Reference is made to (1) the JV Announcements in relation to, amongst others, formation of JVCo with NEC to own and operate their respective personal computer businesses in Japan; and (2) the CCT Announcement and CCT Circular in relation to, amongst others, the Supply Agreement entered into between NEC and NECP (whose rights and obligations were transferred to NEC Newco, a wholly-owned subsidiary of JVCo) for the purchase and sale of the Products, the NEC Patent Licence Agreement entered into between NEC and NEC Newco for the grant of licence of certain patents used in connection with the operation of NEC’s personal computer business in Japan by NEC to NEC Newco, the Existing Supply Annual Caps and the Existing Royalty Annual Caps.

The Directors propose to revise the Existing Supply Annual Caps and the Existing Royalty Annual Caps for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016 in light of the continued business growth and improving market condition.

NEC is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of its 49% shareholding in JVCo, a non-wholly owned subsidiary of the Company.

Given certain applicable percentage ratios for the Revised Supply Annual Caps and the Revised Royalty Annual Caps, on an aggregate basis, calculated pursuant to Rule 14.07 of the Listing Rules exceed 5%, the Revised Supply Annual Caps and the Revised Royalty Annual Caps are therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

A circular containing, amongst others, details of the Revised Supply Annual Caps and the Revised Royalty Annual Caps, a letter from the independent board committee of the Company and a letter of advice from the independent financial advisor to the independent board committee of the Company and the Independent Shareholders, together with a notice convening the EGM to approve the Revised Supply Annual Caps and the Revised Royalty Annual Caps, will be despatched to the shareholders of the Company on or before 12 February 2014.
1. EXISTING ANNUAL CAPS AND REVISION OF EXISTING ANNUAL CAPS

Continuing Connected Transactions under the Supply Agreement and the NEC Patent Licence Agreement

Reference is made to (1) the JV Announcements in relation to, amongst others, formation of JVCo with NEC to own and operate their respective personal computer businesses in Japan; and (2) the CCT Announcement and CCT Circular in relation to, amongst others, the Supply Agreement entered into between NEC and NECP (whose rights and obligations were transferred to NEC Newco, a wholly-owned subsidiary of JVCo) for the purchase and sale of the Products, the NEC Patent Licence Agreement entered into between NEC and NEC Newco for the grant of licence of certain patents used in connection with the operation of NEC’s personal computer business in Japan by NEC to NEC Newco, the Existing Supply Annual Caps and the Existing Royalty Annual Caps.

On 27 January 2011, the Company entered into the Business Combination Agreement, with, inter alia, NEC, pursuant to which the Company and NEC agreed to establish JVCo as a joint venture company to own and operate their respective personal computer business in Japan. JVCo is held as to 51% by the Company (through Lenovo BV, an indirect wholly-owned subsidiary of the Company) and 49% by NEC upon completion of the formation of JVCo effective on 1 July 2011.

On 28 February 2011, NEC and NECP (whose rights and obligations were transferred to NEC Newco, a wholly-owned subsidiary of JVCo) entered into the Supply Agreement, pursuant to which NEC shall purchase from NECP (whose rights and obligations were subsequently transferred to NEC Newco) the Products.

On 1 July 2011, NEC and NEC Newco entered into the NEC Patent Licence Agreement, pursuant to which NEC agreed to grant a licence of certain patents used in connection with the operation of NEC’s personal computer business in Japan to NEC Newco.

Details of the Supply Agreement and the NEC Patent Licence Agreement are set out in the CCT Announcement and the CCT Circular.

Existing Annual Caps and the Revised Annual Caps

For the reasons described in this announcement below, the Directors propose to increase the Existing Supply Annual Caps and the Existing Royalty Annual Caps for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016 as follows:

<table>
<thead>
<tr>
<th></th>
<th>Existing Supply Annual Caps (JPY million)</th>
<th>Revised Supply Annual Caps (JPY million)</th>
<th>Existing Royalty Annual Caps (JPY million)</th>
<th>Revised Royalty Annual Caps (JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the financial year ending 31 March 2014</td>
<td>89,650</td>
<td>140,000</td>
<td>66</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>91,179</td>
<td>140,000</td>
<td>66</td>
<td>79</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------</td>
<td>---------</td>
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</tr>
<tr>
<td>For the financial year ending 31 March 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the financial year ending 31 March 2016</td>
<td>92,719</td>
<td>140,000</td>
<td>66</td>
<td>79</td>
</tr>
<tr>
<td>For the period from 1 April 2016 and ending on 1 July 2016</td>
<td>23,180</td>
<td>35,000</td>
<td>16</td>
<td>20</td>
</tr>
</tbody>
</table>

2. **REASONS FOR REVISING THE EXISTING ANNUAL CAPS**

The personal computer market in Japan performed much better than expected towards the end of 2013. Improved economic sentiments, favorable exchange rates, and the approaching expiration of the support for certain operating software in April 2014 helped to lift the market on commercial side notwithstanding the fact that consumer buying generally remained suppressed. Under such market condition, the sales of the Products from NEC Newco to NEC pursuant to the Supply Agreement experienced significant increase since the third calendar quarter of 2013 and is expected to continue until the second calendar quarter of 2014. Accordingly, the patent royalty paid by NEC Newco to NEC pursuant to the NEC Patent Licence Agreement increased corresponding with the sales of the Products from NEC Newco to NEC pursuant to the Supply Agreement. It is anticipated that the Existing Supply Annual Caps and the Existing Royalty Annual Caps for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016 will be insufficient to cater for the now expected increase in sale of the relevant products and the corresponding increase in the patent royalty payable by NEC Newco to NEC pursuant to the NEC Patent Licence Agreement. The Directors propose to increase the Existing Supply Annual Caps and the Existing Royalty Annual Caps for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016.

The Company will continue to carry out adequate supervision over the transaction amounts in respect of the relevant annual caps going forward with a view to ensuring that necessary measures and appropriate actions will be promptly taken in order to comply with the applicable requirements under the Listing Rules.

3. **BASIS FOR THE REVISED ANNUAL CAPS**

In determining the Revised Supply Annual Caps and the Revised Royalty Annual Caps, the Directors took into account the following factors:

(a) the recovery of personal computer market in Japan;

(b) the increasing demand for replacement of personal computers supported by certain expired operating software;
(c) the anticipated increase in the sales of the Products to NEC pursuant to the Supply Agreement;

(d) the anticipated increase in the patent royalty to be paid by NEC Newco to NEC pursuant to the NEC Patent Licence Agreement;

(e) the increasing scale of the Group’s operation in Japan;

(f) the historical transaction amounts of the transactions contemplated under the Supply Agreement and the NEC Patent Licence Agreement in 2013; and

(g) a 25% buffer to allow further flexibility for carry out the transactions contemplated under the Supply Agreement and the NEC Patent Licence Agreement.

4. INFORMATION ON THE GROUP

The principal activities of the Group are the manufacture and sale of personal computers and related information technology products and the provision of advanced information services in the PRC, the Americas, Europe, the Middle East, Africa and Asia Pacific.

5. INFORMATION ON NEC AND NECP

NEC is a leader in the integration of information technology and network technologies that benefit businesses and people around the world. NEC provides a combination of products and solutions that cross utilize NEC’s experience, global resources, and advanced technologies to meet the complex and ever-changing needs of its customers. NEC brings more than 100 years of expertise in technological innovation.

NECP was a wholly-owned subsidiary of NEC providing planning, manufacturing, distribution and support of NEC’s personal computer business and related equipment, until it transferred its assets as well as rights and responsibilities pertaining to the personal computer business to NEC Newco. On 1 July 2011, NECP changed its name to NEC Embedded Products, Ltd. and continues to operate non-personal computer business as a wholly-owned subsidiary of NEC.

6. LISTING RULES IMPLICATIONS

The Company (through Lenovo BV, an indirect wholly-owned subsidiary of the Company) owns 51% of the issued share capital of JVCo and NEC owns 49% of the issued share capital of JVCo. As NEC is a substantial shareholder of JVCo, which in turn is an indirect subsidiary of the Company, NEC (and its associates (as defined under the Listing Rules)) are connected persons of the Company and therefore the transactions contemplated under the Supply Agreement and the NEC Patent Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given certain applicable percentage ratios for the Revised Supply Annual Caps and the Revised Royalty Annual Caps, on an aggregate basis, calculated pursuant to Rule 14.07 of the Listing Rules exceed 5%, the Revised Supply Annual Caps and the Revised Royalty Annual Caps are therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.
The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be despatched to shareholders of the Company after considering the views of the independent financial advisor) consider that the transactions contemplated under the Supply Agreement, the NEC Patent Licence Agreement, the Revised Supply Annual Caps and the Revised Royalty Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

7. GENERAL

An independent board committee of the Company comprising of the independent non-executive Directors of the Company, namely, Mr. Ting Lee Sen, Dr. Tian Suning, Mr. Nicholas C. Allen, Mr. Nobuyuki Idei, Mr. William O. Grabe, Mr. William Tudor Brown and Ms. Ma Xuezheng has been established to advise the Independent Shareholders on the Revised Supply Annual Caps and the Revised Royalty Annual Caps. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders on the Revised Supply Annual Caps and the Revised Royalty Annual Caps.

A circular containing, amongst others, details of the Revised Supply Annual Caps and the Revised Royalty Annual Caps, a letter from the independent board committee of the Company and a letter of advice from the independent financial advisor to the independent board committee of the Company and the Independent Shareholders, together with a notice convening the EGM to approve the Revised Supply Annual Caps and the Revised Royalty Annual Caps, will be despatched to the shareholders of the Company on or before 12 February 2014.
DEFINITIONS

“%” per cent.;

“Affiliate” any direct or indirect subsidiary or parent company of a company and any direct or indirect subsidiary of any such parent company, in each case from time to time;

“Board” the board of Directors of the Company;

“Business Combination Agreement” the business combination agreement entered into between the Company, Lenovo BV, NEC and NECP dated 27 January 2011;

“CCT Announcement” the announcement of the Company dated 21 April 2011 in relation to, amongst others, the Supply Agreement, the NEC Patent Licence Agreement, the Existing Supply Annual Caps and the Existing Royalty Annual Caps;

“CCT Circular” the circular issued by the Company to the shareholders of the Company dated 11 May 2011 in relation to, amongst others, the Supply Agreement, the NEC Patent Licence Agreement, the Existing Supply Annual Caps and the Existing Royalty Annual Caps;

“Company” Lenovo Group Limited, a company incorporated on 5 October 1993 with limited liability under the laws of Hong Kong, the ordinary shares of which are listed on the main board of the Stock Exchange;

“connected person” has the meaning ascribed to it in the Listing Rules;

“Director(s)” the director(s) of the Company;

“EGM” the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Revised Supply Annual Caps and the Revised Royalty Annual Caps;
<table>
<thead>
<tr>
<th><strong>“Existing Royalty Annual Caps”</strong></th>
<th>the annual caps for the transaction amounts of the transactions contemplated under the NEC Patent Licence Agreement as below:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• JPY50 million, for the period from 1 July 2011 to 31 March 2012;</td>
</tr>
<tr>
<td></td>
<td>• JPY66 million, for the financial year ended 31 March 2013;</td>
</tr>
<tr>
<td></td>
<td>• JPY66 million, JPY66 million, JPY66 million, for the three financial years ending 31 March 2014, 2015 and 2016; and</td>
</tr>
<tr>
<td></td>
<td>• JPY16 million, for the period from 1 April 2016 ending on 1 July 2016;</td>
</tr>
<tr>
<td><strong>“Existing Supply Annual Caps”</strong></td>
<td>the annual caps for the transaction amounts of the transactions contemplated under the Supply Agreement as below:</td>
</tr>
<tr>
<td></td>
<td>• JPY65,018 million, for the period from 1 July 2011 to 31 March 2012;</td>
</tr>
<tr>
<td></td>
<td>• JPY88,132 million, for the financial year ended 31 March 2013;</td>
</tr>
<tr>
<td></td>
<td>• JPY89,650 million, JPY91,179 million, JPY92, 719 million, for the three financial years ending 31 March 2014, 2015 and 2016; and</td>
</tr>
<tr>
<td></td>
<td>• JPY23,180 million, for the period from 1 April 2016 ending on 1 July 2016;</td>
</tr>
<tr>
<td><strong>“Group”</strong></td>
<td>the Company and its Affiliates from time to time;</td>
</tr>
<tr>
<td><strong>“HK$”</strong></td>
<td>Hong Kong dollars, the lawful currency of Hong Kong;</td>
</tr>
<tr>
<td><strong>“Hong Kong”</strong></td>
<td>the Hong Kong Special Administrative Region of the PRC;</td>
</tr>
<tr>
<td><strong>“Independent Shareholders”</strong></td>
<td>any shareholder of the Company that will not be required under the Listing Rules to abstain from voting at the EGM;</td>
</tr>
<tr>
<td><strong>“JPY”</strong></td>
<td>Japanese Yen, the lawful currency of Japan;</td>
</tr>
<tr>
<td><strong>“JV Announcements”</strong></td>
<td>the announcements of the Company dated 27 January and 4 July 2011 in relation to, amongst others, the formation of JVCo;</td>
</tr>
</tbody>
</table>
“JVCo” Lenovo NEC Holdings B.V., an indirect non wholly-owned subsidiary of the Company incorporated pursuant to the Business Combination Agreement and held as to 51% by Lenovo BV and 49% by NEC;

“Lenovo BV” Lenovo (International) B.V., a wholly-owned subsidiary of the Company incorporated under the laws of The Netherlands;

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange;

“NEC” NEC Corporation, a company incorporated under the laws of Japan (TSE: 6701);

“NEC Newco” NEC Personal Computers, Ltd., a company incorporated under the laws of Japan and a wholly-owned subsidiary of JVCo;

“NECP” NEC Embedded Products, Ltd. (formerly known as NEC Personal Products, Ltd before 1 July 2011), a wholly-owned subsidiary of NEC incorporated under the laws of Japan;

“NEC Patent Licence Agreement” the patent licence agreement between NEC and NEC Newco dated 1 July 2011;

“PRC” the People’s Republic of China;

“Products” certain “NEC” branded personal computer products to be supplied to NEC under the Supply Agreement;

“Revised Royalty Annual Caps” the revised annual caps on the transactions amount of the transactions contemplated under the NEC Patent Licence Agreement for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016 as set out in section 1 of this announcement;

“Revised Supply Annual Caps” the revised annual caps on the transactions amount of the transactions contemplated under the Supply Agreement for the three financial years ending 31 March 2014, 2015 and 2016 and for the period from 1 April 2016 and ending on 1 July 2016 as set out in section 1 of this announcement;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“substantial shareholder” has the meaning ascribed to it in the Listing Rules; and
“Supply Agreement” the supply agreement between NEC and NECP dated 28 February 2011 (the rights and obligations of NECP of which were transferred to NEC Newco on and following 1 July 2011)

By Order of the Board

Yang Yuanqing
Chairman and
Chief Executive Officer

20 January 2014

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. Ting Lee Sen, Dr. Tian Suning; Mr. Nicholas C. Allen, Mr. Nobuyuki Idei, Mr. William O. Grabe, Mr. William Tudor Brown and Ms. Ma Xuezheng.