

The Lenovo logo is displayed in a bold, white, lowercase sans-serif font.

NEW WORLD. NEW THINKING.

# Acquisition of Lenovo Mobile

## *Entering into China's MID Market*

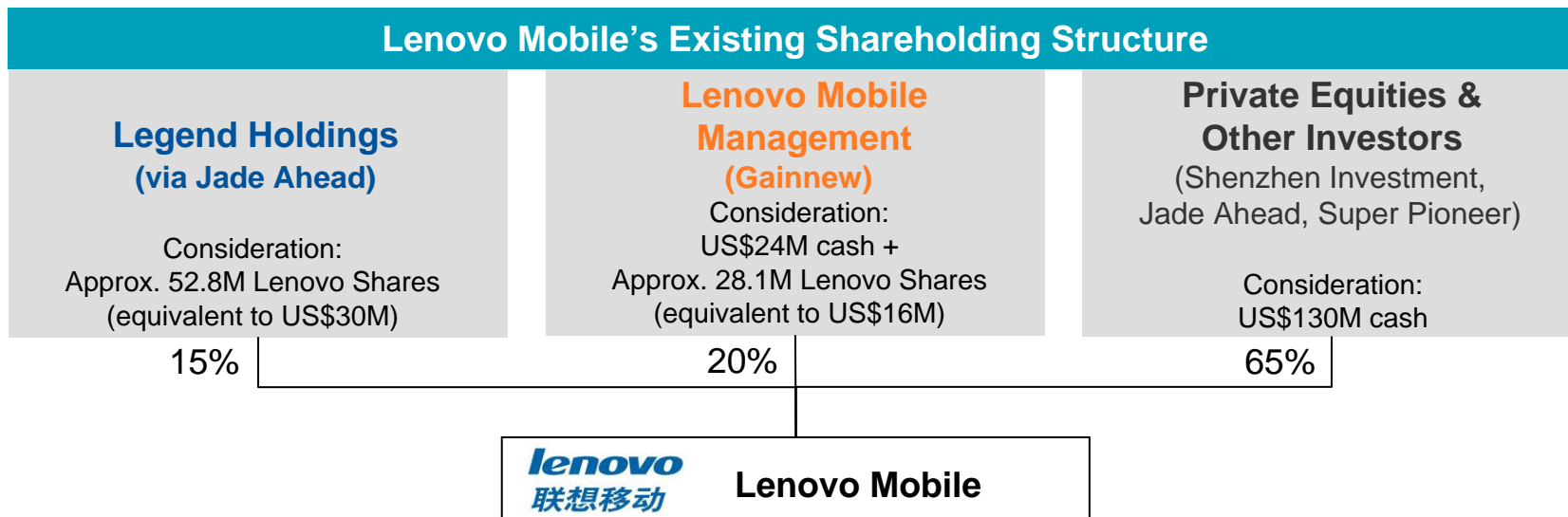
**Wong Wai Ming**

Senior Vice President & Chief Financial Officer

Hong Kong | November 27, 2009

# Transaction Summary

- Acquiring the entire equity interest in Lenovo Mobile at a consideration of US\$200 million<sup>1</sup>, subject to the net cash balance at closing
- Consideration to be settled by:
  - US\$154 million in cash (77%)
  - US\$46 million by issue of approx. 80.9 million Lenovo Shares<sup>2</sup> (23%)
- Transaction is expected to be completed before April 2010



**Notes:**

1. Including a required cash balance of US\$50 million.
2. Issue price of Consideration Shares is HK\$4.407 per share which is calculated by reference to the average closing price of Lenovo shares on the 20 consecutive trading days immediately prior to Nov 27, 2009.

# Reasons for the Acquisition

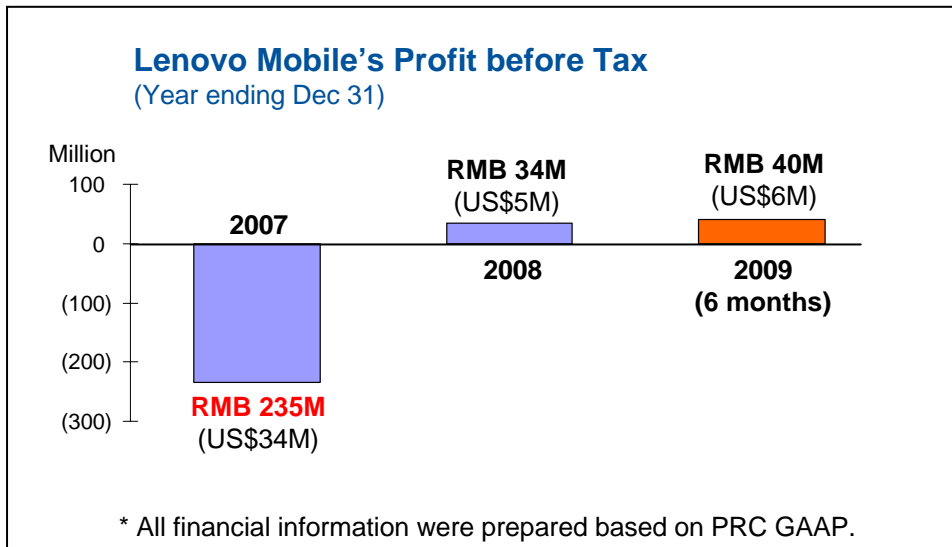
- Convergence between PC and mobile handset as a global trend
- Significant growth opportunity as more mobile Internet devices emerge
- Lenovo's first step to enter the mobile Internet device (MID) market
- Leverage an effective platform to capture the growth opportunities
  - Access to experienced and successful management team
  - Lenovo Mobile's channel network
    - Close to 10,000 retail outlets in China
    - 100% coverage of Tier1-6 cities
  - Close ties with domestic telecom carriers
  - Leverage Lenovo Mobile's knowledge in the entire value chain of handset business
  - Smooth integration based on the same culture foundation



Lenovo Mobile's sales promotion booth in China

# Lenovo Mobile's Recent Performance

- Turned profitable in 2008
  - Generated RMB 40 million profit before tax in the first half of 2009
- Regained No. 1 domestic brand position in May 2009
- Became No. 3 handset brand in China in August 2009



## China Mobile Handset Market Top 5

(Source: SINO, Oct 2009)

1. Nokia
2. Samsung
3. **Lenovo Mobile**
4. Motorola
5. Tianyu

# Next Steps

- Circular to shareholders with independent Board Committee recommendation in Dec 2009
- Shareholders' approval at EGM Jan 2010



Lenovo OPhone - O1



Lenovo S700

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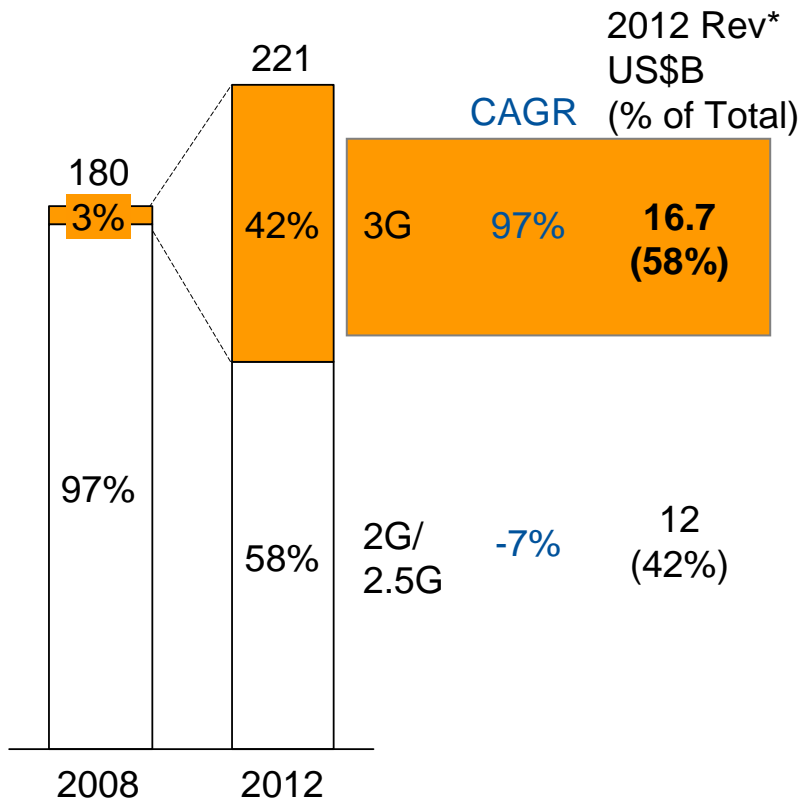
## Appendix

- Market Forecast: China's 3G & Handheld Markets
- Lenovo's Strategic Priorities

# Targets Fastest Growing Area of 3G & Handhelds

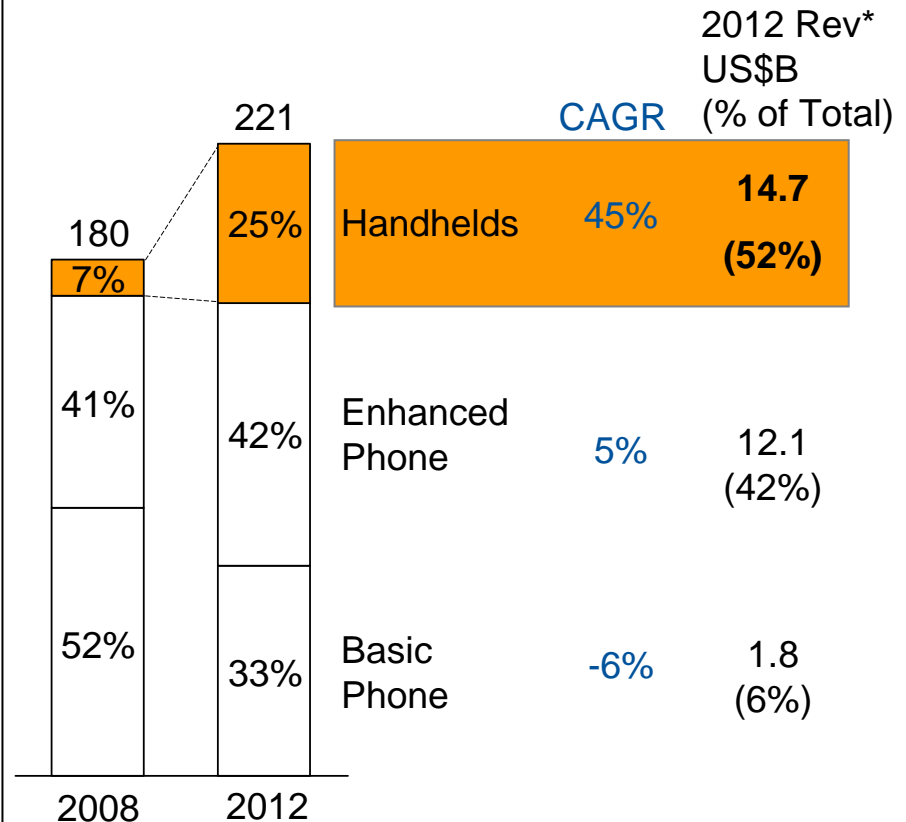
## China 3G has fastest growth in next 3 years

**Mobile device shipment by Technology**  
(Million units)

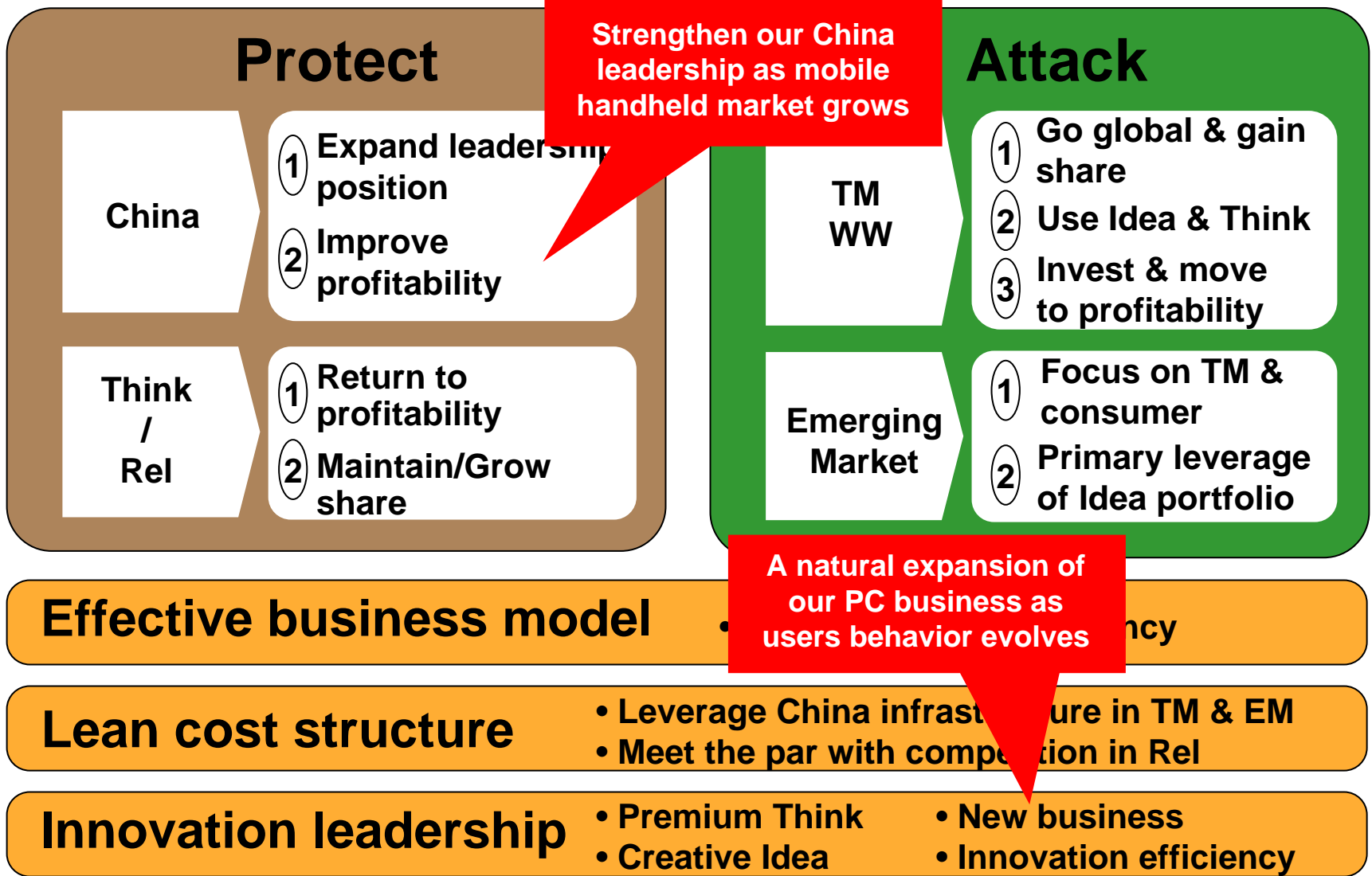


## Handhelds to drive 52% revenue\* in 2012

**Mobile device shipment by Category**  
(Million units)



# Strategic Priorities: Protect Strengths, Attack Opportunities





**thank you** grazie **merci** danke **grazias** 謝謝 СПАСИБО  
gracias **obrigado** ありがとう **dank** takk **bedankt** dakujem

**lenovo**  
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