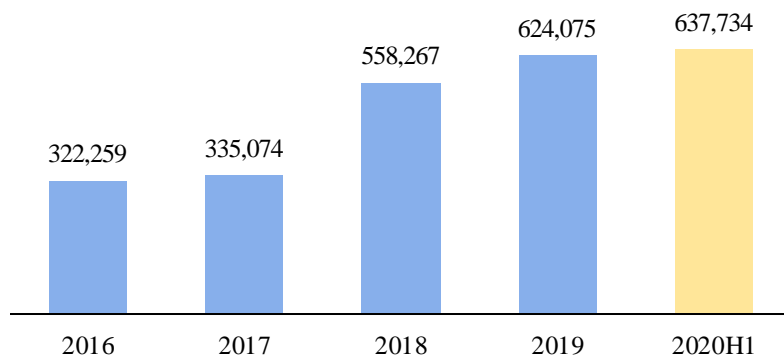
Breakdown of the net profit attributable to equity holders of Legend Holdings

RMB1 mn	2020H1		2019H1	
IT	566	89%	598	22%
Financial services	730	115%	1,043	39%
Innovative consumption and services	-1,644	-258%	-14	-1%
Agriculture and food	-58	-9%	112	4%
Advanced manufacturing and professional services	370	58%	236	9%
Financial investments	1,427	224%	1,350	51%
To be allocated and offset	-754	-118%	-661	-25%
Net profit attributable to equity holders of the Company	637	100%	2,665	100%

Asset and liability structure

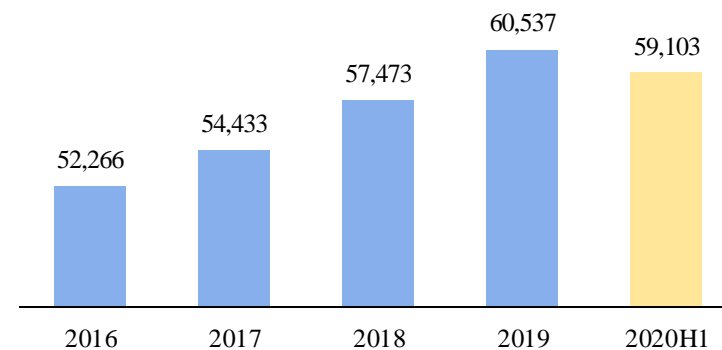
Consolidated total assets

(RMB1 mn)

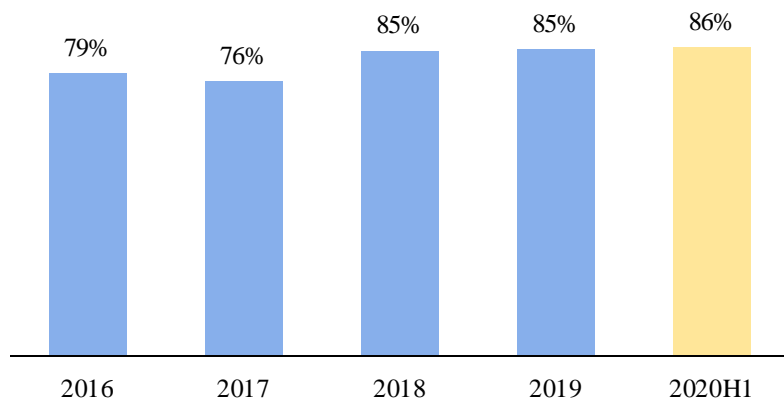


Equity attributable to shareholders of the Company

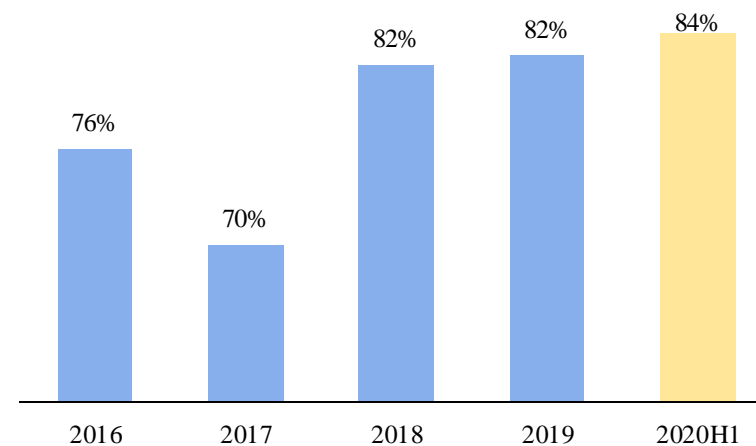
(RMB1 mn)



Asset-liability ratio



Debt-to-equity ratio*



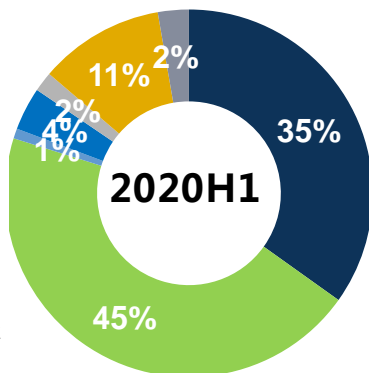
*Debt-to-equity ratio = net debts/consolidated net assets

Net debts = interest-bearing liabilities - cash and cash equivalents

Asset and liability structure

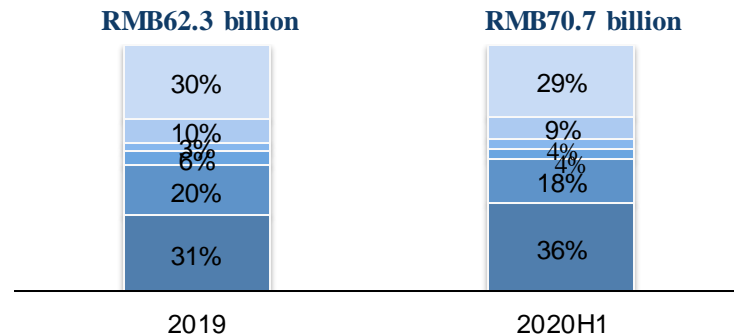
Allocation of corporate assets

- IT
- Financial services
- Innovative consumption and services
- Agriculture and food
- Advanced manufacturing and professional services
- Financial investments
- To be allocated and offset



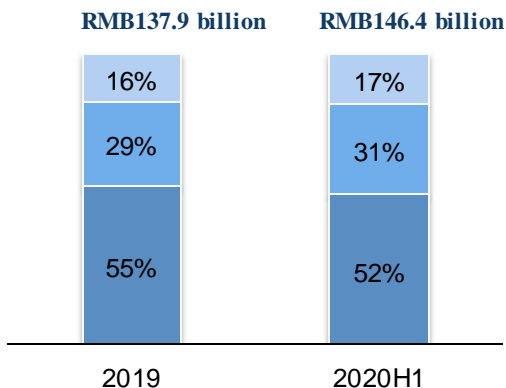
Composition of cash and cash equivalents

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



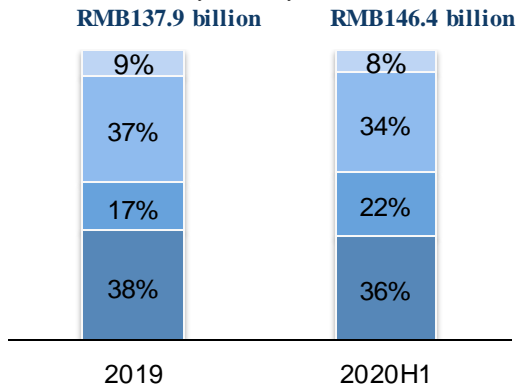
Structure of interest-bearing liabilities (by currency type)

- RMB
- USD
- Others



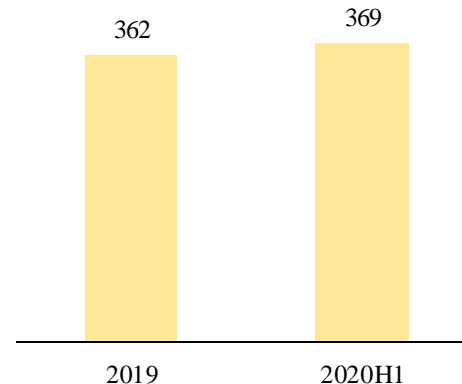
Structure of interest-bearing liabilities (by term)

- below 1 year
- 1-2 years
- 2-5 years
- over 5 years



Net liabilities of the headquarters

(RMB100 mn)



*Net liabilities of the headquarters refer to the liabilities of the Legend Holdings headquarters and its platforms, Right Lane Limited and its platforms, and Raycom Real Estate Co., Ltd.

Thank you!

联想控股
LEGEND HOLDINGS
— 制造卓越企业 —

