



President's Statement

總裁致辭

The founders of Legend transformed a small RMB200,000 company into the largest technology corporation in the PRC, and the corporate spirit and culture they created remain at the heart of the current management team. This continuity, coupled with the energy and drive of the current management, is the finest guarantee of confidence in Legend's future.

The coming year looks to present a wide array of opportunities and challenges. I believe that the slowdown in the development of global technology industry is temporary, since Internet applications are now so essential to daily life. As new technologies, inventions and applications emerge, the high technology industry will continue to grow. China's Tenth Five-year Plan forecasts a 20% annual growth rate for the IT industry over the next five years, with market size doubling by 2005. The PRC economy continues to develop and the income and purchasing power of citizen is constantly rising. Given the emphasis on children's education, there is ample room for development in the consumer PC market. The large number of SMEs in the PRC provides another growth area for IT products and services especially since their level of computerisation typically lags far behind similar enterprises in other countries. With computerisation sweeping the country and China's imminent entry into the WTO, the demand for information technology has become extremely keen, fuelling a potentially huge SME market. Further, the build out of infrastructure necessitated by the widespread use of Internet applications in government departments, commercial organisations and even families is further stimulating demand for hardware products such as PCs, servers, and networking products, and IT services. We will see numerous exceptional development opportunities.

Such valuable opportunities for development are nevertheless balanced by unique challenges. Slow global economic growth rates have affected the development of the IT industry worldwide, and this may also influence development in the PRC. Competition has intensified as many local home appliance manufacturers, seeing the growth potential for IT products in the PRC, have entered the market. After WTO entry, the PRC market will be more open, allowing international competitors to broaden their investment there. As a result, Legend faces the prospect of intense competition from both local and international players.

聯想的創業者們把聯想這個由20萬元人民幣起家的小公司，發展成為今天中國最大的高科技企業，他們所締造的企業精神及企業文化，早已溶入了新一代管理層的風格，組成了一支朝氣蓬勃的、積極進取的管理團隊。我們對聯想的未來充滿信心。

展望未來一年，將是充滿機會與挑戰的一年。本人相信，目前全球高科技產業發展的低潮是暫時性的，互聯網應用已經深入人心，新技術、新發明、新應用不斷湧現，高科技產業發展的前景是非常廣闊的。中國政府在國家「十五」規劃中提出，於未來五年信息產業將保持20%年增長速度，市場規模將較2000年翻一翻。鑑於中國經濟的持續發展，國民收入和購買能力得到提高，而中國家庭一貫重視子女教育，使家用電腦市場具有巨大的增長空間。中國有龐大的中小企業用戶群，他們的信息化進程相對落後，在全社會信息化大潮和中國即將加入世貿的影響下，他們對資訊科技的需求非常殷切，造就了巨大的中小企業市場。政府上網、企業上網、家庭上網導致的基礎設施建設必將拉動對個人電腦、服務器、網絡產品等硬件產品和IT服務的需求。我們將面臨著難得的發展機遇。

未來的一年也將是充滿挑戰的一年。全球經濟增長速度放緩影響了國際資訊科技產業的發展，並會波及到中國資訊科技產業的發展。此外，中國市場巨大的增長潛力還吸引了眾多本地家電廠商加入競爭行列。中國加入世貿後市場將更加開放，國際競爭對手有機會在中國市場加大投入，中國市場將面臨來自國內和國外異常激烈的競爭，聯想的發展將面臨種種新的挑戰。

The complex coexistence of both opportunities and challenges in the coming year clearly requires a considered strategic response. Legend's plan is to implement a comprehensive strategy reform based on customer-oriented philosophy. Overall, Legend is fully committed to enhancing the Group's core competitiveness and maintaining growth in all its businesses, with the over-riding goal of achieving outstanding results and creating higher returns on investment for shareholders.

Implementing the customer-oriented reform

1. Grasping the needs of customers

I am convinced that customer needs will become increasingly personalised in the Internet era. Only by grasping these needs quickly and accurately will we successfully retain our customers. Customer-oriented philosophy will in fact provide the future basis for all product development. To date, we have accumulated a great deal of experience of grasping user needs, thanks to our local niche. However, such needs are always changing along with rapid technological development, and we must change along with them while guaranteeing customer-oriented focus at every level of the business, including product planning, research and development, manufacturing, distribution and service.

Our customers fall into four basic groups, each with quite different needs and characteristics. They are family users, individual users, SMEs, and large corporations and industries. To gauge customer needs more accurately, we have reorganised our company structure, moving from an earlier structure based on product groups to a new one oriented towards customer groups. This new structure allows business units to quickly and easily master customer needs and to utilise internal resources to provide them with suitable products and services. Throughout this restructuring, we have tried to minimise management layers and thus shorten the distance between decision-makers and users. The adjustment also allows the different business unit managers to focus on their own customer groups, applying the overall customer-oriented philosophy to their own products and services.



在新的一年裏，在機遇和挑戰並存的複雜情況下，集團將實行以客戶為中心的全面改革，通過提升公司的核心競爭力，保持公司各項業務的快速成長，努力取得優秀的業績，為股東創造更高的投資回報。

實行以客戶為導向的全面改革

1. 準確把握客戶需求

本人深信，在互聯網時代，客戶的需求正變得越來越個性化，只有快速、準確地把握客戶需求才能擁有客戶。以客戶為導向是產業發展的大勢所趨，我們在把握用戶需求方面一直發揮了本地化的優勢，並積累了很多成功經驗，但在科學技術快速發展的時代，用戶的需求正在快速地變化，我們將深入地將客戶導向的思想貫徹到產品規劃、研發、生產、銷售、服務等各個環節，從體制上保障客戶導向意識的實施。

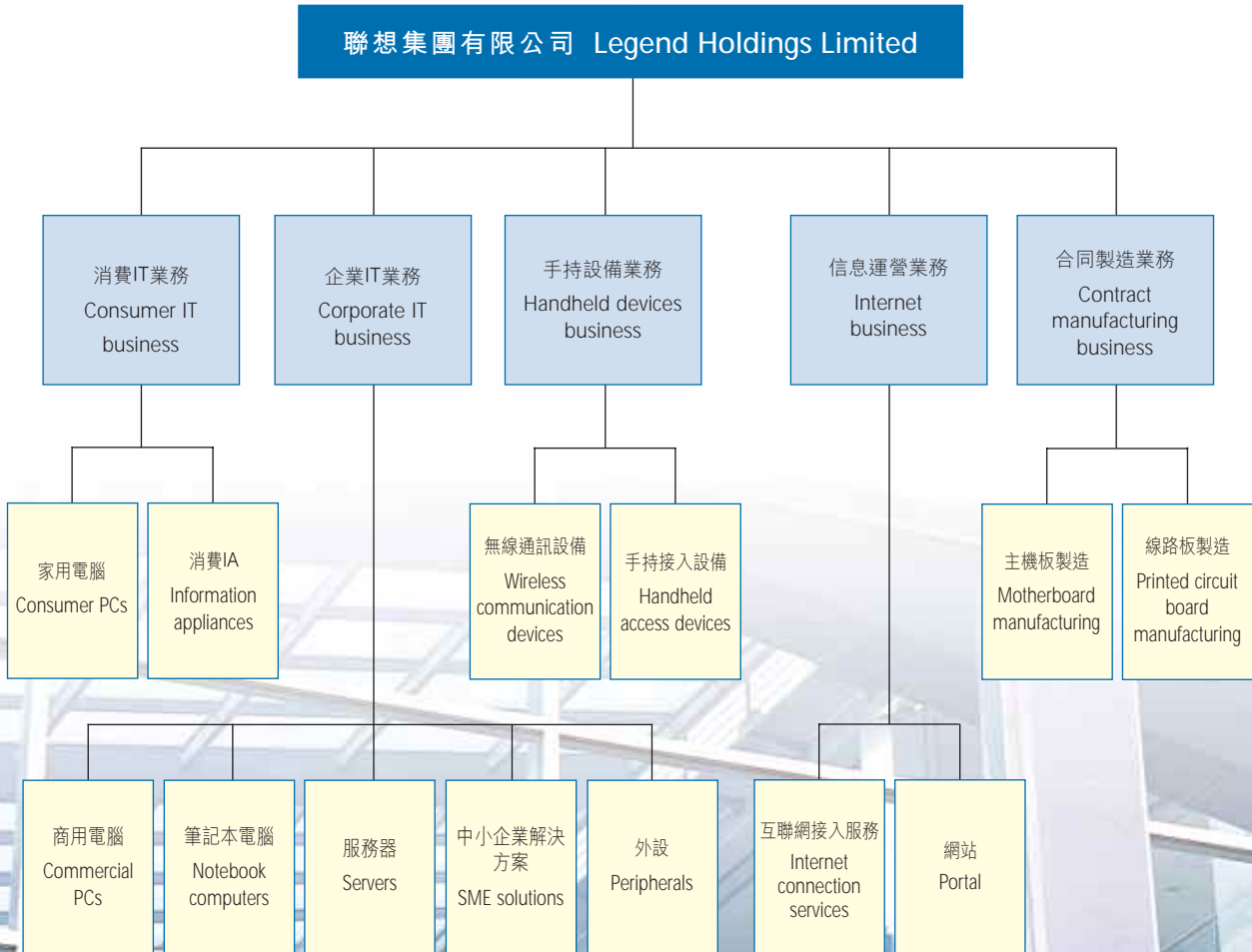
根據客戶的不同需求和特點，我們將客戶細分為四類，即由家庭和個人組成的消費類客戶，由中小企業和大企業、大行業組成的商務類客戶。為了能更準確把握客戶的需求，並開發出適用的產品和服務，我們圍繞客戶群大幅調整了公司架構，改變以往以產品為導向的事業部體制，轉為以客戶分類為導向的業務群組體制。在新的公司架構下，各業務群組能夠更及時、準確地掌握客戶需求，組織企業內部資源為客戶提供合適的產品和服務。在是次的結構調整中，我們還努力削減管理層次，縮短公司決策層跟用戶之間的距離。此外，是次結構調整更可以使各業務群組的管理層更專注於研究自身的客戶，使所提供的產品和服務更能體現客戶導向。

2. Adjusted corporate structure

New Structure:

2. 調整企業結構

新架構：



3. New strategies for each business

Our strategy in the **consumer IT market** has been to promote the new concept of "Digital Home", to develop a wide range of consumer PCs and information appliances as well as to further expand our close-to-customer retail channel. All these will further consolidate the Group's leading position in the consumer IT market.

In the area of **corporate IT**, we will continue to highlight the importance of enhancing service to drive sales. Legend is extending its after-sales services to one-stop services, including pre-sales consultation, provision of solutions and products. We are also establishing an account manager system to develop one-on-one marketing to boost sales of Legend commercial products. In addition, we will adopt a close-to-corporate marketing approach.

Handheld access devices will be a major new development for the Group. The PRC is rapidly developing its wireless communication technology, significantly improving its network infrastructure and developing increasingly sophisticated content and applications. In short, it is clear that wireless Internet access holds the key to the future. With this in mind, the Group's main strategy has been to develop all range of Internet access devices, with a new focus on handheld access devices. Our plan is to enter into joint cooperation or joint ventures to develop handheld PCs with communication function and smart phones integrating voice and data processing functions.

In the area of the **Internet**, the Group is committed to providing practical information content and convenient Internet connection services. We are premier to introduce Internet PCs which have pre-installed with Internet connection services. Going forward, Legend will continue to take advantage of its huge PC customer base to expand its Internet business. Our cooperation with AOL will help bring in world-class interactive services technology.

3. 各項業務新策略

消費IT業務方面，我們的策略是推廣「數字家庭」新理念，發展豐富多樣的家用電腦及信息家電產品，並進一步擴展貼近客戶的零售渠道，穩固集團在消費IT市場的領導地位。

企業IT方面，我們將繼續以服務帶動銷售，並從單一的售後服務轉為涵蓋售前諮詢、方案及產品提供到售後支持的一站式服務。集團更設立客戶經理制度，開展一對一推廣，帶動聯想商用產品的銷售。我們還將以更貼近企業的方式進行推廣。

手持接入設備將是集團重點發展的新業務。隨著國內無線通訊技術的發展、網絡基礎設施的完善以及內容、應用的日趨豐富，無線上網必將是大勢所趨。有見及此，集團將大力發展手持接入設備。未來，集團將以合作、合資等多種形式發展以數據處理為主兼有通訊功能的掌上電腦產品，及結合語音和數據處理的智能手機。

信息運營業務方面，集團將繼續致力於為中國用戶提供實用的信息內容和方便的互聯網接入服務。集團去年獨創了個人電腦預置互聯網接入服務及信息的業務模式，並推出了兩代互聯網電腦。未來，聯想將繼續以現有龐大的個人電腦用戶為基礎，深入發展互聯網業務。此外，集團與AOL的合作將有利於引進世界領先的互動服務技術。



The Group's **contract manufacturing business** will continue to benefit from the rich manufacturing resources and low cost advantages of the PRC, while ensuring advanced manufacturing experience and technology through joint ventures and business cooperation. Building on the above, the Group will actively develop its contract manufacturing business.

4. Enhancing the ability to design and manufacture customer-oriented products

To ensure the success of the Group's customer-oriented philosophy, every effort has been made to enhance the product planning and development direction, as well as the manufacturing capability of personalised products.

On the product planning and development front, we intend to set up a Customer Analysis Centre, offering scientific analyses to help tailoring products according to the personalised needs of customers. The operations of the Customer Resources Management (CRM) system and the Call Centre, acting as collection points for customer feedback and suggestions, can instantly reflect customer needs.

The Group will adopt the "C2O" model to manufacture personalised products. We believe that this is the key direction for the industry's development. Improvements have already been made at every stage, from ordering to delivery. The Group is convinced that adopting and developing this highly efficient and personalised manufacturing model will have very positive effects, complementing its well-established automated warehouse system and the coming Supply Chain Management (SCM) system.

合同製造業務方面，我們將繼續利用中國內地豐富的製造資源及低成本優勢，以合資、合作等方式，引進先進的生產製造經驗及技術，在現有製造業務的基礎上，發展合同製造業務。

4. 提升客戶導向的產品設計和生產能力

為了能成功貫徹客戶導向的思想，我們將重點提升客戶導向的產品規劃及設計能力，以及個性化的生產製造能力。

在產品的規劃和設計上，為了使產品能充份體現客戶個性化的需求，我們將設立客戶體驗中心，科學地分析客戶需求，由客戶來指導我們的產品設計。為了能及時獲得客戶對產品的意見和建議，集團通過充份利用客戶關係管理(CRM)系統和呼叫中心(Call Centre)，加強客戶需求反饋機制。

在個性化產品的生產製造能力方面，我們將實現按單定製(C2O)模式。我們認為基於客戶個性化定製思路的C2O模式將成為未來生產製造業的發展趨勢。集團已對從接受個性化訂單到交貨的各個環節進行了改進，加上我們已經建成的智能化自動貨倉系統，以及正在建設的供應鏈管理(SCM)系統等配套設施，相信定能成功地實現高效的個性化生產製造能力。



Enhancing the Group's core competencies

Legend's management over the years has established a strong management base, an excellent corporate culture and a clearly-designed shareholding structure: key factors in the Group's success. The Group now faces intense competition from local and international players, and is therefore committed to enhancing its core competencies by creating new competitive advantages in information management, manufacturing, research and development, human resources and marketing. It also aims to further extend these competitive advantages into all new business units.

With the help of advanced information technology systems, the Group is enhancing its operational efficiency. Adopting Enterprise Resources Planning (ERP) system, the Group manages different businesses across the country in a more structured and standardised manner than in the past. With the implementation of Supply Chain Management (SCM) and the Customer Relations Management (CRM) systems, the Group's resources have been extended to include suppliers, distributors and customers. Information technology has greatly helped to improve operational efficiencies as well as risk management: these include tightened controls over inventory, credit, and customer satisfaction.

We are certain that professional expertise is crucial to corporate development. To attract more top professionals, the Group has comprehensively reviewed its remuneration system, ensuring that employee income packages are competitive within the industry. The Group is also wholly committed to creating an open, sharing and inclusive corporate culture, a culture fully in line with the transformation of the Group from a manufacturing corporation to a service corporation, and with the implementation of its customer-oriented strategy. We believe that a more open corporate culture will better suit the characteristics of our different business groups, and in turn entice talented professionals who will further enhance the Group's value.

提升公司的核心競爭力

在老一輩管理層的多年努力下，集團已經積累了深厚的管理基礎，優秀的企業文化和清晰的產權體制等，這些都是我們獲得成功的關鍵因素。在未來的發展中，集團面臨著來自國內外的激烈競爭，我們將繼續致力於提升集團的核心競爭力，通過在信息管理、生產製造、研發、人力資源、市場推廣等方面建立競爭優勢，並把競爭力資源延伸到公司內部的各項業務群組。

集團利用先進的信息技術提升公司的管理能力和運作效率。通過深入使用企業資源計劃(ERP)系統，集團不僅有效地控制了公司內部運作的各環節，還統一管理了分佈於各地的業務。通過實施供應鏈管理(SCM)系統，客戶關係管理(CRM)系統，集團實現公司資源向供應商、代理商和客戶的延伸。信息技術使我們在大大提高運作效率的同時，也加強了風險控制的能力，包括存貨控制、信貸控制以及客戶滿意度控制。

我們深知人才在企業發展中的關鍵作用。為了吸引更多優秀人才，我們將建立多元化的薪酬制度，保證員工整體收入在同行業的競爭力，並建立開放、共享、包容的企業文化。為配合集團由製造型企業向服務型企業轉型和客戶導向策略的實施，集團將發展更為寬鬆的企業文化，以適合不同業務群特點，使聯想文化更具吸引力，吸引各類優秀人才為公司創造更大的價值。



The Group plans to establish two research and development platforms to enhance its research and development ability, and will also upgrade existing research and development mechanisms, thus expanding its ability to develop advanced hi-tech products. Our current company-level research and development platform is made up of the Legend Research Institute, the Industrial Design Centre, the Software Centre and the Motherboards Design Centre. This platform provides comprehensive support to the second-tier research platform of different business groups. These two platforms will further enhance the Group's products and technologies and greatly increase its market competitiveness.

Looking ahead, the new generation management of the Group is committed to following the original founding spirit. The Group will face market challenges by setting up and implementing new business development strategies to further expand the business and it will also enhance the core competencies of the Group. These policies and strategies are creating even firmer foundations for Legend's business operations and a future flow of profits. They are positive moves that show how fully Legend is committed to creating higher returns for its shareholders.

集團還將改造現有研發體系，致力發展高技術產品，我們將通過建立兩級研發平台來保障集團的研發能力。聯想研究院、工業設計中心、軟件中心以及板卡研究設計中心將組成公司級的研發平台。公司級的研發平台將為各業務群組的研發平台提供全方位的研發支持。各個業務群組利用接近市場，靠近用戶的優勢成立產品級研發機制。在兩級研發平台的支撐下，我們產品和服務的技術含量必將得到提高，這將大大提升我們的產品和服務的市場競爭力。


展望未來，集團新一代的管理層將繼承老一輩創業者的精神，積極應對各種市場挑戰，制定及執行新的業務發展策略，以客戶為導向不斷拓展業務，提升公司的核心競爭力，為將來的經營和盈利奠定堅實的管理基礎，致力於為股東創造更高的回報。



Yang Yuanqing

President

Hong Kong, 27th June 2001



楊元慶

總裁

香港，二零零一年六月二十七日