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LENOVO GROUP LTD:
THAT INTERIM DIVIDEND:
SHOULD MANAGEMENT BE FORCED
TO EXPLAIN ITS RATIONALE ?

Questions could (and, perhaps, should) be raised as to the underlying reason(s) that Senior Management of Lenovo Group Ltd () (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd) made the decision to declare a dividend in respect of the six-month period, ended September 30, 2015.

On November 12, 2015, Mr Yang Yuan Qing (), the Chairman and Chief Executive Officer of Lenovo Group, announced in the Company's Interim Announcement, among other things, that the Company had suffered a Loss Attributable to Shareholders of $US609 million (about $HK4,719.75 million) for the first half of the Current Financial Year.

(The translation of US dollars into Hongkong dollars is given in the Interim Announcement as being $HK7.75=$US1.00.)

In respect of the like period in the 2014/2015 Year, the Company announced a Net Profit Attributable to Shareholders of about $US476 million (about $HK3,689.00 million).

Despite the very poor results in respect of the first half of the 2015/2016 Financial Year, the Board of Directors of the Company '*declared an interim dividend of HK6 cents per share … absorbing an aggregate amount of approximately HK$666.5 million (approximately US$86.0 million) …*'.

This Interim Dividend is exactly the same amount that was declared and paid to shareholders with regard to the 2014/2015 Financial Year when the Company was in profit.

In Chairman Yang Yuan Qing's '*Business Review*', he stated, at Page Two of the Interim Report:

> '*During the six months ended September 30, 2015, the macro-economy and global markets remained challenging along with currency fluctuations in emerging markets. These factors affected overall consumer demand which led to a continuing decline in the PC market and slower growth of worldwide smartphone and tablet markets. In addition, the China smartphone market continued to see a market shift from traditional carrier channels to online while competition in China further intensified.*
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> '*Amidst these market challenges, Lenovo managed to deliver continuous growth in group sales and solid performances across its businesses driven by solid strategic execution. For the six months ended September 30, 2015, the Group's consolidated revenue increased by 10 percent year-on-year to US$22,866 million. Revenue of the Group's PC business was US$15,425 million, representing a year-on-year decline of 9 percent. The revenue of Mobile business, which includes the combined Lenovo and Motorola businesses for the review period this year, increased 65 percent year-on-year to US$4,797 million. The revenue of Enterprise business, which includes the combined ThinkServer and System X businesses for the review period this year, increased over 560 percent year-on-year to US$2,254 million. Meanwhile, revenue of other goods and services were US$390 million.*
>
> '*Over the past years, Lenovo has demonstrated a consistent and solid track record in*

delivering results through strong execution of its clear strategy to balance short-term results and long-term objectives. To address the market challenges, the Group took swift, decisive action to strengthen our foundation, to address its challenges and prepare for the future across all its businesses. The Group executed the business realignment plan well in fiscal quarter two that resulted in incurring restructuring costs of US$599 million and one-time charges of US$324 million, totaling US$923 million which were included in the Group's financial performance for fiscal quarter two…'

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