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Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

FY2011/12 FIRST QUARTER RESULTS ANNOUNCEMENT

QUARTERLY RESULTS

The board of directors (the “Board”) of Lenovo Group Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the three months ended June 30, 2011 together with comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	3 months ended June 30, 2011 (unaudited) US\$'000	3 months ended June 30, 2010 (unaudited) US\$'000
Sales	2	5,919,916	5,146,672
Cost of sales		(5,181,419)	(4,623,676)
Gross profit		738,497	522,996
Other income - net	3	-	89
Selling and distribution expenses		(349,546)	(222,016)
Administrative expenses		(173,716)	(160,472)
Research and development expenses		(77,521)	(69,558)
Other operating (expense)/income - net		(14,650)	10,268
Operating profit	4	123,064	81,307
Finance income	5(a)	8,932	4,882
Finance costs	5(b)	(8,196)	(10,837)
Share of (losses)/profits of associates		(307)	47
Profit before taxation		123,493	75,399
Taxation	6	(14,698)	(20,539)
Profit for the period		108,795	54,860
Profit attributable to:			
Equity holders of the Company		108,796	54,860
Non-controlling interests		(1)	-
		108,795	54,860
Basic earnings per share attributable to equity holders of the Company	7(a)	US 1.11 cents	US 0.57 cent
Diluted earnings per share attributable to equity holders of the Company	7(b)	US 1.08 cents	US 0.54 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended June 30, 2011 (unaudited) <i>US\$'000</i>	3 months ended June 30, 2010 (unaudited) <i>US\$'000</i>
Profit for the period	108,795	54,860
Other comprehensive (loss)/income		
Fair value change on available-for-sale financial assets	(17,146)	(16,042)
Fair value change on cash flow hedge		
- interest rate swap contracts	(69)	620
- forward foreign exchange contracts	8,443	(10,348)
Currency translation differences	9,155	9,921
	383	(15,849)
	109,178	39,011
Total comprehensive income attributable to:		
Equity holders of the Company	109,179	39,011
Non-controlling interests	(1)	-
	109,178	39,011

CONSOLIDATED BALANCE SHEET

		June 30, 2011 (unaudited) <i>US\$'000</i>	March 31, 2011 (audited) <i>US\$'000</i>
Non-current assets			
Property, plant and equipment		211,049	209,417
Prepaid lease payments		9,749	9,682
Construction-in-progress		47,097	32,092
Intangible assets		2,141,838	2,134,452
Interests in associates		633	914
Deferred income tax assets		272,942	251,098
Available-for-sale financial assets		61,557	78,689
Other non-current assets		53,000	53,132
		<hr/> 2,797,865 <hr/>	<hr/> 2,769,476 <hr/>
Current assets			
Inventories		935,606	803,702
Trade receivables	<i>8(a)</i>	1,667,911	1,368,924
Notes receivable		472,023	391,649
Derivative financial assets		19,269	13,295
Deposits, prepayments and other receivables		2,530,153	2,305,325
Income tax recoverable		36,518	56,912
Bank deposits		56,644	42,158
Cash and cash equivalents		3,842,412	2,954,498
		<hr/> 9,560,536 <hr/>	<hr/> 7,936,463 <hr/>
Total assets		<hr/> 12,358,401 <hr/>	<hr/> 10,705,939 <hr/>

CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	June 30, 2011 (unaudited) US\$'000	March 31, 2011 (audited) US\$'000
Share capital	10	31,954	31,941
Reserves		1,928,531	1,802,780
		1,960,485	1,834,721
Equity attributable to owners of the Company			
Non-controlling interests		178	179
		1,960,663	1,834,900
		1,960,663	1,834,900
Non-current liabilities			
Warranty provision	9	415,055	395,242
Deferred revenue		293,564	277,205
Retirement benefit obligations		76,350	74,870
Deferred income tax liabilities		22,405	17,093
Other non-current liabilities		67,974	73,976
		875,348	838,386
		875,348	838,386
Current liabilities			
Trade payables	8(b)	3,073,147	2,179,839
Notes payable		128,306	98,964
Derivative financial liabilities		38,857	39,223
Provisions, accruals and other payables	9	5,685,498	5,096,649
Income tax payable		73,366	96,711
Bank borrowings		61,469	71,561
Current portion of non-current liabilities	9	461,747	449,706
		9,522,390	8,032,653
		9,522,390	8,032,653
Total liabilities		10,397,738	8,871,039
		10,397,738	8,871,039
Total equity and liabilities		12,358,401	10,705,939
Net current assets/(liabilities)		38,146	(96,190)
Total assets less current liabilities		2,836,011	2,673,286

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended June 30, 2011 (unaudited) US\$'000	3 months ended June 30, 2010 (unaudited) US\$'000
Net cash generated from operating activities	919,423	325,037
Net cash (used in)/generated from investing activities	(43,388)	87,259
Net cash used in financing activities	(8,536)	(34,205)
	<hr/>	<hr/>
Increase in cash and cash equivalents	867,499	378,091
Effect of foreign exchange rate changes	20,415	1,178
Cash and cash equivalents at the beginning of the period	2,954,498	2,238,195
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	3,842,412	2,617,464
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company												
	Share capital (unaudited) US\$'000	Share premium (unaudited) US\$'000	Convertible rights in respect of convertible preferred shares (unaudited) US\$'000	Investment revaluation reserve (unaudited) US\$'000	Share redemption reserve (unaudited) US\$'000	Employee share trusts (unaudited) US\$'000	Share-based compensation reserve (unaudited) US\$'000	Hedging reserve (unaudited) US\$'000	Exchange reserve (unaudited) US\$'000	Other reserve (unaudited) US\$'000	Retained earnings (unaudited) US\$'000	Non- controlling interests (unaudited) US\$'000	Total (unaudited) US\$'000
At April 1, 2011	31,941	1,377,529	-	56,474	1,003	(76,110)	63,280	(18,583)	(1,523)	58,236	342,474	179	1,834,900
Profit for the period	-	-	-	-	-	-	-	-	-	-	108,796	(1)	108,795
Other comprehensive (loss)/income	-	-	-	(17,146)	-	-	-	8,374	9,155	-	-	-	383
Total comprehensive (loss)/income for the period	-	-	-	(17,146)	-	-	-	8,374	9,155	-	108,796	(1)	109,178
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	5,274	(5,274)	-	-
Exercise of share options	13	1,543	-	-	-	-	-	-	-	-	-	-	1,556
Vesting of shares under long-term incentive program	-	-	-	-	-	8,053	(10,200)	-	-	-	-	-	(2,147)
Share-based compensation	-	-	-	-	-	-	17,176	-	-	-	-	-	17,176
At June 30, 2011	31,954	1,379,072	-	39,328	1,003	(68,057)	70,256	(10,209)	7,632	63,510	445,996	178	1,960,663
At April 1, 2010	31,388	1,341,118	2,836	72,366	497	(111,054)	76,054	6,069	(35,969)	34,430	188,106	177	1,606,018
Profit for the period	-	-	-	-	-	-	-	-	-	-	54,860	-	54,860
Other comprehensive (loss)/income	-	-	-	(16,042)	-	-	-	(9,728)	9,921	-	-	-	(15,849)
Total comprehensive (loss)/income for the period	-	-	-	(16,042)	-	-	-	(9,728)	9,921	-	54,860	-	39,011
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	22,181	(22,181)	-	-
Exercise of share options	17	2,193	-	-	-	-	-	-	-	-	-	-	2,210
Repurchase of shares	(111)	(19,255)	-	-	111	-	-	-	-	-	-	-	(19,255)
Vesting of shares under long-term incentive program	-	-	-	-	-	11,537	(19,207)	-	-	-	-	-	(7,670)
Share-based compensation	-	-	-	-	-	-	10,185	-	-	-	-	-	10,185
At June 30, 2010	31,294	1,324,056	2,836	56,324	608	(99,517)	67,032	(3,659)	(26,048)	56,611	220,785	177	1,630,499

1 Basis of preparation

The Board is responsible for the preparation of the Group's financial statements. The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities are stated at fair values.

The Group has adopted the revised standard, new interpretation, and amendments to existing standards and interpretations (including improvements to HKFRSs 2010) that are mandatory for the year ending March 31, 2012 and where considered appropriate and relevant to its operations.

Revised standard, new interpretation and amendments to existing standards and interpretations

HKAS 24 (Revised), Related party disclosures
 HK(IFRIC)-Int 19, Extinguishing financial liabilities with equity instruments
 Amendments to HK(IFRIC)-Int 14, Prepayments of a minimum funding requirement

Improvements to HKFRSs 2010 - Amendments to

HKFRS 3 (Revised), Business combinations
 HKFRS 7, Financial instruments: Disclosures
 HKAS 1 (Revised), Presentation of financial statements
 HKAS 21, The effect of changes in foreign exchange rates
 HKAS 28, Investments in associates
 HKAS 31, Interests in joint ventures
 HKAS 32, Financial instruments: Presentation
 HKAS 34, Interim financial reporting
 HKAS 39, Financial instruments: Recognition and measurement
 HK(IFRIC)-Int 13, Customer loyalty programmes

The adoption of the revised standard, new interpretation and amendments to existing standards and interpretations above does not result in substantial changes to the Group's accounting policies or financial results.

The following new and revised standards and amendments to existing standards have been issued but are not effective for the year ending March 31, 2012 and have not been early adopted:

	Effective for annual periods beginning on or after
<i>New and revised standards, and amendments to existing standards</i>	
HKAS 19 (2011), Employee benefits	January 1, 2013
HKAS 27 (2011), Separate financial statements	January 1, 2013
HKAS 28 (2011), Investments in associates and joint ventures	January 1, 2013
HKFRS 9, Financial instruments	January 1, 2013
HKFRS 10, Consolidated financial statements	January 1, 2013
HKFRS 11, Joint arrangements	January 1, 2013
HKFRS 12, Disclosure of interests in other entities	January 1, 2013
HKFRS 13, Fair value measurement	January 1, 2013
Amendments to HKAS 1 (Revised), Presentation of items of other comprehensive income	July 1, 2012
Amendments to HKAS 12, Deferred tax: Recovery of underlying assets	January 1, 2012
Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers to financial assets	July 1, 2011

The Group is currently assessing the impact of the adoption of the new and revised standards, and amendments to existing standards above to the Group in future periods. So far, it has

concluded that the adoption of the above do not have material impact on the Group's financial statements.

The Group has changed certain presentations in the condensed consolidated cash flow statement and information on operating segments.

For condensed consolidated cash flow statement presentation, the effect of foreign exchange rate changes on cash flow from operations has been presented as part of net cash generated from operations.

For presentation of segment results, certain expenses have been reclassified, in particular, expenditures on aligning the information technology systems ("IT systems"). In the previous years, expenditures on aligning the IT systems of mature and emerging markets were included in the respective markets. The Group has substantially completed the alignment of the IT systems with key business systems converged in the same platform. With effect from the current fiscal year, expenditures on IT systems are allocated to market segments on a flat rate basis with reference to revenue contributions of the respective markets. Management considers this basis is more appropriate in the measurement of market segment results.

For presentation of segment assets and liabilities, assets and liabilities of certain entities performing centralized functions for the group, previously included in market segments based on their respective geographical locations, have been reclassified to unallocated assets and liabilities. Management considers this is more appropriate in light of their increased roles as centralized functions. The amounts of assets and liabilities of US\$2,904 million and US\$4,340 million (March 31, 2011: US\$2,023 million and US\$3,627 million) previously included in respective market segments have been reclassified as unallocated.

The comparative information has been reclassified to conform to the current period's presentation.

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Lenovo Executive Committee (the "LEC"), the chief operating decision-maker, that are used to make strategic decisions.

The LEC considers business from a market perspective. The Group has three market segments, China, Emerging Markets (excluding China) and Mature Markets, which are also the Group's reportable operating segments.

The LEC assesses the performance of the operating segments based on a measure of adjusted pre-tax income/(loss). This measurement basis excludes the effects of non-recurring expenditure such as restructuring costs from the operating segments. The measurement basis also excludes the effects of unrealized gains/losses on financial instruments. Certain interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function which manages the cash position of the Group.

Supplementary information on market segment assets and liabilities presented below is primarily based on the geographical location of the entities which carry the assets and liabilities, except for entities performing centralized functions for the group the assets and liabilities of which are not allocated to any market.

(a) Segment results, assets and liabilities

The segment information for the reportable segments for the period ended June 30, 2011 and its comparatives are as follows:

	China US\$'000	Emerging Markets (excluding China) US\$'000	Mature Markets US\$'000	Total US\$'000
For the three months ended June 30, 2011				
Sales to external customers	<u>2,835,724</u>	<u>1,037,206</u>	<u>2,046,986</u>	<u>5,919,916</u>
Adjusted pre-tax income/(loss)	<u>159,430</u>	<u>(21,701)</u>	<u>75,963</u>	<u>213,692</u>
Depreciation and amortization	<u>17,560</u>	<u>6,219</u>	<u>13,783</u>	<u>37,562</u>
Restructuring costs	<u>-</u>	<u>20</u>	<u>(787)</u>	<u>(767)</u>
Additions to non-current assets*	<u>12,918</u>	<u>1,580</u>	<u>3,445</u>	<u>17,943</u>
At June 30, 2011				
Total assets	<u>4,014,635</u>	<u>1,469,225</u>	<u>1,549,593</u>	<u>7,033,453</u>
Total liabilities	<u>2,585,772</u>	<u>448,647</u>	<u>1,569,603</u>	<u>4,604,022</u>
	China US\$'000	Emerging Markets (excluding China) US\$'000	Mature Markets US\$'000	Total US\$'000
For the three months ended June 30, 2010				
Sales to external customers	<u>2,507,838</u>	<u>820,771</u>	<u>1,818,063</u>	<u>5,146,672</u>
Adjusted pre-tax income/(loss)	<u>112,903</u>	<u>(22,935)</u>	<u>19,813</u>	<u>109,781</u>
Depreciation and amortization	<u>16,938</u>	<u>4,548</u>	<u>24,657</u>	<u>46,143</u>
Restructuring costs	<u>(49)</u>	<u>(11)</u>	<u>1,277</u>	<u>1,217</u>
Additions to non-current assets*	<u>1,248</u>	<u>1,093</u>	<u>2,569</u>	<u>4,910</u>
At March 31, 2011				
Total assets	<u>3,368,166</u>	<u>1,407,639</u>	<u>1,386,766</u>	<u>6,162,571</u>
Total liabilities	<u>1,833,711</u>	<u>366,575</u>	<u>1,563,680</u>	<u>3,763,966</u>

* Other than financial instruments and deferred income tax assets; and exclude construction-in-progress pending allocation to segments.

- (b) Reconciliation of adjusted pre-tax income for reportable segments to consolidated profit before taxation is provided as follows:

	3 months ended June 30, 2011 US\$'000	3 months ended June 30, 2010 US\$'000
Adjusted pre-tax income	213,692	109,781
Unallocated:		
Headquarters and corporate expenses	(93,515)	(30,670)
Restructuring costs	767	(1,217)
Finance income	6,580	4,207
Finance costs	(3,724)	(6,838)
Net gain on disposal of available-for-sale financial assets and investments	-	89
Share of (losses)/profits of associates	(307)	47
Consolidated profit before taxation	123,493	75,399

- (c) Reconciliation of segment assets for reportable segments to total assets per consolidated balance sheet is provided as follows:

	June 30, 2011 US\$'000	March 31, 2011 US\$'000
Segment assets for reportable segments	7,033,453	6,162,571
Unallocated:		
Deferred income tax assets	272,942	251,098
Derivative financial assets	19,269	13,295
Available-for-sale financial assets	61,557	78,689
Interests in associates	633	914
Bank deposits and cash and cash equivalents	2,374,909	1,653,870
Inventories	473,714	394,998
Deposits, prepayments and other receivables	2,053,720	2,062,952
Income tax recoverable	36,518	56,912
Other unallocated assets	31,686	30,640
Total assets per consolidated balance sheet	12,358,401	10,705,939

- (d) Reconciliation of segment liabilities for reportable segments to total liabilities per consolidated balance sheet is provided as follows:

	June 30, 2011 US\$'000	March 31, 2011 US\$'000
Segment liabilities for reportable segments	4,604,022	3,763,966
Unallocated:		
Income tax payable	73,366	96,711
Deferred income tax liabilities	22,405	17,093
Derivative financial liabilities	38,857	39,223
Bank borrowings	200,000	200,000
Trade payables	2,353,546	1,771,633
Provisions, accruals and other payables	3,072,662	2,942,621
Other unallocated liabilities	32,880	39,792
Total liabilities per consolidated balance sheet	10,397,738	8,871,039

- (e) Included in segment assets for reportable segments are goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US\$1,944 million (March 31, 2011: US\$1,926 million). During the period, the Group underwent an organizational structure change under which Latin America previously as a reportable segment merged with REM, forming a cash-generating unit (“CGU”). The intangible assets have been reallocated to the CGU affected using a relative value approach in accordance with HKAS 36 “Impairment of Assets”. The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

At June 30, 2011

	China US\$ million	REM * US\$ million	North America US\$ million	West Europe US\$ million	Japan, Australia, New Zealand US\$ million	Total US\$ million
Goodwill	1,076	167	162	86	73	1,564
Trademarks and trade names	209	64	58	35	14	380

* Includes Africa, Asia Pacific, Central/Eastern Europe, Hong Kong, India, Korea, Middle East, Pakistan, Russia, Taiwan, Turkey and Latin America (previously a stand-alone CGU).

At March 31, 2011

	China US\$ million	REM ** US\$ million	Latin America US\$ million	North America US\$ million	West Europe US\$ million	Japan, Australia, New Zealand US\$ million	Total US\$ million
Goodwill	1,065	143	24	161	84	69	1,546
Trademarks and trade names	209	55	9	58	35	14	380

** Includes Africa, Asia Pacific, Central/Eastern Europe, Hong Kong, India, Korea, Middle East, Pakistan, Russia, Taiwan and Turkey

The directors are of the view that there was no evidence of impairment of goodwill and trademarks and trade names as at June 30, 2011 (March 31, 2011: Nil).

3 Other income - net

	3 months ended June 30, 2011 US\$'000	3 months ended June 30, 2010 US\$'000
Net gain on disposal of available-for-sale financial assets and investments	-	89

4 Operating profit

Operating profit is stated after charging/(crediting) the following:

	3 months ended June 30, 2011 US\$'000	3 months ended June 30, 2010 US\$'000
Depreciation and impairment of property, plant and equipment and amortization of prepaid lease payments	17,332	20,487
Amortization and impairment of intangible assets	20,230	25,656
Employee benefit costs, including	411,378	332,877
- long-term incentive awards	17,176	10,185
- severance and related (credits)/costs	(759)	1,438
Rental expenses under operating leases	12,650	13,141
	12,650	13,141

5 Finance income and costs

(a) Finance income

	3 months ended June 30, 2011 US\$'000	3 months ended June 30, 2010 US\$'000
Interest on bank deposits	8,159	4,729
Interest on money market funds	635	135
Others	138	18
	8,932	4,882

(b) Finance costs

Interest on bank loans and overdrafts	1,915	4,964
Dividend and relevant finance costs on convertible preferred shares	-	1,553
Factoring cost	4,690	3,518
Others	1,591	802
	8,196	10,837

6 Taxation

The amount of taxation in the consolidated income statement represents:

	3 months ended June 30, 2011 US\$'000	3 months ended June 30, 2010 US\$'000
Current taxation		
Hong Kong profits tax	57	71
Taxation outside Hong Kong	28,665	23,736
Deferred taxation	(14,024)	(3,268)
	14,698	20,539

Hong Kong profits tax has been provided for at the rate of 16.5% (2010/11: 16.5%) on the estimated assessable profits. Taxation outside Hong Kong has been provided for at the applicable rates on the estimated assessable profits less estimated available tax losses.

7 Earnings per share

(a) Basic

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

	3 months ended June 30, 2011	3 months ended June 30, 2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,801,286,188	9,549,812,711
Profit attributable to equity holders of the Company	US\$'000 108,796	US\$'000 54,860

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding due to the effect of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares, namely share options and long-term incentive awards.

	3 months ended June 30, 2011	3 months ended June 30, 2010
Weighted average number of ordinary shares in issue	9,801,286,188	9,549,812,711
Adjustments for convertible preferred shares	-	282,263,132
Adjustments for share options and long-term incentive awards	248,645,822	710,418,339
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share	10,049,932,010	10,542,494,182
Profit attributable to equity holders of the Company	108,796	54,860
Interest expense on convertible preferred shares	-	1,553
	108,796	56,413

Adjustments for the dilutive potential ordinary shares are as follows:

- All remaining convertible preferred shares were converted into voting ordinary shares during the year end March 31, 2011. For the three months ended June 30, 2010, the convertible preferred shares were assumed to have been converted into ordinary shares and the net profit was adjusted to add back the relevant finance costs
- For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average periodic market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise in full of the share options.
- For the long-term incentive awards, a calculation is done to determine whether the long-term incentive awards are dilutive, and the number of shares that are deemed to be issued.

8 Ageing analysis

- (a) Customers are generally granted credit term ranging from 15 to 60 days. Ageing analysis of trade receivables of the Group at the balance sheet date, based on invoice date, is as follows:

	June 30, 2011 <i>US\$'000</i>	March 31, 2011 <i>US\$'000</i>
0 – 30 days	979,635	941,811
31 – 60 days	444,791	251,698
61 – 90 days	120,979	92,817
Over 90 days	146,505	103,679
	<hr/>	<hr/>
	1,691,910	1,390,005
Less: provision for impairment	(23,999)	(21,081)
	<hr/>	<hr/>
Trade receivables – net	1,667,911	1,368,924
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- (b) Ageing analysis of trade payables of the Group at the balance sheet date, based on invoice date, is as follows:

	June 30, 2011 <i>US\$'000</i>	March 31, 2011 <i>US\$'000</i>
0 – 30 days	1,791,853	1,381,832
31 – 60 days	877,651	503,648
61 – 90 days	362,196	230,791
Over 90 days	41,447	63,568
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	3,073,147	2,179,839
	<hr/> <hr/>	<hr/> <hr/>

9 Provisions

Included in provisions, accruals and other payables and current portion of non-current liabilities are warranty, restructuring costs and environmental restoration provisions:

	Warranty <i>US\$'000</i>	Restructuring <i>US\$'000</i>	Environmental restoration <i>US\$'000</i>	Total <i>US\$'000</i>
Year ended March 31, 2011				
At the beginning of the year	550,689	11,341	22,502	584,532
Exchange adjustment	11,310	84	151	11,545
Provisions made	644,778	3,126	4,191	652,095
Amounts utilized	(510,054)	(3,585)	(2,759)	(516,398)
Unused amounts reversed	(2,000)	(2,547)	(9,091)	(13,638)
	<u>694,723</u>	<u>8,419</u>	<u>14,994</u>	<u>718,136</u>
Long-term portion classified as non-current liabilities	<u>(395,242)</u>	<u>-</u>	<u>(11,081)</u>	<u>(406,323)</u>
At the end of the year	<u><u>299,481</u></u>	<u><u>8,419</u></u>	<u><u>3,913</u></u>	<u><u>311,813</u></u>
Period ended June 30, 2011				
At the beginning of the period	694,723	8,419	14,994	718,136
Exchange adjustment	3,888	74	74	4,036
Provisions made	170,720	-	398	171,118
Amounts utilized	(125,219)	(1,840)	(780)	(127,839)
Unused amounts reversed	(1,286)	(787)	-	(2,073)
	<u>742,826</u>	<u>5,866</u>	<u>14,686</u>	<u>763,378</u>
Long-term portion classified as non-current liabilities	<u>(415,055)</u>	<u>-</u>	<u>(11,419)</u>	<u>(426,474)</u>
At the end of the period	<u><u>327,771</u></u>	<u><u>5,866</u></u>	<u><u>3,267</u></u>	<u><u>336,904</u></u>

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

10 Share capital

	June 30, 2011		March 31, 2011	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<i>Authorized:</i>				
At the beginning and the end of the period/year				
Ordinary shares	20,000,000,000	500,000	20,000,000,000	500,000
Series A cumulative convertible preferred shares	3,000,000	27,525	3,000,000	27,525
		<u>527,525</u>		<u>527,525</u>
	<i>Number of shares</i>	<i>US\$'000</i>	<i>Number of shares</i>	<i>US\$'000</i>
<i>Issued and fully paid:</i>				
Voting ordinary shares:				
At the beginning of the period/year	9,965,161,897	31,941	9,788,044,282	31,388
Conversion from series A cumulative convertible preferred shares	-	-	282,263,115	891
Exercise of share options	3,942,000	13	52,614,500	168
Repurchase of shares	-	-	(157,760,000)	(506)
At the end of the period/year	<u>9,969,103,897</u>	<u>31,954</u>	<u>9,965,161,897</u>	<u>31,941</u>
Series A cumulative convertible preferred shares:				
At the beginning of the period/year	-	-	769,167	891
Conversion to voting ordinary shares	-	-	(769,167)	(891)
At the end of the period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FINANCIAL REVIEW

Results

For the period ended June 30, 2011, the Group achieved total sales of approximately US\$5,920 million. Profit attributable to equity holders for the period was approximately US\$108 million, representing an increase of US\$53 million as compared with the corresponding period of last year. Gross profit margin for the period was 12.5 percent point up from 10.2 percent reported in the corresponding period of last year. The balance sheet position remained strong, bank deposits and cash and cash equivalents increased by US\$902 million as compared to March 31, 2011. Basic earnings per share and diluted earnings per share were US1.11 cents and US1.08 cents, representing an increase of US0.54 cent and US0.54 cent respectively as compared with the corresponding period of last year.

The Group adopts market segments as the reporting format. Market segments comprise China, Emerging Markets (excluding China) and Mature Markets. Analyses of sales by segment are set out in Business Review and Outlook below.

For the period ended June 30, 2011, overall operating expenses across the board increased when compared to the corresponding period of last year. Employee benefit costs increased by 23.6 percent as compared to the corresponding period of last year due to increased headcount and performance-driven incentive payments.

Further analyses of income and expense by function for the period ended June 30, 2011 are set out below:

Other income – net

Last year other income represented net gain on disposal of available-for-sale financial assets.

Selling and distribution expenses

Selling and distribution expenses for the period increased by 57.4 percent as compared to the corresponding period of last year. This is principally attributable to a US\$66 million increase in promotional, branding and marketing activities and a US\$50 million increase in employee benefit costs.

Administrative expenses

The Group experienced an increase of 8.3 percent in administrative expenses for the period as compared to the corresponding period of last year. This is mainly attributable to a US\$10 million increase in employee benefit costs and a US\$13 million increase in legal and professional fees relating to merger and acquisition activities. The increase is partly offset by a decrease in contracted service expense of US\$10 million.

Research and development expenses

Research and development spending for the period increased by 11.4 percent as compared to the corresponding period of last year. The major part of the increase is attributable to an increase in employee benefit costs of US\$10 million, and increased in R&D professional fees of US\$6 million. The increase is partly offset by a decrease of US\$9 million relating to the reallocation cost of R&D laboratory.

Other operating expense/income - net

The net other operating expense for the period represents a US\$23 million IP license fee expense netted with US\$7 million net exchange gain. The net other operating income in the corresponding period of last year mainly comprised a US\$12 million net exchange gain netted with a US\$1 million restructuring expense.

Capital Expenditure

The Group incurred capital expenditures of US\$40 million (2010/11 Q1: US\$35 million) during the period ended June 30, 2011, mainly for the acquisition of office equipment, completion of construction-in-progress and investments in the Group's information technology systems.

Liquidity and Financial Resources

At June 30, 2011, total assets of the Group amounted to US\$12,358 million (March 31, 2011: US\$10,706 million), which were financed by equity attributable to owners of the Company of US\$1,961 million (March 31, 2011: US\$1,835 million), non-controlling interests of US\$178,000 (March 31, 2011: US\$179,000), and total liabilities of US\$10,397 million (March 31, 2011: US\$8,871 million). At June 30, 2011, the current ratio of the Group was 1.00 (March 31, 2011: 0.99).

The Group had a solid financial position and continued to maintain a strong and steady cash inflow from its operating activities. At June 30, 2011, bank deposits, cash and cash equivalents totaled US\$3,899 million (March 31, 2011: US\$2,997 million), of which 59.7 (March 31, 2011: 53.9) percent was denominated in US dollars, 34.4 (March 31, 2011: 37.1) percent in Renminbi, 0.4 (March 31, 2011: 0.7) percent in Euros, 0.2 (March 31, 2011: 0.4) percent in Japanese Yen, and 5.3 (March 31, 2011: 7.9) percent in other currencies.

The Group adopts a conservative policy to invest the surplus cash generated from operations. At June 30, 2011, 79.2 (March 31, 2011: 75.6) percent of cash are bank deposits, and 20.8 (March 31, 2011: 24.4) percent of cash are investments in liquid money market funds of investment grade.

Although the Group has consistently maintained a very liquid position, banking facilities have nevertheless been put in place for contingency purposes.

The Group had a US\$300 million 3-year loan facility with a bank in China. At June 30, 2011, it was utilized to the extent of US\$200 million and will expire in March 2012.

In addition, the Group has entered into another 5-year loan facility agreement of US\$300 million with a bank on July 17, 2009. The facility has not been utilized as at June 30, 2011 (March 31, 2011: Nil).

On February 2, 2011, the Group entered into a 5-year loan facility agreement for US\$500 million. The facility has not been utilized as at June 30, 2011 (March 31, 2011: Nil).

The Group has also arranged other short-term credit facilities. At June 30, 2011, the Group's total available credit facilities amounted to US\$5,655 million (March 31, 2011: US\$5,570 million), of which US\$335 million (March 31, 2011: US\$331 million) was in trade lines, US\$476 million (March 31, 2011: US\$475 million) in short-term and revolving money market facilities and US\$4,844 million (March 31, 2011: US\$4,764 million) in forward foreign exchange contracts. At June 30, 2011, the amounts drawn down were US\$202 million (March 31, 2011: US\$201 million) in trade lines, US\$3,421 million (March 31, 2011: US\$3,190 million) being used for the forward foreign exchange contracts, and US\$61 million (March 31, 2011: US\$72 million) in short-term bank loans.

At June 30, 2011, the Group's outstanding bank loans represented term loans of US\$200 million (March 31, 2011: US\$200 million) and short-term bank loans of US\$61 million (March 31, 2011: US\$72 million). When compared with total equity of US\$1,961 million (March 31, 2011: US\$1,835 million), the Group's gearing ratio was 0.13 (March 31, 2011: 0.15). The net cash position of the Group at June 30, 2011 is US\$3,638 million (March 31, 2011: US\$2,725 million) of which US\$20 million is restricted bank deposit (March 31, 2011: US\$20 million).

The Group is confident that all the loan facilities on hand can meet the funding requirements of the Group's operations and business development.

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At June 30, 2011, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US\$3,421 million (March 31, 2011: US\$3,190 million).

The Group's forward foreign exchange contracts are either used to hedge a percentage of future transactions which are highly probable, or used as fair value hedges for identified assets and liabilities.

Contingent Liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these other legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

Human Resources

At June 30, 2011, the Group had a total of 22,794 employees.

The Group implements remuneration policy, bonus and long-term incentive schemes with reference to the performance of the Group and individual employees. The Group also provides benefits such as insurance, medical and retirement funds to employees to sustain competitiveness of the Group.

BUSINESS REVIEW AND OUTLOOK

During the three months ended June 30, 2011, Lenovo's PC business continued its strong performance in unit shipments, sales and profit growth. The Group recorded 23.1 percent year-on-year PC unit shipments growth for the first quarter in the new fiscal year. As a result, Lenovo's worldwide PC market share further increased by 2.0 percentage points year-on-year to the historic high of 12.2 percent and climbed to the number 3 position in the global PC company ranking, according to preliminary industry estimates. During the same period, the worldwide PC market returned to growth at 2.7 percent year-on-year, after the slight drop recorded in the previous quarter. However, challenges in the global economic recovery and tablet PC cannibalization at entry-level consumer PC remained. Despite this, Lenovo has been the fastest growing PC company among the top global PC companies for seven consecutive quarters, and has outperformed the worldwide PC market for nine consecutive quarters. The solid execution of the successful "Protect and Attack" strategy fueled the Group's balanced, strong growth in all geographic segments covering China, Emerging Markets and Mature Markets, as well as in all products and customer segments. The strong business momentum helped Lenovo return to the Fortune Global 500 rankings for the first time since 2008. During the fiscal quarter one, Lenovo was the largest PC company in emerging markets including China; the largest vendor worldwide in the education and government notebook PC segments; and the second largest vendor in the worldwide commercial notebook PC segment and consumer desktop PC segment. The Group's new organization, Mobile Internet and Digital Home (MIDH) Group, also posted strong performance during the period under review. Lenovo's total mobile handset unit shipments recorded 33.7 percent year-on-year growth for the fiscal quarter one and the Group's 3G LePhone smartphone sales recaptured growth momentum compared to the previous quarter. In addition, Lenovo launched its first tablet, LePad, in China in March 2011 and the early feedback has been good.

For the three months ended June 30, 2011, the Group's sales increased to its historic high level at US\$5,920 million, up by 15.0 percent year-on-year. Sales of the Group's PC business were US\$5,705 million, representing a year-on-year increase of 14.9 percent, while the sales of MIDH business, which was largely from mobile phone sales in China, increased by 18.2 percent year-on-year to US\$215 million. Gross profit increased by 41.2 percent year-on-year to US\$739 million. Gross margin for the fiscal quarter one was 12.5 percent, slightly improved by 0.2 percentage point from the previous quarter but significantly increased by 2.3 percentage points from a year ago, which allowed the Group to re-invest for long-term growth. Improvement in the gross margin was a result of the Group's effective margin management, strong unit shipments growth, increased mix of the Think branded products and softened key component prices. The Group made investments during the quarter in product innovation, branding, and MIDH business, with an objective to drive long-term sustainable growth and better profitability in the future. Therefore, operating expenses increased by 39.3 percent year-on-year to US\$616 million and expenses-to-revenue ratio was 10.4 percent. Nevertheless, the

ratio was a 0.5 percentage point lower than previous quarter due to better scaling benefit. Profit before taxation margin was at 2.1 percent for the quarter, an improvement of 0.9 percentage point quarter-to-quarter and a 0.6 percentage point year-on-year. The Group recorded profit before taxation of US\$123 million and profit attributable to shareholders amounted to US\$108 million, representing an increase of 63.8 percent and 98.3 percent, respectively, from the corresponding period in previous fiscal year.

Performance of Geographies

During the three months ended June 30, 2011, Lenovo achieved solid and balanced performance in all geographies it has operations, mainly driven by the Group's leading market position in China, unique commercial PC segment exposure in Mature Markets and rapid expanding market share in Emerging Markets (excluding China). The Group continued to extend its leadership position in China PC market and enhanced its profitability in the country. Emerging Markets (excluding China) maintained its faster-than-market growth momentum under the Group's growth strategy, while growth and profitability of Mature Markets further improved helped by the continued demand in the commercial PC segment.

China accounted for 47.9 percent of the Group's total sales, of which sales from the PC and MIDH businesses accounted for 44.3 and 3.6 percent of the Group's total sales respectively. Although uncertainties in the macro environment remained as the government continued to implement measures to tighten market liquidity to curb inflation during the quarter, the trend of China PC market growth momentum seen in the previous quarter continued in fiscal quarter one. The China PC market continued to grow faster than the worldwide PC market, mainly driven by the relatively stronger demand in emerging cities. According to preliminary industry estimates, the China PC market was back to double-digit growth of 14.3 percent year-on-year in fiscal quarter one and the total PC unit shipments in China surpassed the United States for the first time to become the largest PC market in the world. Lenovo's PC unit shipments in China continued to outperform the market by growing at 23.4 percent year-on-year. The Group's PC market share in China added 2.3 percentage points year-on-year to 31.7 percent in fiscal quarter one and the market share gaps between Lenovo and its major competitors further widened. During the quarter, Lenovo's mobile handset business in China also posted strong unit shipments growth of 33.7 percent year-on-year, of which feature phone unit shipments growth was 30.3 percent year-on-year. The Group's 3G LePhone smartphone unit shipments recaptured growth momentum during the quarter, which was the second largest quarter sales performance since the official launch in May 2010. Lenovo launched its first tablet, LePad, in China in March 2011 and the early feedback has been good.

Operating profit in China grew to US\$159 million during the quarter and operating margin was 5.6 percent, increased by 1.1 percentage points year-on-year and 1.5 percentage points quarter-on-quarter despite the increased investments in MIDH business. Operating margin for the China PC business was 6.4 percent, increased by 1.6 percentage points year-on-year and 1.3 percentage points quarter-on-quarter.

Emerging Markets (excluding China) accounted for 17.5 percent of the Group's total sales. During the quarter, Lenovo's unit shipments in Emerging Markets (excluding China) grew by 46.5 percent year-on-year, which was more than three times the market growth rate. Thus the Group's market share increased by 1.5 percentage points from a year ago to 6.9 percent, according to preliminary industry estimates. Strong unit shipments growth and share gains were recorded across all key regions such as Latin America/Brazil (+71.2 percent), India (+54.8 percent), ASEAN (+49.7 percent) and Russia (+33.7 percent), and the Group registered double-digit market shares in some key regions. For example, Lenovo India's market share reached 10.8 percent during the quarter, an increase of 3.6 percentage points year-on-year.

Operating loss in Emerging Markets (excluding China) stabilized at US\$22 million during the quarter, which was US\$1 million less than the corresponding period in the previous fiscal year. It was slightly higher than the US\$18 million operating loss recorded in the previous quarter as the Group increased investments in branding to attack the fast growing regions in the market.

Mature Markets accounted for 34.6 percent of the Group's total sales. The Group's performance in Mature Markets continued to benefit from strong corporate PC refreshment demand, enabling the Group to grow despite the negative growth of the overall market. The Group's unit shipments in Mature Markets grew 8.5 percent year-on-year against a 9.4 percent decline for the overall market, according to preliminary industry estimates. In particular, unit shipments in North America and Japan increased by 30.8 and 14.1 percent from a year ago respectively. As a result, Lenovo achieved a record high market share in Mature Markets of 6.6 percent, which was up by 1.1 percentage points year-on-year. The Group also recorded historic high market shares in North America (7.0 percent) and Western Europe (5.9 percent).

Operating profit in Mature Markets further improved to US\$76 million during the quarter and operating margin was 3.7 percent, an increase of 2.6 percentage points year-on-year and 1.6 percentage points quarter-on-quarter. The Group recorded operating profit for all regions in Mature Markets.

In June 2011, Lenovo announced its acquisition of MEDION AG, a leader in PC, multimedia products, mobile communications service and consumer electronics in Germany. The acquisition will allow Lenovo to significantly increase its PC market share in Germany and Western Europe, and also fuel Lenovo's expansion in consumer PC and the high-growth mobile Internet market. With its strong consumer sales, marketing, services and retail capabilities, MEDION AG's business is perfectly aligned with the Group's consumer growth strategy in Western Europe. Bringing together this 'front-end' with Lenovo's 'back-end' manufacturing capability and supply chain will make both companies even more successful and competitive. Lenovo also completed the formation of the joint venture company with NEC Corporation during the quarter. According to industry estimates, the joint venture company would be the largest PC company in Japan with approximately 25 percent market share and a strong presence in both the commercial/government as well as consumer PC segments.

Performance of Product Groups

During the three months ended June 30, 2011, Lenovo recorded strong and balanced unit shipments growth in both commercial and consumer PCs. Lenovo's commercial PC unit shipments grew 22.8 percent year-on-year and its market share in the worldwide commercial PC market share increased by 2.2 percentage points from a year ago to 15.9 percent, according to preliminary industry estimates. Lenovo continued to rank number 3 in the global commercial PC segment. The Think Product Group, which mainly targets commercial customers, launched ThinkPad X1 notebook PC, which is the thinnest, lightest, and highest performing PC for its class. The ThinkPad X1 was designed for professionals who demand the best in performance, mobility and entertainment, and offers a simple, modern style with backlit keyboard, fast-charging batteries and a host of multimedia capabilities. Lenovo also launched the ThinkCentre 91z All-In-One (AIO) desktop PC, blending a sophisticated image, purposeful function and extreme productivity into a small, compact model. Meanwhile, the Group's consumer PC business also recorded strong shipments growth of 23.7 percent year-on-year and its market share in the worldwide consumer PC market was up by 1.7 percentage points from the corresponding period in last fiscal year to 8.8 percent. Thus Lenovo became the fourth largest company in the global consumer PC segment. The Idea Product Group, which primarily focuses on consumer and entry SMB products, launched IdeaCentre B520 AIO desktop PC, which has been well received by the market due to the speed and performance of this large-screen, optimized AIO.

Lenovo also achieved strong, balanced growth and market share gains for both notebook and desktop PCs during the fiscal quarter one. Unit shipments for the Group's notebook and desktop PCs grew by 23.1 percent and 23.0 percent year-on-year respectively. Lenovo's market share in the worldwide notebook PC market increased by 1.7 percentage points from a year ago to 12.1 percent, while its worldwide desktop PC market share increased by 2.4 percentage points from the corresponding period in last fiscal year to 12.3 percent, according to preliminary industry estimates. Lenovo maintained the second largest company in the global consumer desktop PC and commercial notebook PC segments respectively.

MIDH business accounted for 3.6 percent of the Group's total sales, and as stated, Lenovo's mobile handset business posted strong unit shipments growth of 33.7 percent year-on-year during the fiscal quarter one. This was driven by the continued strong mobile handset demand in China, and its market share in China's feature phone market increased by 1.5 percentage points from a year ago to 5.9 percent, according to preliminary industry estimates. The Group's 3G smartphone – LePhone – recaptured its growth momentum. Lenovo launched its first tablet, LePad, in China in March 2011 and the early feedback has been good.

Outlook

Although the worldwide PC market has shown marginal improvement and returned to growth during the fiscal quarter one, challenges to worldwide PC demand remain such as the pace of global economic recovery and the on-going debt crisis in Western Europe. Nevertheless, Lenovo remains optimistic that it has the right strategy to continue to outperform the worldwide PC market. The Group will continue its successful "Protect and Attack" strategy in order to drive balanced strong unit shipments growth, business scale expansion and profitability enhancement.

The China PC market should continue to show gradual improvement and maintain its growth premium against the global PC market in coming quarters, benefiting from China's healthy economic growth, the relatively low PC penetration rates in emerging cities and the relatively low year-on-year comparison base. Lenovo will endeavour to protect its core PC business in China by extending its PC market share lead and increasing profitability. The Group will continue to drive its strong growth momentum in Emerging Markets (excluding China) under its attack strategy with an aim to capture market share, and improve profitability as the Group expands its market share close to double-digit shares in key regions. Meanwhile, Lenovo believes that growth in the commercial PC demand will remain on track and the corporate PC refresh cycle will continue to drive PC industry growth in Mature Markets for the next several quarters. Lenovo is well positioned to leverage this market trend given its unique exposure in the commercial PC segment. The Group will continue to focus on improving profitability in Mature Markets through protecting its relationship business and attacking the growth opportunity in both consumer and SMB PC segments. Lenovo also will leverage the joint venture with NEC Corporation in Japan to grow market share in the world's third largest PC market.

Lenovo will continue to invest in product innovation and branding to drive sustainable growth and better margins in the future. In July 2011, the Group announced the launch of its first family of tablets – the IdeaPad Tablet K1 for consumers, the ThinkPad Tablet for business customers, and the IdeaPad Tablet P1 for home and office use. The IdeaPad Tablet K1 and ThinkPad Tablet are Lenovo's first mobile internet devices featuring the Android 3.1 platform, and the IdeaPad Tablet K1 is the industry's first Android-powered tablet certified to deliver Netflix video streaming. The Lenovo tablets also provide access to applications tested for the Lenovo device in the Lenovo App Shop. The IdeaPad Tablet P1 is with Microsoft Windows 7 features a 1.5GHz Intel processor so users can be more productive with Office documents. The Group is optimistic about the new tablet products as well as the new innovations in its product pipeline. Lenovo launched a new global branding campaign – "Lenovo: For Those Who Do" – which is now in full swing in key markets to increase brand awareness and consideration, as well as to drive consumer demand. Lenovo aims to continuously improve its profitability even with re-investments in product innovation, branding and MIDH business to drive long-term sustainable growth.

Lenovo also completed the acquisition of Medion AG in early August 2011, which will help the Group's expansion in the consumer PC and the high-growth mobile Internet market in Western Europe. It is expected that the joint venture with NEC Corporation and the acquisition of Medion AG would start to contribute in fiscal quarter two. Given its strong balance sheet, Lenovo will continue to actively look for inorganic growth opportunities within the PC industry, which would supplement its organic growth strategy to accelerate future expansion.

PURCHASE, SALE, REDEMPTION OR CONVERSION OF THE COMPANY'S SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the three months ended June 30, 2011.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has been established since 1999 with the responsibility to assist the Board in providing an independent review of the financial statements and internal control system. It acts in accordance with its Terms of Reference which clearly deal with its membership, authority, duties and frequency of meetings. Currently, the Audit Committee is chaired by an independent non-executive director, Mr. Nicholas C. Allen, and comprises four members including Mr. Allen, the other two independent non-executive directors, Professor Woo Chia-Wei and Mr. Ting Lee Sen, and a non-executive director, Ms. Ma Xuezheng.

The Audit Committee of the Company has reviewed the unaudited quarterly financials for the three months ended June 30, 2011. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Group and internal control and financial reporting matters.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company is aware of any information that would reasonably indicate that the Company was not during the three months ended June 30, 2011, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save for the deviation under Code A.4.1 as disclosed in the 2010/11 annual report of the Company.

By order of the Board
Liu Chuanzhi
Chairman

New York, August 17, 2011

As at the date hereof, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Liu Chuanzhi, Mr. Zhu Linan, Ms. Ma Xuezheng, Mr. James G. Coulter, Mr. William O. Grabe and Dr. Wu Yibing; and the independent non-executive directors are Professor Woo Chia-Wei, Mr. Ting Lee Sen, Dr. Tian Suning and Mr. Nicholas C. Allen.