

Smarter technology for all

Strategic Partnership with Alat, Issuance of CB & Warrants: Transaction summary

Aug 19, 2024

Lenovo

Strategic Business Transactions to Further Penetrate the MEA Region and Establish a New Sustainable Global Supply Chain

Transaction Highlights

- Introduction of a long-term strategic investor (Alat, US\$100Bn fund wholly owned by Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia)
- US\$2.21Bn total raise⁽¹⁾ enables zero interest cost debt refinancing, supply chain investments and MEA regional expansion
- Establish new regional HQ in Riyadh to focus on fast-growing geography
- Warrants allow Professional Investors to participate by way of private placement
- Chairman and CEO subscription for 19.1% of warrants endorsing Lenovo's future prospects

Attractive Structure and Pricing

- **US\$2 billion zero coupon** convertible bonds for 3 years
- **CB:** Initial Conversion price of **HK\$10.42**
 - Represents **premium of 10.0%, 13.1% and 13.9%** over past 30-day, 90-day and 180-day VWAP, respectively⁽²⁾
- **Warrants:** Effective price of share issuance **near 20-year share price high** ⁽²⁾
 - Price per Warrant of **HK\$1.43** with initial strike price of **HK\$12.31**, combined effective price to be **HK\$13.74**
 - HK\$12.31 represents a **premium of 30%** over the 30-day VWAP
 - Warrant conversion and exercise limited to 26.7% of total warrants size for each year⁽³⁾

Clear Strategic Benefits

- US\$100M of annual interest savings per year without dilution from CB for 3 years
- Identifiable opportunities for incremental revenue and profit contribution from all BGs in MEA
- Go-to-market partnership with Alat to accelerate market entry
- Create a new regional sustainable manufacturing and supply chain center

Note: 1) without taking into account exercise of the Warrants; 2) VWAP number based on Bloomberg. Also represents 11.5% premium over 60-day VWAP, 10.8% premium over 120-day VWAP; highest closing price in last 20 years on May 11, 2015, at HK\$13.86 per share. 3) The transfer and exercise limit refers to 306,666,666 Warrants during each 12-month period from the date of Warrants Issuance. Total number of warrants is 1.15 billions.

战略性业务交易将进一步渗透中东及非洲地区和建立新的可持续全球供应链

交易亮点

- 引入长期战略投资者 (Alat, 主权财富基金Public Investment Fund全资拥有的1,000亿美元基金)
- 合共集资22.1亿美元基金¹, 总融资额实现零利率再融资、供应链投资及中东及非洲市场拓展
- 在利雅得设立新地区总部, 专注于快速增长的地区
- 股权证将透过私人配售方式向专业投资者发售
- 董事长兼CEO已认购19.1%的认股权证以支持联想未来前景

具吸引力的结构和定价

- **20亿美元的三年期零息可换股债券**
- **可换股债券**: 换股价为**10.42港元**
 - 过去30日、90日和180日的VWAP溢价分别为**10.0%**、**13.1%**及**13.9%**²
- **认股权证**: 有效发行价近20年股价高位²
 - 每份认股权证为**1.43港元**, 行使价为**12.31港元**, 综合行使价为**13.74港元**
 - 12.31港元为超过30日VWAP溢价的**30%**
 - 每年的认股权证转换和行使限制在总认股权证规模的**26.7%以下**³

明确的战略优势

- 未来三年每年节省一亿美元的利息支出, 不受可换股债券摊薄的影响
- 所有业务集团在中东及非洲市场可确定收入增长及溢利贡献机会
- 与Alat合作的市场进入策略, 将加速开拓市场
- 打造新的区域可持续制造及供应链中心

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thanks.