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Lenovo Group Limited 聯想集團有限公司
(Incorporated in Hong Kong with limited liability)
(STOCK CODE: 0992)

ANNOUNCEMENT
Disclosure of Price Sensitive Information
Resource Redeployment Plan To Increase Efficiencies and Become More Competitive
Resumption of Trading

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

The Board wishes to inform its shareholders and potential investors that the Group is likely to incur a material loss for the three months ended December 31, 2008.

Further, the Board wishes to announce a resource redeployment plan. This plan, when fully implemented, is likely to have the effect of:

(1) reducing the number of the Group’s worldwide employees by approximately 2,500, representing approximately 11% of the Group’s total workforce;

(2) realizing annual savings of approximately US$300 million (or about HK$2,340 million) in the financial year ending March 31, 2010; and

(3) resulting in a pre-tax restructuring charge of approximately US$150 million (or about HK$1,170 million) for the financial year 2008/09 which charge will largely be reflected in the fourth quarter of the financial year ending March 31, 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

At the request of the Company, trading in the securities of the Company was suspended on the Stock Exchange from 9:30 a.m. on January 7, 2009 pending release of this announcement. Application has been made by the Company for resumption of trading in the shares on the Stock Exchange with effect from 9:30 a.m. on January 8, 2009.
This announcement is made by Lenovo Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Based on the unaudited management financial information available to the Company, the board of directors of the Company (the “Board”) preliminarily estimates that the Group is likely to incur a material loss for the three months ended December 31, 2008. The Board believes that such potential loss is incurred mainly due to the unprecedented global economic challenges facing the world resulting in a reducing demand of personal computer and related products. The Group’s sales revenue and gross profit decreased significantly year-on-year due to its relatively high proportion of sales in the commercial segment, which has experienced reduced demand worldwide, and the slowing down in the Chinese economy, which has also affected what has historically been a major market for the Group.

Further, the Board wishes to announce a resource redeployment plan which the Board believes will increase the Group’s efficiencies and make the Group more competitive. Specifically, such redeployment plan will help the Group to substantially reduce its operational costs, eliminate duplications across organizations, and improve efficiencies by more closely aligning the Group’s structure and growth strategies. Such redeployment plan includes the reduction of employees (including management and executive positions) and expenses in support and staff functions; reduction of executive compensation including merit pay and long-term incentives, as well as any performance payment for the coming year; consolidation of China and Asia Pacific organizations into a new business unit – Asia Pacific and Russia (APR); and the relocation of its call centre operations from Toronto, Canada to Morrisville, North Carolina.

Such redeployment plan, when fully implemented, is likely to have the effect of (1) reducing the number of the Group’s worldwide employees by approximately 2,500, representing approximately 11% of the Group’s total workforce; (2) realizing annual savings of approximately US$300 million (or about HK$2,340 million) in the financial year ending March 31, 2010 and (3) resulting in a pre-tax restructuring charge of approximately US$150 million (or about HK$1,170 million) for the financial year 2008/09 which charge will largely be reflected in the fourth quarter of the financial year ending March 31, 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

At the request of the Company, trading in the securities of the Company was suspended on the Stock Exchange from 9:30 a.m. on January 7, 2009 pending release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares on the Stock Exchange from 9.30 a.m. on January 8, 2009.
Beijing, January 8, 2009

As at the time of publication 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 Xuezeng, Mr. James G. Coulter, Mr. William O. Grabe, Mr. Justin T. Chang (alternate Director to Mr. James G. Coulter); and the Independent Non-executive Directors are Professor Woo Chia-Wei, Mr. Ting Lee Sen, Mr. John W. Barter III and Dr. Tian Suning.