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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

Placing of Existing Shares by Substantial Shareholder

Resumption of Trading

The Company has been informed by Citigroup Global Markets Asia Limited, the disposition agent of IBM, that it has placed 300,000,000 Shares to investors at a placing price of HK\$3.20 per Placing Share.

The Placing Shares represent approximately 3.37% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares) and approximately 3.52% of the existing issued ordinary share capital (comprising Shares only).

Upon completion of the placing, IBM's interests in the Company will be reduced to 631,870,515 Shares and 375,282,756 Non-voting Shares, the aggregate represent 11.31% of the existing issued ordinary share capital (comprising Shares and Non-voting Shares) of the Company while the 631,870,515 Shares represent approximately 7.41% of the existing issued ordinary share capital of the Company (comprising Shares only).

Trading in the Shares (Stock Code: 0992) was suspended at the request of the Company with effect from 10:16 a.m. on February 6, 2007, pending the issue of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in Shares with effect from 9:30 a.m. on February 7, 2007.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

PLACING OF EXISTING SHARES BY IBM

The Company has been informed by Citigroup Global Markets Asia Limited, the disposition agent of IBM on February 6, 2007 that it has placed 300,000,000 Shares beneficially owned by IBM to investors at a placing price of HK\$3.20 per Placing Share.

Placing Shares:

The Placing Shares formed part of the consideration paid by the Company to IBM relating to the very substantial acquisition by the Company of the global desktop computer and notebook computer business of IBM. The Placing Shares relate to 300,000,000 Shares representing approximately 3.37% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares) and approximately 3.52% of the existing issued ordinary share capital of the Company (comprising Shares only).

IBM is a substantial shareholder of the Company and currently holds 931,870,515 Shares and 375,282,756 Non-voting Shares; the aggregate represents approximately 14.68% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares). The shareholding structure of the Company as at February 6, 2007 is set out below.

Shareholders	Number of Shares (excluding Non-voting Shares and Convertible Preferred Shares)	Percentage of voting rights	Number of Shares assuming full conversion of the Non-voting Shares and excluding the Convertible Preferred Shares	Percentage of voting rights	Number of Shares assuming full conversion of both the Non-voting Shares and the Convertible Preferred Shares	Percentage of voting rights
Legend Holdings	4,148,547,971	48.62	4,148,547,971	46.58	4,148,547,971	41.87
IBM	931,870,515	10.92	1,307,153,271	14.68	1,307,153,271	13.19
Convertible Preferred Shares holders	–	–	–	–	1,001,834,862	10.11
Directors	61,488,175	0.72	61,488,175	0.69	61,488,175	0.62
Public	3,389,944,361	39.74	3,389,944,361	38.05	3,389,944,361	34.21
Total	<u>8,531,851,022</u>	<u>100</u>	<u>8,907,133,778</u>	<u>100</u>	<u>9,908,968,640</u>	<u>100</u>

Upon completion of the placing, IBM's interest in the Company will be reduced to 631,870,515 Shares and 375,282,756 Non-voting Shares, the aggregate represents approximately 11.31% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares) while the 631,870,515 Shares represent approximately 7.41% of the existing issued ordinary share capital of the Company (comprising Shares only). The shareholding structure of the Company upon completion of the placing is set out below.

Shareholders	Number of Shares (excluding Non-voting Shares and Convertible Preferred Shares)	Percentage of voting rights	Number of Shares assuming full conversion of the Non-voting Shares and excluding the Convertible Preferred Shares	Percentage of voting rights	Number of Shares assuming full conversion of both the Non-voting Shares and the Convertible Preferred Shares	Percentage of voting rights
Legend Holdings	4,198,547,971	49.21	4,198,547,971	47.14	4,198,547,971	42.37
IBM	631,870,515	7.41	1,007,153,271	11.31	1,007,153,271	10.17
Convertible Preferred Shares holders	-	-	-	-	1,001,834,862	10.11
Directors	61,488,175	0.72	61,488,175	0.69	61,488,175	0.62
Public	<u>3,639,944,361</u>	<u>42.66</u>	<u>3,639,944,361</u>	<u>40.86</u>	<u>3,639,944,361</u>	<u>36.73</u>
Total	<u>8,531,851,022</u>	<u>100</u>	<u>8,907,133,778</u>	<u>100</u>	<u>9,908,968,640</u>	<u>100</u>

Placees:

The Company has been informed by Citigroup Global Markets Asia Limited that 50,000,000 Placing Shares were placed with Legend Holdings and/or its affiliates. Legend Holdings is the controlling shareholder of the Company and currently holds 4,148,547,971 Shares, representing (a) approximately 46.58% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares) and (b) approximately 48.62% of the existing issued ordinary share capital of the Company (comprising Shares only).

Upon completion of the placing, Legend Holdings' interest in the Company will be increased to 4,198,547,971 Shares, representing (a) approximately 47.14% of the existing issued ordinary share capital of the Company (comprising Shares and Non-voting Shares) and (b) approximately 49.21% of the existing issued ordinary share capital of the Company (comprising Shares only).

Save as disclosed above, the Company has been confirmed by Citigroup Global Markets Asia Limited that the placees of the placing are independent investors who are not connected persons of the Company.

Placing Price:

The placing price is HK\$3.20 per Placing Share, representing a discount of approximately 7% to the closing price of HK\$3.44 per Share as quoted on the Stock Exchange on February 5, 2007.

Completion:

Completion of the placing is currently expected to take place on February 7, 2007.

Resumption of Trading of Shares:

At the request of the Company, trading in the Company's Shares (Stock Code: 0992) on the Stock Exchange was suspended with effect from 10:16 a.m. on February 6, 2007, pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on February 7, 2007. This announcement is made pursuant to Rule 13.09 of the Listing Rules.

DEFINITIONS:

“affiliates”	with respect to any person, any other person who directly or indirectly or who through one or more intermediaries, controls or is controlled by or is under common control with the person specified
“Board”	board of Directors of the Company
“Company”	Lenovo Group Limited, a company incorporated on October 5, 1993 with limited liability under the laws of Hong Kong, the Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning set out in the Listing Rules
“controlling shareholder”	has the meaning set out in the Listing Rules
“Directors”	the directors of the Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBM”	International Business Machines Corporation
“Legend Holdings”	Legend Holdings Limited, the controlling shareholder of the Company holding approximately 48.62% of the existing issued ordinary share capital (comprising Shares only) and approximately 46.58% of the existing issued ordinary share capital (comprising Shares and Non-voting Shares) of the Company as at February 5, 2007
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Non-voting Share(s)”	ordinary non-voting share(s) of par value of HK\$0.025 each in the ordinary share capital of the Company
“Placing Shares”	300,000,000 Shares beneficially owned by IBM
“PRC”	the People's Republic of China
“Share(s)”	ordinary shares of par value HK\$0.025 each in the share capital of the Company which do not include the Non-voting Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning set out in the Listing Rules

By order of the Board
Yang Yuanqing
Chairman

Raleigh, February 6, 2007

As of the date of this announcement, the Executive Directors are Mr. Yang Yuanqing, Mr. William J. Amelio and Ms. Ma Xuezheng, the Non-executive Directors are Mr. Liu Chuanzhi, Mr. Zhu Linan, Mr. James G. Coulter, Mr. William O. Grabe, Mr. Shan Weijian, Mr. Justin T. Chang (alternate Director to Mr. James G. Coulter), Mr. Vince Feng (alternate Director to Mr. William O. Grabe) and Mr. Daniel A. Carroll (alternate Director to Mr. Shan Weijian); and the Independent Non-executive Directors are Mr. Wong Wai Ming, Professor Woo Chia-Wei, Mr. Ting Lee Sen and Mr. John W. Barter III.

“Please also refer to the published version of this announcement in the South China Morning Post”