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# Lenovo

**Lenovo Group Limited 聯想集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(HKD Counter Stock Code: 992 / RMB Counter Stock Code: 80992)**

## CONNECTED TRANSACTION

### PROPOSED WARRANTS ISSUANCE UNDER SPECIFIC MANDATE



Alliance Capital Partners Limited  
同人融資有限公司

*Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders*

#### PROPOSED WARRANTS ISSUANCE UNDER SPECIFIC MANDATE

Reference is made to the announcement of the Company on May 29, 2024 in relation to the proposed Warrants Issuance. The Board is pleased to announce that, after trading hours on July 15, 2024, the Company approved further details on the proposed issuance of 1,150,000,000 Warrants at the issue price of HK\$1.43 per Warrant as part of the Strategic Business Transactions.

The Company considers the Strategic Business Transactions, as a whole, present a compelling business and financial opportunity whereby the Company can leverage the significant amount of funds raised to facilitate refinancing activities and generate stable interest savings annually, while also enhancing the Company's financial and operational flexibility via supplementing its operating cashflow.

The principal terms of the Warrants have been discussed on normal commercial terms between the Company and market participants, who have indicated that participation by the management members of the Company in the Warrants Issuance would demonstrate their endorsement and support of the transaction. As such, Mr. Yang, the Chairman of the Board, Chief Executive Officer and an executive Director of the Company, entered into the Warrants Subscription Agreement on the same date as the Initial Warrants Subscriber.

Pursuant to the Warrants Subscription Agreement, the Initial Warrants Subscriber has agreed to subscribe for 220,000,000 Warrants, representing approximately 19.13% of the total number of Warrants to be issued. The remaining 930,000,000 Warrants are expected to be offered by way of a private placement to third party investors and certain management members of the Company (which may include connected persons of the Company at subsidiary level). In the event that there

is insufficient participation by management members of the Company, the Initial Warrants Subscriber agrees to subscribe for up to an additional 330,000,000 Warrants (representing approximately 28.70% of the total number of Warrants to be issued). The Initial Warrants Subscriber will procure suitable third party investors to fully subscribe for the 600,000,000 remaining Warrants (representing approximately 52.17% of the total number of Warrants to be issued) and the Initial Warrants Subscriber will thereby ensure all the Warrants are fully subscribed.

## **LISTING RULES IMPLICATIONS**

The Initial Warrants Subscriber is the Chairman of the Board, Chief Executive Officer and an executive Director, of the Company and therefore, is a connected person of the Company under the Listing Rules and the terms of the Warrants contained certain rights for LHL to purchase the Warrants and the Warrant Shares. In addition, the Warrants may be placed to certain management members of the Company (which may include connected persons of the Company at subsidiary level). As such, the Warrants Subscription and the Warrants Issuance constitute 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.

Pursuant to Rule 14A.36 of the Listing Rules, the connected transaction must be conditional on shareholders' approval at a general meeting held by the listed issuer. Any shareholder who has a material interest in the transaction must abstain from voting on the resolution. As the Initial Warrants Subscriber and other Warrants Subscribers are subscribers of the Warrants and they will provide certain undertakings in favour of LHL as disclosed in the section headed "The Warrants – Undertakings by the Warrants Subscribers", the Initial Warrants Subscriber, LHL and their respective close associates (as defined in the Listing Rules) shall abstain from voting on the resolutions for the Warrants at the General Meeting pursuant to the Listing Rules.

## **GENERAL MEETING**

A circular containing, among other things, (i) details of the Warrants Subscription Agreement, the Warrants Issuance and the Warrants Specific Mandate; and (ii) a notice of General Meeting and the proxy form in respect of the General Meeting, is expected to be dispatched to the Shareholders on or before July 31, 2024.

**Completion of the Warrants Issuance is subject to the fulfillment of certain conditions. 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.**

## **PROPOSED WARRANTS ISSUANCE UNDER SPECIFIC MANDATE**

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The principal terms of the Warrants have been discussed on normal commercial terms between the Company and market participants, who have indicated that participation by the management members of the Company in the Warrants Issuance would demonstrate their endorsement and support of the transaction. As such, Mr. Yang, the Chairman of the Board, Chief Executive Officer and an executive Director of the Company, entered into the Warrants Subscription Agreement on the same date as the Initial Warrants Subscriber.

Pursuant to the Warrants Subscription Agreement, the Initial Warrants Subscriber has agreed to subscribe for 220,000,000 Warrants, representing approximately 19.13% of the total number of Warrants to be issued. The remaining 930,000,000 Warrants are expected to be offered by way of a private placement to third party investors and certain management members of the Company (which may include connected persons of the Company at subsidiary level). In the event that there is insufficient participation by management members of the Company, the Initial Warrants Subscriber agrees to subscribe for up to an additional 330,000,000 Warrants (representing approximately 28.70% of the total number of Warrants to be issued). The Initial Warrants Subscriber will procure suitable third party investors to fully subscribe the 600,000,000 remaining Warrants (representing approximately 52.17% of the total number of Warrants to be issued) and the Initial Warrants Subscriber will thereby ensure all the Warrants are fully subscribed.

As the Warrants Issuance is subject to conditions, including Independent Shareholders' approval at the General Meeting, the Company intends to commence the private placement following Independent Shareholders' approval of the Warrants Issuance. The Company has engaged a placing agent with respect to the placing of the remaining Warrants and will publish further announcement(s) once the placing arrangements are finalized.

The principal terms of the Warrants Subscription Agreement and the Warrants are summarized as follows:

### **The Warrants Subscription Agreement**

Date: July 15, 2024

Parties: (i) the Company, as the issuer; and  
(ii) the Initial Warrants Subscriber, as a subscriber.

The Warrants Subscription and the Warrants Issuance constitute a connected transaction of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Number of Warrants issuable to the Initial Warrants Subscriber: 220,000,000 Warrants to be subscribed by the Initial Warrants Subscriber and, if there is insufficient participation by management members of the Company in the Warrants Issuance, the Initial Warrants Subscriber agrees to subscribe for up to an additional 330,000,000 Warrants.

Issue price: HK\$1.43 per Warrant

The issue price of the Warrants was determined by the Company after assessing, among others, (i) the reference price, being HK\$9.47, which is the average VWAP per Share for the last 30 consecutive trading days immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the proposed Warrants Issuance) and (ii) business prospect of the Company. The issue price of the Warrants is equal to 15.1% of the reference price.

Conditions precedent: Completion of the Warrants Subscription Agreement is subject to and conditional upon the following conditions precedent being satisfied:

- (a) the passing of resolutions by the Independent Shareholders by way of poll at the General Meeting approving the Warrants Issuance, the Warrants Subscription and the Warrants Specific Mandate;
- (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrant Shares and such approval and granting of permission not having been withdrawn or revoked; and
- (c) the completion of the Bond Issue having taken place or will take place on the same day as the completion of the Warrants Issuance.

Neither the Company nor the Warrants Subscribers may waive any of the conditions precedent 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 Warrants Long Stop Date, the Warrants Subscription Agreement shall lapse automatically.

Completion: Completion of the Warrants Subscription Agreement will take place on the Warrants Completion Date concurrently with the completion of the Bond Issue.

Termination: The Warrants Subscription Agreement shall automatically be terminated if the Bond Subscription Agreement is terminated pursuant to the terms thereof.

## The Warrants

Issuer:	The Company
Number of Warrants issuable:	1,150,000,000 Warrants
Exercise period:	From the date of issuance of the Warrants until the Warrants Last Exercise Date (both dates inclusive)
Warrants Last Exercise Date:	The date falling on the third anniversary of the date of Warrants Issuance, if the CB Maturity Date is extended pursuant to the terms of the Convertible Bonds, the Warrants Last Exercise Date will be automatically extended by a fixed period of three months to align with the CB Maturity Date. There are no other conditions to the extension of the Warrants Last Exercise Date.
Exercise rights:	Each Warrant is exercisable at the initial Exercise Price of HK\$12.31 per Share (subject to adjustment).
Number of Shares underlying the Warrants:	<p>Upon the full exercise of the Warrants at the initial Exercise Price, 1,150,000,000 Warrant Shares will be issued and allotted.</p> <p>The exercise ratio is the number of Warrant Shares to be issued per Warrant, being 1:1. The number of Warrant Shares to be issued on the relevant exercise date will be determined by multiplying the number of Warrants by (i) initial Exercise Price divided by (ii) adjusted Exercise Price as at the relevant exercise date.</p> <p>As a result, the number of Warrant Shares to be issued and allotted will be adjusted due to the adjustment to the Exercise Price. Please refer to the section headed “The Warrants – Adjustment of Exercise Price” for details of the adjustment events.</p>
Exercise Price:	<p>The initial Exercise Price shall be HK\$12.31 per Share, which represents:</p> <ul style="list-style-type: none"><li>(i) a premium of approximately 2.2% over the closing price of HK\$12.04 per Share as quoted on the Stock Exchange on May 27, 2024, being the trading day immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the proposed Warrants Issuance);</li><li>(ii) a premium of approximately 14.8% over the average closing price of HK\$10.72 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the proposed Warrants Issuance);</li><li>(iii) a premium of approximately 30.0% over the average VWAP of HK\$9.47 per Share for the last 30 consecutive trading days immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the proposed</li></ul>

Warrants Issuance);

- (iv) a premium of approximately 9.7% over the closing price of the trading day immediately prior to the date of this announcement; and
- (v) a premium of approximately 221.5% over the net asset value per Share as at March 31, 2024, being the date of which the Company's latest published accounts is made up.

The initial Exercise Price of HK\$12.31 per Share was determined by the Company with reference to (i) the reference price, being HK\$9.47, which is the average VWAP per Share for the last 30 consecutive trading days immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the proposed Warrants Issuance); and (ii) business prospect of the Company.

Adjustment of Exercise Price:

The Exercise Price is subject to standard warrant exercise price adjustments events including but not limited to (i) consolidation, subdivision or reclassification of the Shares; (ii) capitalization of profits or reserves; (iii) 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) other events determined by the Company.

No adjustment will be made to the Exercise Price in the case of an issue of Shares on the exercise of any rights of conversion into, or exchange or subscription of Shares of any securities issued on or prior to the date of the Warrants Issuance.

Rights of the holders of Warrants:

The holders of Warrants will not have any right to attend or vote at any shareholders meeting of the Company by virtue of them being holders of the Warrants. Before exercise of the subscription right, the holders of Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the holders of Warrants on liquidation:

If a winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holders of the Warrants, or some persons designated by them for such purpose by a special resolution passed by the holders of Warrants, shall be a party or in conjunction with which a proposal is made to the holders of the Warrants and is approved by a special resolutions of the holders of Warrants, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the holders of the Warrants.

In any other case, every holder of the Warrant shall be entitled at any time within six (6) weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the Exercise Price, to

elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the exercise rights represented by his Warrant(s) as are specified in the subscription form(s) submitted by him and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the holder of the Warrants of the passing of such resolution within seven (7) days after the passing thereof and such notice shall contain a reminder to holder of the Warrants with respect to their rights (to the extent applicable).

Subject to the foregoing, if the Company is wound up, all exercise rights attaching to the Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrant certificates shall cease to be valid for any purpose.

Rights and ranking of the Warrant Shares: 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 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 Warrant Shares.

Transfer and Exercise Limit: The Company will not register any transfer of Warrants or issue any Warrant Shares in satisfaction of the exercise rights in respect of the relevant Warrants if by doing so it will result in the aggregate number of Warrants transferred and/or exercised being in excess of the transfer and exercise limit. The transfer and exercise limit refers to 306,666,666 Warrants (which will not be adjusted throughout the term of the Warrants) during each 12-month period, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Warrants (including the exceptions for the Final ROFR Warrants). The transfer and exercise limit will not be adjusted as a result of any of the adjustment events to the initial Exercise Price.

Undertakings by the Warrants Subscribers: Subject to the transfer and exercise limit of the relevant Warrants, if any of the Warrants Subscribers wishes to exercise the exercise rights in relation to any or all of their respective Warrants or sell or otherwise dispose of any or all of its Warrants (the “**ROFR Warrants**”), such Warrants Subscribers shall first offer their respective ROFR Warrants to LHL by written notice (the “**ROFR Notice**”). Upon receipt of a ROFR Notice, LHL may within five (5) business days purchase part or all of the ROFR Warrants.

If LHL does not purchase the ROFR Warrants, such Warrants Subscribers may (i) sell or otherwise dispose such ROFR Warrants on the same terms as set forth in the ROFR Notice and such ROFR Warrants so transferred will not be subject to the undertakings given by the Warrants Subscribers, or (ii) exercise the exercise rights in relation to the ROFR Warrants and in

respect of the Warrant Shares which are retained by the Warrants Subscribers after the exercise (the “**Retained Shares**”), the holder of the Warrant Shares shall notify LHL five (5) business days prior to disposal of the Warrant Shares and shall act in concert with LHL on matters relating to the Company which require shareholders’ approval until such holder ceases to hold any interest in such Warrant Shares, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Warrants.

Without being subject to the transfer and exercise limit, no later than the seventh business day immediately prior to the Warrants Last Exercise Date, each Warrants Subscriber shall first offer its remaining Warrants (the “**Final ROFR Warrants**”) to LHL (the “**Final ROFR Notice**”). If LHL does not exercise the right to acquire the Final ROFR Warrants, such Warrants Subscribers may (i) sell or otherwise dispose such Final ROFR Warrants and such Final ROFR Warrants so transferred will not be subject to the undertakings given by the Warrants Subscribers, or (ii) exercise the exercise rights in relation to the Final ROFR Warrants and in respect of the Retained Shares, the holder of such Warrant Shares shall notify LHL five (5) business days prior to disposal of such Warrant Shares and shall act in concert with LHL on matters relating to the Company which require shareholders’ approval until such holder ceases to hold any interest in such Warrant Shares, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Warrants.

After expiry of the Final ROFR Notice and on the business day immediately prior to the Warrants Last Exercise Date, LHL has the right to purchase, and each Warrants Subscriber shall sell to LHL or any person designated by LHL, any outstanding Warrants at the price of HK\$0.01 per Warrant.

Termination of restriction:	The undertakings by the Warrants Subscribers and transfer and exercise limit as described above will automatically cease to have effect under the following circumstances: (i) when LHL ceases to treat the Company as a subsidiary in accordance with the applicable accounting standards, (ii) with respect to any relevant Warrants Subscriber, when such Warrants Subscriber no longer holds any of the Warrants and Retained Shares, (iii) when a fundamental change event (as defined in the instrument of the Warrants) has occurred, or (iv) LHL has given written notice to the Company to unilaterally request for the termination of all the undertakings.
Undertaking of the Company:	For as long as the aforementioned undertakings by the Warrants Subscribers and/or the transfer and exercise limit apply, the Company shall not conduct any new issue of warrants with more favourable terms than the Warrants.
Transferability:	Subject to the undertakings provided by the Warrants Subscribers, the Warrants will be transferable in integral multiples of 2,000 Warrants.
Cash settlement:	Notwithstanding the exercise rights of each Warrants Subscriber in respect of each Warrant, at any time when the delivery of Warrant Shares



deliverable is required to satisfy the exercise rights, the Company shall have the option to pay to the relevant Warrants Subscriber an amount of cash in Hong Kong dollars equal to the cash settlement amount in order to satisfy such exercise rights in full or in part (in which case the other part shall be satisfied by delivery of Warrant Shares).

In order to exercise the cash settlement option, the Company shall provide notice of the exercise of the cash settlement option to the relevant Warrants Subscriber as soon as practicable but no later than three (3) business days immediately following the due exercise of the Warrants by surrendering the Warrants certificate(s) together with payment of the Exercise Price. The cash settlement notice must specify the number of Warrant Shares in respect of which the Company will make a cash payment. The Company shall pay the cash settlement amount within a prescribed timeframe following the date of the cash settlement notice. The cash settlement amount shall be the product of (i) the number of Warrant Shares otherwise deliverable upon exercise of the exercise rights in respect of which the Company has exercised the cash settlement option, and (ii) the arithmetic average of the volume weighted average price of the Shares for a certain period immediately after the date of the cash settlement notice.

### **Mandate to issue the Warrants and the Warrant Shares**

The Warrants and the Warrant Shares (in the event that the Warrants are exercised) will be issued pursuant to the Warrants Specific Mandate to be sought at the General Meeting.

### **Application for listing of the Warrant Shares**

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 Warrant Shares.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchange.

### **Private Placement of the remaining Warrants**

The remaining 930,000,000 Warrants not taken up by the Initial Warrants Subscriber are expected to be offered by the Company by way of a private placement to third party investors and certain management members of the Company (which may include connected persons of the Company at subsidiary level).

Given the Warrants Issuance is subject to various conditions, including Independent Shareholders' approval at the General Meeting, the Company intends to commence the private placement following Independent Shareholders' approval of the Warrants Issuance. As at the date of this announcement, the Company has engaged Citigroup Global Markets Asia Limited as the placing agent with respect to the placing of the remaining Warrants and will publish further announcement(s) once the placing arrangements are finalized.

## **USE OF PROCEEDS**

The gross and net aggregate proceeds after deducting all relevant costs and expenses of the Warrants Issuance will be approximately HK\$1,645 million (equivalent to approximately US\$210 million) and approximately HK\$1,601 million (equivalent to approximately US\$ 205 million), respectively, representing a net issue price of approximately HK\$1.39 per Warrant. Upon completion of the Warrants Issuance, the proceeds from the Warrants Issuance would be used for business expansion in the MEA Region, including establishing sustainable manufacturing facility, regional headquarters and sales and distribution in the MEA Region pursuant to the Strategic Business Collaboration Agreements. Given the premium strike price of the Warrants above 9-year share price highs and under the terms of the Warrants Subscription Agreement, there is an annual exercise limit imposed on the Warrants Subscribers, as such proceeds from the exercise of the warrants are not currently factored into the financial planning. Assuming the full exercise of the Warrants at the initial Exercise Price, it would provide the Company with up to an additional capital of approximately US\$1.8 billion to further strengthen its equity base. The Company aims to use the proceeds for further expansion of the Company's operation (including opportunities in the MEA Region) and investment in research and development ("R&D") and artificial intelligence ("AI"). The additional proceeds will also enable the Company to pursue potential acquisition opportunities to boost inorganic growth and expand the product offerings under the Company's infrastructure solutions group ("ISG") and solutions and services group ("SSG").

## **EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF EXERCISE OF WARRANTS**

Assuming the full exercise of the Warrants at the initial Exercise Price of HK\$12.31 per Share, it will result in the issue of 1,150,000,000 Shares, which represent (i) approximately 9.27% of the total number of Shares in issue of the Company as of the date of this announcement and (ii) approximately 8.48% of the total number of Shares in issue of the Company as enlarged by the issuance of the Warrant Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement and up to the exercise of the Warrants).

Assuming (i) full conversion of the Convertible Bonds at the initial Conversion Price and (ii) full exercise of the Warrants at the initial Exercise Price, the Conversion Shares and the Warrant Shares will represent 9.96% and 7.64%, respectively, of the number of Shares in issue as enlarged by the issuance of the Conversion Shares and the Warrant Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement up to the conversion of the Convertible Bonds and the exercise of the Warrants).

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

Save for the Bond Issue which is yet to be completed, the Company has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## **REASONS AND BENEFITS**

The Company considers the Warrants Issuance as part of the Strategic Business Transactions, which as a whole, present a compelling business and financial opportunity whereby the Company can leverage the significant amount of funds raised to facilitate refinancing activities and generate stable interest savings annually, while also enhancing the Company's financial and operational flexibility via supplementing its operating cashflow. The Strategic Business Transactions take advantage of financing instruments issued at attractive and historically high share price levels, allowing the Company to expand its manufacturing facilities into important and fast growing markets so as to

capture a meaningful opportunity in the MEA Region as well as to potentially serve other international markets such as Europe over the longer term.

The Warrants have an expiry date of 3 years from the date of issuance (subject to extension pursuant to the terms of the Warrants) with an issue price of HK\$1.43 per Warrant. The Company expects to raise approximately US\$210 million from the Warrants Issuance, which will be used to cover the US\$250 million capital expenditure and expenses related to the set-up of manufacturing facilities in the MEA Region. For more details about the Strategic Collaboration and the Bond Issue (as part of the Strategic Business Transactions), please refer to the announcement of the Company dated May 29, 2024.

The combined effective price of the Warrants is HK\$13.74, which is the combination of the Issue Price of HK\$1.43 and the initial Exercise Price of HK\$12.31. This represents an all-time high price compared to the Company's current and historical share price. Assuming the Warrants are exercised in full based on the initial Exercise Price and cash settlement is not elected by the Company, the exercise of the Warrants would provide the Company with additional capital of up to approximately US\$1.8 billion. The proceeds would enable the Company to support R&D investments in areas of strategic importance. The Company sees tremendous opportunities from AI and is committing a further US\$1 billion in investment for AI that will focus on providing AI devices, AI-ready and AI-optimized computing infrastructure, and embedded AI generated content into the intelligent solutions of vertical industries to help customers improve their productivity.

Additionally, the Strategic Business Transactions would equip the Company with flexibility to further pursue strategic partnerships and investment opportunities selectively, strengthening and broadening the product and service offerings under ISG and SSG.

The Company has entered into the Warrants Subscription Agreement with the Initial Warrants Subscriber, who has agreed to subscribe for approximately 19.13% of the Warrants initially. The Company demonstrates its unwavering dedication to driving sustainable growth and value creation. The Company believes the Strategic Business Transactions will reinforce the confidence of investors, underscoring the key management team's commitment to advancing the Company's strategic objectives, and paves the way for continued success in the competitive market.

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

### **The Company**

The Company is a limited liability company incorporated in Hong Kong. The Shares have been listed on the Stock Exchange since 1994 and have been included as a constituent stock on the Hang Seng Index since March 2022. The principal business of the Company are the research and development, manufacturing and sales of smart devices (personal computers, smartphones, tablets, commercial AR/VR, smart collaboration), smart infrastructure (servers, storage, edge, high performance computing, and software defined infrastructure) and smart software, solutions, and services (support services, managed services, project and vertical solutions).

### **Initial Warrants Subscriber**

Mr. Yang is the Chairman of the Board, Chief Executive Officer and an executive Director of the Company. Mr. Yang assumed the duties of Chief Executive Officer of the Company on February 5, 2009. Prior to that, he was the chairman of the Board from April 30, 2005. Before taking up the office

as chairman, Mr. Yang was the chief executive officer and has been an executive director of the Company since December 16, 1997.

Mr. Yang has over 30 years of experience in the field of ICT industry. Under his leadership, Lenovo has become not only a leading global PC company, but also built diversified growth engines including servers, storage, smartphones, as well as digital and intelligent solutions and services.

## **LHL**

LHL is a leading industrial operations and investments company in the PRC and LHL focuses on technological innovation and the real economy, and has established two business segments of “industrial operations” and “industrial incubations and investments”. Through strategic management, operational improvements, resources allocation, financial supports and value-added services, etc., LHL is committed to building industrial pillars, incubating or investing in startup and growing-stage companies with great potential, so as to promote the continuous growth of the overall value of LHL. With reference to the 2023 Annual Report of LHL published on April 25, 2024 and as at the date of this announcement, LHL (directly and indirectly) holds approximately 31.41% equity interest of the Company.

## **LISTING RULES IMPLICATIONS**

The Initial Warrants Subscriber is the Chairman of the Board, Chief Executive Officer and an executive Director, of the Company and therefore, is a connected person of the Company under the Listing Rules and the terms of the Warrants contained certain rights for LHL to purchase the Warrants and the Warrant Shares. In addition, the Warrants may be placed to certain management members of the Company (which may include connected persons of the Company at subsidiary level). As such, the Warrants Subscription and the Warrants Issuance constitute 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.

Pursuant to Rule 14A.36 of the Listing Rules, the connected transaction must be conditional on shareholders’ approval at a general meeting held by the listed issuer. Any shareholder who has a material interest in the transaction must abstain from voting on the resolution. As the Initial Warrants Subscriber and other Warrants Subscribers are subscribers of the Warrants and they will provide certain undertakings in favour of LHL as disclosed in the section headed “The Warrants – Undertakings by the Warrants Subscribers”, the Initial Warrants Subscriber, LHL and their respective close associates (as defined in the Listing Rules) shall abstain from voting on the resolutions for the Warrants at the General Meeting pursuant to the Listing Rules.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercising of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other exercise rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the number of issued shares of the Company at the time the Warrants are issued.

As at the date of this announcement, save for the Existing Convertible Bonds, the Company does not have any securities with subscription rights outstanding and not yet exercised. Assuming the full exercise of the Warrants at the initial Exercise Price, it will result in the issue of 1,150,000,000 Warrant Shares, which represent (i) approximately 9.27% of the total number of Shares in issue of the Company as of the date of this announcement and (ii) approximately 8.48% of the total number of Shares in issue of the Company upon the full exercise of the Warrants (assuming there will be no

change to the total number of Shares in issue from the date of the announcement up to the exercise of the Warrants). Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1).

By virtue of the interests of the Initial Warrants Subscriber in the Warrants Subscription and the interest of LHL in the Warrants, (i) the Initial Warrants Subscriber, (ii) Mr. Zhu Linan (who is also a director of LHL) and (iii) Mr. Zhao John Huan (who is also a director of LHL) have abstained from voting on the relevant Board resolutions for approving the Warrants Subscription Agreement, the Warrants Issuance and the transactions contemplated thereunder.

## **GENERAL**

### **Independent Board Committee**

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Warrants Subscription Agreement, the Warrants Issuance and the transactions contemplated thereunder.

### **Independent Financial Adviser**

Alliance Capital has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Warrants Subscription Agreement and the Warrants Issuance are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Shareholders on how to vote at the General Meeting.

### **General Meeting**

A circular containing, among other things, (i) details of the Warrants Subscription Agreement, the Warrants Issuance and the Warrants Specific Mandate; and (ii) a notice of General Meeting and the proxy form in respect of the General Meeting, is expected to be despatched to the Shareholders on or before July 31, 2024.

**Completion of the Warrants Issuance is subject to the fulfillment of certain conditions. 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, the following expressions have the meanings set out below unless the context otherwise requires:

<b>“Board”</b>	the board of directors of the Company
<b>“Bond Issue”</b>	the issuance of the Convertible Bonds by the Company
<b>“Bond Subscription Agreement”</b>	the subscription agreement dated May 28, 2024 entered into between the Company and the Investor in respect of the Bond Issue (as amended from time to time)
<b>“CB Maturity Date”</b>	the date falling on the third anniversary from the issue date of the Convertible Bonds, subject to extension of three months pursuant to the Terms and Conditions
<b>“Company”</b>	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 (HKD counter stock code: 992 / RMB counter stock code: 80992)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Convertible Bonds”</b>	the US\$2,000,000,000 in aggregate principal amount of convertible bonds to be issued by the Company
<b>“Conversion Share(s)”</b>	Share(s) to be allotted and issued by the Company upon conversion of the Convertible Bonds
<b>“Director(s)”</b>	director(s) of the Company
<b>“Exercise Price”</b>	exercise price of the Warrants, which initially is HK\$12.31 per Warrant Share
<b>“Existing Convertible Bonds”</b>	the 2.50% convertible bonds due 2029 in the principal amount of US\$675,000,000 (bond stock code: 05440; ISIN: XS2523390867) issued by the Company on August 26, 2022
<b>“General Meeting”</b>	the general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, approve, among others, the Warrants Issuance, the Warrants Subscription, the Warrants Specific Mandate and the transactions contemplated thereunder
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$” or “HKD”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC

<b>“ICT”</b>	information and communications technology
<b>“Independent Board Committee”</b>	an independent board committee established by the Board, comprising all independent non-executive Directors of the Company
<b>“Independent Financial Adviser”</b> or <b>“Alliance Capital”</b>	Alliance Capital Partners Limited, independent financial adviser to the Independent Board Committee and the Independent Shareholders
<b>“Independent Shareholders”</b>	Shareholders other than (i) LHL, RLL, LEL, the Initial Warrants Subscriber; and (ii) any Shareholder who is involved in or interested in the Warrants Subscription, Warrants Issuance and/or the Warrants Specific Mandate
<b>“Investor”</b>	Industrial Company for Electronics, a company incorporated under the laws of the Kingdom of Saudi Arabia and a wholly owned subsidiary of the Public Investment Fund
<b>“LEL”</b>	Legion Elite Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of RLL
<b>“LHL”</b>	Legend Holdings Corporation, a joint-stock company incorporated with limited liability in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 03396) and, where applicable, this term shall include LHL’s wholly owned subsidiaries and any entity controlled by it
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
<b>“MEA Region”</b>	Middle East and Africa region
<b>“Mr. Yang”</b> or <b>“Initial Warrants Subscriber”</b>	Mr. Yang Yuanqing, Chairman of the Board, Chief Executive Officer and an executive Director of the Company
<b>“Public Investment Fund”</b>	Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia
<b>“PRC”</b> or <b>“China”</b>	the People’s Republic of China which, solely for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China

<b>“RLL”</b>	Right Lane Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of LHL
<b>“Share(s)”</b>	ordinary share(s) of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Strategic Business Collaboration Agreements”</b>	(i) sales and distribution agreement contemplated under the Strategic Collaboration Framework Agreement, which will set out, among others, product specifications and distribution arrangements between the Company and the Investor; and (ii) manufacturing operational plan agreement contemplated under the Strategic Collaboration Framework Agreement, which will set out, among others, details of the manufacturing facility and particulars of each development phase
<b>“Strategic Business Transactions”</b>	the Strategic Collaboration, the Bond Issue and the Warrants Issuance
<b>“Strategic Collaboration”</b>	the strategic collaboration under the strategic collaboration framework agreement dated May 28, 2024 entered into between the Company and the Investor
<b>“Strategic Collaboration Framework Agreement”</b>	the strategic collaboration framework agreement dated May 28, 2024 entered into between the Company and the Investor in respect of the strategic collaboration with the Investor
<b>“Terms and Conditions”</b>	the terms and conditions of the 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>“US\$”</b>	United States dollars, the lawful currency of the United States
<b>“VWAP”</b>	the volume weighted average price (determined on Bloomberg page <992 HK Equity VWAP>) of the Shares on the Stock Exchange
<b>“Warrant Share(s)”</b>	new Share(s) to be issued by the Company to the holder(s) of the Warrants pursuant to the exercise rights attached to the Warrants



<b>“Warrants”</b>	an aggregate of 1,150,000,000 warrants of the Company, which are exercisable, subject to the terms and conditions of the Warrants, into a total of 1,150,000,000 Warrant Shares at the initial Exercise Price
<b>“Warrants Completion Date”</b>	the day on which the completion of the issuance of the Warrants and the completion of the Bond Issue take place concurrently or any other date agreed in writing between the Company and the Warrants Subscribers
<b>“Warrants Issuance”</b>	the proposed issuance of the Warrants by the Company
<b>“Warrants Last Exercise Date”</b>	the date falling on the third anniversary of the date of Warrants Issuance, subject to extension of three months to align with the CB Maturity Date
<b>“Warrants Long Stop Date”</b>	March 31, 2025, subject to extension pursuant to the Warrants Subscription Agreement
<b>“Warrants Specific Mandate”</b>	the specific mandate to be granted by the Independent Shareholders to the Board at the General Meeting for the Warrant Issuance and the allotment of the Warrant Shares
<b>“Warrants Subscriber(s)”</b>	Subscriber(s) of the Warrants under the Warrants Subscription Agreement, including the Initial Warrants Subscriber
<b>“Warrants Subscription”</b>	the subscription of the Warrants by the Warrants Subscribers under the Warrants Subscription Agreement
<b>“Warrants Subscription Agreement”</b>	the subscription agreement dated July 15, 2024 entered into between the Company and the Initial Warrants Subscriber
<b>“%”</b>	per cent.

*This announcement contains conversion between US\$ and HK\$ at US\$1.00 = HK\$7.8115. The conversion shall not be taken as representation that the HK\$ amount could actually be converted into US\$ at that rate, or at all.*

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

July 15, 2024

*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. Gordon Robert Halyburton Orr, Mr. John Lawson Thornton, Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted), Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong and Professor Xue Lan.*