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Lenovo™

Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 992)

**FURTHER INFORMATION IN RELATION TO
PROPOSED PARTIAL REPURCHASE OF US\$675 MILLION 3.375%
CONVERTIBLE BONDS DUE 2024
AND
PROPOSED ISSUE 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

Reference is made to the announcements of the Company dated August 17, 2022 and August 18, 2022 in relation to the proposed Partial Repurchase and the proposed Bond Issue (collectively, the “**Announcements**”). Unless the context otherwise requires, capitalised words and expressions used herein shall have the same meanings as defined in Announcements.

FURTHER INFORMATION IN RELATION TO THE PROPOSED PARTIAL REPURCHASE AND THE PROPOSED BOND ISSUE

The Company would like to provide further information in relation to the proposed Partial Repurchase and the proposed Bond Issue as set out below.

I. Proposed Partial Repurchase

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

The Board announces that, based on the Reference Share Price of HK\$6.9751, being the share price representing the greater of (i) HK\$6.89 per Share (being the closing price of the Shares on August 17, 2022) and (ii) HK\$ 6.9751 (the VWAP) of the Shares on the Stock Exchange on August 18, 2022), the Repurchase Price of the Existing Convertible Bonds has been set at 119.85% of the principal amount of the Existing Convertible Bonds.

As at the date of this announcement, the Company has, through the Dealer Managers, received commitments from holders of the Existing Convertible Bonds to sell US\$455 million in aggregate principal amount of the Existing Convertible Bonds to the Company. The remaining principal amount of the outstanding Existing Convertible Bonds amount to approximately US\$219.5 million (the “**Remaining Outstanding Existing Convertible Bonds**”).

The Company may, through the Dealer Managers, continue to purchase the Remaining Outstanding Existing Convertible Bonds from time to time in the open market or otherwise pursuant to the terms and conditions of the Existing Convertible Bonds.

II. Proposed Bond Issue

On August 17, 2022, the Company and the Joint Global Coordinators have 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 Board announces that, based on the Reference Share Price of HK\$6.9751, the initial Conversion Price of the New Convertible Bonds has been set at HK\$9.94 per Share.

The Conversion Price is subject to adjustments including but not limited to (i) consolidation, subdivision or reclassification of the Shares; (ii) capitalisation 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) determination by the Company.

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.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

Assuming full conversion of the Remaining Outstanding Existing Convertible Bonds at the conversion price of HK\$6.60 per Share, the Remaining Outstanding Existing Convertible Bonds will be convertible into 260,822,538 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 issue of such conversion shares.

Assuming full conversion of the New Convertible Bonds at the Conversion Price of HK\$9.94 per Share, the New Convertible Bonds will be convertible into 532,292,505 Shares, representing approximately 4.39% of the issued share capital of the Company as at the date of this announcement and approximately 4.20% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The following table summarises the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds at the conversion price of HK\$6.60 per Share; (iii) assuming full conversion of the New Convertible Bonds at the initial Conversion Price of HK\$9.94 per Share; and (iv) assuming full conversion of the Remaining Outstanding Existing Convertible Bonds and the New Convertible Bonds at their respective conversion prices:

Shareholders	As at the date of this Announcement		Assuming 32.54% 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 the initial Conversion Price		Assuming 32.54% 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 the initial Conversion Price	
	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 ⁽¹⁾	2,867,636,724	23.64%	2,867,636,724	23.15%	2,867,636,724	22.65%	2,867,636,724	22.19%
RLL ⁽²⁾	257,400,000	2.12%	257,400,000	2.08%	257,400,000	2.03%	257,400,000	1.99%
LEL ⁽³⁾	480,900,000	3.97%	480,900,000	3.88%	480,900,000	3.80%	480,900,000	3.72%
SHL ⁽⁴⁾	622,804,000	5.14%	622,804,000	5.03%	622,804,000	4.92%	622,804,000	4.82%
Union Star ⁽⁵⁾	719,304,248	5.93%	719,304,248	5.81%	719,304,248	5.68%	719,304,248	5.57%
Directors of the Company	157,301,016	1.30%	157,301,016	1.27%	157,301,016	1.24%	157,301,016	1.22%
Existing Convertible Bonds	-	-	260,822,538	2.11%	-	-	260,822,538	2.02%
Subscribers of the New Convertible Bonds	-	-	-	-	532,292,505	4.20%	532,292,505	4.12%
Other public Shareholders	7,022,784,303	57.90%	7,022,784,303	56.69%	7,022,784,303	55.47%	7,022,784,303	54.35%
Total	12,128,130,291	100.0%	12,388,952,829	100.0%	12,660,422,796	100.0%	12,921,245,334	100.0%

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.

GENERAL MANDATE

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.

Completion of the Partial Repurchase is subject to, among other things, completion of the proposed Bond Issue, the 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 the 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" of the Announcement 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.

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

Hong Kong, 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.