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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: 992

**VERY SUBSTANTIAL ACQUISITION
RELATING TO
THE PERSONAL COMPUTER BUSINESS OF
INTERNATIONAL BUSINESS MACHINES CORPORATION
AND
CONTINUING CONNECTED TRANSACTIONS**

Financial Adviser to the Company



Goldman Sachs (Asia) L.L.C.

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

CAZENOVE

Cazenove Asia Limited

**REVISION OF ANNUAL CAPS REGARDING CERTAIN CONTINUING
CONNECTED TRANSACTIONS**

Reference is made to an announcement made by the Company dated 8 December 2004 in respect of, inter alia, a very substantial acquisition relating to the Personal Computer Business of IBM and a subsequent announcement dated 10 December 2004 in respect of the Continuing Connected Transactions relating to the Ancillary Agreements entered into between the Company and IBM pursuant to the Asset Purchase Agreement.

In the announcement dated 10 December 2004, the Company set out certain “combined” annual caps in respect of the Distribution Channel Financing Services and Excess Surplus Disposition Services under the Strategic Financing and Asset Disposition Services Agreement as well as the Internal Use Purchase Agreement. Due to inadvertent mistakes made in the relevant calculation process, such annual caps are not correct. The Company would like to revise the language contained in the said announcement in respect of the annual caps in relation to the agreements described above.

The Company would also like to clarify that all references to “Excess Surplus Distribution Services” should be changed to “Excess Surplus Disposition Services”.

REVISION OF ANNUAL CAPS REGARDING CERTAIN CONTINUING CONNECTED TRANSACTIONS

Reference is made to an announcement made by the Company dated 8 December 2004 in respect of, inter alia, a very substantial acquisition relating to the Personal Computer Business of IBM (the “**First Announcement**”) and a subsequent announcement dated 10 December 2004 in respect of the Continuing Connected Transactions relating to the Ancillary Agreements entered into between the Company and IBM pursuant to the Asset Purchase Agreement (the “**Second Announcement**”).

Terms defined in the First Announcement and the Second Announcement have the same meaning in this announcement.

Revision of certain annual caps

Strategic Financing and Asset Disposition Services Agreement

In the Second Announcement, the Company set out certain “combined” annual caps in respect of the Distribution Channel Financing Services and Excess Surplus Disposition Services under the Strategic Financing and Asset Disposition Services Agreement. Due to an inadvertent mistake made in the relevant calculation process, such annual caps are not correct. The Company would like to revise the language in respect of the annual caps in relation to the Distribution Channel Financing Services and Excess Surplus Disposition Services, as follows:

Distribution Channel Financing Services

“The Directors expect that the aggregate amount of fees payable by the Company to IBM under Distribution Channel Financing Services under the Strategic Financing and Asset Disposition Services Agreement for each of the five years following the Initial Closing will not exceed US\$84 million, US\$86 million, US\$87 million, US\$89 million and US\$90 million, respectively.”

Excess Surplus Disposition Services

“The Directors expect that the aggregate amount of fees payable by IBM to the Company in relation to the Excess Surplus Disposition Services under the Strategic Financing and Asset Disposition Services Agreement for each of the five years following the Initial Closing will not exceed US\$58 million, US\$60 million, US\$61 million, US\$62 million and US\$63 million, respectively.”

The Company would also like to clarify that all references to “Excess Surplus Distribution Services” should be changed to “Excess Surplus Disposition Services”. Relevant changes will be reflected in a circular to be issued by the Company.

Internal Use Purchase Agreement

In the Second Announcement, the Company set out certain annual caps in respect of the Internal Use Purchase Agreement. Due to an inadvertent mistake made in the relevant calculation process, such annual caps are not correct. The Company would like to revise the language in respect of the annual caps in relation to the Internal Use Purchase Agreement, as follows:

“The Directors expect that the aggregate amount of fees payable under the Internal Use Purchase Agreement for each of the five years following the Initial Closing will not exceed US\$500 million, US\$512 million, US\$520 million, US\$530 million and US\$541 million, respectively.”

GENERAL

Cazenove Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions. The above revised language will be set out in a circular to be issued by the Company on or around 30 December 2004, containing, among other things, details of the Ancillary Agreements and the Continuing Connected Transactions, a letter from the Independent Board Committee to the Independent Shareholders in relation to the Continuing Connected Transactions, and a letter from Cazenove Asia Limited to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions, as well as a notice convening the EGM to approve the Asset Acquisition and the Continuing Connected Transactions.

As of the date of this announcement, the Executive Directors are Mr Liu Chuanzhi, Mr Yang Yuanqing, Ms Ma Xuezheng; Non-executive Director is Mr Zeng Maochao; Independent Non-executive Directors are Mr Wong Wai Ming, Professor Woo Chia-Wei, and Mr Ting Lee Sen.

By order of the Board
Liu Chuanzhi
Chairman

Hong Kong, 28 December 2004

Please also refer to the published version of this announcement in the (South China Morning Post/The Standard)