
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lenovo Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

lenovo 联想

Lenovo Group Limited 联想集团有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF THE EQUITY INTEREST IN LENOVO MOBILE

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from DBS Asia containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 31 of this circular.

An ordinary resolution will be proposed at the Extraordinary General Meeting of Lenovo Group Limited to be held at Salon 6, 3/F., JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 17 March 2008 at 9:30 a.m. to approve the matters referred to in this circular. The notice convening the Extraordinary General Meeting is set out on pages 37 to 38 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to Tricor Abacus Ltd., the Company's share registrar in Hong Kong, of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting should you so wish.

20 February 2008

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Ample Growth”	Ample Growth Enterprises Limited, a company incorporated in the BVI with limited liability;
“Announcement”	the announcement of the Company dated 30 January 2008 in relation to the Disposal;
“Articles of Association”	the Articles of Association of the Company and all supplementary, amended or substituted articles for the time being in force;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Days”	a day on which banks are open for business in the PRC and Hong Kong (excluding Saturdays, Sundays and public holidays);
“BVI”	the British Virgin Islands;
“Company” or “Lenovo”	Lenovo Group Limited (聯想集團有限公司), a company incorporated on 5 October 1993 with limited liability under the laws of Hong Kong, the voting ordinary shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the S&P Agreement in accordance with its terms;
“Conditions”	the conditions precedent to the completion of the sale and purchase of the Equity Interest under the S&P Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the aggregated consideration for the sale and purchase of the Equity Interest under the S&P Agreement;

DEFINITIONS

“DBS Asia”	DBS Asia Capital Limited, which is licensed by the Securities and Futures Commission of Hong Kong to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and Independent Shareholders in respect of the Disposal;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal by the Vendors of the Equity Interest pursuant to the S&P Agreement and the transactions contemplated thereunder;
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve, among other things, the Disposal, the S&P Agreement and the transactions contemplated thereunder;
“Entrusted Loan”	the standing facilities to be arranged by Lenovo Beijing in favour of Lenovo Mobile after Completion;
“Equity Interest”	the entire registered capital of Lenovo Mobile;
“Group”	the Company and its subsidiaries (excluding Lenovo Mobile after the Completion);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hony Fund”	Hony Capital Fund III, L.P.;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors for the purpose of advising the Independent Shareholders in relation to the terms of the S&P Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Mr. Liu Chuanzhi, Mr. Zhu Linan, Legend Holdings and their associates;

DEFINITIONS

“Jade Ahead”	Jade Ahead Limited, a company incorporated in Hong Kong with limited liability;
“Latest Practicable Date”	14 February 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Legend Holdings”	聯想控股有限公司 (Legend Holdings Limited*), an investment holding company established in the PRC with its subsidiaries primarily engaged in information technology, equity investment and real estate investment;
“Lenovo Beijing”	聯想(北京)有限公司 (Lenovo (Beijing) Limited*), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company;
“Lenovo Manufacturing”	Lenovo Manufacturing Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Lenovo Mobile”	聯想移動通信科技有限公司 (Lenovo Mobile Communication Technology Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“LEV Ventures”	深圳市小象創投合夥企業 (LEV Ventures*), a limited liability company incorporated in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Option”	the option to subscribe for interest in Lenovo Mobile granted to Lenovo Manufacturing under the S&P Agreement;
“Parties”	collectively, the Vendors, the Purchasers and the Company, and “ Party ” shall mean any of them;
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchasers”	collectively Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer, and “ Purchaser ” shall mean any of them;
“Resolution”	the ordinary resolution to approve the S&P Agreement and the transactions contemplated thereunder of the EGM;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“S&P Agreement”	the conditional agreement dated 30 January 2008 entered into between the Vendors, the Purchasers and the Company in relation to the sale and purchase of the Equity Interest;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of voting ordinary share(s), non-voting ordinary shares or Series A convertible preferred shares in the issued share capital of the Company;
“Shares”	Ordinary shares of par value HK\$0.025 each in the ordinary share capital of the Company which carry voting rights;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Super Pioneer”	Super Pioneer International Limited, a company incorporated in the BVI with limited liability;
“Transaction Documents”	the ancillary documents contemplated under the S&P Agreement to be entered into between the relevant parties upon Completion in relation to the transfer and licensing of certain trademarks, patents and intellectual property rights, the provision of the Entrusted Loan and the Transition Services Agreement;
“Transition Services Agreement”	the agreement to be entered into by Lenovo Beijing and Lenovo Mobile upon Completion for the provision of certain transition services by Lenovo Beijing;
“US\$”	United States Dollars, the lawful currency of the United States of America;
“Vendors”	Lenovo Manufacturing and Lenovo Beijing, and “Vendor” shall mean any of them; and
“%”	per cent.

* *Translations of the company names in their original language are for identification purpose only.*

This circular contains translation between HK\$ and US\$ at HK\$7.8 = US\$1. The translation shall not be taken as representation that the HK\$ amount could actually be converted into US\$ at that rate, or at all.

lenovo 联想

Lenovo Group Limited 联想集团有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

Board of Directors:

Executive Directors

Mr. Yang Yuanqing
Mr. William J. Amelio

Non-executive Directors

Mr. Liu Chuanzhi
Mr. Zhu Linan
Ms. Ma Xuezheng
Mr. James G. Coulter
Mr. William O. Grabe
Mr. Shan Weijian
Mr. Justin T. Chang
(alternate Director to Mr. James G. Coulter)
Mr. Daniel A. Carroll
(alternate Director to Mr. Shan Weijian)

Independent Non-executive Directors

Professor Woo Chia-Wei
Mr. Ting Lee Sen
Mr. John W. Barter III
Dr. Tian Suning

Registered office:

23rd Floor,
Lincoln House,
Taikoo Place,
979 King's Road,
Quarry Bay,
Hong Kong

20 February 2008

*To the Shareholders and, for information only,
holders of other securities of the Company*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF THE EQUITY INTEREST IN LENOVO MOBILE

1 INTRODUCTION

Reference is made to the Announcement in relation to the S&P Agreement entered into between Lenovo Manufacturing and Lenovo Beijing as the vendors, Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer as the purchasers, and the Company for the disposal of the entire registered capital of Lenovo Mobile by the Vendors to the Purchasers.

LETTER FROM THE BOARD

In addition, pursuant to the S&P Agreement, the Parties have agreed to, inter alia, the following terms:

- (i) Lenovo Manufacturing or its designee shall have a right to subscribe from Lenovo Mobile for up to 5% of its total registered capital on a fully-diluted basis. The Option is exercisable at any time within four years following the Completion at an exercise price equals to the pro rata portion of the Consideration (subject to adjustment);
- (ii) Lenovo Beijing agreed to arrange and procure an entrusted loan to be made available to Lenovo Mobile to be used as its working capital after Completion. The Entrusted Loan shall be in the form of a standby facilities in a principal amount of US\$25,000,000;
- (iii) Lenovo Beijing has agreed to provide certain transition services to Lenovo Mobile upon Completion and up to 31 March 2009; and
- (iv) Lenovo Beijing has agreed to license and transfer certain trademarks and intellectual property rights to Lenovo Mobile after Completion. Lenovo Mobile has also agreed to extend certain patents owned by it to Lenovo Beijing after Completion.

Legend Holdings, the controlling Shareholder, is also indirectly interested in more than 30% of the issued share capital of each of Jade Ahead and Ample Growth. This results in Jade Ahead and Ample Growth being regarded as associates of Legend Holdings. Accordingly, each of Jade Ahead, Ample Growth and Lenovo Mobile (after the Completion), being an associate of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between any member of the Group on one hand, and Jade Ahead, Ample Growth or their associates (including Lenovo Mobile) on the other, is or will become (after Completion) a connected transaction of the Company.

As one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 5% but are less than 25%, the S&P Agreement constitutes a discloseable transaction of the Company under the Listing Rules. In addition, as one or more of the applicable percentage ratios of the transactions contemplated under the S&P Agreement exceed 2.5%, the S&P Agreement also constitutes a non-exempt connected transaction under Chapter 14A of the Listing Rules. As such, the Disposal is subject to the approval by the Independent Shareholders at the EGM by poll.

The purpose of this circular is to provide you with further information in relation to the S&P Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

2 THE S&P AGREEMENT

Date:

30 January 2008

Parties:

- (i) Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer, as the Purchasers;
- (ii) Lenovo Manufacturing and Lenovo Beijing, both being wholly-owned subsidiaries of the Company, as the Vendors; and
- (iii) the Company.

Sale and Purchase of the Equity Interest:

Subject to the terms and conditions of the S&P Agreement, the Vendors have agreed to sell, and the Purchasers have agreed to purchase, the Equity Interest free from any encumbrances and together with all rights and advantages attaching to it as at the Completion.

As at the date of this circular, Lenovo Mobile has a total registered capital of RMB187,500,000, which is fully paid up. Lenovo Manufacturing had contributed RMB131,250,000, representing 70% of the registered capital of Lenovo Mobile and Lenovo Beijing had contributed RMB56,250,000, representing 30% of the registered capital of Lenovo Mobile. Each Purchaser shall acquire the respective amount of Equity Interest at the respective amount of Consideration as set out below:

	Amount of registered capital of Lenovo Mobile acquired	Consideration to be paid to the Vendors	Approximate HK\$ equivalent of the Consideration	Percentage to the total registered capital of Lenovo Mobile
Jade Ahead	RMB84,375,000	US\$45,000,000	HK\$351,000,000	45%
LEV Ventures	RMB56,250,000	US\$30,000,000	HK\$234,000,000	30%
Ample Growth	RMB28,125,000	US\$15,000,000	HK\$117,000,000	15%
Super Pioneer	RMB18,750,000	US\$10,000,000	HK\$ 78,000,000	10%
Total:	<u>RMB187,500,000</u>	<u>US\$100,000,000</u>	<u>HK\$780,000,000</u>	<u>100%</u>

LETTER FROM THE BOARD

Consideration:

The Consideration is US\$100,000,000 (equivalent to approximately HK\$780,000,000) to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion, is to be paid by the Purchasers to the Vendors in cash in the following manner:

- (i) 80% of the Consideration to be paid on the date of Completion; and
- (ii) the remaining 20% of the Consideration to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion to be paid within three Business Days after the determination and agreement of the net working capital by the Parties.

The Consideration was determined by arm's length negotiation between the Parties having regard to a number of factors including the net asset value of Lenovo Mobile as at 31 December 2007 in an amount of approximately RMB290,372,000, the total investment cost in Lenovo Mobile amounting to RMB223,500,000, the licence of the intellectual properties and the Entrusted Loan to be extended to Lenovo Mobile upon the Completion, the value and goodwill attached to the trademarks and brand names used by Lenovo Mobile. The Company will ensure compliance with the relevant Listing Rules once the final Consideration as referred to in (ii) above is determined.

Conditions:

The sale and purchase of the Equity Interest under the S&P Agreement is conditional upon satisfaction or waiver of (as the case may be), inter alia, the following conditions:

- (i) the execution of all Transaction Documents by the relevant parties thereto;
- (ii) the obtaining by Jade Ahead of the approval of the investment committee of Hony Fund within 15 calendar days from the date of the S&P Agreement;
- (iii) the passing of a resolution of the board of directors of Lenovo Mobile approving the transfer of the Equity Interest and all other documents and transactions incidental to and as contemplated under the S&P Agreement; and
- (iv) the obtaining by each of the Vendors and the Company of all necessary consents, authorisations and approvals (or, as the case may be, waivers) approving the Disposal, the S&P Agreement and the transactions contemplated therein (including the passing of an ordinary resolution by the Independent Shareholders at the EGM by poll).

The Vendors, the Purchasers and the Company shall use all reasonable endeavors to procure the satisfaction of the Condition(s) to the extent they are related to the respective party. To the extent permitted by applicable law, the Purchasers may at any time by notice to the Vendors in writing waive any of the Conditions (save and except paragraph (iv) above).

LETTER FROM THE BOARD

In the event that not all the Conditions have been fulfilled or waived as aforesaid by 30 July 2008 (or such later date as the Vendors and the Purchasers may agree in writing), the S&P Agreement shall lapse and be of no further effect and no Party shall have any claim against, or liability or obligation (save for antecedent breaches of the S&P Agreement) to the other Party.

Completion:

Completion shall take place on the third Business Day following the satisfaction or waiver of the Conditions, or on such other date as may be agreed in writing between the Parties.

Non-competition undertaking by the Company:

In consideration of the Purchasers agreeing to acquire the Equity Interest, each of the Vendors and the Company has undertaken with the Purchasers that subject to certain conditions being satisfied, during the five years immediately following the Completion, it will not directly or indirectly carry on, and will not hold or acquire any controlling interests in any corporate entity engaged in any business in the PRC which is in competition with the business of manufacturing, sale and distribution of (i) handset phone products with voice functionality only or voice centric features; or (ii) wireless handheld devices with open OS features such as Linux, WinCE, Symbian, with voice functionality only or voice centric features (and for avoidance of doubt such products and devices shall exclude mobile personal computers).

Pursuant to the S&P Agreement, the Parties have agreed to, inter alia, the following:

- (i) Option to subscribe for interest In Lenovo Mobile granted to Lenovo Manufacturing

Lenovo Manufacturing or its designee shall have a right to subscribe for up to 5% of Lenovo Mobile's total registered capital on a fully-diluted basis. The Option was granted to Lenovo Manufacturing as part of the transactions contemplated under the S&P Agreement at nil consideration.

Exercise of the Option:

The Option is a right exercisable by (and not an obligation imposed on) Lenovo Manufacturing and is exercisable at any time within four years following the Completion, provided that the Option shall be terminated upon the listing of the business or operations of Lenovo Mobile on a PRC or an internationally recognised stock exchange.

LETTER FROM THE BOARD

Exercise Price of the Option:

The exercise price of the Option shall equal to the pro rata portion of the Consideration (subject to adjustment by the amount of net working capital of Lenovo Mobile as at the date of Completion and possible adjustment(s) due to breach of warranties, if any) for the interest to be purchased or subscribed. The Company will ensure compliance with the relevant Listing Rules upon the exercise of the Option.

(ii) Provision of Entrusted Loan

Pursuant to the S&P Agreement, Lenovo Beijing agreed to arrange and procure an entrusted loan to be made available to Lenovo Mobile to be used as its working capital after Completion. Lenovo Beijing may appoint any licensed financial institution to provide the Entrusted Loan to Lenovo Mobile as a lending agent. Lenovo Beijing, Lenovo Mobile and the lending agent may enter into separate loan agreement(s) for the provision of the Entrusted Loan in accordance with the terms and conditions as set out in the S&P Agreement.

Principal amount:

The Entrusted Loan shall be in the form of standby facilities in a principal amount of US\$25,000,000, which was mutually agreed by the Parties taking into consideration of the estimated cash and cash equivalent threshold appropriate to Lenovo Mobile's business.

Term:

The Entrusted Loan is for a term of up to three years from the Completion, subject to early termination at the discretion of Lenovo Beijing in the event of any change in control of Hony Fund in Lenovo Mobile.

Interest and interest rate:

The Entrusted Loan is subject to interest calculated on an annual basis. The interest rate shall be the prevailing base lending rate published by the People's Bank of China as at the date of entering into of the loan agreement(s) between Lenovo Beijing, Lenovo Mobile and the lending agent, and subject to adjustments following any adjustments made by the People's Bank of China to its base lending rates.

Securities:

The Entrusted Loan will be secured by a charge over the assets (including the receivables and inventories) of Lenovo Mobile equivalent to principal amount of the Entrusted Loan.

LETTER FROM THE BOARD

Handling fees:

All handling fees payable to the lending agent in connection with the Entrusted Loan shall be paid by Lenovo Mobile.

(iii) Provision of transition services

Lenovo Beijing has agreed to provide certain transition services to Lenovo Mobile upon Completion and up to 31 March 2009. The relevant parties shall enter into the Transition Services Agreement for such purpose upon Completion.

Transition Services:

The transition services to be provided by Lenovo Beijing to Lenovo Mobile under the Transition Services Agreement include sharing of office spaces, provision of logistic, administrative and information technology services.

Consideration and basis:

The transition services are to be provided on an allocated fee plus tax basis. The consideration for provision of the services are on normal commercial terms and determined by Lenovo Beijing and Lenovo Mobile on arm's length negotiation with reference to the costs and fees of such services provided by Lenovo Beijing to other members of the Group.

Annual cap:

The transaction amounts for the transition services provided by the Group to Lenovo Mobile during the financial year ended 31 March 2007 was approximately US\$3.1 million. The Directors estimate that the aggregate annual transaction amount for the provision of the transition services under the Transition Services Agreement will not exceed HK\$40,000,000. The estimated transaction amount is determined with reference to the scale of operation of Lenovo Mobile and the number its employees, the nature and extent of services reasonably required for the mobile handset business after the Completion.

(iv) Transfer and licence of intellectual property rights

In consideration of the Purchasers agreeing to purchase the Equity Interest and in order to ensure smooth handover and transition after the Completion, the Company has agreed to extend certain transition services, license and transfer certain trademarks and intellectual property rights to Lenovo Mobile after Completion.

LETTER FROM THE BOARD

Lenovo Beijing has agreed to license its trademark “Lenovo” to Lenovo Mobile for the use in relation to its mobile handset business in the PRC. Such licensing is for a term of five years without royalty and subject to Hony Fund remaining to be a controlling shareholder of Lenovo Mobile at all the times. The Company shall have a right to decide in its sole discretion whether to continue the licensing arrangement if there is any change in control of Lenovo Mobile which results in Hony Fund ceasing to be a controlling shareholder of Lenovo Mobile. The term of licence of certain trademark may be renewed for an additional term of up to five years after the expiry of the initial term at a royalty fee to be agreed between the parties. The Company will ensure compliance with the relevant Listing Rules upon the renewal of the licence of trademark.

Lenovo Beijing has also agreed to transfer to Lenovo Mobile the rights in certain registered trademarks and trademark applications to Lenovo Mobile which are currently exclusively used in the mobile handset products. Lenovo Beijing has agreed to extend the right to register as a co-owner of certain patents currently used in the mobile handset business to Lenovo Mobile. In return, Lenovo Mobile has also agreed to extend certain patents owned by it to Lenovo Beijing after Completion on a perpetual basis without royalty.

The trademarks and patents licensing agreements to be entered into by Lenovo Beijing will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the transactions contemplated under each of the trademarks and patents licensing agreements are less than 0.1%, the entering into of such agreements is exempt from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

3 INFORMATION ON THE COMPANY, LENOVO MOBILE AND THE PURCHASERS

The Company and its subsidiaries

The principal activities of the Company and its subsidiaries are the sales and manufacture of personal computers and related IT products, mobile devices, and the provision of advanced information services in the PRC, the Americas, Europe, Middle East, Africa and Asia Pacific. As at the Latest Practicable Date, Legend Holdings is directly or indirectly through its wholly-owned subsidiary, Right Lane Limited, interested in 4,170,411,971 Shares, representing approximately 43.41% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares).

LETTER FROM THE BOARD

Lenovo Mobile

Lenovo Mobile is an indirect wholly-owned subsidiary of the Company which is principally engaged in the manufacturing and distribution of mobile handsets in the PRC.

For the financial year ended 31 December 2006, the audited net profit before and after taxation and extraordinary items of Lenovo Mobile were approximately RMB426,742,000. For the financial year ended 31 December 2007, the unaudited net loss before and after taxation and extraordinary items of Lenovo Mobile were RMB130,569,000 and RMB133,720,000 respectively.

As at 31 December 2007, the unaudited net asset value of Lenovo Mobile was approximately RMB290,372,000. As at 31 December 2006 and 31 December 2007, the net working capital of Lenovo Mobile (representing the amount current assets net of current liabilities) was approximately RMB638,445,000 (audited) and RMB137,925,000 (unaudited), respectively. The audited financial statements of Lenovo Mobile during the relevant period were prepared based on the generally accepted accounting principles in the PRC.

The Purchasers

Jade Ahead and Ample Growth are special purpose companies incorporated in Hong Kong and the BVI with limited liability respectively, which are wholly-owned by Hony Fund. Hony Fund is an investment fund which is a Cayman Islands exempted limited partnership. It is indirectly controlled by Hony Capital Management III Limited, a company which is owned as to 45% by Legend Holdings (through its wholly-owned subsidiary, Right Lane Limited) and 55% by Mr. John Huan Zhao, who is not a connected person of the Company. Hony Fund is an investment fund with over 20 institutional investors with Legend Holdings maintaining the single largest limited partnership interest of approximately 34.40% of the value of the fund.

LEV Ventures is a limited liability company incorporated in the PRC which is based in Shenzhen, PRC. Super Pioneer is a special purpose company incorporated in the BVI with limited liability. Both LEV Ventures and Super Pioneer, being entities owned by Mr. Yeung Heung Yeung, are venture capital funds focusing on the investments in high technology businesses and provision of investment consultancy services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, LEV Ventures and Super Pioneer and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

4 CONNECTED RELATIONSHIP

Legend Holdings, the controlling Shareholder, is indirectly interested in more than 30% of the issued share capital of each of Jade Ahead and Ample Growth. This results in Jade Ahead and Ample Growth being regarded as associates of Legend Holdings. Accordingly, each of Jade Ahead, Ample Growth and Lenovo Mobile (after the Completion), being an associate of a substantial Shareholder, is a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between any member of the Group on one hand, and Jade Ahead, Ample Growth or their associates (including Lenovo Mobile) on the other, is or will become (after Completion) a connected transaction of the Company.

5 REASONS FOR THE TRANSACTIONS

The Group is principally engaged in the personal computer business. The Group has since 2002 started its mobile handset business through Lenovo Mobile. After five years of effort, the Company has decided to focus itself on personal computer business and withdraw from the mobile handset market.

The personal computer business and the current mobile handset business are two distinctive businesses where the room for achieving synergy is relatively limited. Being already a market leader in the personal computer business, the Company intends to progressively expand its core business. To achieve this, the Company will accelerate the roll-out of the transaction model across the globe, improve global supply chain cost and delivery, and focus on capturing growth opportunities in the consumer and emerging markets. The Directors consider that the disposal of the mobile handset business would provide the Group additional resources for supporting its expansion plan and enable the Group to deploy its entire management attention and capacity and financial resources to its mainstream business. Such decision on disposal is further reinforced by the significant capital investment requirement expected for handset business. The Directors are of the view that it will be difficult for the Group to generate reasonable return from the mobile handset business at least for the next few years in view of the increasing competition and capital expenditure requirement in the mobile handset market in the PRC.

As a result of the Disposal, the Directors expect that the Group would record an unaudited gain on the Disposal of approximately US\$66,000,000 upon Completion, representing the difference between the Consideration and the expected carrying value of the Equity Interest as at the date of Completion. Upon Completion, the unaudited consolidated net asset value of the Group will be increased to the same extent of approximately US\$66,000,000. The sales proceeds will be used for general working capital purposes. After the Completion, the Company will not have any interest in Lenovo Mobile and Lenovo Mobile will cease to be a subsidiary of the Company.

The Entrusted Loan and the Transition Services Agreement are part of the transition arrangements agreed to be provided by the Group under the S&P Agreement in consideration of the Purchasers agreeing to acquire the Equity Interest at the Consideration. In view of the Option granted to the Group, the Directors consider that it is in the mutual benefit of the Group and Lenovo Mobile to provide for the Entrusted Loan to ensure Lenovo Mobile has a stable cash-flow to support and finance its development of mobile handset business.

LETTER FROM THE BOARD

6 DIRECTORS' VIEWS

Each of Mr. Liu Chuanzhi and Mr. Zhu Linan, being a Director and also a director of Legend Holdings, is interested in the transactions contemplated under the S&P Agreement and the Transaction Documents, and has abstained from voting in the board meeting in considering the relevant transactions in accordance with the Articles of Association and other applicable laws and regulations.

The executive and non-executive Directors (except for Mr. Liu Chuanzhi and Mr. Zhu Linan who have abstained from voting in the board meeting due to their interests in the transactions) consider that the terms of the S&P Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and the entering into of such agreements is in the interests of the Group and the Shareholders as a whole.

The Directors (including the independent non-executive Directors but except for Mr. Liu Chuanzhi and Mr. Zhu Linan who have abstained from voting in the board meeting due to their interests in the transactions) consider that the terms of the Option, the Entrusted Loan and the Transition Services Agreement are on normal commercial terms which are fair and reasonable, and the entering into of such agreements is in the best interests of the Group and the Shareholders as a whole.

7 PROCEDURE FOR DEMANDING A POLL

Votes taken at the EGM to seek approval of the Resolution will be taken by poll.

Pursuant to Article 73 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman presiding at any meeting of members of the Company; or
- (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the rights to vote at the meeting; or
- (d) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to and not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) as required by the applicable Listing Rules.

LETTER FROM THE BOARD

Pursuant to the Articles of Association, “member” is defined as duly registered holders from time to time of the shares in the capital of the Company and “share” shall mean share in the capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.

8 EGM

The notice convening the EGM to be held on Monday, 17 March 2008 at 9:30 a.m. at which the Resolution will be proposed is set out on pages 37 and 38 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company’s share registrar, Tricor Abacus Ltd., at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjourned meeting (as the case may be) should you so wish.

9 GENERAL

Legend Holdings, Mr. Liu Chuanzhi and Mr. Zhu Linan and their respective associates which has or is deemed to have a material interest in the transactions contemplated under the S&P Agreement and the Transaction Documents shall abstain from voting on the Resolution in connection with the approval of the S&P Agreement at the EGM.

As at the Latest Practicable Date, (1) Legend Holdings, directly and indirectly, held 4,170,411,971 Shares representing approximately 43.41% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares); (2) Mr. Liu Chuanzhi, together with his associates, held 17,029,667 Shares representing approximately 0.18% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares); and (3) Mr. Zhu Linan held 3,763,667 Shares representing approximately 0.04% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares). In aggregate, Legend Holdings, Mr. Liu Chuanzhi and Mr. Zhu Linan and their respective associates, who are required under the Listing Rules to abstain from voting on the Resolution in connection with the approval of the S&P Agreement at the EGM, held approximately 43.63% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares).

LETTER FROM THE BOARD

As at the Latest Practicable Date, as far as the Company is aware, and having made all reasonable enquiries:

- (a) Legend Holdings controlled or was entitled to exercise control over the voting rights in respect of its Shares;
- (b) (i) there were no voting trusts or other agreements or arrangements or understandings (other than an outright sale) entered into by or binding upon Legend Holdings; and

(ii) there were no obligations or entitlements of Legend Holdings, whereby such persons have or might have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to third parties, either generally or on a case-by-case basis;
- (c) there were no discrepancies between the beneficial shareholding interests of Legend Holdings in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting right at the EGM.

10 RECOMMENDATIONS

The Independent Board Committee is required to advise the Independent Shareholders on the S&P Agreement and the transactions contemplated thereunder. DBS Asia has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 20 of this circular, which contains its recommendations to the Independent Shareholders, and the letter from DBS Asia set out on pages 21 to 31 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement and the transactions contemplated thereunder.

Having taken into account the recommendation and advice from DBS Asia in relation to the S&P Agreement (as contained in “Letter from DBS Asia” on pages 21 to 31 of this circular), the Independent Board Committee is of the view that the terms of the S&P Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering into of the S&P Agreement, in accordance with its terms are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors except for Mr. Liu Chuanzhi and Mr. Zhu Linan who have abstained from voting due to their interests in the transaction) consider that the terms of the S&P Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering into of the S&P Agreement, in accordance with its terms are in the interests of the Company and the Shareholders as a whole and so far as the Company and the Independent Shareholders are concerned. As such, the Board recommends the Independent Shareholders to vote in favour of the Resolution.

LETTER FROM THE BOARD

The Resolution will be decided by way of a poll.

The Company will publish an announcement on the results of the EGM with respect to whether or not the Resolution has been passed by the Independent Shareholders.

Your attention is drawn to the letter from the Independent Board Committee, the letter from DBS Asia and the general information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Yang Yuanqing
Chairman

lenovo 联想

Lenovo Group Limited 联想集团有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

20 February 2008

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF THE EQUITY INTEREST IN LENOVO MOBILE

We refer to the circular of the Company to the Shareholders dated 20 February 2008 (the “**circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the circular.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the entering into of the S&P Agreement and the transactions contemplated thereunder are in the interest of the Company and the shareholders as a whole and the terms thereof are fair and reasonable so far as the Independent Shareholders are concerned. DBS Asia has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the S&P Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter of advice from DBS Asia as set out on pages 21 to 31 of the circular and the letter from the Board set out on pages 5 to 18 of the circular.

Having taken into account the information contained in the “Letter from the Board” and the recommendation and advice of DBS Asia, we are of the opinion that the terms of the S&P Agreement are on normal commercial terms and are fair and reasonable and the entering into of the S&P Agreement and the transactions contemplated thereunder, in accordance with the terms set out in the S&P Agreement are in the interests of the Company and the Shareholders as a whole and so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolution.

Yours faithfully,
Independent Board Committee
Professor Woo Chia-Wei
Mr. Ting Lee Sen
Mr. John W. Barter III
Dr. Tian Suning

LETTER FROM DBS ASIA

The following is the text of the letter of advice from DBS Asia, the independent financial adviser to the Independent Board Committee and Independent Shareholders, in respect of the disposal of the equity interest in Lenovo Mobile, which has been prepared for the purpose of inclusion in this circular.



20 February 2008

*To the Independent Board Committee
and Independent Shareholders of
Lenovo Group Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF THE EQUITY INTEREST IN LENOVO MOBILE

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the disposal of the entire registered capital of Lenovo Mobile. On 30 January 2008, the S&P Agreement was entered into between Lenovo Manufacturing and Lenovo Beijing as the Vendors, Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer as the Purchasers, and the Company, pursuant to which the Vendors have agreed to dispose of, and the Purchasers have agreed to purchase the entire registered capital of Lenovo Mobile. Further details of the Disposal are set out in the letter from the Board in the circular of the Company to its Shareholders dated 20 February 2008 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As Legend Holdings, the controlling shareholder of the Company, is indirectly interested in more than 30% of the issued share capital of each of Jade Ahead and Ample Growth, Jade Ahead and Ample Growth are regarded as the associates of Legend Holdings. Accordingly, each of Jade Ahead, Ample Growth and Lenovo Mobile (after Completion), being an associate of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The Disposal, being a transaction between the Company on one hand, and Jade Ahead, Ample Growth or their associates (including Lenovo Mobile) on the other, is or will become (after Completion) a connected transaction for the Company. As such, the Disposal is subject to the approval of the Independent Shareholders at the EGM by poll.

The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules as one or more of the applicable percentage ratios of the transaction contemplated under the S&P Agreement exceed 5% but are less than 25%.

LETTER FROM DBS ASIA

Our scope of work under this engagement is to assess whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and, from this perspective, whether the Disposal is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the Resolution.

BASIS OF OUR OPINION

In arriving at our opinion, we have relied on the information, opinions and facts supplied, and representations made to us, by the Directors, advisers and representatives of the Company (including those contained or referred to in the Circular). We have also assumed that the information and representations contained or referred to in the Circular were true and accurate in all respects at the time they were made and continue to be so at the date of dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs, or other prospects of the Company or any of its respective subsidiaries or associates.

KEY TERMS OF THE DISPOSAL

On 30 January 2008, the S&P Agreement was entered into between the Parties:

- (i) Jade Ahead, LEV Ventures, Ample Growth and Super Pioneer as the Purchasers;
- (ii) Lenovo Manufacturing and Lenovo Beijing, both being wholly-owned subsidiaries of the Company, as the Vendors; and
- (iii) the Company,

pursuant to which the Vendors have agreed to sell, and the Purchasers have agreed to purchase the Equity Interest free from any encumbrances and together with all rights and advantages attaching to it as at Completion. Pursuant to the S&P Agreement, Lenovo Beijing has also agreed to provide financial assistance to Lenovo Mobile by arranging for an Entrusted Loan to be made available to Lenovo Mobile after the Completion.

LETTER FROM DBS ASIA

The Consideration is US\$100,000,000 (equivalent to approximately HK\$780,000,000) to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion, and is to be paid by the Purchasers to the Vendors in cash in the following manner:

- (i) 80% of the Consideration to be paid on the date of Completion; and
- (ii) the remaining 20% of the Consideration to be adjusted by the amount of net working capital of Lenovo Mobile as at the date of Completion to be paid within three Business Days after the determination and agreement of the net working capital by the Parties. The definition of net working capital and detailed mechanism for the adjustment is set out in the S&P Agreement.

The Consideration was determined by arm's length negotiation between the Parties having regard to a number of factors including the net asset value of Lenovo Mobile amounting to approximately RMB290,372,000 as at 31 December 2007, the total investment cost in Lenovo Mobile amounting to RMB223,500,000, the license of the intellectual properties, the Entrusted Loan to be extended to Lenovo Mobile upon Completion, as well as the value and goodwill attached to the trademarks and brand names used by Lenovo Mobile. In view of the above, the Disposal is based on normal commercial terms.

Given that rationalisation of business focus and strategy are undertaken by business corporates to enhance performance, we consider that the Disposal is within the ordinary course of business of the Group from this perspective.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In reaching our opinion in respect of the Disposal (including the Transaction Documents), we have considered the following principal factors:

1. Background of the Company and Lenovo Mobile

1.1. The Group

The principal activities of the Company and its subsidiaries are the sale and manufacture of personal computers and related IT products, mobile devices, and the provision of advanced information services in the PRC, the Americas, Europe, Middle East, Africa and Asia Pacific. As at the Latest Practicable Date, Legend Holdings is directly or indirectly through its wholly-owned subsidiary, Right Lane Limited, interested in 4,170,411,971 Shares, representing approximately 43.41% of the total voting rights in the Company (including Shares and Series A convertible preferred shares which carry voting rights as if they were fully converted into Shares).

The Group has since 2002 started its mobile handset business through Lenovo Mobile.

1.2. Lenovo Mobile

Lenovo Mobile is an indirect wholly-owned subsidiary of the Company. Lenovo Mobile is principally engaged in the manufacturing and distribution of mobile handsets in the PRC, a non-core business of the Company.

LETTER FROM DBS ASIA

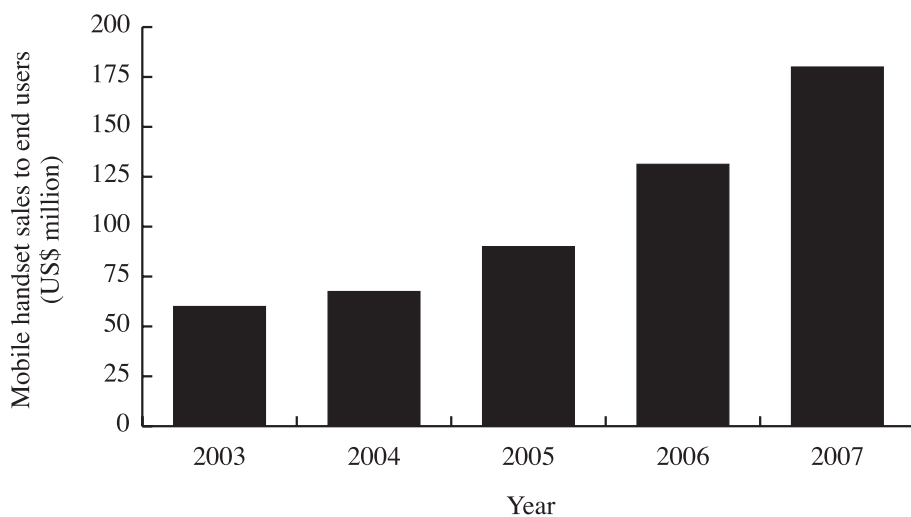
For the financial year ended 31 December 2006, the audited net profit before and after taxation and extraordinary items of Lenovo Mobile were approximately RMB426,742,000. For the financial year ended 31 December 2007, the unaudited net loss before and after taxation and extraordinary items of Lenovo Mobile were RMB130,569,000 and RMB133,720,000 respectively.

As at 31 December 2007, the unaudited net asset value of Lenovo Mobile was approximately RMB290,372,000. As at 31 December 2006 and 31 December 2007, the net working capital of Lenovo Mobile (representing the amount current assets net of current liabilities) was approximately RMB638,445,000 (audited) and RMB137,925,000 (unaudited), respectively. The audited financial statements of Lenovo Mobile during the relevant period were prepared based on the generally accepted accounting principles in the PRC.

2. Business overview

Overview of the mobile handset market in the PRC

Based on an independent industry report, the PRC mobile handset market has experienced substantial growth since 2003 and the compounded annual growth rate between 2003 and 2007 was 24.3%. The figures below illustrate the mobile handset sales to end users in the PRC between 2003 and 2007.



Source: Gartner (October 2007)

The mobile handset manufacturing industry in the PRC is intensely competitive. Industry participants in the PRC compete with each other by applying cutting-edge technology and enriching their product portfolio especially in the mid to low-end mobile handset sector where Lenovo Mobile competes in. This has led to a decline in product price and a reduction of profit margins for the industry as a whole.

LETTER FROM DBS ASIA

The approval process for mobile handset manufacturers in the PRC has been relaxed. Prior to October 2007, verification was required for the manufacturing of mobile handsets in the PRC in accordance with the rule “Several Regulations on the Verification of Mobile Communication Systems and Terminal Product Investment Projects” issued by the National Development and Reform Commission (“NDRC”) in the PRC. The rule required mobile handset manufacturers to meet certain criteria including but not limited to minimum registered capital and operational record. Consequently, only a limited number of players obtained the necessary verification from NDRC to manufacture mobile handsets in the PRC. Such verification requirements were abolished in October 2007.

Although mobile handset sales in the PRC market has been on an upward trend in the past few years, Lenovo Mobile’s market share decreased from 5.1% in 2006 to 4.5% in the first half of 2007, according to a report published on 20 November 2007 by Gartner Inc.

3. Reasons for the Disposal

As stated in the Circular, the Group is principally engaged in the personal computer business. The Group has since 2002 started its mobile handset business through Lenovo Mobile. After five years of effort, the Company has decided to focus itself on the personal computer business and withdraw from the mobile handset market.

As stated in the Circular, the personal computer business and the current mobile handset business are two distinctive businesses where the room for achieving synergy is relatively limited. Being already a market leader in the personal computer business, the Company intends to progressively expand its core business. To achieve this, the Company will accelerate the roll-out of the transaction model across the globe, improve global supply chain cost and delivery, and focus on capturing growth opportunities in the consumer and emerging markets. The Directors consider that the disposal of the mobile handset business would provide the Group additional resources for supporting its expansion plan and enable the Group to deploy its entire management attention and capacity and financial resources to its mainstream business. Such decision on disposal is also attributable to the significant capital investment requirement expected for the forthcoming third generation (“3G”) mobile technology. We understand from the management of the Company that it will be difficult for the Group to generate reasonable return from the mobile handset business at least for the next few years in view of the increasing competition and capital expenditure requirement in the mobile handset market in the PRC.

It is noted that the PRC is in the process of implementing its home-grown 3G mobile technology, namely the time division-synchronous code division multiple access (“TD-SCDMA”). In order to compete effectively in the PRC mobile handset market, it is necessary to invest in TD-SCDMA capabilities and the Company will have to incur substantial capital expenditure in research, development and design to produce TD-SCDMA mobile handsets.

LETTER FROM DBS ASIA

As mentioned in the section “Business Overview” above, although mobile handset sales in the PRC market has been growing in recent years, the competitive landscape has also become increasingly challenging with the entry of new players. According to the management of Lenovo Mobile, these new market entrants compete mostly in similar product segments as Lenovo Mobile. The shipment of mobile handsets by Lenovo Mobile deteriorated quickly in the third and fourth quarters of 2007 and dropped by 8% and 31% year-on-year respectively.

As a result of the Disposal, the Directors expect that the Group would record an unaudited gain on the Disposal of approximately US\$66,000,000 (equivalent to approximately HK\$514,800,000) upon Completion, representing the difference between the Consideration and the expected carrying value of the Equity Interest as at the date of Completion. Upon Completion, the unaudited consolidated net asset value of the Group will be increased to the same extent of approximately US\$66,000,000. The sale proceeds will be used for general working capital purposes. After the Completion, the Company will not have any interest in Lenovo Mobile which will cease to be a subsidiary of the Company.

4. Precedent transaction analysis

In considering the fairness and reasonableness of the Consideration, we have made reference to the terms of recent merger and takeover transactions in the cordless phone sector. Accordingly, we have reviewed transactions involving the acquisition of cordless phone manufacturers that operate in Hong Kong and the PRC which have been announced within the last three years with publicly available information (“**Precedent Transactions**”).

The table below sets out the valuation multiples at which the Precedent Transactions were announced.

Announcement date	Target company	Acquirer	Announced deal size ⁽⁷⁾ (HK\$ million)	Shareholdings acquired (%)	Net profit/(loss) ⁽⁷⁾ (HK\$ million)	Price to book multiple ^{(1), (7)} (times)	Price to sales multiple ^{(2), (7)} (times)
18-Jan-08	Kyocera Zhenhua Company	Concord (Group) Technology Holdings Limited	Nil ⁽³⁾	70.0	(68.2)	n/a ⁽⁴⁾	n/a ⁽⁵⁾
11-Jul-06	Suncorp Technologies Limited	Uniden Corporation	143.5	25.0	7.6	3.40	0.29
23-Mar-06	CCT Tech International Limited	Deutsche Bank and other investors	303.6	21.4	125.0	1.37	0.37
20-Dec-05	Lenovo Mobile Communication Technology Limited	Lenovo Group Limited	68.0	19.2	14.0	1.32	0.16

LETTER FROM DBS ASIA

Announcement date	Target company	Acquirer	Announced deal size ⁽⁷⁾ (HK\$ million)	Shareholdings acquired (%)	Net profit/(loss) ⁽⁷⁾ (HK\$ million)	Price to book multiple ^{(1), (7)} (times)	Price to sales multiple ^{(2), (7)} (times)
15-Dec-05	Chi Mei Communication Systems, Inc.	Foxconn International Holdings Limited	788.4	76.3	91.3	2.44	n/a ⁽⁶⁾
13-May-05	TCL & Alcatel Mobile Phones Limited	TCL Communications Technology Holdings Limited	99.8	45.0	(116.0)	0.54	n/a ⁽⁶⁾
High						3.40	0.37
Average						1.81	0.27
Low						0.54	0.16
30-Jan-08	Lenovo Mobile	Hony Fund	780.0	100.0	(133.7)	2.48	0.18

Source: Bloomberg and Stock Exchange

Notes:

- Price to book multiple compares valuation of the target implied by the Consideration with the target's latest available financial results as at the announcement date of the transaction.
- Price to sales multiple compares valuation of the target implied by the Consideration with the target's latest available full year financial results as at the announcement date of the transaction.
- Based on the announcement dated 18 January 2008 released by Concord (Group) Technology Holdings Limited, the consideration for this transaction was nil.
- Based on the target company's latest available financial results as at the announcement date of the transaction, the target company was in a net liability position. Accordingly, the price to book multiple of this transaction is not meaningful.
- As there was no consideration for the transaction, the price to sales multiple for the transaction is not meaningful.
- As the sales revenue of these target companies were not publicly available, the price to sales multiples of these transactions cannot be computed based on publicly available information.
- Where the original figures were expressed in a currency other than HK\$, exchange rate as at announcement date of the transaction was applied to translate the original figures to HK\$ in this table.

Based on the data above, we note that both the price to book (“P/B”) multiple and price to sales (“P/S”) multiple implied by the Consideration (at 2.48 times and 0.18 times respectively) are within the P/B and P/S multiple ranges at which the Precedent Transactions were announced.

LETTER FROM DBS ASIA

The table below sets out the premium/(discount) of Lenovo Mobile's valuation as implied by the Consideration over/to the valuation multiples at which Precedent Transactions were announced.

	P/B multiple implied by the Consideration of 2.48 times		P/S multiple implied by the Consideration of 0.18 times	
		Premium/ (discount) of valuation implied by the Consideration		Premium/ (discount) of valuation implied by the Consideration
Range of the Precedent Transactions	Range of the Precedent Transactions		Range of the Precedent Transactions	
<i>(times)</i>	<i>(times)</i>		<i>(times)</i>	
High	3.40	(27.1)%	0.37	(51.4)%
Average	1.81	37.0%	0.27	(33.3)%
Low	0.54	359.3%	0.16	12.5%

In considering the reasonableness of the Consideration, we have made reference to the valuation multiples at which the Precedent Transactions were announced. We note from the above table that the valuation multiples implied by the Consideration are within the range of the valuation multiples of the Precedent Transactions. The P/S multiple implied by the Consideration of 0.18 times is approximately 33.3% below the average P/S multiple of the Precedent Transactions. Nevertheless, we observe that the P/B multiple of 2.48 times implied by the Consideration is approximately 37.0% higher than the average P/B multiple of the Precedent Transactions.

We also note that save for TCL & Alcatel Mobile Phones Limited and Kyocera Zhenhua Company, all the target companies of the Precedent Transactions recorded a profit for their financial year based on their respective latest publicly available audited financial statements as at the announcement date of each of the Precedent Transaction. This is in contrast to Lenovo Mobile which reported an unaudited net loss after taxation for the financial year ended 31 December 2007. Accordingly, the valuation multiples implied by the Consideration may be expected to be lower than the average of the Precedent Transactions. In forming our opinion, we have considered the financial results of the target companies of the Precedent Transactions together with all other factors stated in this letter as a whole.

5. Comparable companies analysis

When performing analysis on the valuation multiples implied by the Consideration, we have also selected companies which are, in our view, relatively comparable to Lenovo Mobile (“**Reference Companies**”). Our selection criteria include the following:

- (a) Listed on the Stock Exchange;
- (b) Market capitalisation of less than HK\$5 billion; and
- (c) More than 50% of revenue derived from the manufacturing of cordless phone end products.

LETTER FROM DBS ASIA

The table below sets out the trading valuation multiples of the Reference Companies as at the Latest Practicable Date.

Company	Business description	Market capitalization as at Latest Practicable Date (HK\$ million)	Net profit/(loss) ⁽⁶⁾ (HK\$ million)	P/B multiple ^{(1), (6)} (times)	P/S multiple ^{(2), (6)} (times)
China Electronics Corporation Holdings Company Limited	Manufacture and sale of portable electronics products such as Philips branded mobile handsets.	2,633.1	43.3	5.68	0.74
TCL Communication Technology Holdings Limited	Design, develop, manufacture and market mobile handsets.	1,832.7	15.4	2.60	0.33
CCT Tech International Limited	Manufacture of telecom products including 2.4GHz and 5.8GHz cordless phones and DECT cordless phones, VoIP cordless phones, WiFi phones, cordless phones with Skype feature and broadband cordless phones.	1,177.5	100.0	0.98	0.31
Eyang Holdings (Group) Company Limited	Manufacture and sale of multi-layer ceramic capacitor, mobile phones and mobile phone components.	393.3	48.2	1.01	0.53
Suncorp Technologies Limited	Design, manufacture and sale of telephones and related equipment.	132.5	(349.6)	24.12 ⁽³⁾	0.08
High				5.68	0.74
Average				2.57	0.40
Low				0.98	0.08
Lenovo Mobile (based on the Consideration)			(133.7)	2.48⁽⁴⁾	0.18⁽⁵⁾

Source: Bloomberg and Stock Exchange

LETTER FROM DBS ASIA

Notes:

1. P/B multiple compares each of the Reference Company's market capitalization on the Latest Practicable Date with its net asset value as extracted from its latest published financial statements as at the Latest Practicable Date.
2. P/S multiple compares each of the Reference Company's market capitalization on the Latest Practicable Date with its consolidated sales revenue as extracted from its latest published audited full year financial statements as at the Latest Practicable Date.
3. Suncorp Technologies Limited turned around from a net liability position of HK\$39.3 million as at 31 December 2006 to a net asset position of HK\$5.5 million as at 30 June 2007 as a result of its rights issue announced on 26 June 2007, thereby distorting its trading P/B multiple. Given its unique circumstance, we have excluded Suncorp Technologies Limited from the Reference Companies' trading P/B multiple range.
4. P/B multiple implied by the Consideration compares the Consideration with Lenovo Mobile's net asset value as extracted from its unaudited financial statements for the financial year ended 31 December 2007.
5. P/S multiple implied by the Consideration compares the Consideration with Lenovo Mobile's sales revenue as extracted from its unaudited financial statements for the financial year ended 31 December 2007.
6. Where the original figures were expressed in a currency other than HK\$, exchange rate as at the Latest Practicable Date was applied to translate the original figures to HK\$ in this table.

The table below sets out the premium/(discount) of Lenovo Mobile's valuation as implied by the Consideration over/to the Reference Companies' trading valuation.

	P/B multiple implied by the Consideration of 2.48 times		P/S multiple implied by the Consideration of 0.18 times	
	Trading range of the Reference Companies (times)	Premium/ (discount) of valuation implied by Consideration	Trading range of the Reference Companies (times)	Premium/ (discount) of valuation implied by Consideration
High	5.68	(56.3%)	0.74	(75.7%)
Average	2.57	(3.5%)	0.40	(55.0%)
Low	0.98	153.1%	0.08	125.0%

In considering the reasonableness of the Consideration, we have made reference to the trading valuation of the Reference Companies. We note that the ranges of the P/B and P/S multiples of the Reference Companies are very wide, ranging from 0.98 times to 5.68 times, and from 0.08 times to 0.74 times, respectively. This might be due to specific circumstances facing each of the Reference Companies. Given the wide range, the Reference Companies' trading valuation multiples may not be useful as a direct reference to the terms of the Disposal.

LETTER FROM DBS ASIA

Nonetheless, in absolute terms, the P/B multiple of 2.48 times implied by the Consideration under the Disposal does reflect the Consideration's premium over Lenovo Mobile's net asset value, which is often perceived as an asset's minimum sale price. Given the increasing competition in the PRC mobile handset market and Lenovo Mobile's deteriorating financial performance, we consider that the potential buyers for Lenovo Mobile have a relatively stronger bargaining position, and that the Consideration does reflect the other terms of the Disposal.

6. Return on investment in Lenovo Mobile

Lenovo Mobile was established as a joint venture between the Company and Xiamen Overseas Chinese Electronics Company Limited ("**Xiamen Overseas**") in 2002. Lenovo Manufacturing and Lenovo Beijing together contributed RMB151,500,000, representing 80.8% of the registered capital of Lenovo Mobile.

In December 2005, on the back of improving performance of the mobile handset business, Lenovo Beijing acquired the remaining 19.2% equity interest in Lenovo Mobile from Xiamen Overseas at a cash consideration of RMB72 million under a share transfer agreement, making the Company the sole owner of Lenovo Mobile. Based on the announcement of Xiamen Overseas dated 20 December 2005, Lenovo Mobile's net asset value as at 30 November 2005 was approximately RMB283,270,000. This represented an implied acquisition P/B of approximately 1.32 times. The Consideration of US\$100,000,000 of the Disposal represents an implied P/B of 2.48 times, which is approximately 87.9% higher than the Company's acquisition P/B of 1.32 times for the 19.2% equity interest in Lenovo Mobile back in December 2005.

The total investment cost in Lenovo Mobile as at the Latest Practicable Date was RMB223,500,000. Since the inception of the investment in Lenovo Mobile, the Company has received dividend totaling approximately RMB574,429,000. The sum of the Consideration of US\$100,000,000 and the dividend received to date of approximately RMB574,429,000 represents a return on the investment in Lenovo Mobile of approximately RMB1,293,329,000⁽¹⁾ or 478.7% of the investment cost.

OPINION

Having considered the above factors and reasons, we are of the opinion that the terms of the Disposal are fair and reasonable, and from this perspective, the Disposal is in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the Resolution.

Yours faithfully,
For and on behalf of
DBS ASIA CAPITAL LIMITED
Kelvin S.K. Lau
Managing Director

⁽¹⁾ computed using exchange rate as at the Latest Practicable Date.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO); or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

Interests in the Shares and underlying Shares of the Company

Name of Director	Long/Short position	Interests in Shares/ underlying Shares	Capacity and number of Shares/underlying Shares held				Aggregate interests in Shares/ underlying shares	Approximate percentage of the total voting rights ^A
			Personal interests	Family interests	Trust	Corporate interests		
Mr. Yang Yuanqing	Long position	Shares	11,408,048	–	–	–	11,408,048	0.12%
	Long position	Share awards	33,860,070	–	–	–	33,860,070	0.35%
	Long position	Share options	11,250,000	–	–	–	11,250,000	0.12%
Mr. William J. Amelio	Long position	Shares	7,850,152	–	–	–	7,850,152	0.08%
	Long position	Share awards	41,604,102	–	–	–	41,604,102	0.43%
Mr. Liu Chuanzhi	Long position	Shares	16,053,667	976,000	–	–	17,029,667	0.18%
	Long position	Share awards	1,436,667	–	–	–	1,436,667	0.01%
	Long position	Share options	5,250,000	–	–	–	5,250,000	0.05%
Mr. Zhu Linan	Long position	Shares	3,763,667	–	–	–	3,763,667	0.04%
	Long position	Share awards	1,436,667	–	–	–	1,436,667	0.01%

Capacity and number of Shares/underlying Shares held

Name of Director	Long/Short position	Interests in Shares/ underlying Shares	Capacity and number of Shares/underlying Shares held				Aggregate interests in Shares/ underlying shares	Approximate percentage of the total voting rights ^Δ
			Personal interests	Family interests	Trust	Corporate interests		
Ms. Ma Xuezheng	Long position	Shares	16,328,441	-	7,240,000	-	23,568,441	0.25%
	Long position	Share awards	9,298,790	-	-	-	9,298,790	0.10%
	Long position	Share options	6,120,000	-	-	-	6,120,000	0.06%
Mr. James G. Coulter	Long position	Shares	43,686	-	-	634,721,524*	634,765,210	6.61%
	Long position	Share awards	872,667	-	-	-	872,667	0.01%
Mr. William O. Grabe	Long position	Shares	187,225	-	-	-	187,225	0.002%
	Long position	Share awards	1,436,667	-	-	-	1,436,667	0.01%
Mr. Shan Weijian	Long position	Shares	43,634	-	-	-	43,634	0.0005%
	Long position	Share awards	1,436,667	-	-	-	1,436,667	0.01%
Professor Woo Chia-Wei	Long position	Shares	168,608	-	-	-	168,608	0.002%
	Long position	Share awards	1,436,667	-	-	-	1,436,667	0.01%
Mr. Ting Lee Sen	Long position	Shares	168,556	-	-	-	168,556	0.002%
	Long position	Share awards	1,436,667	-	-	-	1,436,667	0.01%
Mr. John W. Barter III	Long position	Shares	180,627	-	-	-	180,627	0.002%
	Long position	Share awards	1,436,667	-	-	-	1,436,667	0.01%
Dr. Tian Suning	Long position	Share awards	202,600	-	-	-	202,600	0.002%

Notes *: Mr. James G. Coulter has a deemed corporate interest in these underlying shares derived from the Series A convertible preferred shares and warrants by virtue of his shareholding in TPG Advisors IV, Inc., Tarrant Capital Advisors, Inc., TPG Advisors III, Inc. and T³ Advisors II, Inc. Mr. Coulter's corporate interest in Shares includes his deemed corporate interest in 1,267,500 Series A convertible preferred shares which carry voting rights as if they are fully converted into Shares.

^Δ: Total voting rights represent Shares and Series A convertible preferred shares of the Company which carry voting rights as if they are fully converted into Shares. Share awards and share options will not carry any voting rights until the conversion of such equity interests into Shares upon vesting and/or exercise of such equity interests.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to herein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTEREST IN CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, none of the Directors or their associates has interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTEREST IN SERVICE CONTRACT

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding the contracts expiring or determinable by any member of the Group within one year without payment of compensation, other than statutory compensation).

Mr. William J. Amelio, an Executive Director, the President and Chief Executive Officer of the Company entered into a service contract with the Company for a term of 3 years on 20 December 2005. Upon termination of the service contract, Mr. Amelio may be entitled to compensation and other payments equivalent to more than one year's emoluments depending on a number of factors including the amount of his unvested equity awards and the entitlement and amount of his annual target bonus. The service contract was approved by the general meeting of the Company held on 24 May 2006 (at which Mr. Amelio and his associates abstained from voting) pursuant to Rule 13.68 of the Listing Rules.

Mr. Yang Yuanqing, an Executive Director and Chairman of the Board of the Company entered into a service contract with the Company for an unfixed term on 9 October 2006. Upon termination of the service contract, Mr. Yang may be entitled to compensation and other payments equivalent to more than one year's emoluments depending on a number of factors including the amount of his unvested equity awards and the entitlement and amount of his annual target bonus. The service contract was approved by the general meeting of the Company held on 7 November 2006 (at which Mr. Yang and his associates abstained from voting) pursuant to Rule 13.68 of the Listing Rules.

MATERIAL CHANGES

The Directors confirmed that there has been no material adverse change in the financial, trading position or prospects of the Company since 31 March 2007 up to the Latest Practicable Date.

LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

NAME	QUALIFICATION
DBS Asia Capital Limited	<i>a licensed corporation to carry out types 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO</i>

As at the Latest Practicable Date, DBS Asia has no shareholding in any member of the Group nor has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

DBS Asia has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice dated 20 February 2008 and references to its name, in the form and context in which they appear herein.

The letter of advice given by DBS Asia is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, DBS Asia has no interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2007, the date to which the latest published audited financial statements of the Company were made up.

MISCELLANEOUS

- (a) The registered office of the Company is at 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.
- (b) The company secretary of the Company is Mr. Mok Chung Fu, Eric, a solicitor admitted in Hong Kong and England and Wales and an associate member of The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Mr. Wong Wai Ming who is a member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.
- (d) The share registrar of the Company is Tricor Abacus Ltd., situated at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the offices of Norton Rose Hong Kong at 38th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the S&P Agreement together with the draft form Transaction Documents annexed as schedules to the S&P Agreement;
- (b) the service contract between the Company and Mr. William J. Amelio entered into on 20 December 2005 (mentioned in the paragraph under the heading "Directors' interest in Service Contract" in the appendix to this circular);
- (c) the service contract between the Company and Mr. Yang Yuanging entered into on 9 October 2006 (mentioned in the paragraph under the heading "Directors' interest in Service Contract" in the appendix to this circular);
- (d) the letter from the Independent Board Committee;
- (e) the letter from DBS Asia, the independent financial adviser, as set out in this circular; and
- (f) the written consent of DBS Asia referred to in this appendix.

NOTICE OF EGM

lenovo 联想

Lenovo Group Limited 联想集团有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0992)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Salon 6, 3/F., JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 17 March 2008 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“That:

- (a) the S&P Agreement dated 30 January 2008 in respect of the disposal of 100% interest in the registered capital of Lenovo Mobile Communication Technology Ltd. entered into between, Lenovo Manufacturing Limited, Lenovo (Beijing) Limited, Jade Ahead Limited, LEV Ventures, Ample Growth Enterprises Limited, Super Pioneer International Limited and the Company (details have been defined in the circular of the Company dated 20 February 2008), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved, confirmed and/or ratified;
- (b) any one Director or any two Directors (if affixation of the common seal is necessary) or any delegate(s) authorised by such Director(s) be and is/are hereby authorised to sign and/or execute all such other documents, instruments or agreements and to do or take all such actions or things as such Director(s) consider(s) necessary or desirable to implement and/or give effect to the terms of the S&P Agreement and the transactions contemplated thereunder.”

By Order of the Board
Yang Yuanqing
Chairman

Dated 20 February 2008

NOTICE OF EGM

Registered office:

23rd Floor, Lincoln House
Taikoo Place, 979 Kings' Road
Quarry Bay
Hong Kong

Executive Directors:

Mr. Yang Yuanqing
Mr. William J. Amelio

Non-executive Directors:

Mr. Liu Chuanzhi
Mr. Zhu Linan
Ms. Ma Xuezheng
Mr. James G. Coulter
Mr. William O. Grabe
Mr. Shan Weijian
Mr. Justin T. Chang (*alternate Director to Mr. James G. Coulter*)
Mr. Daniel A. Carroll (*alternate Director to Mr. Shan Weijian*)

Independent Non-executive Directors:

Professor Woo Chia-Wei
Mr. Ting Lee Sen
Mr. John W. Barter III
Dr. Tian Suning

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be completed and lodged at the share registrar of the Company, Tricor Abacus Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.
3. A form of proxy for use at the Extraordinary General Meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof and, in such event, the relevant form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders, any one of such persons may vote at the Extraordinary General Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders be present at the Extraordinary General Meeting personally or by proxy, then the registered holder so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.
5. The translation into Chinese language of the notice is for reference only. In case of any discrepancies, the English version shall prevail.
6. Voting at the Extraordinary General Meeting will be conducted by way of poll.