Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

FY2007/08 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

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

CONSOLIDATED INCOME STATEMENT

	Note	**2008** *US$'000*	2007 *US$'000*
Continuing operations			
Sales	*2*	**16,351,503**	13,978,309
Cost of sales		**(13,901,523)**	(12,091,433)
Gross profit		**2,449,980**	1,886,876
Other income – net	*3*	**17,261**	8,187
Selling and distribution expenses		**(1,103,713)**	(1,033,296)
Administrative expenses		**(595,902)**	(488,150)
Research and development expenses		**(229,759)**	(196,225)
Other operating expenses – net		**(38,823)**	(15,906)
Operating profit		**499,044**	161,486
Finance income		**52,048**	26,329
Finance costs	*4*	**(38,366)**	(35,133)
Share of profits of associated companies		**124**	1,869
Profit before taxation	*5*	**512,850**	154,551
Taxation	*6*	**(47,613)**	(26,197)
Profit from continuing operations		**465,237**	128,354
Discontinued operations			
Profit from discontinued operations	*7*	**19,920**	32,784
Profit for the year		**485,157**	161,138
Profit attributable to:			
Shareholders of the Company			
- Continuing operations		**464,343**	128,354
- Discontinued operations		**19,920**	32,784
		484,263	161,138
Minority interests		**894**	-
		485,157	161,138

	Note	**2008**	2007
		US$'000	*US$'000*
Dividends	*8*	**186,753**	59,331
Basic earnings per share attributable to shareholders of the Company:	*9(a)*		
– Continuing operations		**US5.29 cents**	US1.49 cents
– Discontinued operations		**US0.22 cents**	US0.38 cents
		US5.51 cents	US1.87 cents
Diluted earnings per share attributable to shareholders of the Company:	*9(b)*		
– Continuing operations		**US4.86 cents**	US1.47 cents
– Discontinued operations		**US0.20 cents**	US0.37 cents
		US5.06 cents	US1.84 cents

CONSOLIDATED BALANCE SHEET

	Note	2008 US$'000	2007 US$'000
Non-current assets			
Property, plant and equipment		**364,778**	326,058
Prepaid lease payments		**6,099**	5,807
Construction-in-progress		**51,237**	20,438
Intangible assets		**1,838,368**	1,867,689
Investments in associated companies		**2,690**	3,908
Deferred tax assets		**156,440**	101,551
Available-for-sale financial assets		**67,697**	42,938
Other non-current assets		**7,172**	20,000
		2,494,481	2,388,389
Current assets			
Inventories		**471,557**	357,663
Trade receivables	*10(a)*	**860,543**	641,593
Notes receivable		**371,126**	190,857
Derivative financial assets		**3,392**	1,616
Deposits, prepayments and other receivables		**767,268**	784,963
Income tax recoverable		**40,002**	22,041
Bank deposits		**540,058**	-
Cash and cash equivalents		**1,651,420**	1,063,716
		4,705,366	3,062,449
Total assets		**7,199,847**	5,450,838
Share capital	*12*	**29,699**	28,504
Reserves		**1,583,390**	1,105,028
Shareholders' funds		**1,613,089**	1,133,532
Minority interests		**174**	744
Total equity		**1,613,263**	1,134,276
Non-current liabilities	*13*	**1,098,123**	789,058
Current liabilities			
Trade payables	*10(b)*	**2,282,199**	1,977,206
Notes payable		**46,421**	49,154
Derivative financial liabilities		**18,197**	2,464
Provisions, accruals and other payables	*11*	**1,944,724**	1,412,122
Income tax payable		**87,209**	60,013
Short-term bank loans		**61,130**	18,028
Current portion of non-current liabilities		**48,581**	8,517
		4,488,461	3,527,504
Total liabilities		**5,586,584**	4,316,562
Total equity and liabilities		**7,199,847**	5,450,838
Net current assets/(liabilities)		**216,905**	(465,055)
Total assets less current liabilities		**2,711,386**	1,923,334

CONSOLIDATED CASH FLOW STATEMENT

	2008	2007
	US$'000	*US$'000*
Continuing operations		
Cash flows from operating activities		
Net cash generated from operations	**1,131,804**	524,732
Interest paid	**(41,197)**	(26,342)
Tax paid	**(81,759)**	(61,411)
Net cash generated from operating activities	**1,008,848**	436,979
Cash flows from investing activities		
Purchase of property, plant and equipment	**(124,561)**	(124,200)
Sale of property, plant and equipment	**4,975**	3,456
Payment for construction-in-progress	**(67,142)**	(39,601)
Payment for intangible assets	**(75,575)**	(60,533)
Net proceeds from disposal of investments	**13,523**	9,814
Proceeds from partial disposal of interest in an associated company	**-**	22,181
Net cash outflow from disposal of discontinued operations	**(5,371)**	-
Increase in bank deposits	**(540,058)**	-
Dividend received	**223**	-
Interest received	**60,049**	26,328
Net cash used in investing activities	**(733,937)**	(162,555)
Cash flow from financing activities		
Exercise of share options	**34,829**	9,865
Repurchase of shares	**(42,583)**	(10,445)
Contributions to employee share trusts	**(63,177)**	(84,892)
Dividends paid	**(67,087)**	(57,724)
Increase/(decrease) in bank borrowings	**428,683**	(110,330)
Net cash generated from/(used in) financing activities	**290,665**	(253,526)
Increase in cash and cash equivalents	**565,576**	20,898
Discontinued operations		
(Decrease)/increase in cash and cash equivalents from discontinued operations	**(12,695)**	32,137
Effect of foreign exchange rate changes	**34,823**	5,700
Cash and cash equivalents at the beginning of the year	**1,063,716**	1,004,981
Cash and cash equivalents at the end of the year	**1,651,420**	1,063,716

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *US$'000*	Share premium *US$'000*	Convertible rights in respect of convertible preferred shares *US$'000*	Exchange reserve *US$'000*	Investment revaluation reserve *US$'000*	Share redemption reserve *US$'000*	Employee share trusts *US$'000*	Share-based compensation reserve *US$'000*	Hedging reserve *US$'000*	Other reserve *US$'000*	Retained earnings *US$'000*	Minority interests *US$'000*	Total *US$'000*
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	–	–	–	–	37,651	–	–	–	–	–	–	–	37,651
Fair value change on interest rate swap	–	–	–	–	–	–	–	–	(1,788)	–	–	–	(1,788)
Transfer to statutory reserve	–	–	–	–	–	–	–	–	–	31,849	(31,849)	–	–
Profit for the year	–	–	–	–	–	–	–	–	–	–	484,263	894	485,157
Exchange differences	–	–	–	(38,452)	–	–	–	–	–	–	–	–	(38,452)
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	–	–	–	–	–	–	18,243	(26,011)	–	–	–	–	(7,768)
Exercise of share options	290	34,539	–	–	–	–	–	–	–	–	–	–	34,829
Share-based compensation	–	–	–	–	–	–	–	53,328	–	–	–	–	53,328
Repurchase of shares	(225)	(42,358)	–	–	–	–	–	–	–	–	–	–	(42,583)
Contributions to employee share trusts	–	–	–	–	–	–	(63,177)	–	–	–	–	–	(63,177)
Disposal of discontinued operations	–	–	–	(5,626)	–	–	–	–	–	(7,312)	–	–	(12,938)
Dividends paid	–	–	–	–	–	–	–	–	–	–	(65,623)	(1,464)	(67,087)
At March 31, 2008	**29,699**	**1,150,684**	**42,159**	**(66,834)**	**41,136**	**497**	**(172,235)**	**78,737**	**(1,788)**	**24,537**	**486,323**	**174**	**1,613,089**

	Share capital *US$'000*	Share Premium *US$'000*	Convertible rights in respect of convertible preferred shares *US$'000*	Exchange reserve *US$'000*	Investment revaluation reserve *US$'000*	Share redemption reserve *US$'000*	Employee share trusts *US$'000*	Share-based compensation reserve *US$'000*	Hedging reserve *US$'000*	Other reserve *US$'000*	Retained earnings/ (accumulated losses) *US$'000*	Minority interests *US$'000*	Total *US$'000*
At April 1, 2006	28,504	1,043,260	10,769	(3,313)	(3,579)	396	(51,043)	22,791	–	–	(3,882)	744	1,044,647
Fair value change on available-for-sale financial assets	–	–	–	–	21,560	–	–	–	–	–	–	–	21,560
Profit for the year	–	–	–	–	–	–	–	–	–	–	161,138	–	161,138
Exchange differences	–	–	–	(19,443)	–	–	–	–	–	–	–	–	(19,443)
Reserve realized on disposal of available-for-sale financial assests	–	–	–	–	(2,903)	–	–	–	–	–	–	–	(2,903)
Transfer of warrants from non-current liabilities at fair value	–	–	35,210	–	–	–	–	–	–	–	–	–	35,210
Vesting of shares under long-term incentive program	–	–	–	–	–	–	8,634	(8,372)	–	–	–	–	262
Exercise of share options	101	9,764	–	–	–	–	–	–	–	–	–	–	9,865
Share-based compensation	–	–	–	–	–	–	–	37,001	–	–	–	–	37,001
Repurchase of shares	(101)	(10,445)	–	–	–	101	–	–	–	–	–	–	(10,445)
Contributions to employee share trusts	–	–	–	–	–	–	(84,892)	–	–	–	–	–	(84,892)
Dividends paid	–	–	–	–	–	–	–	–	–	–	(57,724)	–	(57,724)
At March 31, 2007	28,504	1,042,579	45,979	(22,756)	15,078	497	(127,301)	51,420	–	–	99,532	744	1,134,276

Notes:

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 those new standards, amendments to standards and interpretations that are mandatory for the year ended March 31, 2008. The adoption of these new standards, amendments to standards and interpretations do not result in substantial changes to the Group's accounting policies or financial results except that new and revised disclosures, in particular those in connection with HKFRS 7, "Financial instruments: Disclosures" and Amendment to HKAS 1 "Presentation of financial statements: Capital disclosures", have been made in the financial statements. Certain comparative figures have been reclassified to conform to the current year's presentation.

At the date of approval of these financial statements, the following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended March 31, 2008 and have not been early adopted:

– 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

– HK(IFRIC)-Int 12, "Service concession arrangements", effective for annual periods beginning on or after January 1, 2008

– HK(IFRIC)-Int 13, "Customer loyalty programmes", effective for annual periods beginning on or after July 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 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.

(a) *Primary reporting format – geographical segments*

The segment results for the year ended March 31, 2008 are as follows:

	Continuing operations						Discontinued operations (Note 7)
	Americas US$'000	Europe, Middle East and Africa US$'000	Asia Pacific (excluding Greater China) US$'000	Greater China US$'000	Corporate or unallocated US$'000	Total US$'000	Greater China US$'000
Sales	**4,506,451**	**3,606,048**	**2,113,250**	**6,125,754**	**-**	**16,351,503**	**436,369**
Segment operating results	**88,915**	**122,549**	**(2,701)**	**426,248**	**(153,228)**	**481,783**	**(42,867)**
Finance income						**52,048**	**-**
Finance costs						**(38,366)**	**-**
Impairment of assets						**(2,530)**	**-**
Gain on disposal of available-for-sale financial assets						**19,791**	**-**
Share of profits of associated companies						**124**	**-**
Profit/(loss) before taxation						**512,850**	**(42,867)**
Taxation						**(47,613)**	**4,564**
Profit/(loss) for the year						**465,237**	**(38,303)**
Capital expenditure	**53,261**	**8,259**	**27,179**	**78,162**	**117,182**	**284,043**	**5,837**

Note:

Segment operating profit/(loss) presented above include the impact of restructuring costs of US$47,640,000. The segment operating profit/(loss) before restructuring costs are: Americas US$105,399,000; Europe, Middle East and Africa US$137,406,000; Asia Pacific (excluding Greater China) US$12,387,000; Greater China US$427,460,000; and corporate or unallocated (US$153,228,000) respectively.

At March 31, 2008

	Americas *US$'000*	Europe, Middle East and Africa *US$'000*	Asia Pacific (excluding Greater China) *US$'000*	Greater China *US$'000*	Corporate or unallocated *US$'000*	Total *US$'000*
Segment assets	**1,472,775**	**788,664**	**1,213,620**	**2,715,799**		**6,190,858**
Investments in associated companies					**2,690**	
Deferred tax assets					**156,440**	
Available-for-sale financial assets					**67,697**	
Derivative financial assets					**3,392**	
Cash and cash equivalents					**449,576**	
Income tax recoverable					**40,002**	
Other unallocated assets					**289,192**	**1,008,989**
Consolidated total assets						**7,199,847**
Segment liabilities	**1,384,307**	**1,029,253**	**933,348**	**1,414,180**		**4,761,088**
Bank borrowings					**500,000**	
Convertible preferred shares					**211,181**	
Share-based compensation					**6,430**	
Derivative financial liabilities					**19,985**	
Income tax payable					**87,209**	
Other unallocated liabilities					**691**	**825,496**
Consolidated total liabilities						**5,586,584**

The segment results for the year ended March 31, 2007 are as follows:

	Continuing operations						Discontinued operations (Note 7)
	Americas *US$'000*	Europe, Middle East and Africa *US$'000*	Asia Pacific (excluding Greater China) *US$'000*	Greater China *US$'000*	Corporate or unallocated *US$'000*	Total *US$'000*	Greater China *US$'000*
Sales	4,119,481	3,056,723	1,833,243	4,968,862	-	13,978,309	611,895
Segment operating results	(27,538)	25,856	(1,278)	294,150	(137,891)	153,299	33,178
Finance income						26,329	-
Finance costs						(35,133)	-
Impairment of assets						(8,990)	-
Fair value change on warrants						(171)	-
Gain on disposal of investments and available-for-sale financial assets						17,348	-
Share of profits of associated companies						1,869	-
Profit before taxation						154,551	33,178
Taxation						(26,197)	(394)
Profit for the year						128,354	32,784
Capital expenditure	84,745	13,520	20,245	44,646	60,545	223,701	19,400

Note:

Segment operating profit/(loss) presented above include the impact of restructuring costs of US$11,794,000. The segment operating profit/(loss) before restructuring costs are: Americas (US$29,270,000); Europe, Middle East and Africa US$20,633,000; Asia Pacific (excluding Greater China) US$5,403,000; Greater China US$297,240,000; and corporate or unallocated (US$128,913,000) respectively.

At March 31, 2007

	Americas *US$'000*	Europe, Middle East and Africa *US$'000*	Asia Pacific (excluding Greater China) *US$'000*	Greater China *US$'000*	Corporate or unallocated *US$'000*	Total *US$'000*
Segment assets	1,188,004	589,350	847,038	2,050,866		4,675,258
Investments in associated companies					3,908	
Available-for-sale financial assets					42,938	
Deferred tax assets					101,551	
Derivative financial assets					1,616	
Income tax recoverable					22,041	
Cash and cash equivalents					439,212	
Other unallocated assets					164,314	775,580
Consolidated total assets						5,450,838
Segment liabilities	1,228,160	904,054	587,436	1,066,939		3,786,589
Bank borrowings					100,000	
Convertible preferred shares					317,495	
Share-based compensation					11,019	
Derivative financial liabilities					2,464	
Income tax payable					60,013	
Other unallocated liabilities					38,982	529,973
Consolidated total liabilities						4,316,562

(b) Secondary reporting format – business segments

	Continuing operations					Discontinued operations
	Personal computer					Mobile
	Desktop	**Notebook**	**Total**	**Others**	**Total**	**handset**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended March 31, 2008:						
Sales	**6,698,677**	**9,422,297**	**16,120,974**	**230,529**	**16,351,503**	**436,369**
Capital expenditure			**278,334**	**5,709**	**284,043**	**5,837**
At March 31, 2008 Total segment assets			**4,397,096**	**115,144**	**4,512,240**	**-**
Year ended March 31, 2007:						
Sales	6,115,089	7,653,172	13,768,261	210,048	13,978,309	611,895
Capital expenditure			221,213	2,488	223,701	19,400
At March 31, 2007 Total segment assets			3,938,006	45,237	3,983,243	91,757

3 Other income – net

	2008	2007
	US$'000	*US$'000*
Fair value change on warrants	**-**	(171)
Gain on disposal of investments and available-for-sale financial assets	**19,791**	17,348
Impairment of assets	**(2,530)**	(8,990)
	17,261	8,187

4 Finance costs

	2008	2007
	US$'000	*US$'000*
Interest on bank loans and overdrafts	**11,500**	9,776
Dividend and relevant finance costs on convertible preferred shares	**18,700**	21,941
Others	**8,166**	3,416
	38,366	35,133

5 Profit before taxation

Profit before taxation is stated after charging the following:

	2008	2007
	US$'000	*US$'000*
Amortization of intangible assets	**127,313**	104,837
Depreciation of property, plant and equipment and amortization of prepaid lease payments	**88,025**	67,819
Employee benefit costs (including amortization of share-based compensation of US$53,328,000 (2007: US$37,001,000))	**1,194,196**	904,251
Rental expenses under operating leases	**34,703**	33,393
Restructuring costs (net of reversal of unused provision) (Note 11(b))	**47,640**	11,794

6 Taxation

The amount of taxation in the consolidated income statement represents:

	2008	2007
	US$'000	*US$'000*
Current taxation		
– Hong Kong profits tax	**408**	334
– Taxation outside Hong Kong	**94,123**	65,160
Deferred taxation	**(46,918)**	(39,297)
	47,613	26,197

7 Profit from discontinued operations

On January 30, 2008, the Company's wholly-owned subsidiaries, Lenovo (Beijing) Limited[1] ("Lenovo Beijing") and Lenovo Manufacturing Limited ("Lenovo Manufacturing") entered into an agreement to sell their entire interests in Lenovo Mobile Communication Technology Ltd.[1] ("Lenovo Mobile"), a company which held all of the Group's direct and indirect interest in its Greater China mobile handset operations for a cash consideration of US$100 million to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of completion. Accordingly, the results of the Group's Greater China mobile handset operations are presented as discontinued operations in the financial statements. The presentation of comparative information in respect of the year ended March 31, 2007 has been reclassified to conform to the current year's presentation. The disposal transaction was completed on March 31, 2008.

An analysis of the results of the discontinued operations and the profit on disposal of discontinued operations is as follows:

	2008	2007
	US$'000	*US$'000*
Sales	**436,369**	611,895
Cost of sales	**(364,029)**	(462,134)
Gross profit	**72,340**	149,761
Selling and distribution expenses	**(70,743)**	(81,328)
Administrative expenses	**(11,259)**	(10,506)
Research and development expenses	**(31,595)**	(31,137)
Other operating (expense)/income – net	**(1,610)**	6,388
(Loss)/profit before taxation	**(42,867)**	33,178
Taxation	**4,564**	(394)
(Loss)/profit of discontinued operations	**(38,303)**	32,784
Gain on disposal of discontinued operations	**64,702**	-
Taxation on disposal gain	**(6,479)**	-
Profit on disposal of discontinued operations	**58,223**	-
Profit from discontinued operations	**19,920**	32,784

[1] The English name of each company is a direct transliteration of its Chinese registered name.

8 Dividends

	2008 *US$'000*	2007 *US$'000*
Interim dividend of HK3.0 cents per ordinary share (2007: HK2.4 cents)	**34,715**	27,454
Proposed final dividend of HK12.8 cents per ordinary share (2007: HK2.8 cents)	**152,038**	31,877
	186,753	59,331

At a board meeting held on May 22, 2008, the directors recommended a final dividend of HK12.8 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending March 31, 2009.

9 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 year.

	2008	2007
Weighted average number of shares for the purpose of basic earnings per share	**8,781,101,650**	8,625,392,946
Profit attributable to shareholders of the Company	**US$'000**	US$'000
− Continuing operations	**464,343**	128,354
− Discontinued operations	**19,920**	32,784
	484,263	161,138

(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.

The convertible preferred shares are assumed to have been converted into ordinary shares and the net profit is adjusted to add back the relevant finance costs.

For the year ended March 31, 2007, 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.

	2008	2007
Weighted average number of ordinary shares in issue	**8,781,101,650**	8,625,392,946
Adjustments for assumed conversion of convertible preferred shares	**857,246,554**	-
Adjustments for share options, long-term incentive awards and warrants	**294,887,296**	115,393,814
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share	**9,933,235,500**	8,740,786,760

	US$'000	US$'000
Profit from continuing operations attributable to shareholders of the Company	**464,343**	128,354
Interest expense on convertible preferred shares	**18,700**	-
	483,043	128,354
Profit from discontinued operations attributable to shareholders of the Company	**19,920**	32,784
	502,963	161,138

10 Ageing analysis

(a) Ageing analysis of trade receivables at the balance sheet date is as follows:

	2008	2007
	US$'000	*US$'000*
0 – 30 days	**788,126**	532,247
31 – 60 days	**32,240**	69,188
61 – 90 days	**21,729**	14,816
Over 90 days	**32,333**	49,281
	874,428	665,532
Less: provision for impairment	**(13,885)**	(23,939)
Trade receivables – net	**860,543**	641,593

Customers are generally granted credit term of 30 days.

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

	2008	2007
	US$'000	*US$'000*
0 – 30 days	**1,618,188**	1,484,771
31 – 60 days	**466,068**	298,943
61 – 90 days	**176,094**	178,380
Over 90 days	**21,849**	15,112
	2,282,199	1,977,206

11 Provisions, accruals and other payables

Included in provisions are warranty, restructuring costs and battery recall provisions as follows:

	2008 *US$'000*	2007 *US$'000*
(a) Warranty provision		
At the beginning of the year	**448,333**	326,124
Provisions made	**665,912**	410,356
Amounts utilized	**(411,661)**	(288,147)
Disposal of discontinued operations	**(4,669)**	–
	697,915	448,333
Long-term portion classified as non-current liabilities (Note 13)	**(209,071)**	(166,525)
At the end of the year	**488,844**	281,808

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 our suppliers in accordance with the terms of relevant arrangement with the suppliers.

	2008 *US$'000*	2007 *US$'000*
(b) Restructuring costs provision		
At the beginning of the year	**5,645**	69,584
Exchange adjustment	**1,227**	(460)
Provisions made	**50,820**	–
Amounts utilized	**(34,136)**	(44,059)
Unused amounts reversed	**(7,616)**	(19,420)
Disposal of discontinued operations	**(8,352)**	–
At the end of the year	**7,588**	5,645

	2008 *US$'000*	2007 *US$'000*
(c) Battery recall provision		
At the beginning of the year	**8,693**	–
Provisions made	–	23,750
Amounts utilized	**(8,693)**	(15,057)
At the end of the year	**-**	8,693

The Group announced a voluntary recall of battery packs that shipped in some of the products. Under the arrangement with the suppliers, majority of the costs associated with the recall were reimbursed by the suppliers.

12 Share capital

	2008 Number of shares	2008 HK$'000	2007 Number of shares	2007 HK$'000
Authorized:				
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
		527,525		527,525

	2008 Number of shares	2008 US$'000	2007 Number of shares	2007 US$'000
Issued and fully paid:				
Voting ordinary shares:				
At the beginning of the year	**8,517,981,022**	**27,301**	8,517,920,623	27,301
Conversion from Series A cumulative convertible preferred shares (Note 13)	**350,459,078**	**1,130**	–	–
Exercise of share options	**90,436,550**	**290**	31,450,399	101
Repurchase of shares *	**(70,090,000)**	**(225)**	(31,390,000)	(101)
At the end of the year	**8,888,786,650**	**28,496**	8,517,981,022	27,301
Non-voting ordinary shares:				
At the beginning and the end of the year	**375,282,756**	**1,203**	375,282,756	1,203
Issued and fully paid ordinary shares	**9,264,069,406**	**29,699**	8,893,263,778	28,504
Total issued and fully paid Series A cumulative convertible preferred shares				
At the beginning of the year	**2,730,000**	**3,211**	2,730,000	3,211
Conversion to voting ordinary shares (Note 13)	**(955,001)**	**(1,130)**	–	–
At the end of the year	**1,774,999**	**2,081**	2,730,000	3,211

*Included in the 70,090,000 shares were 18,936,000 shares repurchased in March 2008 that were subsequently cancelled in April 2008.

13 Non-current liabilities

	2008	2007
	US$'000	*US$'000*
Amount payable for marketing rights	**5,417**	18,123
Interest-bearing bank loans repayable within five years	**465,000**	100,000
Share-based compensation	**6,430**	11,019
Convertible preferred shares	**211,181**	317,495
Warranty provision	**209,071**	166,525
Retirement benefit obligations	**85,490**	102,948
Derivative financial liabilities	**1,788**	-
Other non-current liabilities	**113,746**	72,948
	1,098,123	789,058

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 in the Company 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 stated value 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. 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 direct and indirect interest in the Greater China mobile handset operations in March 2008. Accordingly, the results of the Group's Greater China mobile handset operations are presented as discontinued operations in the financial statements. Lenovo's continuing operations (excluding mobile handset business) improved strongly in its financial performance for the year ended March 31, 2008.

Continuing operations

Results

For the year ended March 31, 2008, the Group achieved total sales of approximately US$16,352 million representing a 17.0 percent year-on-year growth driven across all geographies. Profit attributable to shareholders for the year was approximately US$464 million, representing an increase of US$336 million as compared to last year. Gross profit margin for the year was 15.0 percent up from 13.5 percent reported last year. The balance sheet position remained strong, bank deposits and cash and cash equivalents increased by US$1,128 million as compared to March 31, 2007. Basic earnings per share and diluted earnings per share were US5.29 cents and US4.86 cents, representing an increase of US3.80 cents and US3.39 cents respectively as compared with 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

The sale of available-for-sale financial assets during the year generated income of approximately US$20 million (2007: US$17 million). The Group performs reviews for the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses of approximately US$3 million (2007: US$9 million) were recognized for the year in connection with certain investments.

Selling and distribution expenses

In addition to the Olympics, the Group has been successful in leveraging its alliance with prominent international sports teams to boost its brand awareness through advertising campaigns and sponsorship activities. Selling and distribution expenses for the year ended March 31, 2008 increased by 6.8 percent as compared to last year. This is principally attributable to a US$31 million accelerated amortization for discontinued use of the IBM logo, as a result of broader brand awareness. The company also experienced increased staff costs related to the Group's salary increment plan, performance bonuses, and commissions.

Administrative expenses

The Group also experienced an increase in administrative expenses for the year ended March 31, 2008 of 22.1 percent as compared to last year. The increase is driven by staff costs.

Research and development expenses

Research and development spending for the year ended March 31, 2008 increased by 17.1 percent as compared to last year. This is a reflection of the continued investment the Group is making towards its commitment to deliver the most innovative products in the industry.

Other operating expenses - net
The net other operating expenses for the year ended March 31, 2008 increased by US$23 million as compared to last year. This was driven by the costs associated with restructuring actions taken to streamline processes, consolidate Lenovo's expertise across the globe, and increase global operational efficiency. Restructuring costs incurred during the year under review amounted to US$48 million (2007: US$12 million).

Discontinued operations

The Group completed the disposal of its mobile handset business on March 31, 2008, and the results from discontinued operations for the year represent a full year results of the mobile handset business. Due to intensified market competition, the mobile handset business reported total sales of approximately US$436 million representing a 28.7 percent year-on-year drop, and a loss for the year of US$38 million (2007: profit of US$33 million). Gross profit margin for the year was 16.6 percent down from 24.5 percent reported last year.

The Group recorded a pre-tax gain on disposal of approximately US$65 million as a result of the divestment of the mobile handset business.

Capital Expenditure

The Group incurred capital expenditures of US$290 million (2007: US$243 million) during the year ended March 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 March 31, 2008, total assets of the Group amounted to US$7,200 million (2007: US$5,451 million), which were financed by shareholders' funds of US$1,613 million (2007: US$1,134 million), minority interests of US$174,000 (2007: US$744,000), and non-current and current liabilities of US$5,587 million (2007: US$4,317 million). At March 31, 2008, the current ratio of the Group was 1.05 (2007: 0.87).

The Group had a solid financial position and continued to maintain a strong and steady cash inflow from its operating activities. At March 31, 2008, bank deposits, cash and cash equivalents totaled US$2,191 million (2007: US$1,064 million), of which 63.9 (2007: 59.1) percent was denominated in US dollars, 20.4 (2007: 20.3) percent in Renminbi, 2.2 (2007: 4.6) percent in Euros, 2.9 (2007: 3.9) percent in Japanese Yen, and 10.6 (2007: 12.1) percent in other currencies.

The Group adopts a conservative policy to invest the surplus cash generated in the operations. At March 31, 2008, 72.1 (2007: 65.8) percent of cash are bank deposits, and 27.9 (2007: 34.2) 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 March 31, 2008, the Group had a US$400 million (2007: 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 (2007: 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 (2007: US$100 million) at March 31, 2008.

The Group has also arranged other short-term credit facilities. At March 31, 2008, the Group's total available credit facilities amounted to US$2,628 million (2007: US$2,502 million), of which US$384 million (2007: US$476 million) was in trade lines, US$406 million (2007: US$291 million) in short-term and revolving money market facilities and US$1,838 million (2007: US$1,735 million) in forward foreign exchange contracts. At March 31, 2008, the amount drawn down was US$150 million (2007: US$104 million) in trade lines, US$1,127 million (2007: US$896 million) being used for the currency forward contracts and US$61 million (2007: US$18 million) in short-term bank loans.

At March 31, 2008, the Group's outstanding bank loan represented the term loan of US$500 million (2007: US$100 million) and short-term bank loans of US$61 million (2007: US$18 million). When compared with total equity of US$1,613 million (2007: US$1,134 million), the Group's gearing ratio was 0.35 (2007: 0.10). The net cash position of the Group at March 31, 2008 is US$1,630 million (2007: US$946 million).

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At March 31, 2008, the Group had commitments in respect of outstanding foreign exchange forward contracts amounting to US$1,127 million (2007: US$896 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 March 31, 2008 amounted to approximately US$211 million (2007: US$318 million), US$7 million (2007: US$11 million) and US$35 million (2007: 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 March 31, 2008, the Group had a total of approximately 23,111 (2006/07: 25,100) employees, 16,791 (2006/07: 19,300) of whom were employed in Chinese mainland, 1,970 (2006/07: 2,000) in the U.S. and 4,350 (2006/07: 3,800) in other countries.

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

Lenovo made significant progress against its goal of growing faster and more profitably than the industry during the 2007/08 fiscal year. Lenovo's financial performance was outstanding thanks to solid execution of its key initiatives, including rolling out the transaction model in additional geographies, improving global supply chain, enhancing competitiveness in desktop computers, and building a global brand.

During the fiscal year, Lenovo achieved faster than industry growth in both PC shipments and sales, with solid performance in both the China market and the large enterprise business outside China. It also made significant inroads into emerging markets as well as the small- and medium-sized business (SMB) and consumer markets, through the roll-out of the transaction business model outside China. For the fiscal year ended March 31, 2008, Lenovo increased its worldwide PC shipments by approximately 22 percent, healthily outpacing the industry average growth of 16 percent.

In order to allow the Group to better focus on its core PC business, Lenovo completed the sales of its entire interest in its mobile handset business in March 2008. The Group recorded approximately US$65 million as a pre-tax gain on disposal. Lenovo's continuing business (excluding mobile handset business) improved strongly in its financial performance. During the 2007/08 fiscal year, Lenovo's sales grew 17 percent year-on-year to approximately US$16,352 million. The gross profit margin for the year improved to 15.0 percent from 13.5 percent. The Group's profit before taxation (excluding the cost of strategic restructuring actions) for its continuing operations surged 237 percent to approximately US$560 million with pre-tax operating margin improved to 3.4 percent this year from 1.2 percent in the previous year. Including the net profit of US$20 million from discontinued operations, the Group's profit attributable to shareholders increased significantly by 201 percent year-on-year to US$484 million this year.

Performance of Geographies

Lenovo's improvement in market competitiveness positioned it to take advantage of a rising PC market and deliver a solid year across all geographies. All of the Group's geographies posted double-digit PC shipment increases and were profitable for the year. During the year ended March 31, 2008, Lenovo gained 0.4 percentage points in market share, accounting for approximately 7.6 percent of the overall market, making it the number four company in the worldwide PC market.

Greater China – Accounted for approximately 37 percent of the Group's sales in the 2007/08 fiscal year. Building on the market traction of its well-established dual business model in China, the success of Olympic marketing, and continuous improvement in market coverage, the Group recorded approximately 27 percent growth in PC unit shipments during the fiscal year. Lenovo increased its share of the China market to 28 percent, leading the world's second largest PC market for 11 consecutive years.

Americas – Accounted for approximately 28 percent of the Group's sales in the 2007/08 fiscal year. Lenovo delivered solid performance improvement in Americas, with PC shipments increasing 13 percent year-on-year, in line with the market. Lenovo's sales in Americas grew 9 percent driven by strong growth in the transaction business and in Latin America. With the higher growth in sales and improved operational efficiencies, the geography improved its profitability during the 2007/08 fiscal year, contributing to the Group's profitable growth.

Europe, Middle East and Africa (EMEA) – Accounted for approximately 22 percent of the Group's sales in the 2007/08 fiscal year. Lenovo delivered strong growth and profits in EMEA, benefiting from the robust PC market and the Group's strong performance in the commercial segment of the market. EMEA expanded the roll-out of the transaction model, launched mid-market and consumer businesses, all while maintaining steady progress in large enterprise business. Lenovo recorded 18 percent year-on-year sales increase in EMEA and gained market share by posting 23 percent increase in PC shipments for the fiscal year.

Asia Pacific (excluding Greater China) – Accounted for approximately 13 percent of the Group's sales. The PC market in Asia Pacific (excluding Greater China) continued its strong growth, mainly driven by India, Australia, New Zealand and the ASEAN countries. Lenovo's PC shipments in this geography increased 18 percent year-on-year, outpacing the market growth of 12 percent in the geography. Lenovo's sales increased 15 percent during the 2007/08 fiscal year.

Lenovo outpaced the market growth in India and gained further share with shipments increasing approximately 28 percent year-on-year through its successful penetration into both commercial and consumer segments.

Performance of Product Groups

Lenovo leads the PC industry in product innovation. The 2007/08 fiscal year was a fruitful year for its product groups, which launched a number of award-winning products for both commercial and consumer segments. The Group continued to leverage its innovation leadership to strive for making the best-engineered PCs, which in turn drove Lenovo market share gain in both worldwide notebook and desktop markets for the fiscal year.

Notebook Computers – Accounted for approximately 58 percent of the Group's sales. The increased adoption of notebook computers worldwide continues to be the primary driving force behind the growth of the worldwide PC market and Lenovo is uniquely positioned to capitalize on this trend. Expanding the portfolio of Lenovo and ThinkPad notebooks and further leveraging its Lenovo 3000 series to better address the SMB segment has resulted in Lenovo increasing its worldwide shipment of notebook computers by approximately 36 percent during the 2007/08 fiscal year. This growth has resulted in a higher market share of 7.8 percent during the same period. Lenovo continues to lead China's notebook market and accounted for approximately 31 percent of the market with its tailored features for various customer segments.

Desktop Computers – Accounted for approximately 41 percent of the Group's sales. By consolidating desktop product platforms to reduce complexity and strengthen cost efficiency, Lenovo's desktop business realized significantly improved competitiveness and profitability in the worldwide market. The Group's desktop computer shipments increased 13 percent year-on-year while the overall market grew by just 4 percent. Lenovo increased its share of the worldwide desktop computer market to 7.7 percent and continued to command the number one position in China with 27 percent share for the year ended March 31, 2008.

FUTURE PROSPECTS

Lenovo's consistent focus on and solid implementation of its strategic initiatives over the past two years has dramatically improved its market and financial performance during the 2007/08 fiscal year. Lenovo has embedded these initiatives and their key performance indicators (KPIs) into the fabric of how it manages the company day-to-day. The Group continues to make significant progress achieving its goal of growing faster and more profitably than the industry by providing best-engineered PCs and an unequaled ownership experience for its customers.

As Lenovo moves into the next phase of its growth, it has identified and adopted a set of five strategic pillars supporting its objectives. Each of these pillars builds on an existing Lenovo strength.

Pursue Operational Excellence – Lenovo has been vigilant in streamlining and improving its global supply chain and logistics network. Thanks to increased efficiencies, the Group has been able to significantly reduce its costs while maintaining product quality and availability. In the coming year, Lenovo will create even greater efficiencies in its manufacturing, supply chain and overall operations.

Enhance Customer Intimacy – Lenovo is dedicated to taking the notion of the ownership experience beyond the expected to a new level – customer intimacy. It is Lenovo's goal to delight its customers through a deep understanding of customer needs and striving to build the world's best-engineered PCs.

Win in Priority Businesses – Lenovo's presence in every major market in the world has given it insights into what will be the prime growth markets for it in the coming year. As a result, the Group will focus heavily on the consumer PC, workstations and servers and emerging markets.

Gain Scale Profitably – Increasing scale compared to its competitors is vital to generating more efficiency and managing profitability. The Group will use its product leadership, strong presence in China and large enterprise markets, and dual business model to grow in both core and adjacent businesses.

Build the Brand – Continuing to build the Lenovo brand has been a top priority for the Group. Lenovo's sponsorship of the Beijing Olympic Games, along with other world-class sports partnerships, will ensure that an ever-growing number of customers associate the Lenovo brand with the world's best-engineered PCs and unrivaled ownership experience.

To win in the competitive PC marketplace, Lenovo will ensure successful implementation of its profitable growth strategy by refocusing the efforts of its performance-driven team on the five strategic pillars of its business. No matter how the market environment will change, Lenovo endeavors to realize its strategic objectives and is confident that its strategy will take the Group to the next level.

PROPOSED DIVIDEND

The Board recommended the payment of a final dividend of HK12.8 cents per ordinary share (2006/07: HK2.8 cents). Subject to shareholders' approval at the forthcoming annual general meeting, the final dividend will be payable on Friday, August 1, 2008 to the shareholders whose names appear on the Register of Members of ordinary shares of the Company on Friday, July 25, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of ordinary shares of the Company will be closed from Monday, July 21, 2008 to Friday, July 25, 2008, both days inclusive, during which period no transfer of ordinary shares will be effected. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Abacus Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, July 18, 2008.

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

During the year and up to the date of this announcement, the Company purchased 99,318,000 ordinary voting shares of HK$0.025 each in the capital of the Company at prices ranging from HK$4.25 to HK$5.58 per share on The Stock Exchange of Hong Kong Limited.

Month/Year	**Number of shares repurchased**	**Highest price per share**	**Lowest price per share**	**Aggregate Consideration paid (excluding expenses)**
		HK$	***HK$***	***HK$***
March 2008	70,090,000	5.10	4.25	330,568,740
April 2008	29,228,000	5.58	5.00	154,574,380

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

During the year, the trustee of the Long Term Incentive Program purchased 100,000,000 ordinary voting shares from the market for award to employees upon vesting. Details of the program will be set out in the 2007/08 Annual 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.

REVIEW BY AUDIT COMMITTEE

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 five members including Mr. Barter, the other two independent non-executive directors, Professor Woo Chia-Wei and Mr. Ting Lee Sen, and two non-executive directors, Ms. Ma Xuezheng and Mr. Shan Weijian.

The Audit Committee of the Company has reviewed the annual results for the year ended March 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules except for the deviation under Code A.4.1.

Code A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Non-executive directors of the Company do not have a specific term of appointment. However, all directors including non-executive directors are subject to the requirement to retire by rotation at annual general meetings under the Company's Articles of Association accomplishing the same purpose as a specific term of appointment.

By order of the Board
Yang Yuanqing
Chairman

Hong Kong, May 22, 2008

As of the date of this announcement, the Executive Directors are Mr. Yang Yuanqing and Mr. William J. Amelio; the Non-Executive Directors are Mr. Liu Chuanzhi, Mr. Zhu Linan, Ms. Ma Xuezheng, Mr. James G. Coulter, Mr. William O. Grabe, Mr. Shan Weijian, Mr. Justin T. Chang (alternate Director to Mr. James G. Coulter) and Mr. Daniel A. Carroll (alternate Director to Mr. Shan Weijian); and the Independent Non-Executive Directors are Professor Woo Chia-Wei, Mr. Ting Lee Sen, Mr. John W. Barter III and Dr. Tian Suning.