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lenovo 联想

Lenovo Group Limited 联想集团有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 0992)

ANNOUNCEMENT

**DISCLOSEABLE TRANSACTION IN RELATION TO
FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 27 January 2011, the Company entered into the Business Combination Agreement with, inter alia, NEC, pursuant to which the Company and NEC have agreed to establish JVCo as a joint venture company to own and operate their respective personal computer businesses in Japan.

Pursuant to the Business Combination Agreement, the parties have agreed, inter alia, that:

- (i) Lenovo BV, the Company's wholly-owned subsidiary, will incorporate JVCo;
- (ii) the Company and NEC will transfer their respective existing personal computer businesses in Japan to JVCo;
- (iii) the Company will enter into the Lenovo Note with JVCo on terms which reflect the value of LenovoJ, an indirect wholly-owned subsidiary of the Company which holds the Company's existing personal computer business in Japan; and
- (iv) the Company will pay NEC an amount equal to US\$175 million which will be satisfied by an issue of Company Shares to NEC. After Closing there will be cash/debt and working capital adjustments which will be satisfied in cash.

Immediately following Closing, the Company (through Lenovo BV) will own 51% of the issued share capital of JVCo and NEC will own 49% of the issued share capital of JVCo.

In addition, under the Business Combination Agreement, Lenovo BV has granted NEC the Put Option and NEC has granted Lenovo BV the Call Option, both of which

are exercisable following the fifth anniversary of the date of Closing. The exercise price for the Put Option and the Call Option will be determined in accordance with the Business Combination Agreement and is based on the achievement of certain financial milestones by JVCo prior to exercise of the relevant option. The maximum exercise price for the Put Option and the Call Option is US\$275 million.

Closing is subject to a number of conditions, including all necessary regulatory and other approvals being obtained, or the applicable standstill periods expiring, as the case may be. Closing is also subject to the approval by the Independent Shareholders, to the extent required under Chapter 14A of the Listing Rules, of various continuing connected transactions to be entered into between JVCo or other members of the JVCo Group and NEC or other members of the NEC Group in relation to the operation of the personal computer business by the JVCo Group in Japan.

On 27 January 2011, Lenovo BV entered into the Shareholders' Agreement with NEC, which governs the relationship between Lenovo BV and NEC as shareholders of JVCo. The rights and obligations of Lenovo BV and NEC under the Shareholders' Agreement are conditional and become effective on Closing under the Business Combination Agreement.

As certain of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the joint venture and the consideration payable by the Group under the Business Combination Agreement exceed 5% but are less than 25%, the transactions contemplated under the Business Combination Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 27 January 2011, the Company entered into the Business Combination Agreement with, inter alia, NEC, pursuant to which the Company and NEC have agreed to establish JVCo as a joint venture company to own and operate their respective personal computer businesses in Japan.

On 27 January 2011, the Company's wholly-owned subsidiary Lenovo BV entered into the Shareholders' Agreement with NEC, governing the relationship between Lenovo BV and NEC as shareholders of JVCo.

2. MATERIAL TERMS OF THE BUSINESS COMBINATION AGREEMENT

Date

27 January 2011

Parties

1. The Company;
2. Lenovo BV;

3. NEC; and
4. NECP.

Transaction Structure

Pursuant to the Business Combination Agreement, prior to Closing:

- (a) Lenovo BV will incorporate JVCo;
- (b) Lenovo BV will transfer the entire issued share capital of LenovoJ, an indirect wholly-owned subsidiary of the Company which holds the Company's existing personal computer business in Japan, to JVCo;
- (c) NECP, a wholly-owned subsidiary of NEC, will incorporate NEC Newco as a wholly-owned subsidiary and effect the Demerger; and
- (d) NECP will transfer the entire issued share capital of NEC Newco to NEC.

At Closing under the Business Combination Agreement:

- (a) NEC will transfer the entire issued share capital of NEC Newco to JVCo;
- (b) the Company will enter into the Lenovo Note with JVCo on terms which reflect the value of LenovoJ;
- (c) JVCo will issue new shares to NEC representing 49% of the issued share capital and voting rights in JVCo;
- (d) the Company will issue Company Shares with a value of US\$175 million to NEC (after Closing there will be cash/debt and working capital adjustments which will be satisfied in cash); and
- (e) the Shareholders' Agreement (as further described in section 3 of this announcement below) will become effective in accordance with its terms.

Immediately following Closing, the Company (through its wholly-owned subsidiary Lenovo BV) will own 51% of the issued share capital of JVCo and NEC will own 49% of the issued share capital of JVCo. Therefore, JVCo will continue to be an indirect subsidiary of the Company.

Consideration

In consideration for the transfer by NEC of the entire issued share capital of NEC Newco to JVCo, Lenovo BV will procure that JVCo issues new shares to NEC representing 49% of the issued share capital and voting rights in JVCo and the Company will pay NEC an amount equal to US\$175 million which will be satisfied by an issue of Company Shares to NEC. After Closing there will be cash/debt and working capital adjustments which will be satisfied in cash.

It is intended that the Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Company Shares to be issued to NEC at Closing. In total, the Company will issue 281,129,381 Company Shares to NEC (representing 2.8% of the issued ordinary share capital of the Company as at 27 January 2011) at a price per Company Share of HK\$4.85 (equivalent to approximately US\$0.62). The formula for calculating the number of Company Shares to be issued to NEC was based on the volume-weighted average price of the Company Shares on the Stock Exchange for the thirty days ended 26 January 2011.

Pursuant to the Business Combination Agreement, NEC will not (without the prior written consent of Lenovo BV, such consent not to be unreasonably withheld or delayed) be permitted to, inter alia, dispose of, loan or encumber any of the Company Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into the Company Shares, for a period beginning from Closing up to and including the date that is two years after the date of Closing.

NEC will be entitled to receive an additional bonus amount in cash from Lenovo BV of up to US\$50 million if certain financial milestones are achieved by JVCo in the period between 1 April 2011 and 31 March 2016 or, if earlier, if the Put Option has been exercised by NEC prior to 31 March 2016 following certain trigger events including, inter alia, Lenovo BV filing for bankruptcy or committing a material breach of the Business Combination Agreement. No bonus payment will be payable by Lenovo BV if it exercises the Call Option prior to 31 March 2016 following certain trigger events including, inter alia, NEC filing for bankruptcy or committing a material breach of the Business Combination Agreement or a breach of certain provisions of the Shareholders' Agreement.

If the Put Option or the Call Option are exercised, the price payable by Lenovo BV for the NEC JVCo Shares under the Put Option and the Call Option will be based on the achievement of certain financial milestones by JVCo prior to the exercise of the Put Option or the Call Option. The maximum price payable by Lenovo BV for the NEC JVCo Shares under the Put Option and the Call Option will be US\$275 million in cash. The Put Option and the Call Option are described in more detail in the section of this announcement below headed 'Put Option and Call Option'.

Therefore, the maximum aggregate consideration payable by the Group under the terms of the Business Combination Agreement, assuming the full bonus payment is due and the Put Option or the Call Option are exercised, is US\$500 million, of which US\$175 million is to be satisfied by an issue of Company Shares to NEC and the remainder in cash, plus any additional cash amount payable by the Company to NEC following cash/debt and working capital adjustments after Closing. The consideration payable by the Group under the Business Combination Agreement was determined following arms' length negotiations by the Company and NEC and based on the historic and anticipated future performance of NEC's existing personal computer business in Japan.

On 27 January 2011, the Company and NEC also entered into the Escrow Agreement, pursuant to which the Company will transfer US\$20 million into an interest bearing

account in Hong Kong jointly held with NEC. This US\$20 million, and any interest (net of applicable tax) thereon, will be released to the Company unless (i) Closing has not occurred by 31 December 2011 (or such later date as Lenovo BV and NEC may agree in writing) because Lenovo BV failed to fulfil its obligations to incorporate JVCo or (ii) the Business Combination Agreement is terminated by NEC pursuant to its terms in certain circumstances.

Conditions Precedent

The Business Combination Agreement is conditional upon satisfaction or waiver (as the case may be) of, inter alia, the following conditions:

- (a) the Demerger becoming effective in accordance with the plan set out in the Business Combination Agreement, and no notifications having been received by NECP or NEC that the Demerger is null and void pursuant to the Companies Act of Japan (Law No. 86 of 2005, as consolidated and amended);
- (b) the expiry of the period prescribed under the Anti-Monopoly Act of Japan (Law No. 54 of 1947, as amended) after the filings by JVCo and NEC, in relation to the transactions contemplated by the Business Combination Agreement to the JTFC (to the extent required) without any written notification by the JTFC to JVCo or NEC during such period, as the case may be;
- (c) approval by the Independent Shareholders, to the extent required under Chapter 14A of the Listing Rules, of various continuing connected transactions to be entered into between JVCo or other members of the JVCo Group and NEC or other members of the NEC Group in relation to the operation of the personal computer business by the JVCo Group in Japan;
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Company Shares to be issued and allotted to NEC at Closing; and
- (e) neither Lenovo BV nor NEC having any right to terminate the Business Combination Agreement in accordance with its terms.

Lenovo BV and NEC will use all reasonable efforts to procure that each of the Conditions is fulfilled, to the extent it relates to that respective party, as soon as reasonably practicable. Certain Conditions to be fulfilled by Lenovo BV or NEC may be waived by notice from the other before Closing.

As an inducement to the Company and Lenovo BV to enter into the Business Combination Agreement, NEC will pay Lenovo BV the sum of US\$20 million (without deduction for taxes or set off) by way of compensation within five Business Days if the Business Combination Agreement is terminated by Lenovo BV before Closing following, inter alia, a material breach of the Business Combination Agreement by the relevant members of the NEC Group, or if NEC has not satisfied certain Conditions by 31 December 2011 (or such later date as Lenovo BV and NEC

may agree in writing) and has entered into another transaction relating to the personal computer business of NECP at any time before 30 June 2012.

Closing

Closing will take place on 30 June 2011, or if later, the last Business Day of the month during which the date falls on which the Conditions have been fulfilled (or waived) (or, if this date falls less than ten Business Days before the last Business Day of that month, on the last Business Day of the following month) (provided that all the Conditions (other than those which have been waived in accordance with the Business Combination Agreement) remain fulfilled at that date). In the event that not all Conditions have been fulfilled or waived by 31 December 2011 (or such later date as Lenovo BV and NEC may agree in writing), the Business Combination Agreement will automatically terminate and no party will have any claim against the other (save in respect of antecedent breaches).

NEC has agreed to customary restrictive covenants in respect of NECP and NEC Newco to ensure their personal computer businesses in Japan are run in the ordinary course prior to Closing. The Company has agreed to procure that LenovoJ will not take any action prior to Closing that would constitute a reserved matter for JVCo under the Shareholders' Agreement, without the prior written consent of NEC. In addition, Lenovo BV and NEC have agreed that they will not pursue any other transaction similar to the transaction contemplated under the Business Combination Agreement in relation to their respective personal computer businesses in Japan prior to Closing. Without the consent of Lenovo BV, NEC will not (with limited exceptions) carry on or be engaged in certain business activities involving the manufacture, or procuring the supply of, certain products that may compete with the business of JVCo or its subsidiaries until the earlier of (i) the cessation by JVCo or its subsidiaries of the personal computer business and (ii) the fifth anniversary of Closing.

Put Option and Call Option

Pursuant to the Business Combination Agreement, Lenovo BV has granted NEC the Put Option and NEC has granted Lenovo BV the Call Option. Under the Put Option, NEC may require Lenovo BV to purchase from NEC all of the NEC JVCo Shares. Under the Call Option, Lenovo BV may require NEC to sell to Lenovo BV all of the NEC JVCo Shares.

The Put Option will become exercisable by written notice from NEC to Lenovo BV at any time after the fifth anniversary of the date of Closing or within three months of certain trigger events occurring, including, inter alia, Lenovo BV filing for bankruptcy or committing a material breach of the Business Combination Agreement, or Lenovo BV ceasing to be a subsidiary of the Company.

The Call Option will become exercisable by written notice from Lenovo BV at any time after the fifth anniversary of the date of Closing or within three months of certain trigger events occurring, including, inter alia, NEC filing for bankruptcy or committing a material breach of the Business Combination Agreement or a breach of certain provisions of the Shareholders' Agreement.

Completion of the sale and purchase of the NEC JVCo Shares under the Put Option and the Call Option will be conditional upon all approvals from governmental entities having been granted and all filings with governmental entities having been made (or all relevant waiting periods having expired) as are required to complete such sale and purchase, and will take place on the fifth Business Day after the later of:

- (a) the date of satisfaction or waiver of the waiting period referred to above; and
- (b) the date of determination of the price payable for the NEC JVCo Shares under the Put Option and the Call Option.

In addition, assuming NEC remains a Connected Person of the Company, the exercise of the Call Option will be regarded as a connected transaction for the purposes of Chapter 14A of the Listing Rules. The Company will ensure compliance with the relevant Listing Rules upon exercise of the Call Option.

The price payable by Lenovo BV for the NEC JVCo Shares under the Put Option and the Call Option will be based on the achievement of certain financial milestones by JVCo prior to the exercise of the Put Option or the Call Option. The maximum price payable by Lenovo BV for the NEC JVCo Shares under the Put Option and the Call Option will be US\$275 million.

Termination

The Business Combination Agreement may be terminated by either Lenovo BV or NEC in certain circumstances including, inter alia, following a material breach of the warranties given by NEC or Lenovo BV respectively, or any material breach by the relevant members of the Group or the NEC Group of their respective obligations under the Business Combination Agreement, as the case may be.

3. MATERIAL TERMS OF THE SHAREHOLDERS' AGREEMENT

Date

27 January 2011

Parties

1. Lenovo BV; and
2. NEC.

Composition of JVCo Board

Under the Shareholders' Agreement, subject to the shareholder reserved matters (as further described in the section of this announcement below headed 'Reserved Matters for Shareholders of JVCo'), the business and affairs of JVCo will be managed by the JVCo Board. The JVCo Board will consist of five directors, of which Lenovo BV will be entitled to nominate three directors and NEC will be entitled to nominate two directors. The quorum for the transaction of business at any meeting of the JVCo Board will be at least three directors present at the time when the relevant business is

transacted, provided that at least two of the directors present are directors nominated by Lenovo BV. All resolutions of a meeting of the JVCo Board will be passed by a simple majority in attendance. In the event of a deadlock, the chairman of the JVCo Board (who will be appointed by Lenovo BV) (or, in the absence of the chairman, another director of JVCo appointed by Lenovo BV and in attendance) will have the casting vote.

Reserved Matters for Shareholders of JVCo

The prior written approval of NEC (to the extent permissible under applicable law) or a unanimous resolution of the shareholders of JVCo will be required for certain customary matters relating to JVCo and its subsidiaries, including, inter alia:

- (a) any issue of JVCo Shares or other securities of JVCo or any grant of rights to subscribe for or be issued or transferred any JVCo Shares or other securities of JVCo (other than an issuance to Lenovo BV which does not affect the aggregate percentage of voting rights in JVCo held by NEC);
- (b) any issue of shares or securities of a subsidiary of JVCo or any grant of rights to subscribe for or be issued or transferred any shares or securities of a subsidiary of JVCo, other than issues or grants to JVCo;
- (c) certain alterations to the articles of association of JVCo or the constitutional documents of any of JVCo's subsidiaries;
- (d) any agreement to entrust the management of all or a material part of the business of JVCo or its subsidiaries to a third party;
- (e) dissolution of JVCo or its subsidiaries or filing by JVCo or its subsidiaries for liquidation, receivership or reorganisation or any similar action under any insolvency laws;
- (f) commencing any business activities which are not within or incidental to the agreed scope of the business of JVCo; and
- (g) formation of any subsidiary of JVCo or its subsidiaries that will not be wholly-owned by JVCo or its subsidiaries.

Restriction on Transfer of the JVCo Shares

Under the Shareholders' Agreement, Lenovo BV and NEC each agree that it will not (except with the prior written consent of the other or where the Put Option or the Call Option is exercised) transfer, sell, encumber, pledge or otherwise dispose of any right or interest in, or create any security interest over, its JVCo Shares to any party other than to its wholly-owned subsidiaries.

Restrictions on NEC

The Shareholders' Agreement contains similar provisions to the Business Combination Agreement, limiting the manufacture or procuring the supply of, certain

products by NEC that may compete with the business of JVCo or its subsidiaries until the earlier of (i) the cessation by JVCo or its subsidiaries of the personal computer business and (ii) the fifth anniversary of Closing.

Dividends and Distributions

Lenovo BV and NEC have agreed that JVCo will not pay any dividend or make any other distributions or make any payment of interest to the Company under the Lenovo Note for such time as NEC owns any JVCo Shares, unless Lenovo BV and NEC agree otherwise.

Termination

The Shareholders' Agreement will continue until such time as it is terminated by the written agreement of the parties, one party ceases to hold any JVCo Shares or the Business Combination Agreement is terminated in accordance with its terms prior to Closing.

4. REASONS FOR AND BENEFITS OF THE JOINT VENTURE

The completion of this transaction will give the Company a majority stake in a joint venture with a stronger market position, enhanced product portfolios, and expanded distribution channels in Japan, better positioning the Company to compete in the personal computer market in Japan and benefiting the Company's global business through an enlarged scale.

The new joint venture will be able to benefit from NEC's market reputation, product development capabilities, well-regarded customer service and knowledge of customer needs in Japan, as well as the Company's technology expertise, strong global business momentum, and global supply chain reach. The joint venture is envisaged to be able to provide customers in Japan with more innovative products that are faster to market, more attuned to their needs, and competitively priced.

As part of this strategic alignment, the Company and NEC have also agreed to discuss further cooperation in other areas, including selling personal computers and providing global support to Japanese companies operating outside of Japan, developing, producing, and selling tablets, and selling additional information technology platform products such as servers.

The Directors consider that the terms and conditions of the Business Combination Agreement and the Shareholders' Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

5. INFORMATION ON THE COMPANY AND LENOVOJ

The principal activities of the Company and its subsidiaries are the sales and manufacture of personal computers and related information technology products and the provision of advanced information services in the PRC, the Americas, Europe, the Middle East, Africa and Asia Pacific.

As further set out in section 2 of this announcement above, as part of the transaction, Lenovo BV will transfer the entire issued share capital of LenovoJ to JVCo prior to Closing. LenovoJ holds the Company's existing personal computer business in Japan. On Closing, Lenovo BV will procure that JVCo issues new shares to NEC representing 49% of the issued share capital and voting rights in JVCo, and therefore indirectly, 49% of LenovoJ, which will be a wholly-owned subsidiary of JVCo as at Closing. In the event that the Put Option or the Call Option are exercised, the 49% interest in JVCo will be reacquired by Lenovo BV in consideration for the relevant option exercise price, as further set out in section 2 of this announcement above.

The aggregate book value of the total assets of LenovoJ was US\$151.8 million as at 31 March 2010, being the last financial year-end.

The net loss of LenovoJ for the financial year ended 31 March 2009 before and after taxation was US\$24.2 million and US\$21.8 million respectively.

The net profit of LenovoJ for the financial year ended 31 March 2010 before and after taxation was US\$11.5 million and US\$12.5 million respectively.

The above financial information of LenovoJ for the two financial years ended 31 March 2009 and 31 March 2010 was prepared in accordance with HKFRS.

6. INFORMATION ON NEC AND NECP

NEC is a leader in the integration of information technology and network technologies that benefit businesses and people around the world. NEC provides a combination of products and solutions that cross utilize NEC's experience, global resources, and advanced technologies to meet the complex and ever-changing needs of its customers. NEC brings more than 100 years of expertise in technological innovation. NECP is a wholly-owned subsidiary of NEC providing planning, manufacturing, distribution, and support of NEC's personal computer business and related equipment.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, as at the date of this announcement, NEC, NECP and their ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

As further set out in section 2 of this announcement above, as part of the transaction, the substantial majority of the total assets of NECP will be transferred to NEC Newco pursuant to the Demerger (and therefore acquired by JVCo when NEC Newco is transferred to JVCo on Closing).

Based on the audited financial statements of NECP for the financial year ended 31 March 2010, the aggregate book value of the total assets of NECP was approximately ¥28,636 million as at 31 March 2010 (equivalent to approximately US\$349.4 million).

In the financial years ended 31 March 2009 and 31 March 2010, NECP recorded net losses after taxation and extraordinary items due to the adverse impact of the global economic crisis.

Based on the audited financial statements of NECP for the financial year ended 31 March 2009, the net profit/(loss) of NECP before and after taxation and extraordinary items was approximately ¥678 million and ¥(2,604) million respectively (equivalent to approximately US\$8.3 million and US\$(31.8) million).

Based on the audited financial statements of NECP for the financial year ended 31 March 2010, the net loss of NECP before and after taxation and extraordinary items was approximately ¥1,663 million and ¥5,553 million respectively (equivalent to approximately US\$20.3 million and US\$67.7 million). The audited financial statements of NECP for the two financial years ended 31 March 2009 and 31 March 2010 were prepared in accordance with Japanese GAAP.

7. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As a condition to Closing, NEC or other members of the NEC Group will enter into various agreements with JVCo or other members of the JVCo Group to provide certain services and products to the JVCo Group to facilitate the operation of its personal computer business in Japan. As NEC will become a substantial shareholder (as defined in the Listing Rules) of JVCo on Closing, which in turn will be an indirect subsidiary of the Company, the transactions contemplated under these agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. It is currently anticipated that the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of these continuing connected transactions will exceed 5% and that the annual consideration will be more than HK\$10 million. Accordingly, such transactions are expected to constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules. The terms of these continuing connected transactions are currently being finalised, and therefore the Company will make a further announcement in compliance with the requirements of Chapter 14A of the Listing Rules setting out the details of these continuing connected transactions, and will convene an extraordinary general meeting to seek the approval of the Independent Shareholders for such continuing connected transactions (to the extent required), in due course.

8. LISTING RULES IMPLICATIONS

Formation of Joint Venture

As certain of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the formation of the joint venture and the consideration payable by the Group under the Business Combination Agreement exceed 5% but are less than 25%, the transactions contemplated under the Business Combination Agreement

constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Non-exempt Continuing Connected Transactions

NEC or other members of the NEC Group will enter into various agreements with JVCo or other members of the JVCo Group to provide certain services and products to the JVCo Group to facilitate the operation of its personal computer business in Japan, which are expected to constitute non-exempt continuing connected transactions for the purposes of Chapter 14A of the Listing Rules. Further details are set out in section 7 of this announcement above.

9. DEFINITIONS

“%”	per cent.;
“€”	Euro, the lawful currency of The Netherlands;
“¥”	Japanese yen, the lawful currency of Japan;
“Affiliate”	any direct or indirect subsidiary or parent company of a company and any direct or indirect subsidiary of any such parent company, in each case from time to time;
“Board”	the board of Directors of the Company;
“Business Combination Agreement”	the business combination agreement entered into between the Company, Lenovo BV, NEC and NECP dated 27 January 2011;
“Business Day”	a day other than a Saturday or Sunday or public holiday in Japan on which banks are open in Tokyo for general commercial business;
“Call Option”	the call option granted by NEC under the Business Combination Agreement pursuant to which Lenovo BV is entitled to require that NEC sells the NEC JVCo Shares to Lenovo BV;
“Closing”	completion of the transfer of NEC Newco and LenovoJ to JVCo by NEC and Lenovo BV respectively, and certain ancillary transactions, in accordance with the Business Combination Agreement;
“Company”	Lenovo Group Limited, a company incorporated on 5 October 1993 with limited liability under the laws of Hong Kong, the ordinary shares of

	which are listed on the main board of the Stock Exchange;
“Company Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company;
“Condition(s)”	the condition(s) precedent to Closing as set out in the Business Combination Agreement;
“Connected Person”	has the meaning given to it in the Listing Rules;
“Demerger”	a Japanese law incorporation-type demerger (shinsetsu bunkatsu) of NECP’s existing personal computer business in Japan and the transfer of other assets related to such business from other members of the NEC Group, to NEC Newco;
“Director(s)”	the director(s) of the Company;
“Escrow Agreement”	the escrow agreement entered into between inter alia, the Company and NEC dated 27 January 2011;
“Group”	the Company and its Affiliates from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Independent Shareholders”	any shareholder of the Company that will not be required under the Listing Rules to abstain from voting at an extraordinary general meeting of the Company (if required) to approve the continuing connected transactions to be entered into to facilitate the operation of the personal computer business of JVCo in Japan;
“Japanese GAAP”	the generally accepted accounting principles in Japan;
“JFTC”	Japan Fair Trade Commission;
“JVCo”	a company to be incorporated under the laws of The Netherlands;
“JVCo Board”	the board of directors of JVCo;

“JVCo Group”	JVCo and its Affiliates from time to time;
“JVCo Shares”	the ordinary shares in the share capital of JVCo, which on Closing will comprise 100,000 shares of €1.00 each;
“Lenovo BV”	Lenovo (International) B.V., a wholly-owned subsidiary of the Company incorporated under the laws of The Netherlands;
“LenovoJ”	Lenovo (Japan) Ltd., a wholly-owned subsidiary of Lenovo BV incorporated under the laws of Japan;
“Lenovo Note”	a loan agreement between the Company and JVCo with an approximate aggregate principal amount which reflects the current value of LenovoJ and includes participatory interest that reflects the economic benefit derived from the business of LenovoJ, to be entered into on or around Closing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NEC”	NEC Corporation, a company incorporated under the laws of Japan (TSE: 6701);
“NEC Group”	NEC and its Affiliates (which, for the avoidance of doubt, includes NECP) from time to time;
“NEC JVCo Shares”	the JVCo Shares held by NEC, representing 49% of the issued share capital of JVCo;
“NEC Newco”	a company to be incorporated under the laws of Japan;
“NECP”	NEC Personal Products, Ltd., a wholly-owned subsidiary of NEC incorporated under the laws of Japan;
“PRC”	the People’s Republic of China;
“Put Option”	the put option granted by Lenovo BV under the Business Combination Agreement pursuant to which NEC is entitled to require that Lenovo BV purchase the NEC JVCo Shares from NEC;

“Shareholders’ Agreement”	the shareholders’ agreement entered into between NEC and Lenovo BV in respect of JVCo dated 27 January 2011;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$”	United States dollars, the lawful currency of the United States of America

In this announcement, the translation of Hong Kong dollars into United States dollars is based on the exchange rate of HK\$1.00 to US\$0.1283 for information purposes only. The translation of Japanese yen into United States dollars is based on the exchange rate of ¥1.00 to US\$0.0122 for information purposes only. Such translations should not be construed as representations that the relevant amounts have been, could have been, or could be, converted at these or any other rates or at all.

By Order of the Board

Liu Chuanzhi

Chairman

Hong Kong, 27 January 2011

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