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# Lenovo<sup>TM</sup>

Lenovo Group Limited 聯想集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 992)**

**(1) CONNECTED TRANSACTION AND PROPOSED SHARE AND BONUS  
WARRANTS ISSUANCE UNDER SPECIFIC MANDATE  
(2) APPLICATION FOR WHITEWASH WAIVER  
AND  
(3) SPECIAL DEAL RELATING TO RELEVANT MANAGEMENT  
PARTICIPATION**

Morgan Stanley

CREDIT SUISSE 

**Joint Financial Advisers to the Company**

**PROPOSED SHARE ISSUANCE AND BONUS WARRANTS ISSUANCE UNDER  
SPECIFIC MANDATE**

The Board is pleased to announce that on 29 September 2017 after trading hours, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares comprising 906,136,890 Shares at the Share Subscription Price of HK\$4.31 per Subscription Share.

The Subscription Shares represent:

- (i) approximately 8.16% of the total number of Shares in issue of the Company as at the date of this announcement; and
- (ii) approximately 7.54% of the total number of Shares in issue of the Company as enlarged by the Share Subscription (assuming that there will not be any other changes in the total number of Shares in issue of the Company between the date of this announcement and the Completion Date).

Pursuant to the Subscription Agreement, the Company has also conditionally agreed to issue, and the Subscriber shall be entitled to, the Bonus Warrants. Upon Completion, an aggregate of 90,613,689 units of Bonus Warrants will be issued by the Company to the Subscriber. The exercise in full of the subscription rights attaching to the Bonus Warrants will result in the issue of 90,613,689 Shares which represent (i) approximately 0.75% of the total number of Shares in issue of the Company as enlarged by the Share Subscription and (ii) approximately 0.75% of the total number of Shares in issue of the Company as enlarged by the Share Subscription and the full exercise of the Bonus Warrants (assuming there will be no other changes in the total number of Shares in issue of the Company). The initial exercise price for the Bonus Warrants is HK\$5.17, which is equal to approximately 1.2 times of the Share Subscription Price.

The Subscription is conditional upon (a) the passing at the GM of the resolutions to approve the Subscription, the Specific Mandate and the Whitewash Waiver by the Independent Shareholders by way of poll in accordance with the articles of association of the Company, the Listing Rules and the Takeovers Code; (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares and such approval and granting of permission not having been withdrawn or revoked; (c) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted; (d) (i) the receipt of an opinion from the independent financial adviser (to be appointed) to the Independent Board Committee confirming that the Relevant Management Participation is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders by way of poll at the GM to approve the Relevant Management Participation which constitutes a special deal under Note 3 to Rule 25 of the Takeovers Code; and (iii) the Executive's consent to the Relevant Management Participation having been obtained; and (e) the Facility Agreement shall remain valid and enforceable in accordance with its terms, save and except due to the fault of the Subscriber. None of the above conditions can be waived.

The Subscription Shares, the Bonus Warrants and the Warrant Shares will be issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the GM.

The gross proceeds from the Share Subscription are expected to be HK\$3,905,450,000 (based on the Share Subscription Price of HK\$4.31 per Subscription Share). The net proceeds of the Share Subscription (after deducting related professional fees and related expenses) are estimated to be approximately HK\$3,876,159,125, which is intended to be used by the Company for funding of future acquisition opportunities and general working capital purpose.

The aggregate proceeds from the exercise of the Bonus Warrants in full are estimated to be approximately HK\$468,472,772. The Company intends to apply the net proceeds, upon exercise of the Bonus Warrants, for general working capital purpose.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Subscriber is owned by LHL (through LEL) and SHL as to 49.50% and 50.50%, respectively. SHL is controlled as to 87.14% by Mr. Yang. Both Mr. Yang and Mr. Wong are directors of, and hence parties acting in concert with, SHL. Mr. Yang is the sole shareholder of the Trustee which in turn controls THC. Immediately before or upon Completion, the Subscriber will allot and issue new shares to each of SHL, LHL (through LEL) and THC, which will hold a 20.95%, 32.00% and 47.05%, respectively, shareholding interest in the Subscriber. As the Subscriber constitutes an “associate” (as defined under the Listing Rules) of LHL (which is a controlling shareholder (as defined under the Listing Rules) of the Company) and Mr. Yang (who is the Chairman, the Chief Executive Officer and an executive Director of the Company), the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **APPLICATION FOR WHITEWASH WAIVER**

Immediately before or upon Completion, SHL, LHL (through LEL) and THC will hold a 20.95%, 32.00% and 47.05% shareholding interests in the Subscriber, respectively.

As of the date of this announcement, (a) LHL, directly and indirectly, holds a 31.47% shareholding interest in the Company and is its single largest Shareholder; (b) Mr. Yang, directly and indirectly through SHL, controls a 6.31% shareholding interest in the Company; and (c) Mr. Wong controls a 0.22% shareholding interest in the Company. As disclosed in the section headed “*Financial Information – Consolidation of entities in which we hold less than 50% voting rights*” on page 354 of the prospectus of LHL dated 16 June 2015 in relation to its listing on the Main Board of the Stock Exchange, LHL “obtained an “acting in concert” undertaking from another shareholder” (being Mr. Yang in respect of his direct and/or indirect shareholding interests in the Company) and considers that it has de facto control over the Company. In light of the above undertaking, LHL, RLL, LEL, Mr. Yang and SHL are regarded as “parties acting in concert” for the purpose of the Takeovers Code.

Given that (i) Mr. Wong is a director of SHL and the sole director of each of the THC and the Trustee; (ii) Mr. Yang is the sole shareholder of the Trustee; and (iii) each of SHL, LEL and THC is an associated company (as defined under the Takeovers Code) of the Subscriber, LHL, RLL, LEL, Mr. Yang, SHL, Mr. Wong, the Trustee, THC and the Subscriber are regarded as “parties acting in concert” for the purpose of the Takeovers Code.

The Subscriber Concert Group’s aggregate shareholding interests in the Company will be increased from 4,221,960,016 Shares, representing approximately 38.01% of the total issued shares of the Company as at the date of this announcement to 5,218,710,595 Shares, representing approximately 43.11% of the total issued shares of the Company as enlarged by the Share Subscription and the issuance of the Warrant Shares upon Completion and the exercise in full of the Bonus Warrants. On this basis, unless the Whitewash Waiver is obtained, the Subscriber Concert Group will be required to make a mandatory general offer to all the Shareholders for all equity share capital of the Company, other than those already owned or agreed to be acquired by the Subscriber Concert Group, pursuant to Rule 26 of the Takeovers Code.

LHL, Mr. Yang, Mr. Wong, SHL, the Trustee and the Subscriber will apply for a waiver from the obligation to make a mandatory general offer pursuant to Note 1 of Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders by way of poll at the GM. The Subscriber Concert Group, the Management Participant Shareholders (together with their respective investment holding vehicles, if any) and those who are involved in or interested in the Subscription and/or the Whitewash Waiver (including Mr. Zhu Linan and Mr. Zhao John Huan) will abstain from voting in respect of the resolution(s) to approve the Subscription, the Specific Mandate and the Whitewash Waiver at the GM. If the Whitewash Waiver is not granted by the Executive, or if granted, is not approved by the Independent Shareholders, the Subscription will not proceed.

### **SPECIAL DEAL RELATING TO THE RELEVANT MANAGEMENT PARTICIPATION**

As the Relevant Management Participation arrangement, which will enable the Management Participant Shareholders to indirectly acquire an interest in the Subscription Shares (together with the associated Bonus Warrants) through THC and their interest in the Trust as beneficiaries, are not extended to all Shareholders, the Relevant Management Participation constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. An application will be made by the Subscriber Concert Group for consent from the Executive in relation to the Relevant Management Participation conditional on the independent financial adviser (to be appointed) to the Independent Board Committee confirming that the Relevant Management Participation is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders by way of poll at the GM to approve the Relevant Management Participation.

### **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Whitewash Waiver and/or the Relevant Management Participation, has been formed to advise the Independent Shareholders on the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation after considering the opinion of the independent financial adviser (to be appointed). As (i) Mr. Zhu Linan, a non-executive Director of the Company, is also a director of LHL and the Subscriber; and (ii) Mr. Zhao John Huan, a non-executive Director of the Company, is also a director of LHL, both Mr. Zhu Linan and Mr. Zhao John Huan are considered to have interests in the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation and hence do not form part of the Independent Board Committee for the purpose of Rule 2.8 of the Takeovers Code.

### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Board will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation, and to make recommendations (i) as to whether the Subscription, the Specific Mandate, Whitewash Waiver and the Relevant Management Participation are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation at the GM.

An announcement will be made by the Company upon appointment of the independent financial adviser.

## **GM**

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; (iii) a letter of advice from the independent financial adviser (to be appointed) to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; and (iv) a notice of GM, is expected to be dispatched to the Shareholders on or before 20 October 2017 in compliance with the applicable requirements under the Takeovers Code and the Listing Rules, that is within 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code or 15 business days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules, whichever is the earlier. If additional time is required for preparation of the relevant information for inclusion in the circular, the Company will apply to the Executive for a waiver from compliance with Rule 8.2 of the Takeovers Code and/or to the Stock Exchange for a waiver from compliance with the applicable requirements under the Listing Rules. In this connection, further announcement(s) will be made by the Company as and when appropriate.

**Completion of the Subscription is subject to the fulfillment of certain conditions. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.**

## **INTRODUCTION**

The Board is pleased to announce that on 29 September 2017, after trading hours, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 906,136,890 Subscription Shares at the Share Subscription Price of HK\$4.31 per Subscription Share.

## **THE SUBSCRIPTION**

### **The Subscription Agreement**

#### **Date:**

29 September 2017

#### **Parties:**

- (1) the Company, as the issuer; and
- (2) the Subscriber, as the subscriber.

As at the date of this announcement, the Subscriber is owned by LHL (through LEL) and SHL as to 49.50% and 50.50%, respectively. SHL is controlled as to 87.14% by Mr. Yang. Both Mr. Yang and Mr. Wong are directors of, and hence parties acting in concert with, SHL. Mr. Yang is the sole shareholder of the Trustee which in turn controls THC. Immediately before or upon Completion, the Subscriber will allot and issue new shares to each of SHL, LHL (through LEL) and THC, which will hold a 20.95%, 32.00% and 47.05% shareholding interest in the Subscriber respectively. As the Subscriber constitutes an “associate” (as defined under the Listing Rules) of LHL (which is a controlling shareholder (as defined under the Listing Rules) of the Company) and Mr. Yang (who is the Chairman, the Chief Executive Officer and an executive Director of the Company), the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **Number of Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares comprising 906,136,890 Shares, which represent:

- (i) approximately 8.16% of the total number of Shares in issue of the Company as at the date of this announcement; and
- (ii) approximately 7.54% of the total number of Shares in issue of the Company as enlarged by the Share Subscription (assuming that there will not be any other changes in the total number of Shares in issue of the Company between the date of this announcement and the Completion Date).

### **Share Subscription Price**

The Share Subscription Price of HK\$4.31 per Subscription Share represents:

- (i) the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.17% over the average closing price of approximately HK\$4.26 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 2.13% over the average closing price of approximately HK\$4.22 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Share Subscription Price was agreed after arm’s length negotiations between the Company and the Subscriber with reference to recent market price of the Shares.

### **Bonus Warrants Issuance**

Pursuant to the Subscription Agreement, the Company has also conditionally agreed to issue, and the Subscriber shall be entitled to, the Bonus Warrants. An aggregate of 90,613,689 units of Bonus Warrants will be issued by the Company to the Subscriber. The exercise in full of the subscription rights attaching to the Bonus Warrants will result in the issue of 90,613,689 Shares which represent (i) approximately 0.75% of the total number of Shares in issue of the Company as enlarged by the Share Subscription and (ii) approximately 0.75% of the total number of Shares in issue of the Company as enlarged by the Share Subscription and the full exercise of the Bonus Warrants (assuming there will be no other changes in the total number of Shares in issue of the Company).

## **Exercise Price of the Bonus Warrants**

The initial exercise price for the Bonus Warrants shall be HK\$5.17, which is equal to approximately 1.2 times of the Share Subscription Price and is subject to adjustment upon occurrence of any Adjustment Events.

The initial exercise price of the Bonus Warrants of HK\$5.17 represents:

- (i) a premium of approximately 19.95% over the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 21.36% over the average closing price of approximately HK\$4.26 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 22.51% over the average closing price of approximately HK\$4.22 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The initial exercise price of the Bonus Warrants was agreed after arm's length negotiations between the Company and the Subscriber with reference to the Share Subscription Price and recent market price of the Shares.

## **Exercise period of the Bonus Warrants**

3 years from the date of the issuance of the Bonus Warrants

## **Form of the Bonus Warrants**

The Bonus Warrants will be issued in registered form.

## **Transferability**

The Bonus Warrants are not transferrable except by operation of laws.

## **Conditions of the Subscription**

The Share Subscription and the Bonus Warrants Issuance are conditional upon the following being fulfilled:

- (a) the passing at the GM of the resolutions to approve the Subscription, the Specific Mandate and the Whitewash Waiver by the Independent Shareholders by way of poll in accordance with the articles of association of the Company, the Listing Rules and the Takeovers Code;
- (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares and such approval and granting of permission not having been withdrawn or revoked;
- (c) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

- (d) (i) the receipt of an opinion from an independent financial adviser (to be appointed) to the Independent Board Committee confirming that the Relevant Management Participation is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders by way of poll at the GM to approve the Relevant Management Participation which constitutes a special deal under Note 3 to Rule 25 of the Takeovers Code; and (iii) the Executive's consent to the Relevant Management Participation having been obtained; and
- (e) the Facility Agreement shall remain valid and enforceable in accordance with its terms, save and except due to the fault of the Subscriber.

Neither the Company nor the Subscriber may waive any of the conditions above. As at the date of this announcement, none of the above conditions has been fulfilled.

In the event any of the above conditions has not been fulfilled on or before the Long Stop Date, the Subscription Agreement shall lapse automatically.

### **Rights and ranking of the Subscription Shares and the Warrant Shares**

The Subscription Shares and the Warrant Shares, when issued and fully paid, will rank equally in all respects among themselves and with all other Shares in issue as at the respective dates of allotment and issue of the Subscription Shares and the Warrant Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company with a record date falling on or after the respective dates of allotment and issue of the Subscription Shares and the Warrant Shares (as the case may be).

### **Mandate to issue the Subscription Shares, the Bonus Warrants and the Warrant Shares**

The Subscription Shares, the Bonus Warrants and the Warrant Shares (in the event that the Bonus Warrants are exercised) will be issued pursuant to the Specific Mandate to be sought at the GM.

### **Application for listing**

An application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares. The Bonus Warrants will not be listed on the Stock Exchange.

### **Completion of the Subscription**

Pursuant to the Subscription Agreement, completion of the Subscription shall take place on the Completion Date.

The Subscription Agreement can be terminated by mutual agreement by the parties to the agreement.

**As the Subscription is subject to the fulfillment of certain conditions and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.**



## INTENDED USE OF PROCEEDS

The gross and net aggregate proceeds after deducting all relevant costs and expenses of the Share Subscription is approximately HK\$3,905,450,000 and HK\$3,876,159,125, respectively, representing a net price of approximately HK\$4.28 per Subscription Share.

The Company intends to apply the net proceeds to be raised from the Share Subscription for funding of future acquisition opportunities and general working capital purpose.

The aggregate proceeds from the exercise of the Bonus Warrants in full are estimated to be approximately HK\$468,472,772. The Company intends to apply the net proceeds, upon exercise of the Bonus Warrants, for general working capital purpose.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement:

<b>Date</b>	<b>Event</b>	<b>Approximate net proceeds</b>	<b>Intended use of net proceeds as stated in the announcement</b>	<b>Actual use of Proceeds</b>
6 April 2017	(1) The issuance of US\$150,000,000 5.375% perpetual securities in the form of cumulative preferred shares by Lenovo Perpetual Securities Limited, a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company; (2) the performance guarantee provided by the Company; and (3) the issuance of US\$150,000,000 5.375% intra-group subordinated capital notes by the Company to Lenovo Perpetual Securities Limited	US\$149 million	Repayment of 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	Utilized as intended

<b>Date</b>	<b>Event</b>	<b>Approximate net proceeds</b>	<b>Intended use of net proceeds as stated in the announcement</b>	<b>Actual use of Proceeds</b>
16 March 2017	(1) The issuance of US\$850,000,000 5.375% perpetual securities in the form of cumulative preferred shares by Lenovo Perpetual Securities Limited, a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company; (2) the performance guarantee provided by the Company; and (3) the issuance of US\$850,000,000 5.375% intra-group subordinated capital notes by the Company to Lenovo Perpetual Securities Limited	US\$842 million	Repayment of 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	Utilized as intended

## **EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY**

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Completion (assuming the Bonus Warrants are not exercised); (iii) immediately after Completion and exercise of the Bonus Warrants in full; (iv) immediately after the Completion and exercise of all outstanding RSUs and SARs held by Mr. Yang and Mr. Wong (assuming the Bonus Warrants are not exercised); and (v) immediately after Completion and exercise of all outstanding RSUs and SARs held by Mr. Yang and Mr. Wong and exercise of the Bonus Warrants in full, in each case assuming that (A) none of the members of the Subscriber Concert Group or Management Participants (together with their respective investment holding vehicles, if any) disposes of any Shares before Completion; and (B) there will not be any other changes to the total number of Shares in issue and shareholding structure of the Company from the date of this announcement, are and will be as follows:

	As at the date of this announcement <sup>1</sup>		Immediately after Completion (assuming the Bonus Warrants are not exercised) <sup>1</sup>		Immediately after Completion and exercise of the Bonus Warrants in full <sup>1</sup>		Immediately after Completion and exercise of all outstanding RSUs and SARs held by Mr. Yang and Mr. Wong, (assuming the Bonus Warrants are not exercised) <sup>2</sup>		Immediately after Completion, and exercise of all outstanding RSUs and SARs held by Mr. Yang and Mr. Wong and exercise of the Bonus Warrants in full <sup>2</sup>	
	Approximate		Approximate		Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Subscriber</b>	–	–	906,136,890	7.54%	996,750,579	8.23%	906,136,890	7.54%	996,750,579	8.23%
LHL	2,867,636,724	25.81%	2,867,636,724	23.87%	2,867,636,724	23.69%	2,867,636,724	23.87%	2,867,636,724	23.69%
RLL	388,819,317	3.50%	388,819,317	3.24%	388,819,317	3.21%	388,819,317	3.24%	388,819,317	3.21%
LEL	240,100,000	2.16%	240,100,000	2.00%	240,100,000	1.98%	240,100,000	2.00%	240,100,000	1.98%
SHL	622,804,000	5.61%	622,804,000	5.18%	622,804,000	5.14%	622,804,000	5.18%	622,804,000	5.14%
Mr. Yang	77,906,291	0.70%	77,906,291	0.65%	77,906,291	0.64%	329,887,479	2.75%	329,887,479	2.73%
Mr. Wong	24,693,684	0.22%	24,693,684	0.21%	24,693,684	0.20%	80,036,604	0.67%	80,036,604	0.66%
<b>Sub-total of the Subscriber Concert Group</b>	<b>4,221,960,016</b>	<b>38.01%</b>	<b>5,128,096,906</b>	<b>42.68%</b>	<b>5,218,710,595</b>	<b>43.11%</b>	<b>5,435,421,014</b>	<b>45.24%</b>	<b>5,526,034,703</b>	<b>45.65%</b>
Mr. Zhu Linan	2,886,713	0.026%	2,886,713	0.024%	2,886,713	0.024%	2,886,713	0.024%	2,886,713	0.024%
Mr. Zhao John Huan	442,148	0.004%	442,148	0.004%	442,148	0.004%	442,148	0.004%	442,148	0.004%
Ms. Ma Xuezheng	13,182,996	0.119%	13,182,996	0.110%	13,182,996	0.109%	13,182,996	0.110%	13,182,996	0.109%
Mr. William O. Grabe	3,082,592	0.028%	3,082,592	0.026%	3,082,592	0.025%	3,082,592	0.026%	3,082,592	0.025%
Dr. Tian Suning	956,223	0.009%	956,223	0.008%	956,223	0.008%	956,223	0.008%	956,223	0.008%
Mr. Nicholas C. Allen	827,021	0.007%	827,021	0.007%	827,021	0.007%	827,021	0.007%	827,021	0.007%
Mr. Nobuyuki Idei	469,179	0.004%	469,179	0.004%	469,179	0.004%	469,179	0.004%	469,179	0.004%
Mr. William Tudor Brown	365,223	0.003%	365,223	0.003%	365,223	0.003%	365,223	0.003%	365,223	0.003%
Mr. Yang Chih-Yuan Jerry	254,494	0.002%	254,494	0.002%	254,494	0.002%	254,494	0.002%	254,494	0.002%
Mr. Gordon Robert Halyburton Orr	87,426	0.001%	87,426	0.001%	87,426	0.001%	87,426	0.001%	87,426	0.001%
<b>Sub-total of the Directors (other than Mr. Yang)</b>	<b>22,554,015</b>	<b>0.20%</b>	<b>22,554,015</b>	<b>0.19%</b>	<b>22,554,015</b>	<b>0.19%</b>	<b>22,554,015</b>	<b>0.19%</b>	<b>22,554,015</b>	<b>0.19%</b>
Management Participants (other than Mr. Wong)	66,906,274	0.60%	66,906,274	0.56%	66,906,274	0.55%	66,906,274	0.56%	66,906,274	0.55%
Other Shareholders	6,797,234,419	61.19%	6,797,234,419	56.57%	6,797,234,419	56.15%	6,489,910,311	54.02%	6,489,910,311	53.61%
<b>Total</b>	<b>11,108,654,724</b>	<b>100.00%</b>	<b>12,014,791,614</b>	<b>100.00%</b>	<b>12,105,405,303</b>	<b>100.00%</b>	<b>12,014,791,614</b>	<b>100.00%</b>	<b>12,105,405,303</b>	<b>100.00%</b>

*Note:*

- Without taking into account of any RSUs and/or SARs held by Mr. Yang and Mr. Wong as of the date of this announcement.
- Assuming that the Shares to be delivered to Mr. Yang and Mr. Wong upon exercise of the RSUs and SARs will be sourced through market purchases of the then existing Shares of the Company.

Based on the above, the Company will maintain the minimum public float of the Shares as required under the Listing Rules immediately upon completion of the Share Subscription.

## **INFORMATION OF THE PARTIES TO THE SUBSCRIPTION AGREEMENT**

### **The Group**

The Company is a company incorporated in Hong Kong with limited liability and its Shares have been listed on the Stock Exchange since 1994. The Group is principally engaged in the sales and manufacture of personal computers, tablets, smartphones, servers and related information technology products and the provision of advanced information services across the world.

### **The Subscriber**

The Subscriber is a company incorporated in the Cayman Islands and is principally engaged in investment holding.

As at the date of this announcement, the Subscriber is owned by LHL (through LEL) and SHL as to 49.50% and 50.50%, respectively. Immediately before or upon Completion, the Subscriber will allot and issue new shares to each of SHL, LHL (through LEL) and THC, which will hold a 20.95%, 32.00% and 47.05% shareholding interest in the Subscriber respectively.

### ***The Trust and THC***

The Trust is an employee benefit trust to be established for the purpose of providing a platform for the senior management of the Group to participate in the Subscription.

The Trust will hold its assets through THC, which is a trust holding company to be incorporated in the British Virgin Islands. The sole shareholder of THC will be the Trustee and the sole director of THC is Mr. Wong. The Trustee, which is the corporate trustee of the Trust, will be wholly-owned by Mr. Yang. Mr. Wong will be the sole director of the Trustee.

### ***The Trust Beneficiaries***

The initial beneficiaries of the Trust will be the 35 Management Participants, comprising (a) Mr. Gianfranco Lanci, Mr. Aymar de Lencquesaing, Mr. Kirk Skaugen and Mr. Liu Jun (each being an Executive Vice President of the Group); (b) Mr. Wong; and (c) 30 other senior management members of the Group.

The Trustee may admit new beneficiaries to the Trust, and any such new beneficiary is to participate in the Trust by cash contribution to the Trust based on his pro-rata share of the then net asset value of the Trust by reference to the then fair market value of the assets (including the Subscription Shares) held by the Trust from time to time.

Any beneficiary shall be entitled to exit the Trust by written notice to the Trustee.

### ***Trust Assets***

The Trust assets will comprise of (a) shares in the Subscriber, which will hold Subscription Shares; (b) cash contribution from the Management Participants as beneficiaries of the Trust for participating in the Subscription; and (c) any distribution (cash or in-kind) made by the Subscriber.

### ***Proposed Terms of the Trust***

The beneficiaries of the Trust will enjoy the economic benefits from the Trust assets but will not have any rights or powers (a) to influence or interfere with the management of the THC, the Subscriber or the Shares held by the Subscriber; or (b) to direct the exercise of the voting rights attached to the shares in the Subscriber or to the Shares held by the Subscriber.

Any exiting beneficiary shall be entitled to a distribution from the Trustee of his share of the Trust assets by reference to his initial contribution to the Trust bear to the total contribution received by the Trust from all beneficiaries (the “**Pro-rata Portion**”), LESS the Pro-rata Portion of any outstanding liabilities attached or attributable to the Trust assets. Upon death, bankruptcy, or cessation to be an employee of the Group, of a beneficiary, his successor or executors may also request for a distribution of such beneficiary’s entitlement of the Trust assets.

The Trust shall be permitted to dispose of its indirect shareholding in the Subscription Shares held in trust at the direction of the relevant beneficiaries.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Company’s present and future businesses need to be supported with a strong capital base. The proceeds from the Share Subscription will strengthen the Company’s capital base, improve its balance sheet position to enable it to undertake a larger volume of business, with a view to enhancing, expanding and establishing its leading positions in the industries in which it operates. In view of the Group’s financing needs, the Board has considered and discussed with financial institutions regarding fund raising methods available to the Group. Among the possible fund raising alternatives to the Share Subscription available to the Company, the Board considers that (a) debt financing, bank borrowings and issuance of bonds would increase the finance cost of the Group and more professional fees would be expected to be incurred; and (b) more time and costs will be involved for pre-emptive issue of equity securities. In addition, the Share Subscription involves the Management Participation which serves as a measure to retain the Management Participants within the Group so that they are further financially involved in the Company with aligned interest to continue to contribute to the development of the Group.

By virtue of the interests of the Subscriber Concert Group in the Subscription, Mr. Zhu Linan (who is a director of both LHL and the Subscriber), Mr. Zhao John Huan (who is also a director of LHL) and Mr. Yang (who controls SHL and is a director of SHL and the Subscriber and is the sole shareholder of the Trustee), have abstained and will continue to abstain from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder. Save for Mr. Yang, Mr. Zhu Linan and Mr. Zhao John Huan, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

The Directors (excluding members of the Independent Board Committee whose opinion will be set out in the circular relating to the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation to be issued by the Company) consider (i) the terms of the Subscription Agreement to be normal commercial terms and the Subscription and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Subscription is an appropriate means of fund raising for the Company amongst the other financing alternatives.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, the Subscriber is owned by LHL (through LEL) and SHL as to 49.50% and 50.50%, respectively. SHL is controlled as to 87.14% by Mr. Yang. Both Mr. Yang and Mr. Wong are directors of, and hence parties acting in concert with, SHL. Mr. Yang is the sole shareholder of the Trustee which in turn controls THC. Immediately before or upon Completion, the Subscriber will allot and issue new shares to each of SHL, LHL (through LEL) and THC, which will hold 20.95%, 32.00% and 47.05% of the shareholding interest in the Subscriber respectively. As the Subscriber constitutes an “associate” (as defined under the Listing Rules) of LHL (which is a controlling shareholder (as defined under the Listing Rules) of the Company) and Mr. Yang (who is the Chairman, the Chief Executive Officer and an executive Director of the Company), the Subscriber is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER**

### **The Whitewash Waiver**

Immediately before or upon Completion, SHL, LHL (through LEL) and THC will hold a 20.95%, 32.00% and 47.05% shareholding interests in the Subscriber, respectively.

As of the date of this announcement, (a) LHL, directly and indirectly, holds a 31.47% shareholding interest in the Company and is its single largest Shareholder; (b) Mr. Yang, directly and indirectly through SHL, controls a 6.31% shareholding interest in the Company; and (c) Mr. Wong controls a 0.22% shareholding interest in the Company. As disclosed in the section headed “*Financial Information – Consolidation of entities in which we hold less than 50% voting rights*” on page 354 of the prospectus of LHL dated 16 June 2015 in relation to its listing on the Main Board of the Stock Exchange, LHL “obtained an “acting in concert” undertaking from another shareholder” (being Mr. Yang in respect of his direct and/or indirect shareholding interests in the Company) and considers that it has de facto control over the Company. In light of the above undertaking, LHL, RLL, LEL, Mr. Yang and SHL are regarded as “parties acting in concert” for the purpose of the Takeovers Code.

Given that (i) Mr. Wong is a director of SHL and the sole director of each of the THC and the Trustee; (ii) Mr. Yang is the sole shareholder of the Trustee; and (iii) each of SHL, LEL and THC is an associated company (as defined under the Takeovers Code) of the Subscriber, LHL, RLL, LEL, Mr. Yang, SHL, Mr. Wong, the Trustee, THC and the Subscriber are regarded as “parties acting in concert” for the purpose of the Takeovers Code.

The Subscriber Concert Group’s aggregate shareholding interests in the Company will be increased from 4,221,960,016 Shares, representing approximately 38.01% of the total issued shares of the Company as at the date of this announcement to 5,218,710,595 Shares, representing approximately 43.11% of the total issued shares of the Company as enlarged by the Share Subscription and the issuance of the Warrant Shares upon Completion and the exercise in full of the Bonus Warrants. On this basis, unless the Whitewash Waiver is obtained, the Subscriber Concert Group will be required to make a mandatory general offer to all the Shareholders for all equity share capital of the Company, other than those already owned or agreed to be acquired by the Subscriber Concert Group, pursuant to Rule 26 of the Takeovers Code.

LHL, Mr. Yang, Mr. Wong, SHL, the Trustee and the Subscriber will apply for a waiver from the obligation to make a mandatory general offer pursuant to Note 1 of Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders by way of poll at the GM. The Subscriber Concert Group, the Management Participant Shareholders (together with their respective investment holding vehicles, if any) and those who are involved in or interested in the Subscription and/or the Whitewash Waiver will abstain from voting in respect of the resolution(s) to approve the Subscription, the Specific Mandate and the Whitewash Waiver at the GM. If the Whitewash Waiver is not granted by the Executive, or if granted, is not approved by the Independent Shareholders, the Subscription will not proceed.

As at the date of this announcement, save for the Subscription, each of LHL, Mr. Yang, SHL, Mr. Wong, the Trustee and the Subscriber has confirmed that, none of them, nor any parties acting in concert with any of them:

- (i) has acquired any voting rights of the Company or has dealt in any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months prior to the date of this announcement which would constitute disqualifying transaction under Paragraph 3 of Schedule VI of the Takeovers Code;
- (ii) holds, controls or has direction over any voting rights, or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save as disclosed under the section headed “Effect on Shareholding Structure of the Company” above in this announcement;
- (iii) has received any irrevocable commitment to vote for or against the resolution(s) to be proposed at the GM to approve the Subscription and/or the Whitewash Waiver;
- (iv) has entered into any outstanding derivative in respect of securities in the Company, save for the RSUs and SARs held by Mr. Wong and Mr. Yang;
- (v) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities of the Company or the Subscriber, which might be material to the Subscription and/or the Whitewash Waiver;
- (vi) other than those set out in the section headed “Conditions of the Subscription” in this announcement, has any agreement or arrangement to which it/he is a party which relates to circumstances in which it/he may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver; and
- (vii) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this announcement, the Company does not believe that the Subscription Agreement and any transactions contemplated thereunder and associated therewith give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in relation to, amongst other things, the Subscription. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription Agreement and any transactions contemplated thereunder and associated therewith do not comply with other applicable rules and regulations.

### **The Special Deal**

All the Management Participants (including Mr. Wong) will contribute their respective share of the Share Subscription Price in respect of their interest as beneficiaries in the effective pro-rata share of the Subscription Shares by cash contribution to the Trust. The Management Participation serves as a measure to retain the Management Participants within the Group so that they are further financially involved in the Company with aligned interest to continue to contribute to the development of the Group.

The Management Participation comprises the participation of the Management Participant Shareholders in the Subscription through THC and their interest in the Trust as beneficiaries. The Management Participant Shareholders are also direct and/or indirect holders of the Shares, holding in aggregate 91,599,958 Shares, representing 0.82% of the total Shares in issue as of the date of this announcement. The Management Participant Shareholders comprise (a) Mr. Gianfranco Lanci, Mr. Aymar de Lencquesaing and Mr. Liu Jun (each being an Executive Vice President of the Group); (b) Mr. Wong; and (c) 23 other senior management members of the Group.

As the Relevant Management Participation arrangement, which will enable the Management Participant Shareholders to indirectly acquire an interest in the Subscription Shares (together with the associated Bonus Warrants) of the Company through THC and their interest in the Trust as beneficiaries, are not extended to all Shareholders, the Relevant Management Participation constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Subscriber Concert Group will make an application for consent from the Executive in relation to the Relevant Management Participation conditional on an independent financial adviser (to be appointed) to the Independent Board Committee confirming that the Relevant Management Participation is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders by way of poll at the GM to approve the Relevant Management Participation. The Subscriber Concert Group and the Management Participant Shareholders and those who are involved or interested in the Relevant Management Participation will abstain from voting in respect of the resolutions to approve the Relevant Management Participation at the GM.

Given the structure and terms of the Trust as set out in the section headed “Information of the Parties to the Subscription Agreement – The Subscriber – The Trust and THC” of this announcement, save for Mr. Wong, none of the Management Participant is acting in concert (as defined under the Takeovers Code) with each other or with any member of the Subscriber Concert Group.



## **GENERAL**

### **Independent Board Committee**

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Whitewash Waiver and/or the Relevant Management Participation has been formed to advise the Independent Shareholders on the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation. As (i) Mr. Zhu Linan, a non-executive Director of the Company, is also a director of LHL and the Subscriber; and (ii) Mr. Zhao John Huan, a non-executive Director of the Company, is also a director of LHL, both Mr. Zhu Linan and Mr. Zhao John Huan are considered to have interests in the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation and hence do not form part of the Independent Board Committee for the purpose of Rule 2.8 of the Takeovers Code.

### **Independent Financial Adviser**

The Board will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation, and to make recommendations (i) as to whether the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation are fair and reasonable; and (ii) as to voting of the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation at the GM.

An announcement will be made by the Company upon appointment of the independent financial adviser.

### **GM**

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; (iii) a letter of advice from an independent financial adviser (to be appointed) to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation; and (iv) a notice of GM, is expected to be dispatched to the Shareholders on or before 20 October 2017 in compliance with the applicable requirements under the Takeovers Code and the Listing Rules, that is, within 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code or 15 business days from date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules, whichever is the earlier. If additional time is required for preparation of the relevant information for inclusion in the circular, the Company will apply to the Executive for a waiver from compliance with Rule 8.2 of the Takeovers Code and/or to the Stock Exchange for a waiver from compliance with the applicable requirements under the Listing Rules. In this connection, further announcement(s) will be made by the Company as and when appropriate.

The Subscriber Concert Group, the Management Participant Shareholders and those who are involved in or interested in the Subscription, the Specific Mandate, the Whitewash Waiver and/or the Relevant Management Participation (including Mr. Zhu Linan and Mr. Zhao John Huan) will be required to abstain from voting in respect of the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation at the GM.

**Completion of the Subscription is subject to the fulfillment of certain conditions. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.**

## **DEFINITIONS**

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

“Adjustment Events” (i) an alteration to the number of Shares by reason of any consolidation or subdivision; (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves; (iii) a Capital Distribution (as defined in the instrument of the Bonus Warrants) being made by the Company to the Shareholders; (iv) an offer of new Shares for subscription by way of rights or a grant of options or warrants to subscribe for new Shares at a price which is less than 90% of the Market Price (calculation as provided in the instrument of the Bonus Warrants) being made by the Company to holders of Shares (in their capacity as such); (v) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, in any case the total effective consideration (as defined in the instrument of the Bonus Warrants) per new Share initially receivable for such securities is less than 90% of the Market Price (calculation as provided in the instrument of the Bonus Warrants), or the conversion, exchange or subscription rights of any such issue are modified so that the said total Effective Consideration (as defined in the instrument of the Bonus Warrants) is less than 90% of the Market Price (calculation as provided in the instrument of the Bonus Warrants); (vi) an issue being made by the Company wholly for cash of Shares (other than pursuant to any share option scheme) at a price less than 90% of the Market Price (calculation as provided in the instrument of the Bonus Warrants); and (vii) an offer or invitation by the Company to the holders of the Shares to tender for sale to the Company of Shares or a repurchase or buy-back by the Company of Shares or securities convertible into Shares or any rights to acquire Shares in circumstances where the Directors consider that it may be appropriate to make an adjustment to the exercise price of the Bonus Warrants

“Board” the board of Directors

“Bonus Warrants”	the 90,613,689 bonus warrants to be issued by the Company to the Subscriber on the Completion Date, each to subscribe for one Share
“Bonus Warrants Issuance”	the issuance of the Bonus Warrants by the Company to the Subscriber pursuant to the Subscription Agreement
“Business Day(s)”	any day(s) (excluding Saturday, Sunday and public holiday and any day on which a tropical cyclone warning signal number 8 or above is hoisted or on which a “black” rainstorm warning signal is in force between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Company”	Lenovo Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the Subscription Agreement
“Completion Date”	the day on which the completion of Subscription takes place, which shall be not later than the 5th Business Day after the date on which all the conditions precedent to the Subscription Agreement are fulfilled or such other date as the Company and the Subscriber may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“GM”	the general meeting of the Company to be convened on or about 6 November 2017 (or any adjournment thereof) for the Independent Shareholders to consider, and if thought fit, approve, among others, the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility Agreement”	the facility agreement entered into between, among others, the Subscriber (as borrower) and Morgan Stanley Bank, N.A. (as lender) dated 29 September 2017 in respect of a term loan facility the proceeds of which is to be used to finance the Share Subscription, or other agreement or instrument to similar effect as amended, novated, supplemented, extended or restated
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee established by the Board, comprising all independent non-executive Directors of the Company to advise the Independent Shareholders in connection with the Subscription, the Specific Mandate, the Whitewash Waiver and the Relevant Management Participation
“Independent Shareholders”	Shareholders other than (i) the Subscriber Concert Group; (ii) the Management Participant Shareholders; and (iii) any Shareholder who is involved in or interested in the Subscription, the Specific Mandate, the Whitewash Waiver and/or the Relevant Management Participation or the transactions contemplated thereunder (including Mr. Zhu Linan and Mr. Zhao John Huan)
“Last Trading Day”	29 September 2017, being the last full trading day of Shares immediately prior to the publication of this announcement
“LEL”	Legion Elite Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of RLL and directly holds an aggregate of 240,100,000 Shares as of the date of this announcement
“LHL”	Legend Holdings Corporation, a company incorporated in the People’s Republic of China, the H shares of which are listed on the Stock Exchange (stock code: 3396)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	a date that is 12 months after the date of the Subscription Agreement, or such other date as the Subscriber and the Company may agree in writing
“Management Participants”	consisting of a group of 35 senior management members (including executive vice presidents and senior vice presidents) of the Group who are the initial beneficiaries of the Trust
“Management Participant Shareholders”	Management Participants who are also direct or indirect holders of the Shares
“Management Participation”	participation of each of the Management Participants in the Subscription through the THC and their interest in the Trust as beneficiaries
“Mr. Wong”	Mr. Wong Wai Ming, a director of SHL, the Subscriber, THC and the Trustee and also the Executive Vice President and the Chief Financial Officer of the Company
“Mr. Yang”	Mr. Yang Yuanqing, an executive Director, the Chief Executive Officer and Chairman of the Company, the sole shareholder of THC and a director of both SHL and the Subscriber

“PRC”	the People’s Republic of China
“Relevant Management Participation”	Management Participation by each of the Management Participant Shareholders
“RLL”	Right Lane Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of LHL
“RSUs”	the outstanding restricted share unit(s) granted under the long term incentive program of the Company
“SARs”	the outstanding share appreciation right(s) granted under the long term incentive program of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Share Subscription Price”	the subscription price payable for the Subscription Shares by the Subscriber in connection with the Subscription, which shall equal to HK\$4.31 per Share
“SHL”	Sureinvest Holdings Limited, a company incorporated in the British Virgin Islands and an investment holding company held as to 87.14% by Mr. Yang, 4.66% by Mr. Wong and 8.2% by eight other individuals
“Specific Mandate”	the special mandate to be granted by the Independent Shareholders to the Board at the GM for the allotment and issue of the Subscription Shares, the Bonus Warrants and the Warrant Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Union Star Limited, an exempted company incorporated in the Cayman Islands with limited liability, being the subscriber as named in the Subscription Agreement
“Subscriber Concert Group”	LHL, RLL, LEL, Mr. Yang, Mr. Wong, SHL, THC, the Trustee and parties acting in concert with any of them
“Subscription”	the Share Subscription and the Bonus Warrants Issuance

“Subscription Agreement”	the subscription agreement dated 29 September 2017 entered into between the Company and the Subscriber in connection with the subscription of 906,136,890 new Shares and the entitlement of the Subscriber to 90,613,689 units of Bonus Warrants
“Subscription Shares”	a total of 906,136,890 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement (excluding any Warrant Shares)
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“THC”	the trust holding company of the Trust, of which the Trustee is the sole shareholder and Mr. Wong is the sole director
“Trust”	an employee benefit trust to be established for the purpose of providing a platform for the senior management of the Group to participate in the Subscription and constituted by the trust deed to be executed and delivered by the beneficiaries and the Trustee
“Trustee”	the corporate trustee of the Trust, of which Mr. Yang is the sole shareholder and Mr. Wong is the sole director
“Warrant Shares”	new Shares to be issued by the Company to the holder(s) of the Bonus Warrants pursuant to the exercise of the subscription rights attached to the Bonus Warrants
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber Concert Group to make a mandatory general offer to the Shareholders for all the equity share capital of the Company not already owned, controlled or agreed to be acquired by the Subscriber Concert Group which may otherwise arise as a result of the allotment and issuance of the Subscription Shares and the Warrant Shares pursuant to the Share Subscription and upon exercise of the Bonus Warrants in full
“%”	per cent.

By Order of the Board  
**Yang Yuanqing**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 September 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Subscriber Concert Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the Subscriber Concert Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*The information in relation to the Subscriber Concert Group contained in this announcement has been supplied by the directors of the Subscriber. The directors of the Subscriber (comprising Mr. Yang Yuanqing, Mr. Wong Wai Ming, Mr. Zhu Linan and Mr. Ning Min) jointly and severally accept full responsibility for the accuracy of the information relating to the Subscriber Concert Group contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*