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Lenovo Group Limited 聯想集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

FURTHER ANNOUNCEMENT

IN RELATION TO

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcement of Lenovo Group Limited (the “**Company**”) dated 2 May 2018 (the “**Announcement**”) in relation to the completion of formation of joint venture with Fujitsu and entry into of CCT Agreements with members of the Fujitsu Group. Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

2. PRICING PRINCIPLES OF THE CCT AGREEMENTS

In addition to the terms of the CCT Agreements as set out in the Announcement, the Company hereby supplements the following information in relation to the pricing principles of the CCT Agreements.

The CCT Agreements (including the Transitional Services Agreement) cover all services provided by members of Fujitsu Group to ensure FCCL’s continued access to facilities of the Fujitsu Group in which FCCL currently conducts its operations and on which FCCL has relied on over the past several years for the performance of important sales functions or internal administrative functions after Completion. FCCL conducts its business by creating new products through services (such as R&D services via the Services Agreement and R&D Services Agreement) provided by members of the Fujitsu Group on a cost plus basis. FCCL procures the key components (at cost) and manufactures new products, with assistance from FTS, FPE and FIT via the Manufacturing and Services Agreement, the Manufacturing Agreement (FPE) and the Manufacturing Agreement (FIT) respectively based on historical costs. Thereafter, FCCL sells the finished products to Fujitsu on a cost plus model (via the Sale and Distribution Agreement). FCCL may add improvement to certain products prior to selling the finished products to Fujitsu. The CCT Agreements have been negotiated between the Company’s Group and Fujitsu on an arm’s length basis.

The Company engaged various third party financial advisers to conduct financial due diligence in respect of the Transaction, to review the terms of the CCT Agreements and to advise on, amongst other things, whether the CCT Agreements and the transactions contemplated thereunder are on normal commercial terms. The third party financial advisers reviewed the operations and historical performance of FCCL, considered the nature of business of FCCL, reviewed the terms of the CCT Agreements (including the pricing policy), the Initial Business Plan of FCCL and the operating profit margin of more than 100 companies listed on the Tokyo Stock Exchange which are engaged in the sector of information technology or computer systems. The Directors (including the independent non-executive Directors) considered advice of the third party financial advisers, approved the transactions contemplated under the CCT Agreements and confirmed that the CCT Agreements and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Company's Group and are on normal commercial terms, and the terms thereof (including the annual caps) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The relevant department in charge of the Company's Group will, with a view to optimize the charges under the CCT Agreements, regularly review (upon such intervals as deemed necessary or feasible by such department), supervise and monitor the service details and the pricing mechanism under each CCT Agreement to ensure that (i) such services and prices are on comparable terms with services provided to the Company's Group by external service providers and services provided by the Company's Group to other third parties and are no less favourable to the Company's Group; and (ii) the transactions under the CCT Agreements are conducted in accordance with their respective terms (including the margins on prices), on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

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

18 May 2018

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