

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.



联想控股股份有限公司
Legend Holdings Corporation

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03396)

POSSIBLE VERY SUBSTANTIAL DISPOSAL CONNECTED TRANSACTION

PROPOSED ISSUANCE OF WARRANTS UNDER SPECIFIC MANDATE BY LENOVO, A SUBSIDIARY OF THE COMPANY

PROPOSED ISSUANCE OF WARRANTS BY LENOVO

Reference is made to the Company's inside information announcements dated May 29, 2024, the Company's announcement dated May 31, 2024 in respect of, among others, (i) the proposed issuance of warrants by Lenovo and (ii) the proposed issuance of convertible bonds by Lenovo.

On July 15, 2024, after trading hours, Lenovo approved further details on the proposed issuance of 1,150,000,000 Lenovo Warrants at the issue price of HK\$1.43 per Lenovo Warrant as part of the Strategic Business Transactions.

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

subscribe for the 600,000,000 remaining Lenovo Warrants (representing approximately 52.17% of the total number of Lenovo Warrants to be issued), and the Initial Warrants Subscriber will thereby ensure all the Lenovo Warrants are fully subscribed.

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.

Reference is made to the inside information announcements dated May 29, 2024 and the Company's announcement dated May 31, 2024 in respect of, among others, (i) the proposed issuance of warrants by Lenovo and (ii) the proposed issuance of convertible bonds by Lenovo.

PROPOSED ISSUANCE OF LENOVO WARRANTS UNDER LENOVO SPECIFIC MANDATE

On July 15, 2024, after trading hours, Lenovo approved further details on the proposed issuance of 1,150,000,000 Lenovo Warrants at the issue price of HK\$1.43 per Lenovo Warrant as part of the Strategic Business Transactions. On the same day after trading hours, Lenovo and the Initial Warrants Subscriber entered into the Warrants Subscription Agreement.

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

The Warrants Subscription Agreement

Date: July 15, 2024

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

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

Issue price: HK\$1.43 per Lenovo Warrant

The issue price of the Lenovo Warrants was determined by Lenovo after assessing, among others, (i) the reference price, being HK\$9.47, which is the average VWAP per Share for the last thirty (30) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance) and (ii) business prospect of Lenovo. The issue price of the Lenovo 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 Lenovo Shareholders by way of poll at the Lenovo GM approving the Warrants Issuance, the Warrants Subscription and the Lenovo Specific Mandate;
- (b) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Lenovo Warrant Shares and such approval and granting of permission not having been withdrawn or revoked; and
- (c) the completion of the Lenovo Bond Issue having taken place or will take place on the same day as the completion of the Warrants Issuance.

Neither Lenovo 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 Lenovo Bond Issue.

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

The Lenovo Warrants

Issuer: Lenovo

Number of Lenovo Warrants issuable: 1,150,000,000 Lenovo Warrants

Exercise period: From the date of issuance of the Lenovo 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 the 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 Lenovo Warrant is exercisable at the initial Exercise Price of HK\$12.31 per Lenovo Share (subject to adjustment).

Number of Lenovo Shares underlying the Lenovo Warrants: Upon the full exercise of the Lenovo Warrants at the initial Exercise Price, 1,150,000,000 Lenovo Warrant Shares will be issued and allotted.

The exercise ratio is the number of Lenovo Warrant Shares to be issued per Lenovo Warrant, being 1:1. The number of Lenovo Warrant Shares to be issued on the relevant exercise date will be determined by multiplying the number of Lenovo Warrants by (i) initial Exercise Price divided by (ii) adjusted Exercise Price as at the relevant exercise date.

As a result, the number of Lenovo 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 Lenovo Warrants – Adjustment of Exercise Price” for details of the adjustment events.

Exercise Price: The initial Exercise Price shall be HK\$12.31 per Lenovo Share, which represents:

- (i) a premium of approximately 2.2% over the closing price of HK\$12.04 per Lenovo 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 Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);
- (ii) a premium of approximately 14.8% over the average closing price of HK\$10.72 per Lenovo Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);
- (iii) a premium of approximately 30.0% over the average VWAP of HK\$9.47 per Lenovo Share for the last thirty (30) consecutive trading days immediately prior to May 28, 2024 (being the date on which the Lenovo Board approved the indicative principal terms of the proposed Warrants Issuance);
- (iv) a premium of approximately 9.7% over the closing price per Lenovo Share 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 Lenovo Share as at March 31, 2024, being the date of which Lenovo's latest published accounts is made up.

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

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 Lenovo Shares; (ii) capitalization of profits or reserves by Lenovo; (iii) distributions by Lenovo; (iv) rights issues of Lenovo Shares or options over Lenovo Shares; (v) rights issues of other securities of Lenovo; (vi) issues at less than current market price by Lenovo; (vii) other issues at less than current market price by Lenovo; (viii) modification of rights of conversion etc. by Lenovo; (ix) other offers to Lenovo Shareholders; and (x) other events determined by Lenovo.

No adjustment will be made to the Exercise Price in the case of an issue of Lenovo Shares on the exercise of any rights of conversion into, or exchange or subscription of Lenovo Shares of any securities issued on or prior to the date of the Warrants Issuance, including upon the issue of Conversion Shares pursuant to the exercise of the conversion right attaching to the Convertible Bonds.

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

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

In any other case, every holder of the Lenovo Warrant shall be entitled at any time within six (6) weeks after the passing of such resolution by irrevocable surrender of his Lenovo Warrant certificate(s) to Lenovo 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 Lenovo Warrant(s) as are specified in the subscription form(s) submitted by him and had on such date been the holder of the Lenovo Shares to which he would have become entitled pursuant to such exercise and Lenovo and the liquidator of Lenovo shall give effect to such election accordingly. Lenovo shall give notice to the holder of the Lenovo 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 Lenovo Warrants with respect to their rights (to the extent applicable).

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

Rights and ranking of the
Lenovo Warrant Shares:

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

Transfer and Exercise Limit:

Lenovo will not register any transfer of Lenovo Warrants or issue any Lenovo Warrant Shares in satisfaction of the exercise rights in respect of the relevant Lenovo Warrants if by doing so it will result in the aggregate number of Lenovo Warrants transferred and/or exercised being in excess of the transfer and exercise limit. The transfer and exercise limit refers to 306,666,666 Lenovo Warrants (which will not be adjusted throughout the term of the Lenovo Warrants) during each 12-month period, subject to the provisions and exceptions detailed in the terms and conditions of the relevant Lenovo 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 Lenovo Warrants, if any of the Warrants Subscribers wishes to exercise the exercise rights in relation to any or all of their respective Lenovo Warrants or sell or otherwise dispose of any or all of its Lenovo Warrants (the “**ROFR Warrants**”), such Warrants Subscribers shall first offer their respective ROFR Warrants to the Company by written notice (the “**ROFR Notice**”). Upon receipt of a ROFR Notice, the Company may within five business days purchase part or all of the ROFR Warrants.

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

After expiry of the Final ROFR Notice and on the business day immediately prior to the Warrants Last Exercise Date, the Company has the right to purchase, and each Warrants Subscriber shall sell to the Company or any person designated by the Company, any outstanding Lenovo Warrants at the price of HK\$0.01 per Lenovo 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 the Company ceases to treat Lenovo 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 Lenovo Warrants and Retained Shares, (iii) when a fundamental change event (as defined in the instrument of the Lenovo Warrants) has occurred, or (iv) the Company has given written notice to Lenovo to unilaterally request for the termination of all the undertakings.

Undertaking by Lenovo: For as long as the aforementioned undertakings by the Warrants Subscribers and/or the transfer and exercise limit apply, Lenovo shall not conduct any new issue of warrants with more favourable terms than the Lenovo Warrants.

Transferability: Subject to the undertakings provided by the Warrants Subscribers, the Lenovo Warrants will be transferable in integral multiples of 2,000 Lenovo Warrants.

Cash settlement:

Notwithstanding the exercise rights of each Warrants Subscriber in respect of each Lenovo Warrant, at any time when the delivery of Lenovo Warrant Shares deliverable is required to satisfy the exercise rights, Lenovo 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 Lenovo Warrant Shares). In order to exercise the cash settlement option, Lenovo 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 Lenovo Warrants by surrendering the Lenovo Warrants certificate(s) together with payment of the Exercise Price. The cash settlement notice must specify the number of Lenovo Warrant Shares in respect of which Lenovo will make a cash payment. Lenovo 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 Lenovo Warrant Shares otherwise deliverable upon exercise of the exercise rights in respect of which Lenovo has exercised the cash settlement option, and (ii) the arithmetic average of the volume weighted average price of the Lenovo Shares for a certain period immediately after the date of the cash settlement notice.

Specific Mandate to issue the Lenovo Warrants and the Warrant Shares

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

Application for Listing of the Lenovo Warrant Shares

Lenovo will make an application to the Stock Exchange for the listing of, and permission to deal in, the Lenovo Warrant Shares on the Stock Exchange.

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

Private Placement of the remaining Lenovo Warrants

The remaining 930,000,000 Lenovo Warrants not taken up by the Initial Warrants Subscriber are expected to be offered by Lenovo by way of a private placement to third party investors and certain management members of Lenovo (which may include connected persons of the Company at subsidiary level). In the event that there is insufficient participation by management members of Lenovo, the Initial Warrants Subscriber agrees to subscribe for up to an additional 330,000,000

Lenovo Warrants (representing approximately 28.70% of the total number of Lenovo Warrants to be issued). The Initial Warrants Subscriber will procure suitable third party investors to fully subscribe for the 600,000,000 remaining Lenovo Warrants (representing approximately 52.17% of the total number of Lenovo Warrants to be issued), and the Initial Warrants Subscriber will thereby ensure all the Lenovo Warrants are fully subscribed.

Given the Warrants Issuance is subject to various conditions, including Independent Lenovo Shareholders' approval at the Lenovo GM, Lenovo intends to commence the private placement following Independent Lenovo Shareholders' approval of the Warrants Issuance. As at the date of this announcement, Lenovo has engaged Citigroup Global Markets Asia Limited as the placing agent with respect to the placing of the remaining Lenovo Warrants.

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 Lenovo Warrant. Upon completion of the Warrants Issuance, the proceeds from the Warrants Issuance would be used for Lenovo's 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. Assuming the full exercise of the Lenovo Warrants at the initial Exercise Price, it would provide Lenovo with up to an additional capital of approximately US\$1.8 billion (equivalent to approximately HK\$14.1 billion) to further strengthen its equity base. Lenovo aims to use the proceeds for further expansion of the Lenovo's operation (including opportunities in the MEA Region) and investment in research and development and artificial intelligence. The additional proceeds will also enable Lenovo to pursue potential acquisition opportunities to boost inorganic growth and expand the product offerings under Lenovo's infrastructure solutions group and solutions and services group.

EFFECT ON THE SHAREHOLDING INTEREST OF THE GROUP IN LENOVO

Assuming the full exercise of the Lenovo Warrants at the initial Exercise Price of HK\$12.31 per Lenovo Share, it will result in the issue of 1,150,000,000 Lenovo Warrant Shares, which represent (i) approximately 9.27% of the total number of Lenovo Shares in issue as of the date of this announcement, (ii) approximately 8.48% of the total number of Lenovo Shares in issue as enlarged by the issuance of the Lenovo Warrant Shares at the initial Exercise Price (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to the exercise of the Lenovo Warrants), and (iii) approximately 7.64% of the total number of Lenovo Shares in issue as enlarged by the issuance of the Lenovo Warrant Shares at the initial Exercise Price and the issuance of the Conversion Shares at the initial Conversion Price (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to the exercise of the Lenovo Warrants and conversion of the Convertible Bonds).

As at the date of this announcement, the Company is the single largest shareholder of Lenovo and holds an aggregate of approximately 31.41% interests in Lenovo, directly and indirectly, through the RLL and LEL. Lenovo is a subsidiary of the Company. Subject to the terms of the Lenovo Warrants, the exercise rights attached to the Lenovo Warrants are exercisable from the date of issuance of the Lenovo Warrants until the Warrants Last Exercise Date (both dates inclusive).

Assuming the full exercise of the Lenovo Warrants by the Warrants Subscribers at the initial Exercise Price, and that there will be no change to both the total number of Lenovo Shares in issue and the total number of Lenovo Shares held by the Group immediately prior to the exercise of the Lenovo Warrants, the shareholding interest of the Group in Lenovo will be diluted from approximately 31.41% to approximately 28.74% of the then enlarged issued share capital of Lenovo (i.e. assuming that there will be no acquisition or disposal of Lenovo Shares by the Group from the date of this announcement up to full exercise of the Lenovo Warrants).

Assuming (i) the full exercise of the Lenovo Warrants by the Warrants Subscribers at the initial Exercise Price, and (ii) full conversion of the Convertible Bonds at the initial Conversion Price, and that there will be no change to both the total number of Lenovo Shares in issue and the total number of Lenovo Shares held by the Group immediately prior to the exercise of the Lenovo Warrants and conversion of the Convertible Bonds, the shareholding interest of the Group in Lenovo will be diluted from approximately 31.41% to approximately 25.88% of the then enlarged issued share capital of Lenovo (i.e. assuming that there will be no acquisition or disposal of Lenovo Shares by the Group from the date of this announcement up to full exercise of the Lenovo Warrants and the full conversion of the Convertible Bonds).

Assuming (i) the full exercise of the Lenovo Warrants by the Warrants Subscribers at the initial Exercise Price, (ii) the full conversion of the Convertible Bonds at the initial Conversion Price, and (iii) the full conversion of the Existing Convertible Bonds at the adjusted conversion price of HK\$9.42 per Lenovo Share, and that there will be no change to both the total number of Lenovo Shares in issue and the total number of Lenovo Shares held by the Group immediately prior to the exercise of the Lenovo Warrants and the conversion of the Convertible Bonds and Existing Convertible Bonds, the shareholding interest of the Group in Lenovo will be diluted from approximately 31.41% to approximately 24.95% of the then enlarged issued share capital of Lenovo (i.e. assuming that there will be no acquisition or disposal of Lenovo Shares by the Group from the date of this announcement up to full exercise of the Lenovo Warrants, and the full conversion of the Convertible Bonds and the Existing Convertible Bonds).

FINANCIAL EFFECT OF THE POSSIBLE DEEMED DISPOSAL

Reference is made to the Company's latest annual report with respect to the critical judgment in applying the accounting policies on consolidation of Lenovo. The Group has *de facto* control over Lenovo even though it has less than 50% of the voting rights based on the following factors: (i) as at date of this announcement, the Group is the single largest shareholder of Lenovo holding 31.41% of the total issued shares of the Lenovo; (ii) the Company obtained an "acting in concert" undertaking

from other five shareholders of Lenovo; and (iii) the rest of the voting rights of Lenovo is dispersed and since the date of Lenovo's listing, there has been no history of any other shareholders of Lenovo collaborating to exercise their vote collectively or to out vote the Group.

Subject to the terms of the Lenovo Warrants, all of the Warrants Subscribers will be subject to undertakings that (x) prior to (i) sale of the Lenovo Warrants or (ii) exercise of the subscription rights attached to the Lenovo Warrants in relation to any or all of their Lenovo Warrants, the Warrants Subscribers shall first offer the respective Lenovo Warrants or the subscription rights attached to the Lenovo Warrants to the Company, by written notice; and (y) upon subscription and retention of Lenovo Warrant Shares, the Warrants Subscribers holding the Lenovo Warrant Shares shall act in concert with the Company on matters relating to Lenovo which requires shareholders' approval. For further details, please refer to the section headed "The Lenovo Warrants – Undertakings by the Warrants Subscribers" of this announcement.

In addition, the Company will also, subject to compliance of applicable laws, rules, and regulatory requirements, undertake such actions necessary to maintain the controlling shareholding in Lenovo such that upon the full conversion of the Convertible Bonds and the exercise in full of the exercise rights attached to the Lenovo Warrants, Lenovo will remain as a subsidiary of the Company. To keep its Shareholders and potential investors informed in this regard, the Company will make further announcement(s) as and when required under the Listing Rules or as it considers appropriate.

On the basis of the above, Lenovo's financial results, assets, liabilities and cash flows will continue to be consolidated in the Group's consolidated financial statements. The Possible Deemed Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Group's consolidated income statement. Further details will be set out in the circular of the Company to be despatched to the Shareholders.

EQUITY FUND RAISING ACTIVITIES OF LENOVO IN THE PAST 12 MONTHS

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

REASONS AND BENEFITS FOR THE STRATEGIC BUSINESS TRANSACTIONS

The Lenovo Board considers the Warrants Issuance as part of the Strategic Business Transactions, which as a whole, present a compelling business and financial opportunity whereby Lenovo can leverage the significant amount of funds raised to facilitate refinancing activities and generate stable interest savings annually, while also enhancing Lenovo'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 Lenovo 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 Subscribers will be subject to certain undertakings in favour of the Company, including but not limited to first offering to the Company the Lenovo Warrants prior to any sale, disposal or exercise of the Lenovo Warrants by the Warrants Subscribers, acting-in-concert arrangements in case the Warrants Subscribers exercise the Lenovo Warrants and retains the Lenovo Warrant Shares. For details, please refer to the section headed “The Lenovo Warrants – Undertakings by the Warrants Subscribers” of this announcement. The undertakings provided by the Warrants Subscribers would allow the Company to maintain its controlling shareholding in Lenovo upon the full conversion of the Convertible Bonds and the exercise in full of the exercise rights attached to the Lenovo Warrants, such that Lenovo will remain as a subsidiary of the Company.

Since additional time is required by the Board to assess the actual impact of the Strategic Business Transactions on the Company, and the Company will make a separate announcement to inform the Shareholders once a final view on the fairness and reasonableness of the terms of the Strategic Collaboration Framework Agreement, the Lenovo Bond Issue and the Warrants Issuance has been reached.

INFORMATION OF THE COMPANY

The Company is a leading industrial operations and investments company in the PRC and the Company 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., the Company is committed to building industrial pillars, incubating or investing in start-up and growing-stage companies with great potential, so as to promote the continuous growth of the Company’s overall value. As at the date of this announcement, Chinese Academy of Sciences Holdings Co., Ltd. (中國科學院控股有限公司), the single largest shareholder of the Company, holds approximately 29.04% equity interest of the Company.

INFORMATION OF LENOVO

Lenovo is a limited liability company incorporated in Hong Kong. The shares of which 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 Lenovo 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).

Set out below is extracts of the audited consolidated financial information of Lenovo for the two years ended March 31, 2024:

	12 months ended March 31, 2023 (audited) <i>US\$ million</i>	12 months ended March 31, 2024 (audited) <i>US\$ million</i>
Profit before tax	2,136	1,365
Profit after tax	1,681	1,102

As at March 31, 2024, the audited consolidated total equity of Lenovo was approximately US\$6,081 million.

INFORMATION OF THE INITIAL WARRANTS SUBSCRIBER

Mr. Yang is the Chairman of the Lenovo Board, Chief Executive Officer and an executive director of Lenovo. Mr. Yang assumed the duties of Chief Executive Officer of Lenovo on February 5, 2009. Prior to that, Mr. Yang was the chairman of the Lenovo 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 Lenovo 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.

GENERAL

Listing Rules Implications

The Warrants Subscription and the Warrants Issuance constitutes a connected transaction of Lenovo and is subject to the reporting, announcement and approval of the Lenovo Independent Shareholders under Chapter 14A of the Listing Rules. A general meeting of Lenovo will be convened to consider and, if thought fit, approve the Warrants Issuance, the Warrants Subscription, the Lenovo Specific Mandate and the transactions contemplated thereunder.

Given the Initial Warrants Subscriber is a connected person of the Company at the subsidiary level, the Warrants Subscription and the Warrants Issuance also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company will make a separate announcement to inform the Shareholders as soon as possible after the Directors have formed a view on the applicability of the exemption under Rule 14A.101 of the Listing Rules.

The dilution of the shareholding interest of the Group in Lenovo as a result of the exercise by the Warrants Subscribers of exercise rights attached to the Lenovo Warrants, constitutes a deemed disposal by the Company of equity interest in Lenovo under Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Possible Deemed Disposal exceeds 75%, the Possible Deemed Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will seek Shareholders' approval on the Possible Deemed Disposal in the general meeting of the Company to comply with Rule 14.49 of the Listing Rules.

Mr. Zhu Linan (who is a director of both the Company and Lenovo) and Mr. Zhao John Huan (who is also a director of both the Company and Lenovo), have abstained from voting on the relevant resolutions of the Lenovo Board approving the Warrants Subscription Agreement, the Warrants Issuance and the transactions contemplated thereunder.

The Company will make further announcement (if applicable) in compliance with the relevant requirements under the Listing Rules as and where necessary.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Warrants Subscription, the Warrants Issuance and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Warrants Subscription, the Warrants Issuance and the transactions contemplated thereunder, and therefore none of them is required to abstain from voting on the relevant resolutions at the EGM.

A circular containing, among other things, (i) further details of the Warrants Subscription and the Warrants Issuance; (ii) other information as required by the Listing Rules; and (iii) a notice convening the EGM and the proxy form in respect of the EGM, is expected to be despatched to the Shareholders on or before August 15, 2024, as additional time is required for the preparation of the financial information of the Group to be included in the circular.

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:

“Board”	the board of Directors of the Company
“Bond Subscription Agreement”	the subscription agreement dated May 28, 2024 entered into between Lenovo and the Investor in respect of the Lenovo Bond Issue (as amended from time to time)
“CB Maturity Date”	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 of the Convertible Bonds
“Company”	Legend Holdings Corporation, a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Main Board of the Stock Exchange and, where applicable, this term shall include the Company’s wholly-owned subsidiaries and any entity controlled by it
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the US\$2,000,000,000 in aggregate principal amount of convertible bonds to be issued by Lenovo
“Conversion Price”	price for the conversion of the Convertible Bonds into Conversion Shares, which initially is HK\$10.42 per Conversion Share
“Conversion Share(s)”	Lenovo Share(s) to be allotted and issued by Lenovo upon conversion of the Convertible Bonds
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other matters, the Warrants Subscription Agreement and the transactions contemplated thereunder
“Exercise Price”	the exercise price of the Lenovo Warrants, which initially is HK\$12.31 per Lenovo Warrant Share

“Existing Convertible Bonds”	the 2.50% convertible bonds due 2029 in the principal amount of US\$675,000,000 (bond stock code: 05440; ISIN: XS2523390867) issued by Lenovo on August 26, 2022
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICT”	Information and communications technology
“Investor”	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, the sovereign wealth fund of the Kingdom of Saudi Arabia
“Independent Lenovo Shareholders”	Lenovo Shareholders other than (i) the Company, RLL, LEL, Initial Warrants Subscriber; and (ii) any Lenovo Shareholder who is involved in or interested in the Warrants Subscription, Warrants Issuance and/or the Lenovo Specific Mandate
“LEL”	Legion Elite Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of RLL
“Lenovo”	Lenovo Group Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company, the ordinary shares of which are listed on the Main Board of the Stock Exchange (HKD counter stock code: 992/RMB counter stock code: 80992)
“Lenovo Board”	the board of directors of Lenovo
“Lenovo Bond Issue”	the issuance of the Convertible Bonds by Lenovo
“Lenovo GM”	the general meeting of Lenovo to be convened for the Independent Lenovo Shareholders to consider, and if thought fit, approve among others, the Warrants Issuance, the Warrants Subscription, the Lenovo Specific Mandate and the transactions contemplated thereunder
“Lenovo Share(s)”	ordinary share(s) of Lenovo
“Lenovo Shareholder(s)”	holder(s) of the Lenovo Shares

“Lenovo Specific Mandate”	the specific mandate to be granted by the Independent Lenovo Shareholders to the Lenovo Board at the Lenovo GM for the Warrants Issuance and the allotment of the Lenovo Warrant Shares
“Lenovo Warrant(s)”	an aggregate of 1,150,000,000 warrants of Lenovo, which are exercisable, subject to the terms and conditions of the Lenovo Warrants, into a total of 1,150,000,000 Lenovo Warrant Shares at the initial Exercise Price
“Lenovo Warrant Share(s)”	new Lenovo Share(s) to be issued by Lenovo to the holder(s) of the Lenovo Warrants pursuant to the exercise rights attached to the Lenovo Warrants
“Listing Rules”	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
“MEA Region”	Middle East and Africa region
“Mr. Yang” or “Initial Warrants Subscriber”	Mr. Yang Yuanqing, Chairman of the Lenovo Board, Chief Executive Officer and an executive director of Lenovo
“Possible Deemed Disposal”	the deemed disposal of the Group’s equity interest in Lenovo as a result of exercise in full of exercise rights attached to the Lenovo Warrants
“PRC”	the People’s Republic of China
“RLL”	Right Lane Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holders(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Business Collaboration Agreements”	(i) sales and distribution agreement contemplated under the Strategic Collaboration Framework Agreement, which will set out, among others, product specifications and distribution arrangements between Lenovo 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
“Strategic Business Transactions”	the Strategic Collaboration, the Lenovo Bond Issue and the Warrants Issuance
“Strategic Collaboration”	the strategic collaboration under the Strategic Collaboration Framework Agreement
“Strategic Collaboration Framework Agreement”	the strategic collaboration framework agreement dated May 28, 2024 entered into between Lenovo and the Investor in respect of the strategic collaboration with the Investor
“trading day(s)”	a day when the Stock Exchange or, as the case may be an alternative stock exchange is open for dealing business
“US\$”	United States dollars, the lawful currency of the United States
“VWAP”	the volume weighted average price (determined on Bloomberg page (<992 HK Equity VWAP>)) of the Lenovo Shares on the Stock Exchange
“Warrants Completion Date”	the day on which the completion of the issuance of the Lenovo Warrants and the completion of the Lenovo Bond Issue take place concurrently or any other date agreed in writing between the Company and the Warrants Subscribers
“Warrants Issuance”	the proposed issuance of the Lenovo Warrants by Lenovo
“Warrants Last Exercise Date”	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
“Warrants Long Stop Date”	March 31, 2025, subject to extension pursuant to the Warrants Subscription Agreement
“Warrants Subscriber(s)”	Subscriber(s) of the Lenovo Warrants under the Warrants Subscription Agreement, including the Initial Warrants Subscriber

“Warrants Subscription”	the subscription of the Lenovo Warrants by the Warrants Subscribers under the Warrants Subscription Agreement
“Warrants Subscription Agreement”	the subscription agreement dated July 15, 2024 entered into between Lenovo and the Initial Warrants Subscriber
“%”	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
Legend Holdings Corporation
NING Min
Chairman

July 15, 2024

As at the date of this announcement, the Executive Directors of the Company are Mr. NING Min and Mr. LI Peng, the Non-executive Directors of the Company are Mr. ZHU Linan, Mr. ZHAO John Huan, Ms. CHEN Jing and Ms. YANG Hongmei, and the Independent Non-executive Directors of the Company are Ms. HAO Quan, Mr. YIN Jian'an and Mr. YUAN Li.