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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated January 30, 2008 and the circular of the Company dated February 20, 2008 in relation to, among others, the Transition Services Agreement entered into between Lenovo Beijing and Lenovo Mobile. As the term of the Transition Services Agreement will expire by March 31, 2009, the Company and Lenovo Mobile have on March 31, 2009 entered into the Master Services Agreement in relation to the Services.

As Lenovo Mobile is a connected person of the Company, the provision of the Services by the Group under the Master Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Proposed Annual Caps under the Master Services Agreement are less than 2.5%, the transactions contemplated under the Master Services Agreement are only subject to announcement and reporting requirements but exempt from independent shareholders' approval requirement under Rule 14A.34(1) of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated January 30, 2008 and the circular of the Company dated February 20, 2008 in relation to, among others, the Transition Services Agreement entered into between Lenovo Beijing and Lenovo Mobile. As the term of the Transition Services Agreement will expire by March 31, 2009, the Company and Lenovo Mobile have on March 31, 2009 entered into the Master Services Agreement. Details of the Master Services Agreement are set out below.

## **MASTER SERVICES AGREEMENT**

Date: March 31, 2009

Parties: (i) The Company  
(ii) Lenovo Mobile

Services: Sharing of office spaces, provision of logistic, administrative and information technology services by the Group to the Legend Group

Term: 3 years commencing from April 1, 2009 and expiring on March 31, 2012

Price: The Services are to be provided on an allocated fee plus tax basis. The consideration for provision of the Services is on normal commercial terms and determined by the Company and Lenovo Mobile on arm's length negotiation with reference to the costs and fees of such services provided by the Company to other members of the Group.

### **PROPOSED ANNUAL CAPS**

Lenovo Mobile was part of the Group prior to the divestiture on March 31, 2008. The transaction amounts for the Services provided by the Group to Lenovo Mobile during the two financial years ended March 31, 2008 were approximately HK\$24,180,000 and HK\$20,338,000 respectively, and the transaction amount for the 10-month period from April 1, 2008 to January 31, 2009 for the provision of the Services by the Group to Lenovo Mobile under the Transition Services Agreement was approximately HK\$13,063,000. The Proposed Annual Caps for each of the three financial years ending March 31, 2012 are HK\$25,000,000. The Proposed Annual Caps are determined with reference to (i) the historical value of previous dealings between the parties; and (ii) the expected continuous demand of the Legend Group for the Services from the Group.

### **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The principal activities of the Group are the sales and manufacture of personal computers and related IT products and the provision of advanced information services in the PRC, the United States of America, Europe, Middle East, Africa and Asia Pacific. Lenovo Mobile is principally engaged in the manufacturing and distribution of mobile handsets in the PRC.

Prior to the completion of the divestiture of the Company's interest in Lenovo Mobile in March 2008, Lenovo Mobile was a wholly-owned subsidiary of the Company. Since the divestiture, Lenovo Mobile has been selling mobile handsets to the Group, and the Legend Group has also been providing IT products and services for certain computing devices to the Group since 2005. In light of the long-term cooperative relationship between the Group and the Legend Group (including Lenovo Mobile), the Directors (including the independent non-executive Directors) believe that it is beneficial to the Group and the shareholders of the Company as a whole to continue to provide the Services to the Legend Group and the Master Services Agreement was entered into in the ordinary course of business of the Company and on normal commercial terms and the Proposed Annual Caps are fair and reasonable.

### **CONNECTED RELATIONSHIP AND LISTING RULES IMPLICATIONS**

As at the date of this announcement, Legend Holdings is directly or indirectly interested in 4,116,933,971 ordinary shares in the share capital of the Company, representing approximately 41.74% of the total voting rights in the Company (including Series A convertible preferred shares which carry voting rights as if they are fully converted into ordinary shares).

As Legend Holdings is entitled to exercise more than 30% of the voting power at general meetings of the Company, it is a controlling shareholder of the Company. Lenovo Mobile is owned as to 45% and 15% by Jade Ahead and Ample Growth, respectively, with both of them being wholly-owned by Hony Capital Fund III, L.P., a Cayman Islands exempted limited partnership and an investment fund. Hony Capital Fund III, L.P. is indirectly controlled by Hony Capital Management III Limited, a company which is indirectly owned as to 45% by Legend Holdings. Hence, Lenovo Mobile is a connected person of the Company under Chapter 14A of the Listing Rules for being an associate of a connected person.

Due to the connected relationship above, the provision of the Services by the Group to the Legend Group under the Master Services Agreement constitute continuing connected transactions for the Company. Each of Mr Liu Chuanzhi and Mr Zhu Linan, being a Director and also a director of Legend Holdings, is interested in the transactions under the Master Services Agreement and has abstained from considering and approving the relevant transactions in accordance with the articles of association of the Company and other applicable laws and regulations.

As the applicable percentage ratios of the Proposed Annual Caps under the Master Services Agreement are less than 2.5%, the transactions contemplated under the Master Services Agreement are only subject to announcement and reporting requirements but exempt from independent shareholders' approval requirement under Rule 14A.34(1) of the Listing Rules.

Particulars of the Master Services Agreement will be disclosed in future annual reports and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

#### **DEFINITIONS:**

|                           |  |
|---------------------------|--|
| <b>“%”</b>                | per cent.;   |
| <b>“Ample Growth”</b>     | Ample Growth Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability;   |
| <b>“associate”</b>        | has the meaning ascribed to it under the Listing Rules;  |
| <b>“Board”</b>            | the board of Directors;  |
| <b>“Company”</b>          | Lenovo Group Limited, a company incorporated on October 5, 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; |
| <b>“connected person”</b> | has the meaning ascribed to it under the Listing Rules;  |
| <b>“Directors”</b>        | the directors of the Company   |
| <b>“HK\$”</b>             | Hong Kong dollars, the lawful currency of Hong Kong;   |
| <b>“Group”</b>            | the Company and its subsidiaries;  |
| <b>“Hong Kong”</b>        | the Hong Kong Special Administrative Region of the PRC;  |
| <b>“Jade Ahead”</b>       | Jade Ahead Limited, a company incorporated in Hong Kong with limited liability;  |
| <b>“Legend Group”</b>     | Legend Holdings, its subsidiaries and associates existing from time to time;   |
| <b>“Legend Holdings”</b>  | 聯想控股有限公司 (Legend Holdings Limited*), an investment holding company established in the PRC;   |
| <b>“Lenovo Beijing”</b>   | 聯想(北京)有限公司 (Lenovo (Beijing) Limited*), a limited liability company incorporated in the PRC;   |

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| <b>“Lenovo Mobile”</b>                 | 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;  |
| <b>“Listing Rules”</b>                 | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;  |
| <b>“Master Services Agreement”</b>     | the master agreement dated March 31, 2009 entered into between the Company and Lenovo Mobile in relation to the Services;  |
| <b>“percentage ratios”</b>             | has the meaning ascribed to it under the Listing Rules;  |
| <b>“PRC”</b>                           | 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; |
| <b>“Proposed Annual Caps”</b>          | the proposed annual caps for the three financial years ending March 31, 2012 under the Master Services Agreement;  |
| <b>“Services”</b>                      | sharing of office spaces, provision of logistic, administrative and information technology services on a continuing and regular basis;   |
| <b>“Stock Exchange”</b>                | The Stock Exchange of Hong Kong Limited;   |
| <b>“Transition Services Agreement”</b> | the agreement dated March 25, 2008 entered into by Lenovo Beijing and Lenovo Mobile for the provision of the Services by Lenovo Beijing; and   |
| <b>“US\$”</b>                          | United States Dollars, the lawful currency of the United States of America.  |

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

By order of the Board  
**Yang Yuanqing**  
*Director and Chief Executive Officer*

Hong Kong, March 31, 2009

*As at the date of this announcement, 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, 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.*