

Lenovo and PCCW announce strategic partnership to form technology solutions powerhouse in Asia Pacific

HONG KONG, 14 June 2022 – Lenovo Group Limited (“Lenovo”) (HKSE: 992) (ADR: LNVGY) and PCCW Limited (“PCCW”) (HKSE: 0008) jointly announced today that they have entered into definitive agreements to establish a strategic partnership to create a technology solutions business in the Asia Pacific region. The partnership, which will be known as PCCW Lenovo Technology Solutions Limited (“PLTS”), will leverage the combined strengths of Lenovo and PCCW to create compelling value for employees, customers, and shareholders of both companies.

PLTS will benefit from the combined resources and experience of Lenovo and PCCW, including complementary service offerings, operational expertise, go-to-market capabilities, technical development capabilities, and highly skilled talent pools.

The strategic partnership to benefit from each partner’s respective strengths

As a global technology powerhouse across devices, infrastructure, and solutions and services, Lenovo will bring its innovation, global presence, deep relationships with commercial customers, and strong go-to-market and delivery capabilities to the partnership, which will help PLTS grow in reach and competitiveness in markets across the Asia Pacific region.

With more than 20 years of proven track record, PCCW Solutions is a leading IT services provider in Asia Pacific, and is ranked as the No. 1 leader in system integration and application development in Hong Kong. In addition to a market leading brand, PCCW Solutions will bring to the strategic partnership its strong capabilities in system integration and application development, operational expertise, as well as a highly skilled talent pool.

Significant opportunity to unlock synergies

Lenovo’s and PCCW Solutions’ service offerings, expertise, go-to-market strategies and solutions development capabilities are highly complementary. The strategic partnership will provide one-stop customer solutions that integrate services, devices and digital infrastructure. Market data estimates the Asia IT Services market to be worth approximately US\$320 billion for 2022 and is expected to grow at a CAGR of more than 10% to exceed US\$470 billion by 2026. PLTS is uniquely positioned to capture the growth opportunities in the market.

“The partnership reinforces and strengthens our transformation from a devices and infrastructure company into a global leader in IT solutions and services. Our solutions and services business continues to be the cornerstone of our growth ambitions and this strategic partnership with PCCW accelerates the opportunity to bring innovative solutions to market for customers across Asia Pacific. PCCW’s strength in key industries, proven solution capabilities, and strong talent pool make them the right partner to catapult our collective IT services leadership even further,” said Ken Wong, Executive Vice President of Lenovo, and President, Solutions and Services Group.

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“We are very excited to be aligned with a leading global technology player. We see this strategic partnership as a unique opportunity to accelerate the growth of our IT solutions business,” said Susanna Hui, PCCW’s Acting Group Managing Director. “We remain dedicated and fully committed to delivering digital and managed services for our existing customers in Hong Kong, particularly those in the public sector. Meanwhile, we look forward to contributing our resources and experience together with Lenovo to fuel the expansion of the IT solutions business across Asia Pacific and create compelling value for our shareholders.”

“The strategic partnership represents a significant milestone in our development as a major IT services provider in Asia,” said Jerry Li, Managing Director of PCCW Solutions. “We are in the right place at the right time, given the continued technology acceleration in the region. This partnership means that our teams will have even more opportunities to expand their skills. Building on the strong foundations of PCCW and Lenovo, we look forward to providing a wider range of digital solutions to our clients and contributing further to the smart cities development in the region.”

Strategic partnership structure between Lenovo and PCCW

The strategic partnership will be implemented through a total consideration of US\$613.6 million, comprising US\$513.6 million in cash and US\$100.0 million in Lenovo shares, by way of allotment and issue of 86,424,677 Lenovo shares to PCCW at completion. The shares will be issued at HK\$9.025 per share, representing a premium of 19.2%, based on the close of trading as of 14 June 2022. Upon the completion of the transaction, Lenovo will become an effective 84% shareholder in PLTS through a direct 80% interest in PLTS and via a 20% stake in PCCW Network Services, the holding company of PCCW’s IT solutions business. PLTS will focus on expanding its activities primarily in the Asia Pacific region. The share consideration feature and the resultant PCCW shareholding in Lenovo reflect the long-term commitment and confidence of both Parties in the strategic partnership.

Advisors

HSBC served as exclusive financial advisor and Cleary Gottlieb Steen & Hamilton (Hong Kong) served as legal advisor to Lenovo. J.P. Morgan served as exclusive financial advisor and Slaughter & May served as legal advisor to PCCW.

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About Lenovo

Lenovo (HKSE: 992) (ADR: LNVGY) is a US\$70 billion revenue global technology powerhouse, ranked #159 in the Fortune Global 500, employing 75,000 people around the world, and serving millions of customers every day in 180 markets. Focused on a bold vision to deliver smarter technology for all, Lenovo has built on its success as the world’s leading PC player by expanding into new growth areas of infrastructure, mobile, solutions and services. This transformation together with Lenovo’s world-changing innovation is building a more inclusive, trustworthy, and sustainable digital society for everyone, everywhere. To find out more visit <https://www.lenovo.com>, and read about the latest news via our [StoryHub](#).

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About PCCW

PCCW Limited (SEHK: 0008) is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The Company holds a majority stake in the HKT Trust and HKT Limited, Hong Kong's premier telecommunications service provider and leading operator of fixed-line, broadband, mobile communication and media entertainment services. HKT delivers end-to-end integrated solutions employing emerging technologies to assist enterprises in transforming their businesses. HKT has also built a digital ecosystem integrating its loyalty programme, e-commerce, travel, insurance, big data analytics, FinTech and HealthTech services to deepen its relationship with customers.

PCCW owns a fully integrated multimedia and entertainment group in Hong Kong engaged in the provision of over-the-top ("OTT") video service locally and in other regions, as well as content production, artiste management and the event business.

Through HK Television Entertainment Company Limited, PCCW also operates a domestic free TV service in Hong Kong.

PCCW Solutions is a leading IT and business process outsourcing provider in Hong Kong, mainland China and Southeast Asia.

In addition, PCCW holds a stake in Pacific Century Premium Developments Limited and other overseas investments.

To learn more about PCCW, please visit www.pccw.com.

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