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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)

DISCLOSEABLE TRANSACTION IN RELATION TO:

(i) ACQUISITION OF THE SALE SHARES IN MEDION AG

**(ii) AN OPTION AGREEMENT IN RELATION TO THE OPTION SHARES
IN MEDION AG**

(iii) A SHAREHOLDERS' AGREEMENT

**(iv) A GENERAL OFFER FOR THE ENTIRE ISSUED SHARES OF MEDION AG
AND**

(v) A BUSINESS COMBINATION AGREEMENT

 **BARCLAYS
CAPITAL**

Sole Financial Advisor

The Board is pleased to announce that on 1 June 2011, the Company, the Bidco and the Seller entered into the Share Purchase Agreement, pursuant to which the Bidco agreed to conditionally acquire from the Seller the Sale Shares, which represents approximately 36.66% of the total issued shares (equivalent to approximately 39.72% excluding Treasury Shares) in Medion, a publicly traded German stock corporation listed on the Frankfurt am Main stock exchange.

In addition, the Company, through the Bidco, announced its intention in Germany to make the Conditional Takeover Offer to all shareholders of Medion. Completion of the Share Purchase Agreement and the Conditional Takeover Offer is conditional upon the Bidco being able to acquire an aggregate number of shares representing at least 51.00% of the total issued shares (equivalent to approximately 55.27% excluding Treasury Shares) in Medion. The Purchase Price and the Offer Price are the same and equal to EUR 13.00 per share, representing a premium of approximately 25% over the VWAP of the shares of Medion on the Frankfurt am Main stock exchange for the three months prior to the date of this announcement. The Seller has also provided an irrevocable and unconditional undertaking to the Bidco not to accept the Conditional Takeover Offer for all of the Seller's shares held in Medion. Further, the Company, the Bidco and the Seller have entered into a Shareholders' Agreement to coordinate their respective exercise of voting rights in the general meeting of Medion.

On the same date, the Bidco and the Company entered into the Option Agreement with the Seller pursuant to which the Seller agreed to grant to the Bidco an option right to purchase the Option Shares, and the Bidco agreed to grant to the Seller an option right to sell the Option Shares.

Furthermore, the Company, the Bidco and Medion have entered into a Business Combination Agreement outlining, inter alia, the support of the Transaction by the management board of Medion as well as the proceedings regarding the composition of the supervisory board of Medion post-closing of the Transaction.

Barclays Capital is acting as the sole financial advisor to the Company with respect to the Transaction.

Shareholders and potential investors should note that the Transaction, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

As certain of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 1 June 2011, the Company, the Bidco and the Seller entered into the Share Purchase Agreement. On the same date, the Company, the Bidco and the Seller entered into the Shareholders' Agreement and the Option Agreement.

In addition, the Company announced its intention in Germany to make the Conditional Takeover Offer to all shareholders of Medion. Furthermore, the Company, the Bidco and Medion have entered into a Business Combination Agreement outlining, inter alia, the support of the Transaction by the management board of Medion as well as the proceedings regarding the composition of the supervisory board of Medion post-closing of the Transaction.

2. MATERIAL TERMS OF THE SHARE PURCHASE AGREEMENT

Date

1 June 2011

Parties

1. The Company;
2. The Bidco; and
3. The Seller.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Seller and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

Shares Purchased, Put and Call Options

The Seller holds a total of 26,622,049 shares in Medion which represents about 54.98% of the total issued shares (equivalent to approximately 59.58% excluding Treasury Shares) in Medion.

The Bidco has agreed conditionally to acquire the Sale Shares which represents approximately 36.66% of the total issued shares (equivalent to approximately 39.72% excluding Treasury Shares) in Medion. Following the SPA Closing, the Seller will continue to own 8,874,016 shares, representing approximately 18.33% of the total issued shares (equivalent to approximately 19.86% excluding Treasury Shares) in Medion.

Subject to the terms and conditions set forth in the Option Agreement, the Seller has agreed to grant to the Bidco an option right to purchase the Option Shares, and the Bidco has agreed to grant to the Seller an option right to sell the Option Shares to the Bidco.

Purchase Price and Payment

In consideration for the sale by the Seller of the Sale Shares to the Bidco, the Bidco will pay to the Seller the Total Purchase Price, which amounts to approximately EUR 231 million.

The Total Purchase Price, prior to any consideration adjustment, shall be settled in the following manner:

- 80% of the Total Purchase Price is to be paid in cash and in Euros at the SPA Closing;
- 20% of the Total Purchase Price is to be paid in shares to be issued by the Company to the Seller at the SPA Closing, 50% of which to be issued to the Seller at the SPA Closing and 50% to serve as security for any potential damages and issued to the Seller as deferred purchase price within an 18-month period after the SPA Closing.

The Purchase Price was negotiated and determined on an arm's length basis and on normal commercial terms. The Company has taken into account various factors, including Medion's historical financial performance, its growth prospects in the future and earnings potential, as well as the key terms of other agreements relating to the Transaction.

The issue price for the shares of the Company to be issued to the Seller is equal to HK\$4.48, being the VWAP of the shares of the Company on the Stock Exchange for the last 5 trading days prior to the date of this announcement. The number of consideration shares to be issued to the Seller would amount to 115,120,635 shares. Accordingly, as at the date immediately prior to the date of this announcement and assuming no shares are issued by the Company other than pursuant to the Transaction, the consideration shares represent:

- (a) approximately 1.15% of the total issued share capital of the Company before issue of the consideration shares; and
- (b) approximately 1.14% of the total issued share capital of the Company after consideration shares are issued.

On the SPA Closing Date, the cash portion of the Total Purchase Price will be adjusted to reflect the difference, if any, between the issue price of HK\$4.48 and the closing price of the shares of the Company on the SPA Closing Date, which will be settled in cash either by the Company or by the Seller.

Upon the SPA Closing, the Company expects to issue such consideration shares under the then general mandate granted to the Directors at the annual general meeting of the Company immediately preceding such share issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the consideration shares to be issued to the Seller.

The consideration shares of the Company to be issued to the Seller will be subject to a maximum lock-up period of sixty months as of the SPA Closing whereby during the lock-up period, the Seller will be subject to restrictions of transfer and use (such as sell, pledge, lend or otherwise dispose of) and, subsequently after each anniversary of the SPA Closing, one-fifth of total consideration shares will be released from such lock-up restriction.

Pursuant to the Share Purchase Agreement, the Company shall procure that the Bidco complies with all payment obligations under the Share Purchase Agreement.

Conditions Precedent

The SPA Closing is conditional upon the satisfaction of the following conditions:

1. the SPA Closing shall be permissible pursuant to European Union merger control regulations;
2. the approval of the FIRB has been obtained, without any conditions or limitations other than conditions or limitations that impose mere formalities;
3. no material adverse change in the assets, properties, financial positions, liabilities, claims, operational results, or capability to generate earnings, of any member of Medion and its subsidiaries or their respective business operations has occurred since the date of the Share Purchase Agreement;
4. the acceptance of the Conditional Takeover Offer by shareholders holding a number of shares representing, together with the Sale Shares acquired under the Share Purchase Agreement, or any shares in Medion acquired by the Bidco in any other manner, at least 51.00% of the total issued shares (equivalent to approximately 55.27% excluding Treasury Shares) in Medion, representing at least 24,693,384 shares in Medion;
5. there has been no increase in the stated share capital of Medion since the date of the Share Purchase Agreement;
6. there has been no shareholder's resolution to liquidate or dissolve Medion since the date of the Share Purchase Agreement;
7. there has been no shareholder's resolution to transfer Medion within the scope of the German Companies' Transformation Act since the date of the Share Purchase Agreement; and
8. there has been no shareholder's resolution of Medion to enter into an enterprise agreement within the scope of Sections 291 and 292 German Stock Corporation Act since the date of the Share Purchase Agreement.

Except for the condition precedent set forth in paragraph 1 above, the Bidco may waive part or all of the conditions precedent by written notice to the Seller.

The Bidco and the Seller shall use best efforts to ensure that the conditions precedent will be fulfilled as soon as possible after the date of the Share Purchase Agreement. In the event that the conditions precedent set forth in paragraphs 2 to 8 above are not completely fulfilled or waived within six months after the date of the Share Purchase Agreement, either the Bidco or the Seller may withdraw from the Share Purchase Agreement and no party shall have any obligation or incur any liability towards the other party except for any antecedent breach of the Share Purchase Agreement.

In the event that the conditions precedent have not been fulfilled or waived twelve months after the date of the Share Purchase Agreement and neither the Seller nor the Bidco has withdrawn from the Share Purchase Agreement, the Share Purchase Agreement shall be deemed void, unless the Seller and the Bidco agree otherwise in writing.

SPA Closing

SPA Closing will take place within five Business Days as from the date on which all conditions precedent have been fulfilled or waived. The Seller has agreed to give customary non-compete and non-solicitation undertakings to the Bidco for a period of three years from the SPA Closing Date.

3. MATERIAL TERMS OF THE SHAREHOLDERS' AGREEMENT

Date

1 June 2011

Parties

1. The Company;
2. The Bidco; and
3. The Seller.

Voting Arrangement

Pursuant to the Shareholders' Agreement, the Seller agreed to, inter alia, vote all voting rights vested in the remaining shares held by it following the SPA Closing, in line with the instructions given by the Bidco, except for resolutions of the shareholders of Medion (i) which by law or according to the articles of association of Medion require only a simple majority of cast votes or a simple majority of the total issued share capital, and (ii) on a capital increase without subscriptions rights for the shareholders, and (iii) which do not comply with, or would result in a violation of, the agreements set forth in the Business Combination Agreement.

Share Lending

The Seller undertakes to enter upon written request of the Bidco within 5 Business Days into a share lending agreement, regarding the remaining shares held by the Seller following the SPA Closing, with the Bidco, or any third party to be designated by the Bidco, in order to effect a squeeze out of minority shareholders of Medion, provided that at the time of such request the Bidco and the Seller together hold 95% of the share capital of Medion enabling the Bidco to initiate the squeeze-out pursuant to sections 327a et seq AktG and/or sections 39 a et seq German Takeover Act (*Wertpapiererwerbs und Übernahmegesetz – WpÜG*).

Transfer Restriction

For the period beginning with the date on which the Shareholders' Agreement becomes effective until the termination of the Shareholders' Agreement, the Seller shall not sell, transfer or otherwise dispose of the remaining shares held by it following the SPA Closing, without prior written approval of the Bidco, except for any sale, transfer or other disposal of the remaining shares to a company directly or indirectly controlled by Seller.

Term

This Shareholders' Agreement shall run until the earlier of (i) such date on which the Seller has ceased to be a shareholder of Medion, or (ii) such date on which the Company has ceased to hold, directly or indirectly, at least 51.00% of the total issued shares (equivalent to approximately 55.27% excluding Treasury Shares) in Medion, or (iii) such date on which Medion going into liquidation whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by the shareholders); or (iv) the option rights under the Option Agreement will have expired.

4. MATERIAL TERMS OF THE OPTION AGREEMENT

Date

1 June 2011

Parties

1. The Company;
2. The Bidco; and
3. The Seller.

Put and Call Options

Pursuant to the Option Agreement, the Seller shall be granted an option right to sell, and the Bidco shall be granted an option right to purchase, on the terms and conditions set forth in the Option Agreement, all Option Shares.

The call option may only be exercised by the Bidco by written notice to the Seller. The notice by the Bidco of its intention to exercise its call option must be delivered to the Seller within a period of 90 calendar days following the anniversary date upon the satisfaction of certain financial conditions of Medion and the Western European consumer business of the Company as agreed in the Option Agreement.

The put option may only be exercised by the Seller by written notice to the Bidco. The notice by the Seller of its intention to exercise its put option must be delivered to the Bidco within a period of 90 calendar days following the anniversary date upon the satisfaction of certain financial conditions of Medion and the Western European consumer business of the Company as agreed in the Option Agreement.

In addition, assuming the Seller becomes and continue to be a connected person of the Company following the SPA Closing, the exercise of the call option by the Bidco may be regarded as a connected transaction for the purposes of Chapter 14A of the Listing Rules. The Company will ensure compliance with the relevant Listing Rules upon exercise of the call option.

The put option and the call option may be exercised in mid-2015.

Conditions Precedent

The exercise of the put or call option on the Option Shares by either the Bidco or the Seller under the Option Agreement is subject to the consummation of the Transaction.

Price for Option Shares

The price payable by the Bidco for the Option Shares under the put option and the call option will be based on the achievement of certain financial milestones by Medion prior to the exercise of the put option or the call option. The price payable by the Bidco to the Seller for the purchase of the Option Shares under the put option shall not be lower than EUR 5.00 or higher than EUR 21.00 per Option Share.

The price payable by the Bidco to the Seller for the purchase of the Option Share under the call option shall not be lower than EUR 5.00 or higher than EUR 13.00 per Option Share.

The price payable under the Option Agreement was negotiated and determined on an arm's length basis and on normal commercial terms. The Company has taken into account various factors, including Medion's historical financial performance, its growth prospects in the future and earnings potential, as well as the key terms of other agreements relating to the Transaction.

5. PRINCIPAL TERMS OF CONDITIONAL TAKEOVER OFFER

Offer Price

The Offer Price shall be EUR 13.00 per share and be paid in cash. This represents a premium of approximately 25% over the VWAP of the shares of Medion on the Frankfurt am Main stock exchange for the three months prior to the date of this announcement.

As required by German law, the Offer Price has to be identical to the Purchase Price under the Share Purchase Agreement. The Offer Price was determined on the same basis as the Purchase Price as described in section 2 above.

Total Consideration

The total consideration to be paid by the Company under the Conditional Takeover Offer amounts to the total number of shares in Medion tendered multiplied by the Offer Price.

Medion issued a total of 48,418,400 shares. The Seller holds 26,622,049 of the total issued shares. Medion holds 3,736,970 of its own shares. The Seller is prohibited from tendering his shares in Medion according to the Share Purchase Agreement. Medion is prohibited from tendering its own shares according to the Business Combination Agreement.

Assuming all outstanding shareholders (shareholders in Medion except for the Seller and Medion) would tender their shares under the Conditional Takeover Offer, the total cash consideration under the Conditional Takeover Offer would amount to approximately EUR 235 million (number of outstanding shares multiplied by the Offer Price).

Together with the cash consideration for the Sale Shares, the aggregate cash consideration to be paid by the Company will be approximately EUR 419 million without taking into account the adjustment, if any, of the cash portion of the Total Purchase Price under the Share Purchase Agreement. The Company intends to finance the cash consideration for the Sale Shares and the Conditional Takeover Offer through internal available resources.

Offer Period

The offer period during which shareholders may tender their shares under the Conditional Takeover Offer shall be a minimum of 4 weeks as of the date of the publication of the offer document. The offer period will be extended by up to two weeks, respectively, in case the offer conditions should be changed during the offer period or the acceptance threshold of 51.00% of the total issued shares (equivalent to approximately 55.27% excluding Treasury Shares) in Medion should be reached or exceeded.

Conditions to the Conditional Takeover Offer

The Conditional Takeover Offer shall be subject to the same conditions as set forth under section 2 (Conditions Precedent) of this announcement.

6. MATERIAL TERMS OF THE BUSINESS COMBINATION AGREEMENT

Date

1 June 2011

Parties

1. The Bidco;
2. The Company; and
3. Medion.

Support of the Conditional Takeover Offer by Medion

Pursuant to the Business Combination Agreement, Medion undertakes to use its reasonable best efforts to assure that the supervisory board and the management board of Medion support the Conditional Takeover Offer in order to secure that the tender offer will be accepted by Medion's shareholders on the condition that the price offered per share under the Conditional Takeover Offer is not less than EUR 13.00.

Composition of the Supervisory Board

The supervisory board of Medion currently consists of three (3) members. The Company, the Bidco and Medion are in agreement that this number of board members shall not be increased unless approved in writing by the Bidco or required by law.

Upon closing of the Transaction and subject to all applicable laws and rules, at the request of the Company, Medion shall use best efforts to obtain the resignation of two members of the supervisory board and have them replaced by two representatives nominated by the Company.

The Seller shall continue to serve as CEO (*Vorstandsvorsitzender*) of Medion and Christian Eigen as deputy CEO (*stellvertretender Vorstandsvorsitzender*) of Medion. The Seller and Christian Eigen will also become part of the executive management of the Company in order to ensure the successful integration of Medion and to further develop the European business activities of both companies.

7. DETAILS OF THE SELLER AND MEDION

The Seller, being a German citizen, is the main shareholder in Medion. As of the date hereof, the Seller holds 26,622,049 non-par value shares as bearer shares in Medion representing approximately 54.98% of its total issued shares (equivalent to approximately 59.58% excluding Treasury Shares).

Medion is a publicly traded German stock corporation listed on the Frankfurt am Main stock exchange (*Prime Standard, Xetra*), ISIN DE0006605009, WKN (*Wertpapier-Kenn-Nr.*) 660500. Medion has issued a total of 48,418,400 non-par value shares as bearer shares and has a registered share capital of EUR 48,418,400. As of the date hereof Medion holds 3,736,970 of its own shares representing approximately 7.72 % of the total issued shares.

Medion is the parent company of the Medion group which is an enterprise in the retail and service business for consumer electronic products, such as notebooks, PCs, TVs, audio and mobile telecommunication. Based on the audited financial statements of Medion for the financial year ended 31 December 2010, the aggregate book value of the total assets of Medion was approximately EUR 695 million as at 31 December 2010 (equivalent to approximately US\$994 million). Based on the audited financial statements of Medion for the financial year ended 31 December 2009, the net profits before and after taxation and extraordinary items was approximately EUR 21.83 million and EUR 14.16 million, respectively (equivalent to approximately US\$31.21 million and US\$20.24 million). Based on the audited financial statements of Medion for the financial year ended 31 December 2010, the net profits before and after taxation and extraordinary items was approximately EUR 28.95 million and EUR 18.88 million, respectively (equivalent to approximately US\$41.40 million and US\$27.00 million).

The audited financial statements of Medion for the two financial years ended 31 December 2009 and 31 December 2010 were prepared in accordance with IFRS.

8. REASONS FOR AND BENEFITS OF THE TRANSACTION

The consummation of the Transaction will give the Company a majority stake in Medion with a stronger market position, enhanced product portfolios, and expanded distribution channels in Europe, better positioning the Company to compete in the entertainment electronics and service business in Europe and benefiting the Company's global business through an enlarged scale.

The Company believes Western Europe represents a critical market for personal computers and consumer electronics products. Headquartered in Essen, Medion is a leading player in Germany and the Transaction will double the Company's position in Germany and make it the third-largest personal computer company in Europe's largest personal computer market. The combined market share of the Company and Medion will be more than 14% in the German personal computer market and approximately 7% in the Western Europe personal computer market.

Medion's business is complementary to the Company's West European business given its strengths in the consumer retail market and its extensive distribution channels. Its key product portfolio aligns with the Company's business model with personal computer as the core segment. It further supplements the Company's product and service offerings with strong operations in the consumer electronics and services segments.

Medion operates a highly efficient business model, with particular focus on product innovation, design and after-sales service. Its main brand, "Medion", has high brand awareness in Germany and other parts of Western Europe.

The completion of the Transaction will give the Company a majority stake in Medion with management control. It provides the Company with a stronger global footprint, enhanced product portfolio, and expanded distribution channels in Europe. The Company believes the Transaction could enhance its market position to compete in the consumer electronics and service segments and to further increase the Company's scale in the personal computer segment.

The Directors consider that the terms and conditions of the Share Purchase Agreement, the Option Agreement, the Shareholders' Agreement, the Conditional Takeover Offer and the Business Combination Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

9. INFORMATION ON THE COMPANY AND THE BIDCO

The principal activities of the Company and its subsidiaries are the sales and manufacture of personal computers and related information technology products and the provision of advanced information services in the PRC, the Americas, Europe, the Middle East, Africa and Asia Pacific.

Shareholding Structure of the Company

Based on the information available to the Directors as at 31 May 2011, set out below are the shareholding structures of the Company as at that date and upon SPA Closing assuming no shares are issued by the Company other than pursuant to the Transaction:

	As at 31 May 2011		Upon SPA Closing	
	No. of shares	Percentage	No. of shares	Percentage
Legend Holdings Limited*	4,267,880,193	42.82%	4,267,880,193	42.33%
Directors	114,176,649	1.14%	114,176,649	1.13%
Seller	–	–	115,120,635	1.14%
Public	5,585,977,055	56.04%	5,585,977,055	55.40%
	<u>9,968,033,897</u>	<u>100.00%</u>	<u>10,083,154,532</u>	<u>100.00%</u>

* The English company name “Legend Holdings Limited” is a direct translation of its Chinese company name and is for identification purpose only.

Shareholding Structure of Bidco

The Bidco is a limited liability company (*GmbH*) under German law with business address in Dusseldorf, Germany and a stated share capital of EUR 25,000. The sole shareholder of the Bidco is Lenovo (International) B.V. having its business seat in Amsterdam, the Netherlands. Lenovo (International) B.V. is in turn an indirect wholly-owned subsidiary of the Company.

10. LISTING RULES IMPLICATIONS

As certain of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Bidco”	Lenovo Germany Holding GmbH with its seat in Berlin/Germany, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company;
“Business Combination Agreement”	the agreement dated 1 June 2011 and entered into between the Bidco, the Company and Medion pursuant to which parties outline their various obligations in connection with the Conditional Takeover Offer and post-closing of the Transaction.
“Business Day”	any day other than a Saturday, Sunday or other day on which banks in Frankfurt am Main, Germany are generally closed

“Company”	Lenovo Group Limited, a company incorporated on 5 October 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
“Conditional Takeover Offer”	a conditional takeover offer to be launched by the Bidco pursuant to the German Securities Acquisition and Takeover Act (<i>WpÜG</i>) to all outside shareholders in Medion which is subject to the condition of the Bidco acquiring at least 51.00% of the total issued shares (equivalent to approximately 55.27% excluding Treasury Shares) in Medion under the public offer, or otherwise
“Directors”	the directors of the Company
“discloseable transaction”	has the meaning ascribed thereto in the Listing Rules
“FIRB”	Foreign Investment Review Board of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards adopted by the International Accounting Standards Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medion”	Medion AG, a company incorporated by change of legal form on 2 October 1998 under the laws of Germany, the ordinary shares of which are listed on the Frankfurt am Main stock exchange (<i>Prime Standard, Xetra</i>), ISIN DE0006605009, WKN (<i>Wertpapier-Kenn-Nr.</i>) 660500
“Offer Price”	the offer price of the Conditional Takeover Offer, being EUR 13.00 per share
“Option Agreement”	the option agreement dated 1 June 2011 and entered into between the Company, the Bidco and the Seller
“Option Shares”	all of the shares in Medion held by the Seller at the execution of the Call Option or the Put Option
“percentage ratios”	has the meaning ascribed thereto in the Listing Rules
“Purchase Price”	the purchase price for each Sale Share, being EUR 13.00 per share
“Sale Shares”	17,748,033 shares of Medion acquired from Seller under the Share Purchase Agreement which is equal to approximately 36.66% of the total issued shares (equivalent to approximately 39.72% excluding Treasury Shares) in Medion

“Seller”	Gerd Brachmann
“Share Purchase Agreement”	the share purchase agreement dated 1 June 2011 and entered into between the Company, the Bidco and the Seller relating to the sale and purchase of the Sale Shares
“Shareholders”	the shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 1 June 2011 and entered into between the Seller, the Company and the Bidco governing their rights with respect to Medion
“SPA Closing”	the closing actions as set forth in the Share Purchase Agreement
“SPA Closing Date”	the date on which the SPA Closing takes place
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Purchase Price”	the total purchase price for the Sale Shares, being the Sale Shares multiplied by the Offer Price
“Transaction”	transactions contemplated in the Share Purchase Agreement, the Option Agreement, the Shareholders’ Agreement, the Conditional Takeover Offer, and the Business Combination Agreement
“Treasury Shares”	means the 3,736,970 shares of Medion which are bought back and held by Medion
“VWAP”	volume-weighted average price

In this announcement, the translation of EUR into US\$ is based on the exchange rate of EUR1.00 to US\$1.43 for information purposes only. Such translations should not be construed as representations that the relevant amounts have been, could have been, or could be, converted at these or any other rates or at all.

By Order of the Board
Liu Chuanzhi
Chairman

Hong Kong, 1 June, 2011

As at the date hereof, 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 and Dr. Wu Yibing; and the independent non-executive directors are Professor Woo Chia-Wei, Mr. Ting Lee Sen, Dr. Tian Suning and Mr. Nicholas C. Allen.