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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 AND CONNECTED TRANSACTION - DISPOSAL OF THE EQUITY
INTEREST IN LENOVO MOBILE
CONNECTED TRANSACTION - GRANT OF OPTION TO SUBSCRIBE FOR
INTEREST IN LENOVO MOBILE
CONTINUING CONNECTED TRANSACTION - PROVISION OF TRANSITION
SERVICES AND FINANCIAL ASSISTANCE TO LENOVO MOBILE**

THE S&P AGREEMENT

The Board is pleased to announce that on January 30, 2008, the S&P Agreement was entered into between Lenovo Manufacturing and Lenovo Beijing as the vendors, Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer as the purchasers, and the Company, pursuant to which the Vendors have agreed to dispose of, and the Purchasers have agreed to purchase the entire registered capital of Lenovo Mobile. The Consideration is US\$100,000,000 to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion.

Pursuant to the S&P Agreement, the Parties have agreed to, inter alia, the following terms:

- (i) Lenovo Manufacturing or its designee shall have a right to subscribe from Lenovo Mobile for up to 5% of its total registered capital on a fully-diluted basis. The Option is exercisable at any time within four years following the Completion at an exercise price equals to the pro rata portion of the Consideration (subject to adjustment);
- (ii) Lenovo Beijing agreed to arrange and procure an entrusted loan to be made available to Lenovo Mobile to be used as its working capital after Completion. The Entrusted Loan shall be in the form of a standby facilities in a principal amount of US\$25,000,000;
- (iii) Lenovo Beijing has agreed to provide certain transition services to Lenovo Mobile upon Completion and up to March 31, 2009; and
- (iv) Lenovo Beijing has agreed to license and transfer certain trademarks and intellectual property rights to Lenovo Mobile after Completion. Lenovo Mobile has also agreed to extend certain patents owned by it to Lenovo Beijing after Completion.

CONNECTED RELATIONSHIP

Legend Holdings, the controlling shareholder of the Company, is also indirectly interested in more than 30% of the issued share capital of each of Jade Ahead and Ample Growth. This results in Jade Ahead and Ample Growth being regarded as associates of Legend Holdings. Accordingly, each of Jade Ahead, Ample Growth and Lenovo Mobile (after the Completion), being an associate of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between any member of the Group on one hand, and Jade Ahead, Ample Growth or their associates (including Lenovo Mobile) on the other, is or will become (after Completion) a connected transaction of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 5% but are less than 25%, the S&P Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 2.5%, the S&P Agreement also constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules. As such, the Disposal is subject to the approval by the Independent Shareholders at the EGM by poll.

As the applicable percentage ratios of the Option are less than 2.5%, the granting of the Option to the Group is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

As the applicable percentage ratios of the Entrusted Loan are less than 2.5%, the provision of financial assistance by the Group to Lenovo Mobile in the form of the Entrusted Loan is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

As the applicable percentage ratios of the services to be provided under the Transition Services Agreement are less than 2.5%, the provision of transition services by the Group to Lenovo Mobile is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the S&P Agreement, a letter from the Independent Board Committee to the Independent Shareholders in respect of the S&P Agreement, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement, and a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

I INTRODUCTION

The Board is pleased to announce that on January 30, 2008, the S&P Agreement was entered into between Lenovo Manufacturing and Lenovo Beijing as the vendors, Jade Ahead, LEV Ventures,

Ample Growth and Super Pioneer as the purchasers, and the Company, pursuant to which the Vendors have agreed to dispose of, and the Purchasers have agreed to purchase the entire registered capital of Lenovo Mobile. Pursuant to the S&P Agreement, Lenovo Beijing has also agreed to provide financial assistance to Lenovo Mobile by arranging for an entrusted loan to be made available to Lenovo Mobile after the Completion.

II DISCLOSEABLE AND CONNECTED TRANSACTION

THE S&P AGREEMENT

Date:

January 30, 2008

Parties:

- (i) Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer, as the Purchasers;
- (ii) Lenovo Manufacturing and Lenovo Beijing, both being wholly-owned subsidiaries of the Company, as the Vendors; and
- (iii) the Company.

Sale and Purchase of the Equity Interest:

Subject to the terms and conditions of the S&P Agreement, the Vendors have agreed to sell, and the Purchasers have agreed to purchase, the Equity Interest free from any encumbrances and together with all rights and advantages attaching to it as at the Completion.

As at the date of this announcement, Lenovo Mobile has a total registered capital of RMB187,500,000, which is fully paid up. Lenovo Manufacturing had contributed RMB131,250,000, representing 70% of the registered capital of Lenovo Mobile and Lenovo Beijing had contributed RMB56,250,000, representing 30% of the registered capital of Lenovo Mobile. Each Purchaser shall acquire the respective amount of Equity Interest at the respective amount of Consideration as set out below:

	<i>Amount of registered capital of Lenovo Mobile acquired</i>	<i>Consideration to be paid to the Vendors</i>	<i>Percentage to the total registered capital of Lenovo Mobile</i>
Jade Ahead	RMB84,375,000	US\$45,000,000	45%
LEV Ventures	RMB56,250,000	US\$30,000,000	30%
Ample Growth	RMB28,125,000	US\$15,000,000	15%
Super Pioneer	RMB18,750,000	US\$10,000,000	10%
Total:	RMB187,500,000	US\$100,000,000	100%

Consideration:

The Consideration is US\$100,000,000 to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion, is to be paid by the Purchasers to the Vendors in cash in the following manner:

- (i) 80% of the Consideration to be paid on the date of Completion; and
- (ii) the remaining 20% of the Consideration to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion to be paid within three Business Days after the determination and agreement of the net working capital by the Parties.

The Consideration was determined by arm's length negotiation between the Parties having regard to a number of factors including the net asset value of Lenovo Mobile as at December 31, 2007 in an amount of approximately RMB290,372,000, the total capital investment in Lenovo Mobile in an amount of RMB187,500,000, the licence of the intellectual properties and the Entrusted Loan to be extended to Lenovo Mobile upon the Completion, the value and goodwill attached to the trademarks and brand names used by Lenovo Mobile. The Company will ensure compliance with the relevant Listing Rules once the final Consideration is determined.

Conditions:

The sale and purchase of the Equity Interest under the S&P Agreement is conditional upon satisfaction or waiver of (as the case may be), inter alia, the following conditions:

- (i) the execution of all Transaction Documents by all parties thereto;
- (ii) the obtaining by Jade Ahead of the approval of the investment committee of Hony Fund within 15 calendar days from the date of the S&P Agreement;
- (iii) the passing of a resolution of the board of directors of Lenovo Mobile approving the transfer of the Equity Interest and all other documents and transactions incidental to and as contemplated under the S&P Agreement; and
- (iv) the obtaining by each of the Vendors and the Company of all necessary consents, authorisations and approvals (or, as the case may be, waivers) approving the Disposal, the S&P Agreement and the transactions contemplated therein (including the passing of an ordinary resolution by the Independent Shareholders at the EGM by poll).

The Vendors, the Purchasers and the Company shall use all reasonable endeavors to procure the satisfaction of the Condition(s) to the extent they are related to the respective party. To the extent permitted by applicable law, the Purchasers may at any time by notice to the Vendors in writing waive any of the Conditions (save and except paragraph (iv) above).

In the event that not all the Conditions have been fulfilled or waived as aforesaid by July 30, 2008 (or such later date as the Vendors and the Purchasers may agree in writing), the S&P Agreement shall lapse and be of no further effect and no Party shall have any claim against, or liability or obligation (save for antecedent breaches of the S&P Agreement) to the other Party.

Completion:

Completion shall take place on the third Business Day following the satisfaction or waiver of the Conditions, or on such other date as may be agreed in writing between the Parties.

Non-competition undertaking by the Company:

In consideration of the Purchasers agreeing to acquire the Equity Interest, each of the Vendors and the Company has undertaken with the Purchasers that subject to certain conditions being satisfied, during the five years immediately following the Completion, it will not directly or indirectly carry on, and will not hold or acquire any controlling interests in any corporate entity engaged in any business in the PRC which is in competition with the business of manufacturing, sale and distribution of (i) handset phone products with voice functionality only or voice centric features; or (ii) wireless handheld devices with open OS features such as Linux, WinCE, Symbian, with voice functionality only or voice centric features (and for avoidance of doubt such products and devices shall exclude mobile personal computers).

III CONNECTED TRANSACTION**OPTION TO SUBSCRIBE FOR INTEREST IN LENOVO MOBILE GRANTED TO LENOVO MANUFACTURING**

Pursuant to the S&P Agreement, Lenovo Manufacturing or its designee shall have a right to subscribe from Lenovo Mobile for up to 5% of its total registered capital on a fully-diluted basis. The Option was granted to Lenovo Manufacturing as part of the transactions contemplated under the S&P Agreement at nil consideration.

Exercise of the Option:

The Option is a right exercisable by (and not an obligation imposed on) Lenovo Manufacturing and is exercisable at any time within four years following the Completion, provided that the Option shall be terminated upon the listing of the business or operations of Lenovo Mobile on a PRC or an internationally recognised stock exchange.

Exercise Price of the Option:

The exercise price of the Option shall equal to the pro rata portion of the Consideration (subject to adjustment by the amount of net working capital of Lenovo Mobile as at the date of Completion and possible adjustment(s) due to breach of warranties, if any) for the interest to be purchased or subscribed. The Company will ensure compliance with the relevant Listing Rules upon the exercise of the Option.

IV CONTINUING CONNECTED TRANSACTION**A. PROVISION OF ENTRUSTED LOAN**

Pursuant to the S&P Agreement, Lenovo Beijing agreed to arrange and procure an entrusted loan to be made available to Lenovo Mobile to be used as its working capital after Completion. Lenovo Beijing may appoint any licensed financial institution to provide the Entrusted Loan to

Lenovo Mobile as lending agent. Lenovo Beijing, Lenovo Mobile and the lending agent may enter into separate loan agreement(s) for the provision of the Entrusted Loan in accordance with the terms and conditions as set out in the S&P Agreement.

Principal amount:

The Entrusted Loan shall be in the form of standby facilities in a principal amount of US\$25,000,000, which was mutually agreed by the Parties taking into consideration of the estimated cash and cash equivalent threshold appropriate to Lenovo Mobile's business.

Term:

The Entrusted Loan is for a term of up to three years from the Completion, subject to early termination at the discretion of Lenovo Beijing in the event of any change in control of Hony Fund in Lenovo Mobile.

Interest and interest rate:

The Entrusted Loan is subject to interest calculated on an annual basis. The interest rate shall be the prevailing base lending rate published by the People's Bank of China as at the date of entering into of the loan agreement(s) between Lenovo Beijing, Lenovo Mobile and the lending agent, and subject to adjustments following any adjustments made by the People's Bank of China to its base lending rates.

Securities:

The Entrusted Loan will be secured by a charge over the assets (including the receivables and inventories) of Lenovo Mobile equivalent to principal amount of the Entrusted Loan.

Handling fees:

All handling fees payable to the lending agent in connection with the Entrusted Loan shall be paid by Lenovo Mobile.

B. PROVISION OF TRANSITION SERVICES

Pursuant to the S&P Agreement, Lenovo Beijing has agreed to provide certain transition services to Lenovo Mobile upon Completion and up to March 31, 2009. The relevant parties shall enter into the Transition Services Agreement for such purpose upon Completion.

Transition Services:

The transition services to be provided by Lenovo Beijing to Lenovo Mobile under the Transition Services Agreement include sharing of office spaces, provision of logistic, administrative and information technology services.

Consideration and basis:

The transition services are to be provided on an allocated fee plus tax basis. The

consideration for provision of the services are on normal commercial terms and determined by Lenovo Beijing and Lenovo Mobile on arm's length negotiation with reference to the costs and fees of such services provided by Lenovo Beijing to other members of the Group.

Annual cap:

The transaction amounts for the transition services provided by the Group to Lenovo Mobile during the financial year ended March 31, 2007 was approximately US\$3.1 million. The Directors estimate that the aggregate annual transaction amount for the provision of the transition services under the Transition Services Agreement will not exceed HK\$40,000,000. The estimated transaction amount is determined with reference to the scale of operation of Lenovo Mobile and the number its employees, the nature and extent of services reasonably required for the mobile handset business after the Completion.

V TRANSFER AND LICENCE OF INTELLECTUAL PROPERTY RIGHTS

In consideration of the Purchasers agreeing to purchase the Equity Interest and in order to ensure smooth handover and transition after the Completion, the Company has agreed to extend certain transition services, license and transfer certain trademarks and intellectual property rights to Lenovo Mobile after Completion.

Lenovo Beijing has agreed to license its trademark "Lenovo" to Lenovo Mobile for the use in relation to its mobile handset business in the PRC. Such licensing is for a term of five years without royalty and subject to Hony Fund remaining to be a controlling shareholder of Lenovo Mobile at all the times. The Company shall have a right to decide in its sole discretion whether to continue the licensing arrangement if there is any change in control of Lenovo Mobile which results in Hony Fund ceasing to be a controlling shareholder of Lenovo Mobile. The term of licence of certain trademark may be renewed for an additional term of up to five years after the expiry of the initial term at a royalty fee to be agreed between the parties. The Company will ensure compliance with the relevant Listing Rules upon the renewal of the licence of trademark.

Lenovo Beijing has also agreed to transfer to Lenovo Mobile the rights in certain registered trademarks and trademark applications to Lenovo Mobile which are currently exclusively used in the mobile handset products. Lenovo Beijing has agreed to extend the right to register as a co-owner of certain patents currently used in the mobile handset business to Lenovo Mobile. In return, Lenovo Mobile has also agreed to extend certain patents owned by it to Lenovo Beijing after Completion on perpetual basis without royalty.

The trademarks and patents licensing agreements to be entered into by Lenovo Beijing will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the transactions contemplated under each of the trademarks and patents licensing agreements are less than 0.1%, the entering into of such agreements is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI INFORMATION ON THE COMPANY, LENOVO MOBILE AND THE PURCHASERS

The Company

The principal activities of the Company and its subsidiaries are the sales and manufacture of personal computers and related IT products, mobile devices, and the provision of advanced information services in the PRC, the Americas, Europe, Middle East, Africa and Asia Pacific. As at the date of this announcement, Legend Holdings is directly or indirectly through its wholly-owned subsidiary, Right Lane Limited, interested in 4,170,411,971 ordinary voting shares in the share capital of the Company, representing approximately 41.78% of existing issued share capital of the Company as if all the existing ordinary non-voting shares and preference shares are fully converted into ordinary shares.

Lenovo Mobile

Lenovo Mobile is an indirect wholly-owned subsidiary of the Company which is principally engaged in the manufacturing and distribution of mobile handsets in the PRC.

For the financial year ended December 31, 2006, the audited net profits before and after taxation and extraordinary items of Lenovo Mobile were approximately RMB426,742,000. For the financial year ended December 31, 2007, the unaudited net loss before and after taxation and extraordinary items of Lenovo Mobile were RMB130,569,000 and RMB133,720,000 respectively.

As at December 31, 2007, the unaudited net asset value of Lenovo Mobile was approximately RMB290,372,000. As at December 31, 2006 and December 31, 2007, the net working capital of Lenovo Mobile (representing the amount current assets net of current liabilities) was approximately RMB638,445,000 (audited) and RMB137,925,000 (unaudited), respectively. The audited financial statements of Lenovo Mobile during the relevant period were prepared based on the generally accepted accounting principles in the PRC.

The Purchasers

Jade Ahead and Ample Growth are special purpose companies incorporated in Hong Kong and the BVI with limited liability respectively, which are wholly-owned by Hony Capital Fund III, L.P.. Hony Capital Fund III, L.P. is an investment fund which is a Cayman Islands exempted limited partnership. It is indirectly controlled by Hony Capital Management III Limited, a company which is owned as to 45% by Legend Holdings (through its wholly-owned subsidiary, Right Lane Limited) and 55% by Mr. John Huan Zhao, who is not a connected person of the Company. Hony Capital Fund III, L.P. is an investment fund with over 20 institutional investors with Legend Holdings maintaining the single largest limited partnership interest of approximately 34.40% of the value of the fund.

LEV Ventures is a limited liability company incorporated in the PRC which is based in Shenzhen, PRC. Super Pioneer is a special purpose company incorporated in the BVI with limited liability. Both LEV Ventures and Super Pioneer, being entities owned by Mr. Yeung Heung Yeung, are venture capital funds focusing on the investments in high technology businesses and provision of investment consultancy services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, LEV Ventures and Super Pioneer and the ultimate

beneficial owner(s) of them are third parties independent of the Company and its connected persons.

VII CONNECTED RELATIONSHIP

Legend Holdings, the controlling shareholder of the Company, is also indirectly interested in more than 30% of the issued share capital of each of Jade Ahead and Ample Growth. This results in Jade Ahead and Ample Growth being regarded as associates of Legend Holdings. Accordingly, each of Jade Ahead, Ample Growth and Lenovo Mobile (after the Completion), being an associate of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between any member of the Group on one hand, and Jade Ahead, Ample Growth or their associates (including Lenovo Mobile) on the other, is or will become (after Completion) a connected transaction of the Company.

VIII REASONS FOR THE TRANSACTIONS

The Group is principally engaged in the personal computer business. The Group has since 2002 started its mobile handset business through Lenovo Mobile. After five years of effort, the Company has decided to focus itself on personal computer business and withdraw from the mobile handset market.

The personal computer business and the current mobile handset business are two distinctive businesses where the room for achieving synergy is relatively limited. Being already a market leader, the Company intends to progressively expand the personal computers business. To achieve this, the Company will accelerate the roll-out of the transaction model across the globe, improve global supply chain cost and delivery, and focus on capturing growth opportunities in the consumer and emerging markets. The Directors consider that the disposal of the mobile handset business would provide the Group additional resources for supporting its expansion plan and enable the Group to deploy its entire management attention and capacity and financial resources to its mainstream business. Such decision on disposal is further reinforced by the significant capital investment requirement expected for handset business.

As a result of the Disposal, the Directors expect that the Group would record an unaudited gain on disposal of approximately US\$66,000,000 upon Completion, representing the difference between the Consideration and the expected carrying value of the Equity Interest as at the date of Completion. The sales proceeds will be used for general working capital purposes. After the Completion, the Company will not have any interest in Lenovo Mobile and Lenovo Mobile will cease to be a subsidiary of the Company.

The Entrusted Loan and the Transition Services Agreement are part of the transition arrangements agreed to be provided by the Group under the S&P Agreement in consideration of the Purchasers agreeing to acquire the Equity Interest at the Consideration. In view of the Option granted to the Group, the Directors consider that it is in the mutual benefit of the Group and Lenovo Mobile to provide for the Entrusted Loan to ensure Lenovo Mobile has a stable cash-flow to support and finance its development of mobile handset business.

IX DIRECTORS' VIEWS

Each of Mr. Liu Chuanzhi and Mr. Zhu Linan, being a director of the Company and also a director of Legend Holdings, is interested in the transactions contemplated under the S&P Agreement and the Transaction Documents, and has abstained from voting in the board meeting in considering the

relevant transactions in accordance with the articles of association of the Company and other applicable laws and regulations.

The executive and non-executive Directors (except for Mr. Liu Chuanzhi and Mr. Zhu Linan who have abstained from voting in the board meeting due to their interests in the transactions) consider that the terms of the S&P Agreement and the Disposal are on normal commercial terms which are fair and reasonable, and the entering into of such agreements is in the best interests of the Group and the shareholders of the Company as a whole.

The Directors (including the independent non-executive Directors and except for Mr. Liu Chuanzhi and Mr. Zhu Linan who have abstained from voting in the board meeting due to their interests in the transactions) consider that the terms of the Option, the Entrusted Loan and the Transition Services Agreement are on normal commercial terms which are fair and reasonable, and the entering into of such agreements is in the best interests of the Group and the shareholders of the Company as a whole.

X LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 5% but are less than 25%, the S&P Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 2.5%, the S&P Agreement also constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules. As such, the Disposal is subject to the approval by the Independent Shareholders at the EGM by poll.

As the applicable percentage ratios of the Option are less than 2.5%, the granting of the Option to the Group is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

As the applicable percentage ratios of the Entrusted Loan are less than 2.5%, the provision of financial assistance by the Group to Lenovo Mobile in the form of the Entrusted Loan is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

As the applicable percentage ratios of the services to be provided under the Transition Services Agreement are less than 2.5%, the provision of transition services by the Group to Lenovo Mobile is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but is exempt from the independent shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the S&P Agreement, a letter from the Independent Board Committee to the Independent Shareholders in respect of the S&P Agreement, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement, and a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

XI DEFINITIONS:

“%”	per cent.;
“Ample Growth”	Ample Growth Enterprises Limited, a company incorporated in the BVI with limited liability;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Days”	a day on which banks are open for business in the PRC and the Hong Kong Special Administrative Region (excluding Saturdays, Sundays and public holidays);
“BVI”	the British Virgin Islands;
“Company”	Lenovo Group Limited, a company incorporated on October 5, 1993 with limited liability under the laws of Hong Kong, the ordinary voting shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the S&P Agreement;
“Conditions”	the conditions precedent to the completion of the sale and purchase of the Equity Interest under the S&P Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the aggregated consideration for the sale and purchase of the Equity Interest under the S&P Agreement;
“Directors”	the directors of the Company;
“Disposal”	the disposal by the Vendors of the Equity Interest pursuant to the S&P Agreement and the transactions contemplated thereunder;
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve, among other things, the Disposal, the S&P Agreement and the transactions contemplated thereunder;
“Entrusted Loan”	the standing facilities to be arranged by Lenovo Beijing in favour of Lenovo Mobile after Completion;
“Equity Interest”	the entire registered capital of Lenovo Mobile;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Hony Fund”	Hony Capital Fund III, L.P.;
“Independent Board Committee”	an independent committee of the Board to be established for the purpose of advising the Independent Shareholders in relation to the terms of the S&P Agreement;
“Independent Shareholders”	Shareholders other than Mr. Liu Chuanzhi and Mr. Zhu Linan, Legend Holdings and its associates;
“Jade Ahead”	Jade Ahead Limited, a company incorporated in Hong Kong with limited liability;
“Legend Holdings”	聯想控股有限公司 (Legend Holdings Limited*), an investment holding company established in the PRC with its subsidiaries primarily engaged in information technology, equity investment and real estate investment;
“Lenovo Beijing”	聯想(北京)有限公司 (Lenovo (Beijing) Limited*), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company;
“Lenovo Manufacturing”	Lenovo Manufacturing Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Lenovo Mobile”	聯想移動通信科技有限公司 (Lenovo Mobile Communication Technology Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“Lenovo” or “Group”	the Company and its subsidiaries;
“LEV Ventures”	深圳市小象創投合伙企業 (LEV Ventures*), a limited liability company incorporated in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Option”	the option to subscribe for interest in Lenovo Mobile granted to Lenovo Manufacturing under the S&P Agreement;
“Parties”	collectively, the Vendors, the Purchasers and the Company, and “Party” shall mean any of them;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchasers”	collectively Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer, and “Purchaser” shall mean any of them;

“RMB”	Reminbi, the lawful currency of the PRC;
“S&P Agreement”	the conditional agreement dated January 30, 2008 entered into between the Vendors, the Purchasers and the Company in relation to the sale and purchase of the Equity Interest;
“Shareholder(s)”	holder(s) of ordinary voting share(s), ordinary non-voting shares or preference shares in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Super Pioneer”	Super Pioneer International Limited, a company incorporated in the BVI with limited liability;
“Transaction Documents”	the ancillary documents contemplated under the S&P Agreement to be entered into between the relevant parties upon Completion in relation to the transfer and licensing of certain trademarks, patents and intellectual property rights, the provision of the Entrusted Loan and the Transition Services Agreement;
“Transition Services Agreement”	the agreement to be entered into by Lenovo Beijing and Lenovo Mobile upon Completion for the provision of certain transition services by Lenovo Beijing;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“Vendors”	Lenovo Manufacturing and Lenovo Beijing, and “Vendor” shall mean any of them.

** English translations of the Chinese names are for identification purpose only*

By order of the Board
Yang Yuanqing
Chairman

New York, January 30, 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.