

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*



## Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

### FY2008/09 THIRD QUARTER RESULTS ANNOUNCEMENT

#### QUARTERLY RESULTS

The board of directors (the "Board") of Lenovo Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the nine months ended December 31, 2008 together with comparative figures for the corresponding period of last year, as follows:

#### CONSOLIDATED INCOME STATEMENT

		<b>3 months ended December 31, 2008 (unaudited) US\$'000</b>	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	3 months ended December 31, 2007 (unaudited) US\$'000	9 months ended December 31, 2007 (unaudited) US\$'000
	<i>Note</i>				
Continuing operations					
Sales	2	3,591,646	12,130,421	4,493,881	12,617,300
Cost of sales		(3,237,982)	(10,636,925)	(3,812,943)	(10,726,557)
Gross profit		353,664	1,493,496	680,938	1,890,743
Other income – net	3	41	929	8,894	11,036
Selling and distribution expenses		(232,837)	(753,790)	(282,808)	(841,126)
Administrative expenses		(152,309)	(484,409)	(171,422)	(443,084)
Research and development expenses		(45,160)	(146,359)	(58,096)	(164,503)
Other operating (expenses)/income – net		(25,246)	(54,844)	17,576	(48,782)
Operating (loss)/profit		(101,847)	55,023	195,082	404,284
Finance income		14,854	53,288	15,191	35,600
Finance costs	4	(9,594)	(28,562)	(12,997)	(30,603)
Share of profits of associated companies		690	371	201	260
(Loss)/profit before taxation		(95,897)	80,120	197,477	409,541
Taxation	5	(822)	(42,904)	(16,155)	(49,279)
(Loss)/profit from continuing operations		(96,719)	37,216	181,322	360,262
Discontinued operations					
Loss from discontinued operations	6	-	-	(8,758)	(15,604)
(Loss)/profit for the period		(96,719)	37,216	172,564	344,658

		<b>3 months ended December 31, 2008 (unaudited) US\$'000</b>	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	3 months ended December 31, 2007 (unaudited) US\$'000	9 months ended December 31, 2007 (unaudited) US\$'000
(Loss)/profit attributable to shareholders of the Company:					
- Continuing operations		<b>(96,719)</b>	<b>37,216</b>	180,506	359,446
- Discontinued operations		-	-	(8,758)	(15,604)
		<b>(96,719)</b>	<b>37,216</b>	171,748	343,842
Minority interests		-	-	816	816
		<b>(96,719)</b>	<b>37,216</b>	172,564	344,658
Dividend	7		<b>35,575</b>		34,715
Basic earnings per share attributable to shareholders of the Company	8(a)				
- Continuing operations		<b>(US1.09 cents)</b>	<b>US0.42 cents</b>	US2.03 cents	US4.13 cents
- Discontinued operations		-	-	(US0.10 cents)	(US0.18 cents)
		<b>(US1.09 cents)</b>	<b>US0.42 cents</b>	US1.93 cents	US3.95 cents
Diluted earnings per share attributable to shareholders of the Company	8(b)				
- Continuing operations		<b>(US1.09 cents)</b>	<b>US0.39 cents</b>	US1.85 cents	US3.79 cents
- Discontinued operations		-	-	(US0.09 cents)	(US0.16 cents)
		<b>(US1.09 cents)</b>	<b>US0.39 cents</b>	US1.76 cents	US3.63 cents

## CONSOLIDATED BALANCE SHEET

		December 31, 2008 (unaudited) US\$'000	March 31, 2008 (audited) US\$'000
Non-current assets			
Property, plant and equipment		363,496	364,778
Prepaid lease payments		5,876	6,099
Construction-in-progress		54,355	51,237
Intangible assets		1,863,258	1,838,368
Investments in associated companies		2,652	2,690
Deferred tax assets		139,269	156,440
Available-for-sale financial assets		75,441	67,697
Other non-current assets		7,398	7,172
		<b>2,511,745</b>	<b>2,494,481</b>
Current assets			
Inventories		516,346	471,557
Trade receivables	9(a)	1,031,989	860,543
Notes receivable		224,904	371,126
Derivative financial assets		15,276	3,392
Deposits, prepayments and other receivables		704,581	767,268
Income tax recoverable		37,112	40,002
Bank deposits		260,018	540,058
Cash and cash equivalents		1,559,467	1,651,420
		<b>4,349,693</b>	<b>4,705,366</b>
Total assets		<b>6,861,438</b>	<b>7,199,847</b>
Share capital	11	29,530	29,699
Reserves		1,465,732	1,583,390
Shareholders' funds		<b>1,495,262</b>	<b>1,613,089</b>
Minority interests		174	174
Total equity		<b>1,495,436</b>	<b>1,613,263</b>
Non-current liabilities	12	<b>1,023,409</b>	<b>1,098,123</b>
Current liabilities			
Trade payables	9(b)	2,330,922	2,282,199
Notes payable		66,958	46,421
Derivative financial liabilities		32,521	18,197
Provisions, accruals and other payables	10	1,714,406	1,944,724
Income tax payable		39,644	87,209
Short-term bank loans		19,255	61,130
Current portion of non-current liabilities		138,887	48,581
		<b>4,342,593</b>	<b>4,488,461</b>
Total liabilities		<b>5,366,002</b>	<b>5,586,584</b>
Total equity and liabilities		<b>6,861,438</b>	<b>7,199,847</b>
Net current assets		<b>7,100</b>	<b>216,905</b>
Total assets less current liabilities		<b>2,518,845</b>	<b>2,711,386</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	9 months ended December 31, 2007 (unaudited) US\$'000
Continuing operations		
Net cash (used in)/generated from operating activities	(5,608)	1,274,656
Net cash generated from/(used in) investing activities	199,285	(142,459)
Net cash (used in)/generated from financing activities	(283,224)	8,688
	(89,547)	1,140,885
Discontinued operations		
Decrease in cash and cash equivalents from discontinued operations	-	(29,535)
Effect of foreign exchange rate changes	(2,406)	(16,804)
Cash and cash equivalents at the beginning of the period	1,651,420	1,063,716
Cash and cash equivalents at the end of the period	1,559,467	2,158,262

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) US\$'000	Share premium (unaudited) US\$'000	Convertible rights in respect of convertible preferred shares and warrants (unaudited) US\$'000	Exchange reserve (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	Other reserve (unaudited) US\$'000	Retained earnings (unaudited) US\$'000	Minority interests (unaudited) US\$'000	Total (unaudited) US\$'000
At April 1, 2008	29,699	1,150,684	42,159	(66,660)	41,136	497	(172,235)	78,737	(1,788)	24,537	486,323	174	1,613,263
Fair value change on available-for-sale financial assets	-	-	-	-	8,364	-	-	-	-	-	-	-	8,364
Fair value change on interest rate swap contracts	-	-	-	-	-	-	-	-	(2,830)	-	-	-	(2,830)
Fair value change on forex forward contracts	-	-	-	-	-	-	-	-	(19,922)	-	-	-	(19,922)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	6,201	(6,201)	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	37,216	-	37,216
Exchange differences	-	-	-	70,279	-	-	-	-	-	-	-	-	70,279
Reserve realized on disposal of available-for-sale financial assets	-	-	-	-	(465)	-	-	-	-	-	-	-	(465)
Vesting of shares under long-term incentive program	-	-	-	-	-	-	28,438	(36,871)	-	-	-	-	(8,433)
Exercise of share options	80	9,353	-	-	-	-	-	-	-	-	-	-	9,433
Share-based compensation	-	-	-	-	-	-	-	39,220	-	-	-	-	39,220
Repurchase of shares	(249)	(53,658)	-	-	-	-	-	-	-	-	-	-	(53,907)
Contributions to employee share trusts	-	-	-	-	-	-	(17,169)	-	-	-	-	-	(17,169)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(179,613)	-	(179,613)
<b>At December 31, 2008</b>	<b>29,530</b>	<b>1,106,379</b>	<b>42,159</b>	<b>3,619</b>	<b>49,035</b>	<b>497</b>	<b>(160,966)</b>	<b>81,086</b>	<b>(24,540)</b>	<b>30,738</b>	<b>337,725</b>	<b>174</b>	<b>1,495,436</b>
At April 1, 2007	28,504	1,042,579	45,979	(22,756)	15,078	497	(127,301)	51,420	-	-	99,532	744	1,134,276
Fair value change on available-for-sale financial assets	-	-	-	-	57,819	-	-	-	-	-	-	-	57,819
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	12,980	(12,980)	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	343,842	816	344,658
Exchange differences	-	-	-	(7,316)	-	-	-	-	-	-	-	-	(7,316)
Reserve realized on disposal of available-for-sale financial assets	-	-	-	-	(11,593)	-	-	-	-	-	-	-	(11,593)
Conversion of Series A cumulative convertible preferred shares	1,130	115,924	(3,820)	-	-	-	-	-	-	-	-	-	113,234
Vesting of shares under long-term incentive program	-	-	-	-	-	-	15,596	(21,631)	-	-	-	-	(6,035)
Exercise of share options	271	32,299	-	-	-	-	-	-	-	-	-	-	32,570
Share-based compensation	-	-	-	-	-	-	-	35,519	-	-	-	-	35,519
Dividend paid	-	-	-	-	-	-	-	-	-	-	(66,008)	(1,413)	(67,421)
<b>At December 31, 2007</b>	<b>29,905</b>	<b>1,190,802</b>	<b>42,159</b>	<b>(30,072)</b>	<b>61,304</b>	<b>497</b>	<b>(111,705)</b>	<b>65,308</b>	<b>-</b>	<b>12,980</b>	<b>364,386</b>	<b>147</b>	<b>1,625,711</b>

Notes:

## 1 Basis of preparation

The Board is responsible for the preparation of the Group's condensed quarterly financial statements. These condensed quarterly financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention except that certain financial assets and financial liabilities are stated at fair values. These condensed quarterly financial statements should be read in conjunction with the 2007/08 annual financial statements.

The principal accounting policies and methods of computation used in the preparation of these condensed quarterly financial statements are consistent with those used in the annual financial statements for the year ended March 31, 2008.

The following amendments to standards and new interpretations are mandatory for the year ending March 31, 2009. The Group has adopted these new interpretations where considered appropriate and relevant to its operations.

- HKFRS 7 (Amendment), "Financial instruments: Disclosures", amendment on disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories, effective prospectively from July 1, 2008
- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met, effective prospectively from July 1, 2008
- HK(IFRIC)-Int 12, "Service concession arrangements", effective for annual periods beginning on or after January 1, 2008
- HK(IFRIC)-Int 14, "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions", effective for annual periods beginning on or after January 1, 2008

The amendments on HKFRS 7 and HKAS 39 do not have any impact on the Group's financial statements as the Group has not reclassified any financial assets.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending March 31, 2009 and have not been early adopted:

- HKFRS 1 (Amendment), "First-time adoption of Hong Kong Financial Reporting Standards", effective for annual periods beginning on or after January 1, 2009
- HKFRS 2 (Amendment), "Share-based payment – vesting conditions and cancellation", effective for annual periods beginning on or after January 1, 2009
- HKFRS 3 (Revised), "Business combinations", effective for annual periods beginning on or after July 1, 2009
- HKFRS 8, "Operating segments", effective for annual periods beginning on or after January 1, 2009
- HKAS 1 (Revised), "Presentation of financial statements", effective for annual periods beginning on or after January 1, 2009
- HKAS 23 (Revised), "Borrowing costs", effective for annual periods beginning on or after January 1, 2009
- HKAS 27 (Revised), "Consolidated and separate financial statements", effective for annual periods beginning on or after July 1, 2009
- HKAS 32 (Amendment), "Financial instruments: Presentation", effective for annual periods beginning on or after January 1, 2009
- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement", amendment on eligible hedged items, effective for annual periods beginning on or after July 1, 2009

- HK(IFRIC)-Int 2 (Amendment), “Members’ shares in co-operative entities and similar instruments”, effective for annual periods beginning on or after January 1, 2009
- HK(IFRIC)-Int 13, “Customer loyalty programmes”, effective for annual periods beginning on or after July 1, 2008
- HK(IFRIC)-Int 15, “Agreements for the construction of real estate”, effective for annual periods beginning on or after January 1, 2009
- HK(IFRIC)-Int 16, “Hedges of a net investment in a foreign operation”, effective for annual periods beginning on or after October 1, 2008
- HK(IFRIC)-Int 17, “Distributions of non-cash assets to owners”, effective for annual periods beginning on or after July 1, 2009

The Improvements to HKFRSs, published in October 2008 (effective for annual periods beginning on or after January 1 or July 1, 2009), do not have material impact on the Group’s financial statements.

The effect on the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) to the results and financial position of the Group when they become effective will depend on the incidence and timing of business combinations occurring on or after April 1, 2010.

The Group is currently assessing the impact of the adoption of the other standards, amendments to standards and interpretations above to the Group in future periods.

## 2 Segment information

In accordance with the Group's internal financial reporting, the Group has adopted geographical segments as the primary reporting format and business segments as the secondary reporting format. On March 31, 2008, the Group completed the disposal of its entire interests in its Greater China mobile handset operations, and the results therein were accounted for as discontinued operations for the year then ended. The segment information presented below, including the comparative figures for the corresponding period of last year, represents the continuing operations of the Group.

### (a) Primary reporting format – geographical segments

The segment results and capital expenditure information for the nine months ended December 31, 2008 are as follows:

	Americas (unaudited) US\$'000	Europe, Middle East and Africa (unaudited) US\$'000	Asia Pacific (excluding Greater China) (unaudited) US\$'000	Greater China (unaudited) US\$'000	Corporate or unallocated (unaudited) US\$'000	Total (unaudited) US\$'000
Sales	3,067,526	2,529,387	1,306,610	5,226,898	-	12,130,421
Segment operating results	(30,409)	(91,870)	(65,458)	321,432	(79,601)	54,094
Finance income						53,288
Finance costs						(28,562)
Loss on disposal of available-for-sale financial assets						(124)
Dividend income from available-for-sale financial assets						1,053
Share of profits of associated companies						371
Profit before taxation						80,120
Taxation						(42,904)
Profit for the period						37,216
Capital expenditure	41,115	13,328	13,972	31,853	57,981	158,249

Other significant segment items included in the income statement are as follows:

Depreciation of property, plant and equipment and amortization of prepaid lease payments	34,940	7,767	8,408	25,637	-	76,752
Amortization of intangible assets	-	-	-	-	50,019	50,019
Employee benefit costs, including	246,101	231,979	119,508	274,627	-	872,215
- long-term incentive awards	9,918	8,178	4,224	16,900	-	39,220
- severance and related costs	3,639	16,861	2,115	738	(523)	22,830
Termination of onerous contracts	6,653	-	-	-	-	6,653
Rental expenses under operating leases	7,760	8,812	9,240	7,618	-	33,430

Note:

Segment operating profit/(loss) presented above include the impact of one-off items of US\$29,483,000, comprising mainly costs on termination of onerous contracts and severance and related costs. The segment operating profit/(loss) before these one-off items are: Americas (US\$20,117,000); Europe, Middle East and Africa (US\$75,009,000); Asia Pacific (excluding Greater China) (US\$63,343,000); Greater China US\$322,170,000; and corporate or unallocated (US\$80,124,000).



The segment assets and liabilities at December 31, 2008 are as follows:

	Americas (unaudited) US\$'000	Europe, Middle East and Africa (unaudited) US\$'000	Asia Pacific (excluding Greater China) (unaudited) US\$'000	Greater China (unaudited) US\$'000	Corporate or unallocated (unaudited) US\$'000	Total (unaudited) US\$'000
Segment assets	<u>1,246,282</u>	<u>587,618</u>	<u>937,589</u>	<u>3,330,626</u>		6,102,115
Investments in associated companies					2,652	
Deferred tax assets					139,269	
Available-for-sale financial assets					75,441	
Cash and cash equivalents					221,309	
Income tax recoverable					37,112	
Other unallocated assets					283,540	759,323
Consolidated total assets						<u>6,861,438</u>
Segment liabilities	<u>1,289,044</u>	<u>1,073,052</u>	<u>477,612</u>	<u>1,763,406</u>		4,603,114
Bank borrowings					500,000	
Convertible preferred shares					215,005	
Share-based compensation					1,903	
Derivative financial liabilities					4,618	
Income tax payable					39,644	
Other unallocated liabilities					1,718	762,888
Consolidated total liabilities						<u>5,366,002</u>

The segment results and capital expenditure information for the nine months ended December 31, 2007 are as follows:

	Americas (unaudited) US\$'000	Europe, Middle East and Africa (unaudited) US\$'000	Asia Pacific (excluding Greater China) (unaudited) US\$'000	Greater China (unaudited) US\$'000	Corporate or unallocated (unaudited) US\$'000	Total (unaudited) US\$'000
Sales	3,480,969	2,727,265	1,570,597	4,838,469	-	12,617,300
Segment operating results	72,964	104,984	(9,825)	327,522	(102,397)	393,248
Finance income						35,600
Finance costs						(30,603)
Gain on disposal of investments and available-for-sale financial assets						11,036
Share of profits of associated companies						260
Profit before taxation						409,541
Taxation						(49,279)
Profit for the period						360,262
Capital expenditure	38,799	6,575	14,102	60,781	100,269	220,526

Other significant segment items included in the income statement are as follows:

Depreciation of property, plant and equipment and amortization of prepaid lease payments	30,225	7,068	8,160	19,231	-	64,684
Amortization of intangible assets	-	-	-	-	106,528	106,528
Employee benefit costs, including - long-term incentive awards	286,004	225,885	137,732	268,692	-	918,313
- severance and related costs	9,799	7,678	4,421	13,621	-	35,519
Termination of onerous contracts	13,740	14,551	13,113	783	-	42,187
Rental expenses under operating leases	3,175	(98)	2,674	229	-	5,980
	4,623	5,448	7,739	7,052	-	24,862

Note:

Segment operating profit/(loss) presented above include the impact of one-off items of US\$48,167,000, comprising mainly costs on termination of onerous contracts and severance and related costs. The segment operating profit/(loss) before these one-off items are: Americas US\$89,879,000; Europe, Middle East and Africa US\$119,437,000; Asia Pacific (excluding Greater China) US\$5,962,000; Greater China US\$328,534,000; and corporate or unallocated (US\$102,397,000).

The segment assets and liabilities at March 31, 2008 are as follows:

	Americas (audited) US\$'000	Europe, Middle East and Africa (audited) US\$'000	Asia Pacific (excluding Greater China) (audited) US\$'000	Greater China (audited) US\$'000	Corporate or unallocated (audited) US\$'000	Total (audited) US\$'000
Segment assets	<u>1,472,775</u>	<u>788,664</u>	<u>1,213,620</u>	<u>2,715,799</u>		6,190,858
Investments in associated companies					2,690	
Deferred tax assets					156,440	
Available-for-sale financial assets					67,697	
Cash and cash equivalents					449,576	
Income tax recoverable					40,002	
Other unallocated assets					292,584	1,008,989
Consolidated total assets						<u>7,199,847</u>
Segment liabilities	<u>1,384,307</u>	<u>1,029,253</u>	<u>933,348</u>	<u>1,414,180</u>		4,761,088
Bank borrowings					500,000	
Convertible preferred shares					211,181	
Share-based compensation					6,430	
Derivative financial liabilities					1,788	
Income tax payable					87,209	
Other unallocated liabilities					18,888	825,496
Consolidated total liabilities						<u>5,586,584</u>

(b) Secondary reporting format – business segments

	Personal computer			Others US\$'000	Total US\$'000
	Desktop US\$'000	Notebook US\$'000	Total US\$'000		
Nine months ended December 31, 2008 (unaudited)					
Sales	<u>4,856,381</u>	<u>7,056,203</u>	<u>11,912,584</u>	<u>217,837</u>	<u>12,130,421</u>
Capital expenditure			<u>156,806</u>	<u>1,443</u>	<u>158,249</u>
At December 31, 2008 (unaudited)					
Total segment assets			<u>3,948,637</u>	<u>122,409</u>	<u>4,071,046</u>
Nine months ended December 31, 2007 (unaudited)					
Sales	<u>5,286,537</u>	<u>7,148,007</u>	<u>12,434,544</u>	<u>182,756</u>	<u>12,617,300</u>
Capital expenditure			<u>218,093</u>	<u>2,433</u>	<u>220,526</u>
At March 31, 2008 (audited)					
Total segment assets			<u>4,397,096</u>	<u>115,144</u>	<u>4,512,240</u>

**3 Other income – net**

	<b>3 months ended December 31, 2008 (unaudited) US\$'000</b>	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	3 months ended December 31, 2007 (unaudited) US\$'000	9 months ended December 31, 2007 (unaudited) US\$'000
(Loss)/gain on disposal of investments and available-for-sale financial assets	-	(124)	8,894	11,036
Dividend income from available-for-sale financial assets	<u>41</u>	<u>1,053</u>	-	-
	<u>41</u>	<u>929</u>	<u>8,894</u>	<u>11,036</u>

#### 4 Finance costs

	<b>3 months ended December 31, 2008 (unaudited) US\$'000</b>	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	3 months ended December 31, 2007 (unaudited) US\$'000	9 months ended December 31, 2007 (unaudited) US\$'000
Interest on bank loans and overdrafts	5,564	16,754	2,654	8,020
Dividend and relevant finance costs on convertible preferred shares	3,531	10,584	4,226	15,173
Others	499	1,224	6,117	7,410
	<u>9,594</u>	<u>28,562</u>	<u>12,997</u>	<u>30,603</u>

#### 5 Taxation

The amount of taxation in the consolidated income statement represents:

	<b>3 months ended December 31, 2008 (unaudited) US\$'000</b>	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	3 months ended December 31, 2007 (unaudited) US\$'000	9 months ended December 31, 2007 (unaudited) US\$'000
Current taxation				
Hong Kong profits tax	(5)	132	200	360
Taxation outside Hong Kong	(16,003)	37,222	10,000	62,177
Deferred taxation	16,830	5,550	5,955	(13,258)
	<u>822</u>	<u>42,904</u>	<u>16,155</u>	<u>49,279</u>

#### 6 Loss from discontinued operations

On March 31, 2008, the Group completed the disposal of its entire interests in its Greater China mobile handset operations. Accordingly, the comparative information for the corresponding period of last year is presented as discontinued operations in the condensed quarterly financial statements.

#### 7 Dividend

	<b>9 months ended December 31, 2008 (unaudited) US\$'000</b>	9 months ended December 31, 2007 (unaudited) US\$'000
Interim dividend, for the six months ended September 30, 2008, of HK3.0 cents (2007/08: HK3.0 cents) per ordinary share, paid on December 5, 2008	<u>35,575</u>	<u>34,715</u>

## 8 Earnings per share

### (a) Basic

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

	<b>9 months ended December 31, 2008 (unaudited)</b>	9 months ended December 31, 2007 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>8,848,914,474</b>	8,701,715,808
	<i>US\$'000</i>	<i>US\$'000</i>
Profit attributable to shareholders of the Company		
– Continuing operations	<b>37,216</b>	359,446
– Discontinued operations	-	(15,604)
	<b>37,216</b>	343,842

(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 four categories of dilutive potential ordinary shares: convertible preferred shares, share options, long-term incentive awards and warrants.

For the nine months ended December 31, 2008, the convertible preferred shares were antidilutive as the amount of the dividend and related finance costs per ordinary share attainable on conversion exceeded basic earnings per share and they were excluded from the weighted average number of ordinary shares in issue for calculation of diluted earnings per share.

For the share options and warrants, 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 and warrants. 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 and warrants.

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.

	<b>9 months ended December 31, 2008 (unaudited)</b>	9 months ended December 31, 2007 (unaudited)
Weighted average number of ordinary shares in issue	<b>8,848,914,474</b>	8,701,715,808
Adjustments for assumed conversion of convertible preferred shares	-	925,371,063
Adjustments for share options, long-term incentive awards and warrants	<b>634,306,744</b>	259,928,521
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share	<b>9,483,221,218</b>	9,887,015,392
	<hr/>	<hr/>
	<i>US\$'000</i>	<i>US\$'000</i>
Profit from continuing operations attributable to shareholders of the Company	<b>37,216</b>	359,446
Interest expense on convertible preferred shares	-	15,173
	<hr/>	<hr/>
	<b>37,216</b>	374,619
Loss from discontinued operations attributable to shareholders of the Company	-	(15,604)
	<hr/>	<hr/>
	<b>37,216</b>	359,015
	<hr/>	<hr/>

## 9 Ageing analysis

- (a) Customers are generally granted credit term of 30 days. Ageing analysis of trade receivables of the Group at the balance sheet date is as follows:

	<b>December 31, 2008</b> (unaudited) <i>US\$'000</i>	March 31, 2008 (audited) <i>US\$'000</i>
0 – 30 days	<b>882,568</b>	788,126
31 – 60 days	<b>97,371</b>	32,240
61 – 90 days	<b>46,761</b>	21,729
Over 90 days	<b>26,042</b>	32,333
	<hr/>	<hr/>
Less: provision for impairment	<b>1,052,742</b> <b>(20,753)</b>	874,428 (13,885)
	<hr/>	<hr/>
Trade receivables – net	<b>1,031,989</b>	860,543
	<hr/> <hr/>	<hr/> <hr/>

- (b) Ageing analysis of trade payables of the Group at the balance sheet date is as follows:

	<b>December 31, 2008</b> (unaudited) <i>US\$'000</i>	March 31, 2008 (audited) <i>US\$'000</i>
0 – 30 days	<b>1,482,931</b>	1,618,188
31 – 60 days	<b>553,575</b>	466,068
61 – 90 days	<b>229,675</b>	176,094
Over 90 days	<b>64,741</b>	21,849
	<hr/>	<hr/>
	<b>2,330,922</b>	2,282,199
	<hr/> <hr/>	<hr/> <hr/>



## 10 Provisions, accruals and other payables

Included in provisions, accruals and other payables are warranty and restructuring costs provisions as follows:

	<b>Warranty</b> <i>US\$'000</i>	<b>Restructuring</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
Year ended March 31, 2008 (audited)			
At the beginning of the year	448,333	5,645	453,978
Exchange adjustment	-	1,227	1,227
Provisions made	665,912	50,820	716,732
Amounts utilized	(411,661)	(34,136)	(445,797)
Unused amounts reversed	-	(7,616)	(7,616)
Disposal of discontinued operations	(4,669)	(8,352)	(13,021)
	<u>697,915</u>	<u>7,588</u>	<u>705,503</u>
Long-term portion classified as non-current liabilities (Note 12)	(209,071)	-	(209,071)
At the end of the year	<u><u>488,844</u></u>	<u><u>7,588</u></u>	<u><u>496,432</u></u>
Nine months ended December 31, 2008 (unaudited)			
At the beginning of the period	697,915	7,588	705,503
Exchange adjustment	(1,884)	(1,457)	(3,341)
Provisions made	331,079	21,563	352,642
Amounts utilized	(373,227)	(7,712)	(380,939)
Unused amounts reversed	-	(751)	(751)
	<u>653,883</u>	<u>19,231</u>	<u>673,114</u>
Long-term portion classified as non-current liabilities (Note 12)	(188,135)	-	(188,135)
At the end of the period	<u><u>465,748</u></u>	<u><u>19,231</u></u>	<u><u>484,979</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 arrangement with the suppliers.

## 11 Share capital

	December 31, 2008 (unaudited)		March 31, 2008 (audited)	
	Number of Shares	HK\$'000	Number of shares	HK\$'000
<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>				
<i>Voting ordinary shares:</i>				
At the beginning of the period/year	8,888,786,650	28,496	8,517,981,022	27,301
Conversion from Series A cumulative convertible preferred shares	-	-	350,459,078	1,130
Conversion from non-voting ordinary shares (Note 11(a))	375,282,756	1,203	-	-
Exercise of share options	24,948,000	80	90,436,550	290
Repurchase of shares (Note 11(b))	(77,628,000)	(249)	(70,090,000)	(225)
At the end of the period/year	<u>9,211,389,406</u>	<u>29,530</u>	<u>8,888,786,650</u>	<u>28,496</u>
<i>Non-voting ordinary shares:</i>				
At the beginning of the period/year	375,282,756	1,203	375,282,756	1,203
Conversion to voting ordinary shares (Note 11(a))	(375,282,756)	(1,203)	-	-
At the end of the period/year	<u>-</u>	<u>-</u>	<u>375,282,756</u>	<u>1,203</u>
Issued and fully paid ordinary shares	<u>9,211,389,406</u>	<u>29,530</u>	<u>9,264,069,406</u>	<u>29,699</u>
<i>Issued and fully paid Series A cumulative convertible preferred shares:</i>				
At the beginning of the period/year	1,774,999	2,081	2,730,000	3,211
Conversion to voting ordinary shares	-	-	(955,001)	(1,130)
At the end of the period/year	<u>1,774,999</u>	<u>2,081</u>	<u>1,774,999</u>	<u>2,081</u>

(a) On May 15, 2008, all non-voting ordinary shares have been converted into 375,282,756 voting ordinary shares.

(b) For the year ended March 31, 2008, included in the 70,090,000 shares were 18,936,000 shares repurchased in March 2008 that were subsequently cancelled in April 2008.

## 12 Non-current liabilities

	<b>December 31, 2008</b> <b>(unaudited)</b> <i>US\$'000</i>	March 31, 2008 (audited) <i>US\$'000</i>
Amount payable for marketing rights	-	5,417
Interest-bearing bank loans repayable within five years	<b>365,000</b>	465,000
Share-based compensation	<b>1,903</b>	6,430
Convertible preferred shares	<b>215,005</b>	211,181
Warranty provision	<b>188,135</b>	209,071
Retirement benefit obligations	<b>76,323</b>	85,490
Deferred revenue	<b>138,771</b>	88,701
Derivative financial liabilities	<b>4,618</b>	1,788
Other non-current liabilities	<b>33,654</b>	25,045
	<b>1,023,409</b>	1,098,123

On May 17, 2005, the Company issued 2,730,000 convertible preferred shares at the stated value of HK\$1,000 per share and unlisted warrants to subscribe for 237,417,474 shares for an aggregate cash consideration of approximately US\$350 million. The convertible preferred shares bear a fixed cumulative preferential cash dividend, payable quarterly, at the rate of 4.5 percent per annum on the issue price of each convertible preferred share. The convertible preferred shares are redeemable, in whole or in part, at a price equal to the issue price together with accrued and unpaid dividends at the option of the Company or the convertible preferred shareholders at any time after the maturity date on May 17, 2012. The warrant holders are entitled to subscribe for 237,417,474 shares in the Company at HK\$2.725 per share. The warrant will expire on May 17, 2010.

On November 2, 2007, 955,001 convertible preferred shares were converted into 350,459,078 voting ordinary shares.

## FINANCIAL REVIEW

The Group completed the disposal of its entire interests in the Greater China mobile handset operations on March 31, 2008. The analysis presented below covers the continuing operations of the Group for the nine months ended December 31, 2008.

### *Results*

For the nine months ended December 31, 2008, the Group achieved total sales of approximately US\$12,130 million. Profit attributable to shareholders for the period was approximately US\$37 million, representing a decrease of US\$323 million as compared to the corresponding period of last year. Gross profit margin for the period was 12.3 percent down from 15.0 percent reported in the corresponding period of last year. The balance sheet position remained strong, bank deposits and cash and cash equivalents totaled US\$1,819 million as at December 31, 2008. Basic earnings per share and diluted earnings per share of the Group's continuing operations were US0.42 cent and US0.39 cent, representing a decrease of US3.71 cents and US3.40 cents respectively as compared with the corresponding period of last year.

The Group has adopted geographical segments as the primary reporting format. Geographical segments comprise Americas, EMEA (Europe, Middle East and Africa), Asia Pacific (excluding Greater China), and Greater China.

### *Other income – net*

Other income comprises mainly dividend income from available-for-sale financial assets. The US\$11 million other income reported during the corresponding period of last year represents gain on disposal of investments and available-for-sale financial assets.

### *Selling and distribution expenses*

Selling and distribution expenses for the nine months ended December 31, 2008 decreased by 10.4 percent as compared to the corresponding period of last year. This is principally attributable to a US\$68 million decrease in amortization of intangible assets.

### *Administrative expenses*

The Group also experienced an increase in administrative expenses for the nine months ended December 31, 2008 of 9.3 percent as compared to the corresponding period of last year. The increase is caused by the increase in depreciation and amortization charges, contracted services; and set off with decrease in staff costs.

### *Research and development expenses*

The Group continues making investment towards its commitment to deliver the most innovative products in the industry. Research and development spending for the nine months ended December 31, 2008 decreased by 11.0 percent as compared to the corresponding period of last year.

### *Other operating expenses - net*

The Group recorded net other operating expenses for the nine months ended December 31, 2008 of US\$55 million, an increase of 12.4 percent as compared to the corresponding period of last year. Other operating expenses mainly comprise one-off items, totaling US\$29 million (2007/08: US\$48 million), associated with actions taken to streamline processes, consolidate Lenovo's expertise across the globe, and increase global operational efficiency; and bad debt provision of US\$9 million (2007/08: Nil).

### **Capital Expenditure**

The Group incurred capital expenditures of US\$158 million (2007/08: US\$221 million) during the nine months ended December 31, 2008, mainly for the acquisition of property, plant and equipment, completion of construction-in-progress and investments in the Group's information technology systems.

### **Liquidity and Financial Resources**

At December 31, 2008, total assets of the Group amounted to US\$6,861 million (March 31, 2008: US\$7,200 million), which were financed by shareholders' funds of US\$1,495 million (March 31, 2008: US\$1,613 million), minority interests of US\$174,000 (March 31, 2008: US\$174,000), and non-current and current liabilities of US\$5,366 million (March 31, 2008: US\$5,587 million). At December 31, 2008, the current ratio of the Group was 1.00 (March 31, 2008: 1.05).

The Group has a solid financial position. At December 31, 2008, bank deposits, cash and cash equivalents totaled US\$1,819 million (March 31, 2008: US\$2,191 million), of which 55.0 (March 31, 2008: 63.9) percent was denominated in US dollars, 31.9 (March 31, 2008: 20.4) percent in Renminbi, 3.6 (March 31, 2008: 2.2) percent in Euros, 2.1 (March 31, 2008: 2.9) percent in Japanese Yen, and 7.4 (March 31, 2008: 10.6) percent in other currencies.

The Group adopts a conservative policy to invest the surplus cash generated from operations. At December 31, 2008, 88.9 (March 31, 2008: 72.1) percent of cash are bank deposits, and 11.1 (March 31, 2008: 27.9) percent of cash are investments in liquid money market fund of investment grade.

Although the Group has consistently maintained a very liquid position, banking facilities have nevertheless been put in place for contingency purposes. At December 31, 2008, the Group had a US\$400 million (March 31, 2008: US\$400 million) 5-Year Revolving and Term Loan Facility with syndicated banks, bearing interest at the London Interbank Offered Rate plus 0.52 percent per annum; and a US\$100 million (March 31, 2008: US\$100 million) 5-Year Fixed Rate Loan Facility with a policy bank in China. These facilities were utilized to the extent of US\$500 million at December 31, 2008 (March 31, 2008: US\$500 million).

The Group has also arranged other short-term credit facilities. At December 31, 2008, the Group's total available credit facilities amounted to US\$4,521 million (March 31, 2008: US\$2,628 million), of which US\$377 million (March 31, 2008: US\$384 million) was in trade lines, US\$494 million (March 31, 2008: US\$406 million) in short-term and revolving money market facilities and US\$3,650 million (March 31, 2008: US\$1,838 million) in foreign exchange forward contracts. At December 31, 2008, the amounts drawn down were US\$120 million (March 31, 2008: US\$150 million) in trade lines, US\$2,486 million (March 31, 2008: US\$1,127 million) being used for the foreign exchange forward contracts; and US\$19 million (March 31, 2008: US\$61 million) in short-term bank loans.

At December 31, 2008, the Group's outstanding bank loans represented the term loans of US\$500 million (March 31, 2008: US\$500 million) and short-term bank loans of US\$19 million (March 31, 2008: US\$61 million). When compared with total equity of US\$1,495 million (March 31, 2008: US\$1,613 million), the Group's gearing ratio was 0.35 (March 31, 2008: 0.35). The net cash position of the Group at December 31, 2008 is US\$1,300 million (March 31, 2008: US\$1,630 million).

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At December 31, 2008, the Group had commitments in respect of outstanding foreign exchange forward contracts amounting to US\$2,486 million (March 31, 2008: US\$1,127 million).

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

The Group issued 2,730,000 convertible preferred shares at the stated value of HK\$1,000 per share and unlisted warrants to subscribe for 237,417,474 shares for an aggregated cash consideration of approximately US\$350 million. The convertible preferred shares bear a fixed cumulative preferential cash dividend, payable quarterly, at the rate of 4.5 percent per annum on the issue price of each convertible preferred share. The convertible preferred shares are redeemable, in whole or in part, at a price equal to the issue price together with accrued and unpaid dividends at the option of the Company or the convertible preferred shareholders at any time after the maturity date at May 17, 2012. On November 2, 2007, 955,001 convertible preferred shares were converted into 350,459,078 voting ordinary shares. The fair value of the liability component and equity component of the convertible preferred shares, and warrants at December 31, 2008 amounted to approximately US\$215 million (March 31, 2008: US\$211 million), US\$7 million (March 31, 2008: US\$7 million) and US\$35 million (March 31, 2008: US\$35 million) respectively. The warrants will expire on May 17, 2010.

### **Contingent Liabilities**

The Group, in the ordinary course of its business, is involved in various other 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 December 31, 2008, the Group had a total of 23,871 (2007/08 Q3: 26,500) employees, 16,800 (2007/08 Q3: 20,200) of whom were employed in Chinese mainland and 2,041 (2007/08 Q3: 1,900) in the U.S. and 5,030 (2007/08 Q3: 4,400) in other countries.

The Group implements remuneration policy, bonus and long-term incentive scheme 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 December 31, 2008, the worldwide PC market showed negative growth caused by the widespread economic slowdown. Lenovo's worldwide PC shipments declined approximately 5 percent year-on-year and its market share decreased slightly to 7.3 percent. The Group's results were impacted principally by slowdown of the Chinese PC market in which it has significant market share; and demand reduction in the worldwide commercial PC segment. Even though Lenovo continued to do relatively well in these two market segments, its overall performance lagged the industry shipment growth.

The Group's sales decreased 20 percent year-on-year for the quarter ended December 31, 2008. Its gross margin performance was affected by a continued shift in the market to entry-level PCs, aggressive pricing and currency fluctuations. The Group's gross margin dropped to 9.8 percent, and its gross profit decreased 48 percent year-on-year to US\$354 million. In anticipation of a continuation of the challenging global economic environment, Lenovo tightened its expense controls. Despite these efforts, the decline in sales and pressure on gross margin resulted in a loss before taxation (excluding the cost of restructuring actions) of US\$90 million for the quarter ended December 31, 2008. Loss attributable to shareholders amounted to US\$97 million, compared to a profit attributable to shareholders of US\$172 million in the corresponding quarter a year ago.

### Performance of Geographies

**Greater China** – Accounted for approximately 45 percent of the Group's sales in the third fiscal quarter. The slowdown in China's economic growth during the quarter resulted in a year-on-year PC market shipment decline of approximately 7 percent. Lenovo's efforts to strengthen its market position and solid execution enabled it to increase market share by 1.8 percentage points to approximately 30.5 percent based on preliminary industry estimates.

**Americas** – Accounted for approximately 25 percent of the Group's sales in the third fiscal quarter. The continuing weakness in the commercial PC market further hindered Lenovo's performance in the geography during the quarter. Lenovo saw a year-on-year decrease of approximately 6 percent in unit shipments.

**Europe, Middle East and Africa (EMEA)** – Accounted for approximately 20 percent of the Group's sales in the third fiscal quarter. Impacted by the global economic crisis, market demand for PCs in EMEA decreased noticeably. Lenovo's PC shipments in the geography declined approximately 3 percent year-on-year as corporate customers continued to tighten their PC spending.

**Asia Pacific (excluding Greater China)** – Accounted for approximately 10 percent of the Group’s sales in the third fiscal quarter. Across the region, Lenovo’s total shipments were down 23 percent year-on-year, compared to an industry shipments decrease of 4 percent. Shipments in India in particular were scaled back as the economic crisis impacted commercial and high-end accounts.

### **Performance of Product Groups**

During the quarter ended December 31, 2008, Lenovo showed initial success in its global launch of IdeaPad netbooks. The positive reception to the netbook helped drive Lenovo’s overall notebook shipments approximately 3 percent higher over last year, despite the decline in its commercial notebook shipments. At the same time, Lenovo increased its share of the worldwide desktop market with its relatively strong performance in China and the Americas.

### **Outlook**

As the global economic environment continues to deteriorate, industry analysts expect to see minimal growth in the global PC market in 2009. In view of this, Lenovo announced a resource re-deployment action plan in January 2009 to enhance its competitiveness and expects to realize annual savings of approximately US\$300 million in the next fiscal year.

At the same time, Lenovo reported progress with its actions announced in the beginning of the third fiscal quarter. First, it reported early success with its global netbook launch and gained market share in emerging markets. Second, Lenovo made steady progress in driving higher-margin product business as it completed the launch of ThinkServers and delivered strong results in workstation. Lenovo continues to deliver innovative products that meet customers’ needs. The newly announced ThinkPad W700ds, the world’s first dual screen mobile workstation, swept multiple awards in the U.S. Consumer Electronics Show in January 2009.

Looking ahead, the Group will continue to adjust its business model to match the market trend, which indicates shifting demand to the entry-level PC segment. Lenovo is confident in the strength of its premium commercial business, but will also strive to benefit from the volume growth of the entry-level PC segment by adopting a new end-to-end “entry-level PC business model”. The “entry-level PC business model” will lower supply chain and logistics costs while enabling Lenovo to drive incremental volume in the entry-level commercial and consumer notebook markets.

The Group expects the next several quarters will remain very challenging for Lenovo and the rest of the PC industry. It will strive to deliver solid performance in its core businesses, namely the China market and the worldwide commercial segment. At the same time, it will accelerate the business model adjustment.

Lenovo remains strongly committed to its five strategic pillars and will remain focused on driving success in the implementation of that strategic plan. The Group believes improving efficiency, enhancing customer intimacy, driving business growth, gaining scale and building the brand through demand generation are critical to Lenovo’s success. The Group believes the achievement of these strategic goals, coupled with its transformation efforts, will help position Lenovo for growth when market demand revives and build a platform for improvement in future returns.



<b>PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES</b>
--

During the period, the Company purchased 77,628,000 ordinary shares of HK\$0.025 each in the capital of the Company at prices ranging from HK\$5.00 to HK\$5.99 per share on The Stock Exchange of Hong Kong Limited.

Month/Year	Number of shares repurchased	Highest price per share <i>HK\$</i>	Lowest price per share <i>HK\$</i>	Aggregate Consideration paid (excluding expenses) <i>HK\$</i>
April 2008	29,228,000	5.58	5.00	154,574,380
May 2008	3,000,000	5.99	5.79	17,573,000
June 2008	42,400,000	5.96	5.20	231,088,920
July 2008	3,000,000	5.49	5.13	15,947,540

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was diminished by the nominal value thereof. The premium payable on repurchase was charged against the share premium account of the Company.

During the period, the trustee of the Long Term Incentive Program purchased 24,710,000 ordinary shares from the market for award to employees upon vesting. Details of the program were set out in the 2008/09 interim report of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the above-mentioned period.

<b>REVIEW BY AUDIT COMMITTEE</b>
----------------------------------

The Audit Committee of the Company has been established since 1999 with responsibility of assisting the Board in providing an independent review of the financial statements and internal control system. It acts in accordance with the Terms of Reference which clearly deal with its membership, authority, duties and frequency of meetings. The Audit Committee is chaired by an independent non-executive director, Mr. John W. Barter III, and currently comprises four members including Mr. Barter, 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 nine months ended December 31, 2008. It meets regularly with the management, the external auditors and the internal audit personnel to discuss the accounting principles and practices adopted by the Group and internal control and financial reporting matters.

By order of the Board  
**Liu Chuanzhi**  
*Chairman*

February 5, 2009

*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 Mr. Justin T. Chang (alternate director to Mr. James G. Coulter); and the independent non-executive directors are Professor Woo Chia-Wei, Mr. Ting Lee Sen, Mr. John W. Barter III and Dr. Tian Suning.*