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Lenovo™

Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0992)

ANNOUNCEMENT

**(1) ISSUANCE OF US\$850,000,000 5.375% SECURITIES BY A
SUBSIDIARY**

(2) PERFORMANCE GUARANTEE FROM THE COMPANY

**(3) ISSUANCE OF US\$850,000,000 5.375% INTRA-GROUP
NOTES BY THE COMPANY**

Reference is made to the voluntary announcement of the Company dated March 6, 2017 in respect of, *inter alia*, the Proposed Securities Issue.

The Board is pleased to announce that on March 9, 2017, the Issuer, the Company, the Sole Structuring Advisor, the Joint Global Coordinators and the Joint Bookrunners entered into the Subscription Agreement in connection with the issuance of the Securities.

Further, (1) on or about March 12, 2017, the Company and the Issuer will enter into the IGN Subscription Agreement in relation to the issue and subscription of the Intra-Group Notes; and (2) on or about March 16, 2017, being the expected issue date of the Securities, the Company will execute the Deed Poll in respect of the Intra-Group Notes and the Deed of Performance Guarantee to provide certain undertakings in favour of the holders of the Securities relating to the ownership of and the restriction on activities of the Issuer.

The net proceeds from the issue of the Securities will be on-lent by the Issuer to the Company through the subscription by the Issuer for the Intra-Group Notes, which the Company intends to use to repay some or all of the amounts outstanding under the promissory note issued to

Google Inc. in relation to the Company's acquisition of Motorola Mobility Holdings LLC, and for the Company's working capital and general corporate purposes.

Approval in-principle has been obtained for the listing and quotation of the Securities on the Official List of the SGX-ST. Admission of the Securities to the Official List of, and quotation of the Securities on, the SGX-ST are not to be taken as an indication of the merits of the Securities, the Issuer or the Company. SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Securities has been sought in Hong Kong.

As the conditions precedent to completion of the Subscription Agreement and the IGN Subscription Agreement may or may not be satisfied, the Subscription Agreement and the IGN Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Reference is made to the voluntary announcement of the Company dated March 6, 2017 in respect of, *inter alia*, the Proposed Securities Issue (the "**Voluntary Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Voluntary Announcement unless stated otherwise.

The Board is pleased to announce that on March 9, 2017, the Issuer, the Company, the Sole Structuring Advisor, the Joint Global Coordinators and the Joint Bookrunners entered into the Subscription Agreement in connection with the issuance of the Securities.

Further, (1) on or about March 12, 2017, the Company and the Issuer will enter into the IGN Subscription Agreement in relation to the issue and subscription of the Intra-Group Notes; and (2) on or about March 16, 2017, being the expected issue date of the Securities, the Company will execute the Deed Poll in respect of the Intra-Group Notes and the Deed of Performance Guarantee to provide certain undertakings in favour of the holders of the Securities relating to the ownership of and the restriction on activities of the Issuer.

A summary of the major terms of each of the transaction documents described above are set out below:

THE SUBSCRIPTION AGREEMENT

Date:

March 9, 2017

Parties to the Subscription Agreement:

- (a) the Issuer
- (b) the Company
- (c) the Sole Structuring Advisor
- (d) the Joint Global Coordinators
- (e) the Joint Bookrunners

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sole Structuring Advisor, the Joint Global Coordinators and the Joint Bookrunners are third parties independent of the Company and its Connected Persons.

The Securities have not been, and will not be registered under the U.S. Securities Act. The Securities will only be offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the Securities will be offered to the public in Hong Kong and, to the best of the Directors' knowledge, none of the Securities will be placed to a Connected Person of the Company.

Principal Terms of the Securities:

Issuer:	Lenovo Perpetual Securities Limited
Expected Issue Date:	On or about March 16, 2017
Securities Offered:	US\$850,000,000 5.375% perpetual securities in the form of cumulative preferred shares of the Issuer
Stated Value:	The Securities will have a par value of US\$1,000 each and will be issued fully paid in US dollars
Form and Denomination:	The Securities will be issued in registered form and issued and transferable only in minimum amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof
Rank and Status:	The Securities constitute direct, unsecured and subordinated obligations of the Issuer
Dividend:	Subject to the terms and conditions of the Securities (the " Terms "), the Securities confer a right to receive dividends payable semi-annually in arrear in equal instalments. The initial date of dividend shall be 5.375% per annum
Maturity Date:	The Securities are perpetual and have no maturity date
Redemption at the Option of the Issuer:	The Issuer may at its option redeem all, but not some only of the issued and outstanding Securities upon the occurrence of certain redemption events (as described in the Terms) on giving notice to the holders of the Securities

Voting Rights:	The holders of the Securities have no right to attend any shareholder meeting of the Issuer, nor do the Securities carry any voting rights in any meeting of members of the Issuer, except that the holders of the Securities will be entitled to one vote for each Security in respect of a Reserved Matter (as defined in the Terms) and the Preferred Shareholder Matters (as defined in the Terms)
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Proposed Use of Net Proceeds

The net proceeds from the issue of the Securities will be on-lent by the Issuer to the Company through the subscription by the Issuer for the Intra-Group Notes, which the Company intends to use to repay some or all of the amounts outstanding under the promissory note issued to Google Inc. in relation to the Company's acquisition of Motorola Mobility Holdings LLC, and for the Company's working capital and general corporate purposes.

Listing

Approval in-principle has been obtained for the listing and quotation of the Securities on the Official List of the SGX-ST. Admission of the Securities to the Official List of, and quotation of the Securities on, the SGX-ST are not to be taken as an indication of the merits of the Securities, the Issuer or the Company. SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Securities has been sought in Hong Kong.

THE DEED OF PERFORMANCE GUARANTEE

Date:

On or about March 16, 2017, being the expected issue date of the Securities

Party to the Deed of Performance Guarantee:

The Company in favour of the holders of the Securities

Principal Terms of the Performance Guarantee:

The Company has unconditionally and irrevocably provided undertakings in favour of the holders of the Securities relating to the ownership of and the restriction on activities of the Issuer, including but not limited to, (i) the Company will at all times be the sole shareholder of the Issuer; (ii) none of the issued ordinary shares of the Issuer shall be subject to any lien or security interest; (iii) the Company will not declare, pay or make any dividends if the Issuer fails to pay dividend to the holders of the Securities in full pursuant to the Terms; and (iv) the Company will ensure that, among other things, the Issuer (a) conducts no business other than in connection with the issuance of and performance of its obligations under the Securities and the subscription for and holding of the Intra-Group Notes; and (b) has no assets other than its interest in any Intra-Group Notes and that it has no liabilities or other obligations that rank senior to the Securities.

The Performance Guarantee is not a guarantee of any amounts or obligations of the Issuer under or in respect of the Securities.

THE DEED POLL AND THE IGN SUBSCRIPTION AGREEMENT

On or about March 12, 2017, the Company will enter into the IGN Subscription Agreement with the Issuer in respect of the issue and subscription of the Intra-Group Notes. The Company will also execute the Deed Poll on or about March 16, 2017, which sets out the terms and conditions of the Intra-Group Notes.

A summary of the key terms of the Intra-Group Notes is set out in the table below:

Issuer:	Lenovo Group Limited
Subscriber:	Lenovo Perpetual Securities Limited
Expected Issue Date:	On or about March 16, 2017
Securities Offered:	US\$850,000,000 in aggregate principal amount of 5.375% non-transferrable intra-group subordinated capital notes due March 2077
Rank and Status:	The Intra-Group Notes will constitute direct, unsecured and subordinated obligations of the Company
Distribution:	The Intra-Group Notes confer a right to receive distributions payable semi-annually in arrear in equal instalments with the initial rate of distribution of 5.375% per annum
Redemption:	The Intra-Group Notes may be redeemed at the option of the Company in whole, but not in part upon the occurrence of certain redemption events

GENERAL

As the conditions precedent to completion of the Subscription Agreement and the IGN Subscription Agreement may or may not be satisfied, the Subscription Agreement and the IGN Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Company”	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 of Hong Kong Limited
“Deed of Performance Guarantee”	the deed of performance guarantee to be executed by the Company on or about March 16, 2017, being the expected issue date of the Securities, in favour of the holders of the Securities
“Deed Poll”	the deed poll to be executed by the Company on or about March 16, 2017, being the expected issue date of the Securities, in respect of the Intra-Group Notes
“IGN Subscription Agreement”	the subscription agreement to be entered into between the Company and the Issuer on or about March 12, 2017 in relation to the issue and subscription of the Intra-Group Notes
“Intra-Group Notes”	the US\$850,000,000 5.375% non-transferable intra-group subordinated capital notes due March 2077 to be issued by the Company and subscribed by the Issuer with the proceeds of the issuance of the Securities
“Issuer”	Lenovo Perpetual Securities Limited, a company incorporated in Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Joint Bookrunners”	Australia and New Zealand Banking Group Limited, Bank of Communications Co., Ltd. Hong Kong Branch, Barclays Bank PLC, BNP Paribas, China Construction Bank (Asia) Corporation Limited, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., Merrill Lynch International, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, MUFG Securities EMEA plc, Société Générale and Standard Chartered Bank
“Joint Global Coordinators”	BNP Paribas, Citigroup Global Markets Limited, DBS Bank Ltd. and Morgan Stanley & Co. International plc
“Securities”	the US\$850,000,000 5.375% perpetual securities in the form of cumulative preferred shares of the Issuer
“Sole Structuring Advisor”	Citigroup Global Markets Limited

“Subscription Agreement”	the subscription agreement entered into among the Issuer, the Company, the Sole Structuring Advisor, the Joint Global Coordinators and the Joint Bookrunners on March 9, 2017 in relation to the issuance of the Securities
“US\$” or “US dollar”	United States dollars, the lawful currency of the United States
“%”	per cent.

By Order of the Board of
LENOVO GROUP LIMITED
Yang Yuanqing
Chairman and
Chief Executive Officer

March 10, 2017

As at the date of this announcement, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Zhu Linan and Mr. Zhao John Huan; and the independent non-executive directors are Dr. Tian Suning, Mr. Nicholas C. Allen, Mr. Nobuyuki Idei, Mr. William O. Grabe, Mr. William Tudor Brown, Ms. Ma Xuezheng, Mr. Yang Chih-Yuan Jerry and Mr. Gordon Robert Halyburton Orr.