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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)**

**PROPOSED PARTIAL REPURCHASE OF  
US\$675 MILLION 3.375% CONVERTIBLE BONDS DUE 2024  
AND PROPOSED ISSUANCE OF  
US\$675 MILLION 2.50% CONVERTIBLE BONDS DUE 2029**

*Joint Global Coordinators, Joint Dealer Managers*

**GS**

**JPM**

**BNPP**

**CITI**

*Joint Global Coordinators*

**MS**

**CS**

**DBS**

**HSBC**

**PROPOSED PARTIAL REPURCHASE OF US\$675 MILLION 3.375% CONVERTIBLE BONDS DUE 2024**

On August 17, 2022, the Company entered into the Dealer Manager Agreement with the Dealer Managers pursuant to which the Dealer Managers have been appointed in connection with the Partial Repurchase to, amongst others, assist the Company in collecting indications of interest from holders of the Existing Convertible Bonds who are willing to sell their Existing Convertible Bonds to the Company.

The Company proposes to fund the Partial Repurchase using proceeds from the Bond Issue.

The Repurchase Price of the Existing Convertible Bonds will be determined after trading of the Shares on the Stock Exchange has closed on August 18, 2022. The Company will make a further announcement as soon as practicable after determination of the Repurchase Price.

**PROPOSED ISSUE OF US\$675 MILLION 2.50% CONVERTIBLE BONDS DUE 2029**

The Board announces that on August 17, 2022, the Company and the Joint Global Coordinators entered into the Bond Subscription Agreement whereby the Joint Global Coordinators have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Convertible Bonds to be issued by the Company in an aggregate principal amount of US\$675 million. The New Convertible Bonds are convertible into Shares in the circumstances set out in the Terms and Conditions at the initial Conversion Price, which is subject to adjustments as set out in the Terms and Conditions. Further announcement(s) in respect of the initial Conversion Price will be made by the Company as soon as practicable after determination of the initial Conversion Price.

It is intended that the New Convertible Bonds will be listed on the Stock Exchange. Applications will be made to the Stock Exchange for the listing of, and permission to deal in, the New Convertible Bonds and the Conversion Shares.

## **GENERAL MANDATE**

The Conversion Shares to be issued upon conversion of the New Convertible Bonds will be allotted and issued pursuant to the General Mandate. The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

## **USE OF PROCEEDS**

The estimated net proceeds from the Bond Issue, after deduction of estimated commissions and expenses, amount to approximately US\$664 million, which will be used: (1) to fund the Partial Repurchase; and (2) for general corporate purposes.

**Completion of the Partial Repurchase is subject to, among other things, completion of the proposed Bond Issue, satisfaction and/or waiver of the conditions precedent in the Dealer Manager Agreement, market conditions and investors' demand. Completion of the Bond Issue is subject to satisfaction and/or waiver of the conditions precedent in the Bond Subscription Agreement. In addition, each of the Dealer Manager Agreement and the Bond Subscription Agreement may be terminated in certain circumstances. Please refer to the sections headed "THE DEALER MANAGER AGREEMENT" and "THE BOND SUBSCRIPTION AGREEMENT" below for further information. As the Company may or may not obtain the necessary approvals from the Stock Exchange and the Bond Issue may or may not be completed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **PROPOSED PARTIAL REPURCHASE OF US\$675 MILLION 3.375% CONVERTIBLE BONDS DUE 2024**

Reference is made to the announcement of the Company dated August 17, 2022 in relation to, amongst others, the Partial Repurchase.

On August 17, 2022, the Company entered into the Dealer Manager Agreement with the Dealer Managers pursuant to which the Dealer Managers have been appointed in connection with the Partial Repurchase to, amongst others, assist the Company in collecting indications of interest from holders of the Existing Convertible Bonds who are willing to sell their Existing Convertible Bonds to the Company.

The Company proposes to fund the Partial Repurchase using proceeds from the Bond Issue.

A summary of the principal terms of the Dealer Manager Agreement is set out below.

### **THE DEALER MANAGER AGREEMENT**

Date: August 17, 2022

Parties: (i) The Company  
(ii) The Dealer Managers

Conditions to the obligations of the Dealer Managers:

The obligations of the Dealer Managers under the Dealer Manager Agreement are subject to, amongst others, the following conditions:

1. prior to the Commencement Date, all relevant consents, approvals, authorisations of, or registrations, filings or declarations with, any court, regulatory authority, governmental agency or stock exchange (including but not limited to, the Stock Exchange) or any other person required in connection with the execution of the Dealer Manager Agreement, the performance by the Company of its obligations under the Dealer Manager Agreement, or in connection with the conduct and consummation of the Partial Repurchase (including, without limitation, the distribution of the repurchase materials) shall have been obtained by the Company and remain in full force and effect;
2. by the date of the Dealer Manager Agreement, the Company shall have delivered to the Dealer Managers a copy of the repurchase materials, to the extent such repurchase materials exist and are in the possession of the Company; and
3. prior to the Settlement Date, the Company shall have delivered to the Dealer Managers the conditions precedent as set out under the Dealer Manager Agreement or such further information, certificates and documents as the Dealer Managers may reasonably request relating to the Partial Repurchase.

Conditions of the Partial Repurchase:

The settlement by the Company of the sales and purchases of the Existing Convertible Bonds is conditional upon the receipt of proceeds of the Bond Issue.

Termination:

The Dealer Manager Agreement shall terminate on the earliest of:

1. the Settlement Date;
2. upon written notice by the Company to the Dealer Managers to terminate the Dealer Manager Agreement at any time in the event that it decides not to proceed with the Partial Repurchase; or
3. upon the expiration, termination or withdrawal of the Partial Repurchase and in each case, each party shall be discharged from performance of its obligations under the Dealer Manager Agreement, provided that the Dealer Managers shall receive all fees and expenses payable under the Dealer Manager Agreement which have accrued as of the date of such termination notice.

The Repurchase Price of the Existing Convertible Bonds will be determined after trading of the Shares on the Stock Exchange has closed on August 18, 2022. The Company will make a further announcement as soon as practicable after determination of the Repurchase Price.

## **PROPOSED ISSUANCE OF US\$675 MILLION 2.50% CONVERTIBLE BONDS DUE 2029**

Reference is made to the announcement of the Company dated August 17, 2022 in relation to, amongst others, the Bond Issue.

The Board announces that on August 17, 2022, the Joint Global Coordinators entered into the Bond Subscription Agreement whereby the Joint Global Coordinators have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Convertible Bonds to be issued by the Company in an aggregate principal amount of US\$675 million.

A summary of the principal terms of the Bond Subscription Agreement is set out below.

### **THE BOND SUBSCRIPTION AGREEMENT**

Date: August 17, 2022

Parties: (i) The Company, as issuer  
(ii) The Joint Global Coordinators

Proposed Bond Issue: Subject to and in accordance with the provisions of the Bond Subscription Agreement, the Joint Global Coordinators severally and not jointly agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Convertible Bonds.

Conditions precedent: The Joint Global Coordinators shall only be under obligation to subscribe and pay for the New Convertible Bonds if certain conditions precedent have been satisfied or waived by the Joint Global Coordinators, including:

1. the Joint Global Coordinators being satisfied with the results of their due diligence investigations with respect to the Group for the purposes of preparation of the Offering Circular, and the Offering Circular having been prepared in form and content satisfactory to the Joint Global Coordinators (acting reasonably) and having been delivered to the Joint Global Coordinators in accordance with the Bond Subscription Agreement;
2. the Joint Global Coordinators having received such legal opinions, comfort letters, certificates (including incumbency certificates), process agent appointment letter, constitutive documents, Board resolutions, corporate approvals, authorisations or consents in relation to the issue of the New Convertible Bonds in the form as stipulated in the Bond Subscription Agreement;
3. the New Convertible Bonds having been completed, executed and delivered as appropriate by the Company in accordance with the

terms of the Bond Subscription Agreement, the trust deed and agency agreement substantially in the respective forms agreed between the Company and the Joint Global Coordinators;

4. the Joint Global Coordinators having received (i) a copy of the “Enterprise Overseas Debt Issuance Filing and Registration Certificate (企業發行外債備案登記證明)”, or the equivalent document, with respect to the New Convertible Bonds issued by the NDRC in accordance with the NDRC Circular or (ii) any other documents, opinions, certificates or agreements evidencing that the issue of the New Convertible Bonds is within the quota granted by the NDRC, if applicable, in each case in a form reasonably satisfactory to the Joint Global Coordinators jointly;
5. in the opinion of the Joint Global Coordinators, there having been no adverse change, nor any development or event which involves, or is reasonably likely to involve, an adverse change in the condition (financial or otherwise), business, properties, prospects, results of operations or general affairs or profitability of the Company and/or its subsidiaries that is material in the context of the issue and offering of the New Convertible Bonds or which is likely to prejudice materially the issue and offering of the New Convertible Bonds or dealings in the New Convertible Bonds on the secondary market;
6. the representations and warranties by the Company contained in the Bond Subscription Agreement being true and accurate on the date of the Offering Circular and the Issue Date;
7. (i) the New Convertible Bonds have, subject only to the execution, authentication and delivery of the global bond certificate, been admitted to listing, trading and/or quotation by the Stock Exchange; (ii) the listing approval from the Stock Exchange for the Conversion Shares having been obtained and the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Global Coordinators, to list the New Convertible Bonds, and (iii) approval from the Stock Exchange having been obtained in relation to Rule 10.06(3) of the Listing Rules with respect to the carrying out of the Bond Issue and the Partial Repurchase (“**Rule 10.6(3) Approval**”);
8. the New Convertible Bonds and the relevant currency being accepted for settlement by Euroclear Bank SA/NV and Clearstream Banking S.A;
9. the engagement letters each dated on or before the Issue Date; and
10. the trust deed and agency agreement are being executed on or before the Issue Date by or on behalf of all parties thereto.

As at the date of this announcement, except for the Rule 10.06(3) Approval which has already been obtained, the above conditions precedent to the completion of the Bond Subscription Agreement are yet to be satisfied and/or waived by the Joint Global Coordinators (as the case may be).

Completion: Completion of the subscription and Bond Issue will take place on the Issue Date.

Lock-up: The Company has undertaken to the Joint Global Coordinators that neither the Company nor any person acting on its or their behalf will:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the New Convertible Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the New Convertible Bonds, the Shares or securities of the same class as the New Convertible Bonds, the Shares or other instruments representing interests in the New Convertible Bonds, the Shares or other securities of the same class as them,
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares,
- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise, or
- (d) announce or otherwise make public an intention to do any of the foregoing,

in any such case without the prior written consent of the Joint Global Coordinators, between the date hereof and the date which is 90 calendar days after the Issue Date (both dates inclusive), except for: (i) the New Convertible Bonds and the Conversion Shares, (ii) the Shares issued pursuant to the conversion of the Existing Convertible Bonds (if any) and (iii) the Shares issued or options granted pursuant to the employee share incentive scheme of the Company.

General Mandate: The Conversion Shares will be allotted and issued pursuant to the General Mandate. The Bond Issue is not subject to the approval of the Shareholders.

Termination: Any of the Joint Global Coordinators may give a termination notice to the Company at any time prior to the payment of the proceeds of the issuance of the New Convertible Bonds to the Company on the Issue Date upon the occurrence of certain events, including:

1. any representation and warranty by the Company in the Bond Subscription Agreement is or proves to be untrue or incorrect on the date of the Bond Subscription Agreement or on any date on which it is deemed to be repeated;
2. the Company fails to perform any of its obligations under the Bond Subscription Agreement;
3. any of the conditions precedent set out in the Bond Subscription Agreement is not satisfied or waived by Joint Global Coordinators on the Issue Date;
4. in the opinion of the Joint Global Coordinators, (i) there have been such a change in financial, political or economic conditions in China or internationally or currency exchange rates or exchange controls as is likely to prejudice materially the success of the offering and distribution of the New Convertible Bonds or dealings in the New Convertible Bonds in the secondary market, or (ii) there shall have occurred any event or series of events, as is likely to prejudice materially the success of the offering and distribution of the New Convertible Bonds or dealings in the Bonds in the secondary market; and
5. the Shares or any other securities of the Company cease to be quoted on the Stock Exchange or on any other exchange or over-the-counter market.

The New Convertible Bonds are convertible into Shares in the circumstances set out in the Terms and Conditions at the initial Conversion Price, which is subject to adjustments as set out in the Terms and Conditions. Further announcement(s) in respect of the initial Conversion Price will be made by the Company as soon as practicable after determination of the initial Conversion Price.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Joint Global Coordinators are third parties independent of the Company and connected persons of the Company.

The Joint Global Coordinators have informed the Company that they intend to offer and sell the New Convertible Bonds to no less than six independent placees (who will be independent professional investors). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) will be third parties independent of the Company and will not be connected persons of the Company.



It is intended that the New Convertible Bonds will be listed on the Stock Exchange. Applications will be made to the Stock Exchange for the listing of, and permission to deal in, the New Convertible Bonds and the Conversion Shares.

## **PRINCIPAL TERMS OF THE NEW CONVERTIBLE BONDS**

The principal terms of the New Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal amount of the New Convertible Bonds:	US\$675 million
Maturity Date:	August 26, 2029 (7 years)
Issue price:	100% of the aggregate principal amount of the New Convertible Bonds.
Interest rate:	2.50% per annum
Default interest:	Interest rate + 2% per annum on any overdue sum
Status:	The New Convertible Bonds constitute direct, general, unconditional, unsubordinated and (subject to the negative pledge covenant as described below) unsecured obligations of the Company which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Form and denomination:	The New Convertible Bonds are in registered form only in the denominations of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Conversion period:	Subject to the Terms and Conditions, the conversion right attaching to any New Convertible Bond may be exercised:  (i) at the option of the holder thereof, at any time on or after 41 days after the Issue Date up to the close of business (at the place where the bond certificate evidencing such New Convertible Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (except if (a) the Company shall default in making payment in full in respect of any New Convertible Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any New Convertible Bond has become due and payable prior to the Maturity Date by reason of the occurrence of

any events of defaults as provided in the Terms and Conditions or (c) any New Convertible Bond is not redeemed on the Maturity Date in accordance with the Terms and Conditions or the applicable date for redemption in accordance with the Terms and Conditions), or

- (ii) if any New Convertible Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 10 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by such Bondholder pursuant to the (a) redemption for delisting, suspension of trading or change of control or (b) redemption at the option of the Bondholders, then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice.

Conversion Price:

Subject to the Terms and Conditions, the conversion price will be a 42.5% premium to the Reference Share Price, but will be subject to adjustments including but not limited to (i) consolidation, subdivision or reclassification of the Shares; (ii) capitalisation of profits or reserves; (iii) certain distributions; (iv) rights issues of Shares or options over Shares; (v) rights issues of other securities; (vi) issues at less than current market price; (vii) other issues at less than current market price; (viii) modification of rights of conversion etc.; (ix) other offers to Shareholders and (x) determination by the Company.

Ranking of Conversion Shares:

The Conversion Shares will in all respects rank *pari passu* with the Shares in issue on the relevant registration date.

Redemption at maturity:

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each New Convertible Bond at 100.0 per cent. of its principal amount outstanding on the Maturity Date together with interest accrued but unpaid up to but excluding the Maturity Date. Without prejudice to any events of defaults as provided in the Terms and Conditions, the Company may not redeem the Bonds at its option prior to that date except for (i) redemption for taxation reasons and (ii) redemption at the option of the Company, each as described below.

Redemption for taxation reasons:

The New Convertible Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at 100.0 per cent. of their principal amount outstanding at the date fixed for redemption, together with interest accrued but unpaid to but

excluding such date fixed for redemption (if any), if (a) the Company has or will become obliged to pay additional taxes as a result of any change in, or amendment to, the laws or regulations of any relevant jurisdiction or any change in the official application or interpretation of such laws or regulations, which change or amendment, in the case of the Company, becomes effective on or after August 17, 2022, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional taxes were a payment in respect of the New Convertible Bonds then due.

If the Company issues a tax redemption notice, each Bondholder will have the right to elect that its New Convertible Bond(s) shall not be redeemed and provisions of the taxation condition shall not apply in respect of any payment of principal, premium (if any) or interest to be made in respect of such New Convertible Bond(s). In case of such election, all payments made to an electing Bondholder after the tax redemption notice date will be made subject to deduction or withholding of any tax required to be deducted or withheld and no additional tax amounts will be paid with respect thereto.

Redemption at the option of the Company:

On giving not less than 30 nor more than 60 days' notice to the Bondholders and to the trustee and the principal agent in writing, the Company may (i) at any time after September 9, 2026 and prior to the Maturity Date redeem in whole, but not in part, the New Convertible Bonds for the time being outstanding at 100.0 per cent. of their principal amount, together with interest accrued but unpaid to but excluding the date fixed for redemption (if any), provided that the closing price of the Shares (derived from the daily quotations sheet of the Stock Exchange or, as the case may be, the equivalent quotation sheet of an alternative stock exchange and translated into U.S. dollars at the prevailing rate) for at least 20 trading days (each a "**Condition Satisfaction Day**") out of the 30 consecutive trading days, the last Condition Satisfaction Day occurs not more than 10 trading days prior to the date upon which notice of such redemption is published, was at least 130 per cent. of the Conversion Price (translated into US\$ at a fixed exchange rate) then in effect; or (ii) at any time prior to the Maturity Date redeem in whole, but not in part, the New Convertible Bonds for the time being outstanding at 100 per cent. of their principal amount, together with interest accrued but unpaid to but excluding the date fixed for redemption (if any), provided that prior to the date of such notice at least 90.0 per cent. in principal amount of the New Convertible Bonds originally issued (including any further bonds issued pursuant

to the Terms and Conditions and consolidated and forming a single series with the New Convertible Bonds) has already been converted, redeemed or purchased and cancelled.

Redemption for delisting, suspension of trading or change of control at the option of the Bondholder: Each Bondholder shall have the right to require the Company to redeem all or some only of such Bondholder's New Convertible Bonds on such date at 100.0 per cent. of their principal amount, together with interest accrued but unpaid up to but excluding such date (if any) when (i) the Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, the alternative stock exchange, or are suspended for trading on the Stock Exchange or, if applicable, the alternative stock exchange, for a period equal to or exceeding 30 consecutive trading days or (ii) there is a change of control event.

Redemption at the option of the Bondholder on the Put Option Date: The Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all or some only of the New Convertible Bonds of such Bondholders on the Put Option Date at 100.0 per cent. of their principal amount, together with interest accrued but unpaid up to but excluding such Put Option Date (if any). To exercise such right, the relevant Bondholder must complete, sign and deposit at the specified office of any paying agent a duly completed and signed notice of redemption, in the then current form obtainable from the specified office of any paying agent together with the bond certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

Negative pledge: So long as any New Convertible Bond remains outstanding (as defined in the trust deed in relation to the New Convertible Bonds), the Company will not, and will procure that none of its subsidiaries will, create or permit to subsist any mortgage, pledge, lien, charge, assignment by way of security or any other security interest upon the whole or any part of its property or assets, present or future, to secure any indebtedness (as defined in the Terms and Conditions) (or any guarantee or indemnity in respect thereof) unless, in such case, the New Convertible Bonds are secured equally and rateably with or prior to such indebtedness (or such guarantee or indemnity in respect thereof), unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured indebtedness (other than the indebtedness secured by liens described in the Terms and Conditions) would not exceed 10.0% of the Company's consolidated tangible assets.

The New Convertible Bonds are convertible into Shares in the circumstances set out in the Terms and Conditions at an initial Conversion Price based on the Reference Share Price to be determined after trading of the Shares on the Stock Exchange has closed on August 18, 2022. The Company will make a further announcement as soon as practicable after determination of the initial Conversion Price.

#### **APPROVAL FOR THE BOND ISSUE**

As the Bond Issue will occur simultaneously with the Partial Repurchase, the Company has made an application to the Stock Exchange and the Stock Exchange has granted the Rule 10.6(3) Approval for the Bond Issue.

#### **EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION AND SUFFICIENCY OF PUBLIC FLOAT**

Assuming full conversion of 32.5% of the Existing Convertible Bonds remaining outstanding in the principal amount of US\$219.5 million at the adjusted conversion price of HK\$6.60, such Existing Convertible Bonds will be convertible (translated into Hong Kong dollars at the fixed rate of HK\$7.8425 = US\$1.00) into 260,822,538 Shares (the “**Existing Conversion Shares**”), representing approximately 2.15% of the issued share capital of the Company as at the date of this announcement and approximately 2.11% of the issued share capital of the Company as enlarged by the issuance of the Existing Conversion Shares.

Assuming full conversion of the New Convertible Bonds and that the Conversion Price is set at HK\$9.82 per Share, the New Convertible Bonds will be convertible (translated into Hong Kong dollars at the fixed rate of HK\$7.8385 = US\$1.00) into 538,797,098 Shares, representing approximately 4.44% of the issued share capital of the Company as at the date of this announcement and approximately 4.25% of the issued share capital of the Company as enlarged by the issuance of the Conversion Shares and the Existing Conversion Shares.

As the initial Conversion Price will not be fixed until the VWAP is determined which shall only take place after trading of the Shares has closed on August 18, 2022, the Company will make a further announcement to inform the Shareholders and investors of the VWAP and the initial Conversion Price. Such announcement will also include the potential effects on the shareholding structure of the Company as a result of the Bond Issue (assuming full conversion of the New Convertible Bonds based on the initial Conversion Price as determined).

Given that the initial Conversion Price will in any event not be less than HK\$9.82 per Share, the New Convertible Bonds will not be convertible into more than 538,797,098 Shares.

The following table summarises the potential effects on the shareholding structure of the Company as a result of the Bond Issue:

Shareholders	As at the date of this announcement		Assuming 32.5% of the Existing Convertible Bonds remaining outstanding are fully converted into Shares at an adjusted conversion price of HK\$6.60 per Share		Assuming the New Convertible Bonds are fully converted into Shares at HK\$9.82 per Share		Assuming 32.5% of the Existing Convertible Bonds remaining outstanding are fully converted into Shares at an adjusted conversion price of HK\$6.60 per Share and the New Convertible Bonds are fully converted into Shares at HK\$9.82 per Share	
	No. of Shares	% of issued share capital of the Company (approximate)	No. of Shares	% of issued share capital of the Company (approximate)	No. of Shares	% of issued share capital of the Company (approximate)	No. of Shares	% of issued share capital of the Company (approximate)
LHL <sup>(1)</sup>	2,867,636,724	23.64%	2,867,636,724	23.15%	2,867,636,724	22.64%	2,867,636,724	22.18%
RLL <sup>(2)</sup>	257,400,000	2.12%	257,400,000	2.08%	257,400,000	2.03%	257,400,000	1.99%
LEL <sup>(3)</sup>	480,900,000	3.97%	480,900,000	3.88%	480,900,000	3.80%	480,900,000	3.72%
SHL <sup>(4)</sup>	622,804,000	5.14%	622,804,000	5.03%	622,804,000	4.92%	622,804,000	4.82%
Union Star <sup>(5)</sup>	719,304,248	5.93%	719,304,248	5.81%	719,304,248	5.68%	719,304,248	5.56%
Directors of the Company <sup>(6)</sup>	157,301,016	1.30%	157,301,016	1.27%	157,301,016	1.24%	157,301,016	1.22%
Holder of the Existing Convertible Bonds	-	-	260,822,538	2.11%	-	-	260,822,538	2.02%
Subscriber of the New Convertible Bonds	-	-	-	-	538,797,098	4.25%	538,797,098	4.17%
Other public Shareholders	7,022,784,303	57.90%	7,022,784,303	56.69%	7,022,784,303	55.44%	7,022,784,303	54.32%
<b>Total</b>	<b>12,128,130,291</b>	<b>100.00%</b>	<b>12,388,952,829</b>	<b>100.00%</b>	<b>12,666,927,389</b>	<b>100.00%</b>	<b>12,927,749,927</b>	<b>100.00%</b>

Notes:

- (1) Legend Holdings Corporation (“LHL”), a company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 3396).
- (2) Right Lane Limited (“RLL”), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of LHL.
- (3) Legion Elite Limited (“LEL”), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of RLL.
- (4) Sureinvest Holdings Limited (“SHL”), a company incorporated in the British Virgin Islands and an investment holding company held as to 87.00% by Mr. Yang Yuanqing, 4.66% by Mr. Wong Wai Ming (chief financial officer of the Company) and 8.34% by eight other individuals.
- (5) Union Star Limited (“Union Star”), a company incorporated in the Cayman Islands and is held as to 24.49%, 37.91% and 37.60% by SHL, LHL (through LEL) and Red Eagle Group (PTC) Limited (through Harvest Star Limited), respectively. Harvest Star Limited is a company incorporated in the Cayman Island and a wholly owned subsidiary of Red Eagle Group (PTC) Limited (a company incorporated in the British Virgin Islands and a trust holding company of an employee benefit trust of the Company).
- (6) Without taking into account of the share awards held by the Directors.

## **USE OF PROCEEDS**

The gross proceeds and the net proceeds (after deduction of estimated commissions and expenses) from the Bond Issue will be US\$675 million and approximately US\$664 million, respectively. The estimated net proceeds will be used: (1) to fund the Partial Repurchase; and (2) for general corporate purposes.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE PROPOSED PARTIAL REPURCHASE AND BOND ISSUE**

The proposed Partial Repurchase and the Bond Issue allow the Company to extend its debt maturity profile and provide the Company with additional funds at lower funding cost for general corporate purposes. The Directors consider that the Partial Repurchase, the terms of the Dealer Manager Agreement, the Bond Issue, the terms of the Bond Subscription Agreement and the Terms and Conditions are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

## **GENERAL MANDATE**

The Bond Issue is not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate which authorised the Directors to allot and issue a maximum of 2,408,341,122 Shares (representing 20% of the total issued share capital of the Company as at the date of the annual general meeting of the Company held on July 26, 2022). As at the date of this announcement, (i) no portion of the General Mandate has been utilised; and (ii) the General Mandate is sufficient for the allotment and issuance of the Conversion Shares.

## **INFORMATION REGARDING THE COMPANY**

The Company is a limited liability company incorporated in Hong Kong and the Shares have been listed on the Stock Exchange since 1994. The principal activities of the Group are 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.

**Completion of the Partial Repurchase is subject to, among other things, completion of the proposed Bond Issue, satisfaction and/or waiver of the condition precedent in the Dealer Manager Agreement, market conditions and investors' demand. Completion of the Bond Issue is subject to satisfaction and/or waiver of the conditions precedent in the Bond Subscription Agreement. In addition, each of the Dealer Manager Agreement and the Bond Subscription Agreement may be terminated under certain circumstances. Please refer to the sections headed "THE DEALER MANAGER AGREEMENT" and "THE BOND SUBSCRIPTION AGREEMENT" above for further information. As the Company may or may not obtain the necessary approvals from the Stock Exchange and the Bond Issue may or may not be completed, Shareholders and potential investors of the Company are advised to exercise caution**

**when dealing in the securities of the Company.**



## DEFINITIONS

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

<b>“Board”</b>	the board of Directors
<b>“Bond Issue”</b>	the issuance of the New Convertible Bonds by the Company
<b>“Bond Subscription Agreement”</b>	the subscription agreement dated August 17, 2022 entered into among the Company and the Joint Global Coordinators in respect of the Bond Issue
<b>“Bondholder(s)”</b>	holder(s) of the New Convertible Bonds from time to time
<b>“CB Ask Price”</b>	the ask price of the Existing Convertible Bonds of 117.45% on the launch date of the reverse bookbuilding (August 17, 2022)
<b>“Commencement Date”</b>	August 17, 2022
<b>“Company”</b>	Lenovo Group Limited, a company incorporated on October 5, 1993 with limited liability under the laws of Hong Kong, the Shares of which are listed on the main board of the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Conversion Price”</b>	price for the conversion of the New Convertible Bonds, and initially a 42.5% premium to the Reference Share Price
<b>“Conversion Shares”</b>	Shares to be allotted and issued by the Company upon conversion of the New Convertible Bonds
<b>“Dealer Manager Agreement”</b>	the dealer manager agreement dated August 17, 2022 entered into among the Company and the Dealer Managers in respect of the Partial Repurchase
<b>“Dealer Managers”</b>	Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities plc, BNP Paribas Securities (Asia) Limited and Citigroup Global Markets Limited
<b>“Director(s)”</b>	director(s) of the Company

<b>“Existing Convertible Bonds”</b>	the US\$675 million in aggregate principal amount of the 3.375% convertible bonds due 2024 (bond stock code: 05562; ISIN: XS1937306121) issued by the Company on January 24, 2019
<b>“General Mandate”</b>	the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on July 26, 2022
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Issue Date”</b>	August 26, 2022
<b>“Joint Global Coordinators”</b>	Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities plc, BNP Paribas Securities (Asia) Limited, Citigroup Global Markets Limited, Morgan Stanley Asia Limited, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Maturity Date”</b>	On or about August 26, 2029
<b>“NDRC”</b>	means the National Development and Reform Commission of the PRC or its relevant competent local counterpart
<b>“NDRC Circular”</b>	means the Circular on Promoting the Reform of the Administrative System on the Filings and Registrations of Foreign Debt Issuance by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號) issued by the NDRC and which came into effect on September 14, 2015, and any implementation rules or applicable policies in relation thereto as issued by the NDRC from time to time
<b>“New Convertible Bonds”</b>	the US\$675 million in aggregate principal amount of 2.50% convertible bonds due 2029 to be issued by the Company

<b>“Offering Circular”</b>	means the offering circular to be prepared by the Company for use in connection with the Bond Issue
<b>“Partial Repurchase”</b>	the partial purchase of an amount of US\$455 million of principal amount of the Existing Convertible Bonds
<b>“PRC” or “China”</b>	the People’s Republic of China
<b>“Put Option Date”</b>	August 26, 2026
<b>“Reference Share Price”</b>	greater of (i) HK\$6.89, being the closing price of the Shares on August 17, 2022 and (ii) the VWAP
<b>“Repurchase Price”</b>	$CB \text{ Ask Price } (\%) + (\text{Reference Share Price} - \text{HK\$6.89}) \times 70\% / \text{HK\$6.60} + 1.50\%$
<b>“Settlement Date”</b>	August 26, 2022, being the date on which the Existing Convertible Bonds are purchased pursuant to the Partial Repurchase, subject to the rights of the Company to extend and/or amend the Partial Repurchase
<b>“Shares”</b>	the ordinary shares of the Company
<b>“Shareholder(s)”</b>	the holder(s) of the Shares
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Terms and Conditions”</b>	the terms and conditions of the New Convertible Bonds
<b>“trading day(s)”</b>	a day when the Stock Exchange or, as the case may be an alternative stock exchange is open for dealing business
<b>“U.S.” or “United States”</b>	the United States of America
<b>“US\$”</b>	United States dollars, the lawful currency of the United States
<b>“U.S. Securities Act”</b>	the United States Securities Act of 1933, as amended from time to time
<b>“VWAP”</b>	the volume weighted average price (determined on Bloomberg page <992 HK Equity VWAP>) of the Shares on the Stock Exchange on the trading day immediately following August 17, 2022
<b>“%”</b>	per cent.

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

August 18, 2022

*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 Mr. William O. Grabe, Mr. William Tudor Brown, Mr. Yang Chih-Yuan Jerry, Mr. Gordon Robert Halyburton Orr, Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong and Professor Xue Lan.*