

Corporate Governance

Corporate Governance Practices

Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") came into effect on January 1, 2005 and is effective for accounting periods commencing on or after that date.

The Company believes maximizing shareholders' returns should have the backing of sound and well-established corporate governance practices and has applied the principles and complied with the provisions of the CG Code in the manner as contained under the section "CG Code" in this report.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules to govern the directors' securities transactions. In response to a specific request, all the directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the year.

Board of Directors

The board of directors (the "Board") is responsible for steering the success of the Company by overseeing the overall strategy and directing and supervising its affairs in a responsible and effective manner, whilst management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer ("CEO"). The Board has reserved for its decision or consideration matters covering major capital and equity transactions, major disposals and acquisitions, connected transactions, recommendation on appointment or reappointment of auditors and other significant operational matters. Each director has a duty to act in good faith in the best interests of the Company.

The Board is responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Group on a going concern basis.

Currently, there are twelve Board members, of whom three are executive directors, five are non-executive directors and four are independent non-executive directors. Mr. Wong Wai Ming, an independent non-executive director and Chairman of the Audit Committee, has the appropriate professional qualifications, or accounting or related financial management expertise as required under the Listing Rules.

Mr. Liu Chuanzhi and Mr. Zhu Linan, the non-executive directors, also serve on the board of directors of Legend Holdings Limited, the controlling shareholder of the Company. The remaining three non-executive directors are nominated by investors and have appointed respective alternate directors. Mr. James G. Coulter, Mr. Justin T. Chang (alternate director to Mr. James G. Coulter), Mr. Shan Weijian and Mr. Daniel A. Carroll (alternate director to Mr. Shan Weijian) are business related persons based on the relationship between their respective organizations, Texas Pacific Group and Newbridge Capital. Save for the relationships mentioned above, no director has any relationship (including financial, business, family or other material/relevant relationship) with any other directors of the Company.

Each of the independent non-executive directors has made a confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The positions of the Chairman and CEO are held by separate individuals to ensure a segregation of duties in order that a balance of power and authority is achieved.

The composition of the Board and attendance of individual directors at Board, Audit and Compensation Committee meetings during the financial year are as follows:

Attendance/Number of Meetings Obligated to Attend

| Directors | Board | | | Board Committees | |
|---|--|--|---|---|--|
| | Full board for high level corporate decisions <i>(Total no.: 20)</i> | General corporate matters and execution <i>(Total no.: 17)</i> | Executive meeting <i>(Total no.: 3)</i> | Audit Committee <i>(Total no.: 6)</i> | Compensation Committee <i>(Total no.: 7)</i> |
| Executive directors | | | | | |
| Mr. Yang Yuanqing (Chairman) ¹ | 20/20 | 16/16 | 3/3 | N/A | N/A |
| Mr. William J. Amelio (CEO) ² | 7/7* | N/A | 3/3 | N/A | N/A |
| Ms. Ma Xuezheng (CFO) | 20/20 | 17/17 | 3/3 | N/A | N/A |
| Mr. Stephen M. Ward, Jr. (resigned on December 20, 2005) | 12/12* | 6/6 | N/A | N/A | N/A |
| Non-executive directors | | | | | |
| Mr. Liu Chuanzhi ³ | 20/20 | 9/9 | N/A | N/A | N/A |
| Mr. Zhu Linan ⁴ | 19/19* | N/A | N/A | N/A | N/A |
| Mr. James G. Coulter ⁵ | 16/17*(Note i) | N/A | N/A | N/A | N/A |
| Mr. William O. Grabe ^{5#} | 17/17*(Note ii) | N/A | N/A | N/A | 6/6* |
| Mr. Shan Weijian ^{5@} | 17/17*(Note iii) | N/A | N/A | 5/6 | N/A |
| Mr. Zeng Maochao (resigned on April 30, 2005) | 1/1* | 2/2 | N/A | N/A | N/A |
| Independent non-executive directors | | | | | |
| Mr. Wong Wai Ming ^{#@} | 18/20 | 2/2 | N/A | 6/6 | 7/7 |
| Professor Woo Chia-Wei ^{#@} | 20/20 | 1/1 | N/A | 6/6 | 7/7 |
| Mr. Ting Lee Sen [@] | 20/20 | N/A | N/A | 6/6 | N/A |
| Mr. John W. Barter III [@] | 11/12* | N/A | N/A | 3/3* | N/A |

* attendance taken during term of service for the financial year under review

Remark:

"General corporate matters and execution" means any matters that can be decided by any three or more directors.

Note:

- i* Four out of total attendance were attended by Mr. Coulter's alternate director, Mr. Justin T. Chang.
- ii* Three out of total attendance were attended by Mr. Grabe's alternate director, Mr. Vince Feng.
- iii* One out of total attendance was attended by Mr. Shan's alternate director, Mr. Daniel A. Carroll.

Legend:

- ¹ Ceased to be CEO and appointed as Chairman on April 30, 2005
- ² Appointed as an executive director, president and CEO on December 20, 2005
- ³ Ceased to be Chairman and re-designated from an executive director to a non-executive director on April 30, 2005
- ⁴ Appointed as a non-executive director on April 30, 2005
- ⁵ Appointed as non-executive directors on May 17, 2005
- ⁶ Appointed as an independent non-executive director on August 10, 2005
- [#] Members of Compensation Committee
- [@] Members of Audit Committee

Corporate Governance

Biography and responsibility of directors and senior management are set out on pages 44 to 47 of this annual report.

The Board has established four committees with defined terms of reference (available to shareholders upon request): the Audit Committee, Strategy Committee, Governance Committee and Compensation Committee. Majority of both Audit Committee and Compensation Committee are independent non-executive directors.

Audit Committee

The Board established the Audit Committee (defined as “Committee” in this section) in 1999 with the responsibility of assisting the Board in providing an independent review of the financial statements and internal control system. It acts in an advisory capacity and makes recommendations to the Board.

The Committee meets regularly to review the accounting principles and practices adopted by the Group, discuss internal control and financial reporting matters including the quarterly, interim and annual financial statements before submission to the Board for approval. The external auditors, Chief Financial Officer (“CFO”) and the management of Finance and Planning Department and Internal Audit Department attend those meetings to answer questions on the reports of their work.

As at March 31, 2006, the Committee members were Mr. Wong Wai Ming (Committee Chairman), Professor Woo Chia-Wei, Mr. Ting Lee Sen, Mr. John W. Barter III and Mr. Shan Weijian. Mr. Zeng Maochao ceased to be a Committee member on April 30, 2005. His vacancy was filled by Mr. Shan Weijian effective on May 26, 2005. Mr. Barter was appointed as an additional Committee member on October 19, 2005. The Committee members possess diversified industry experience and the Chairman is a chartered accountant with extensive knowledge and experience in investment banking. All Committee members are non-executive directors and the majority including the Chairman are independent directors.

Strategy Committee

The Strategy Committee was established in 2005 and currently comprises Mr. Yang Yuanqing (Committee Chairman), Mr. William J. Amelio, Mr. Liu Chuanzhi, Mr. James G. Coulter, Mr. William O. Grabe and board observer Mr. Robert W. Moffat, Jr.. The Strategy Committee has the responsibility of assisting the Board in developing the business strategy for the Company. The Strategy Committee met 8 times during the year ended March 31, 2006.

Governance Committee

The Governance Committee was established in 2005 and currently comprises Mr. Yang Yuanqing (Committee Chairman), Mr. Liu Chuanzhi and Mr. James G. Coulter. The Governance Committee is to assist the Board in developing its corporate governance principles and directorship practices. During the year, the Governance Committee passed resolution on recommendation on appointment of director.

Compensation Committee

The Compensation Committee (formerly known as the Remuneration Committee) (defined as “Committee” in this section) was established in 2003. It comprises two independent non-executive directors, namely Mr. Wong Wai Ming and Professor Woo Chia-Wei, and one non-executive director, Mr. William O. Grabe (Committee Chairman).

The Committee is responsible for considering and recommending to the Board the Company's remuneration policy, including its long-term incentive policy. It is also responsible for the determination of the remuneration level and package paid to the Chairman, and has the delegated authority to determine the remuneration levels and package of the CEO, other directors and senior management. Its complete terms of reference are available upon request.

The Committee is authorized to obtain outside independent professional advice to support its activities.

In the financial year ended March 31, 2006, the Compensation Committee held 7 meetings. The attendance record is set forth on page 27 of this report. During the year, the Committee undertook the following activities:

- (1) Consideration of and recommendations to shareholders on the employment contracts for the CEO
- (2) Review of and recommendations to the Board concerning the 2005 Long-Term Incentive Program awards made under this plan in 2005 and the engagement of professional consultant to make independent recommendation to the Board on the remuneration policy for non-executive directors
- (3) Review of the remuneration policy and levels for executive directors and senior management
- (4) Review of the Company's proposed Savings Plan for selected executives based in the PRC

No individual director or any of his associates is involved in deciding his own remuneration.

Remuneration Policy

The Company recognizes the importance of attracting and retaining top-caliber talent and is strongly committed to effective corporate governance. Consistent with this philosophy, the Company recognizes the importance of a formal, transparent and performance-driven remuneration policy covering its directors and senior management.

The Company's remuneration policy for its directors and senior management is to ensure that remuneration is aligned to support the Company's strategy, attract and retain top talent, reinforce the Company's performance driven culture, and reflects the market practices of other leading international and IT-focused enterprises, with particular focus on those who compete in the PC sector.

Non-Executive Directors

To ensure that non-executive directors are appropriately remunerated, in 2005 the Committee engaged an independent international compensation consulting firm who conducted a thorough review of market practices among and fees paid by leading international and IT-focused enterprises listed on the NYSE, NASDAQ and HKSE.

The firm then made independent recommendations directly to the Board. In making its recommendations to the Board, which were subsequently approved by the Board and shareholders of the Company in August, 2005, the firm also reviewed other relevant factors such as the time commitment, workload, job requirements and responsibilities of the non-executive directors.

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The remuneration of non-executive directors is comprised of an annual cash retainer equal to US\$40,000 (approximately HK\$312,000) and an annual award of Stock Appreciation Rights (“SARs”) which can be settled in either the Company shares or their cash equivalent upon exercise. SARs are subject to a three-year vesting period and are otherwise subject to the same terms and conditions of the Share Appreciation Rights scheme described below.

The Chairman of the Audit Committee also receives an additional cash retainer equal to US\$10,000 (approximately HK\$78,000). The Chairman of other committees of the Board receive an additional cash retainer of US\$5,000 (approximately HK\$39,000).

Details of the remuneration of the non-executive directors are set out in note 12 to the financial statements. SAR awards outstanding for non-executive as of March 31, 2006 under this scheme are presented below.

Chairman, Executive Directors and Senior Management

To ensure that the Company’s remuneration reflects the policy principles described above, the Committee considers a number of relevant factors including: salaries and total remuneration paid by comparable companies, job responsibilities and scope, employment conditions elsewhere in the Company, market practices, Company business performance and individual performance.

The Company’s remuneration structure for its employees, including its Chairman, executive directors and senior management, is comprised of base salaries and allowances, performance bonus, long-term incentives, retirement benefits, and benefits-in-kind. These components are described in more detail below.

Fixed Compensation

Fixed compensation includes base salary, allowances and benefits-in-kind (e.g. medical, dental and life insurance, etc.). Base salary and allowances are set and reviewed annually, reflecting competitive market positioning for comparable positions, market practices, as well as the Company’s performance and individual contribution to the business. Allowances are also provided to facilitate temporary and permanent staff relocations. Benefits-in-kind are reviewed regularly taking into consideration relevant industry and local market practices.

Performance Bonus

Executive directors, including the Chairman and CEO, as well as senior management and selected employees of the Company are eligible to receive a performance bonus payable in cash. The amounts paid under the plan are based on the performance of the Company and its subsidiaries, as well as the performance of the individual.

2005 Long-Term Incentive Program

The Company operates a Long-Term Incentive Program (“LTI Program”) which was approved by the Company on May 26, 2005. The purpose of the LTI Program is to attract, retain, reward and motivate non-executive and executive directors, senior management and selected top-performing employees of the Company and its subsidiaries.

Under the LTI Program, the Company may grant awards, at its discretion, using any of three types of equity-based compensation vehicles: (i) share appreciation rights, (ii) restricted share units, and (iii) performance share units. These vehicles are described in more detail below.

(i) *Share Appreciation Rights ("SARs")*

SARs entitle the holder to receive the appreciation in value of the Company's share price above a predetermined level. SARs are subject to a vesting schedule of up to four years.

(ii) *Restricted Share Units ("RSUs")*

RSUs are equivalent to the value of one ordinary share of the Company. Once vested, RSUs are converted to an ordinary share, or its cash equivalent. RSUs are subject to a vesting schedule of up to four years. Dividends are not paid on RSUs.

(iii) *Performance Share Units ("PSUs")*

PSUs are assigned a value equal to a number of the Company's ordinary shares based on the Company's performance against pre-determined targets over a three-year period. The equivalent number of Company shares for each PSU can range from 0 to 2, depending on the Company's performance. PSUs vest in full at the end of the three-year performance period. Dividends are not paid on PSUs.

The Company reserves the right, at its discretion, to pay any awards under the LTI Program in cash or ordinary shares. The Company has created and funded a trust to pay shares to eligible recipients. In the case of SARs, awards are due after exercise by the recipient. In the case of RSUs, awards are due after the employee satisfies any vesting conditions. In the case of PSUs, awards are due after the Company performance is determined.

The number of units that are awarded under the plan is set and reviewed annually, reflecting competitive market positioning, practices, especially those among the Company's competitors, as well as the Company's performance and the individual's actual and expected contribution to the business. In certain circumstances, awards under the LTI Program may be made to support the attraction of new hires.

During 2005, certain executive directors and senior management received an annual award comprised of up to three of the vehicles identified above. The Company also made additional one-time awards to replace outstanding IBM stock options held by employees transferred from IBM. These awards comprised a combination of SARs and RSUs.

Awards outstanding for executive and non-executive directors as of March 31, 2006 under the LTI Program are presented below.

Share Option Scheme

The Company operates two share option schemes for employees in China, the "New Share Option Scheme" and the "Old Option Scheme". Details of the schemes are set out in the Directors' Report on pages 40 and 41. Options outstanding for executive and non-executive directors as of March 31, 2006 under this scheme are presented in the Directors' Report on page 42.

No options were granted under these Schemes during the year ended March 31, 2006.

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Retirement Benefits

The Company operates a number of retirement schemes for its employees, including executive directors and senior management. These schemes are reviewed regularly and are intended to deliver benefit levels that are consistent with local market practices. Details of the programs are set out in the Directors' Report on pages 52 to 54.

2005 Long-Term Incentive Awards

The total number of awards of the members of the Board, including the Chairman and CEO, under the LTI Program is set out below.

| Name | Award type | Date of acceptance (MM.DD.YYYY) | Effective price (HK\$) | Number of units | | | | As at March 31, 2006 | Maximum number of shares subject to conditions | Vesting period (MM.DD.YYYY) |
|--|------------|---------------------------------|------------------------|---------------------|-------------------------|------------------------|------------------------|----------------------|--|-----------------------------|
| | | | | As at April 1, 2005 | Awarded during the year | Vested during the year | Lapsed during the year | | | |
| Executive Directors | | | | | | | | | | |
| Mr. Yang Yuanqing | SAR | 11.02.2005 | 2.42 | – | 6,362,756 | – | – | 6,362,756 | 6,362,756 | 05.01.2006 to 05.01.2009 |
| | RSU | 11.02.2005 | 2.42 | – | 928,795 | – | – | 928,795 | 928,795 | 05.01.2006 to 05.01.2009 |
| Ms. Ma Xuezheng | PSU | 11.02.2005 | 2.42 | – | 928,795 | – | – | 928,795 | 1,857,590 | Note |
| | SAR | 11.02.2005 | 2.42 | – | 2,081,500 | – | – | 2,081,500 | 2,081,500 | 05.01.2006 to 05.01.2009 |
| Mr. Stephen M. Ward, Jr. | RSU | 11.02.2005 | 2.42 | – | 303,900 | – | – | 303,900 | 303,900 | 05.01.2006 to 05.01.2009 |
| | PSU | 11.02.2005 | 2.42 | – | 303,900 | – | – | 303,900 | 607,800 | Note |
| Mr. Stephen M. Ward, Jr. | SAR | 11.02.2005 | 2.42 | – | 39,855,399 | 39,855,399 | – | – | – | 12.20.2005 |
| | RSU | 11.02.2005 | 2.42 | – | 5,814,509 | 5,814,509 | – | – | – | 12.20.2005 |
| | PSU | 11.02.2005 | 2.42 | – | 1,924,900 | 1,924,900 | – | – | – | 12.20.2005 |
| Non-Executive Directors | | | | | | | | | | |
| Mr. Liu Chuanzhi | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Mr. Zhu Linan | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Mr. William O. Grabe | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Mr. Shan Weijian | SAR | 11.03.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Independent Non-Executive Directors | | | | | | | | | | |
| Mr. Wong Wai Ming | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Professor Woo Chia-Wei | SAR | 11.04.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Mr. Ting Lee Sen | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |
| Mr. John W. Barter III | SAR | 11.02.2005 | 3.15 | – | 564,000 | – | – | 564,000 | 564,000 | 05.01.2006 to 05.01.2008 |

Note: Within 75 days following the announcement of the audited financial results of the Company for the financial year ending March 31, 2008.

The total number of awards granted in the year (including members of the Board and employees) under the LTI Program is set out below.

| Award type | Effective price (HK\$) | Number of units | | | | | As at March 31, 2006 | Maximum number of shares subject to conditions | Vesting period (MM.DD.YYYY) |
|----------------------------|------------------------|---------------------|-------------------------|------------------------|------------------------|----------------------|----------------------|--|-----------------------------|
| | | As at April 1, 2005 | Awarded during the year | Vested during the year | Lapsed during the year | As at March 31, 2006 | | | |
| All Directors | | | | | | | | | |
| SAR | 2.32 – 3.78 | – | 52,811,655 | 39,855,399 | – | 12,956,256 | 12,956,256 | 12.20.2005 to 05.01.2009 | |
| RSU | 2.32 – 3.78 | – | 7,047,204 | 5,814,509 | – | 1,232,695 | 1,232,695 | 12.20.2005 to 05.01.2009 | |
| PSU | 2.32 – 3.78 | – | 3,157,595 | 1,924,900 | – | 1,232,695 | 2,465,390 | 12.20.2005 to 05.01.2008 | |
| All other employees | | | | | | | | | |
| SAR | 2.32 – 3.78 | – | 160,170,066 | – | 532,459 | 159,637,607 | 159,637,607 | 05.01.2006 to 05.01.2008 | |
| RSU | 2.32 – 3.78 | – | 100,527,959 | – | 415,802 | 100,112,157 | 100,112,157 | 05.01.2006 to 05.01.2009 | |
| PSU | 2.32 – 3.78 | – | 10,223,492 | – | – | 10,223,492 | 20,446,984 | 05.01.2008 | |
| Total | | | | | | | | | |
| SAR | 2.32 – 3.78 | – | 212,981,721 | 39,855,399 | 532,459 | 172,593,863 | 172,593,863 | 12.20.2005 to 05.01.2009 | |
| RSU | 2.32 – 3.78 | – | 107,575,163 | 5,814,509 | 415,802 | 101,344,852 | 101,344,852 | 12.20.2005 to 05.01.2009 | |
| PSU | 2.32 – 3.78 | – | 13,381,087 | 1,924,900 | – | 11,456,187 | 22,912,374 | 12.20.2005 to 05.01.2008 | |

External Auditors

The Group's external auditors are PricewaterhouseCoopers, who are remunerated for their audit services provided to the Group. For the sake of independence of external auditors, PricewaterhouseCoopers will not be engaged for non-audit work unless it is indispensable to the benefit of the Group and has no adverse effect on the independence of their audit work.

During the year, the external auditors (including any entity that is under common control, ownership or management with the external auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the external auditors nationally or internationally) provided audit and insignificant non-audit services to the Group.

Significant Changes in the Company's Articles of Association

During the year and up to the date of this annual report, the articles of association of the Company were amended on the date and for the reasons stated below.

To confirm the terms of the Series A Cumulative Convertible Preferred Shares (a then new class of shares in the share capital of the Company), an ordinary resolution and a special resolution were duly passed to increase the authorized capital of the Company and to add a new Article A to the articles of association of the Company respectively on May 13, 2005. A full text of such resolutions was contained in the circular of the Company dated April 20, 2005.

Corporate Governance

CG Code

The Company has complied with all the code provisions in the CG Code throughout the year ended March 31, 2006, save for the deviations mentioned below:

Code A.1.7

This code stipulates that there should be procedure agreed by the Board to enable directors to seek independent professional advice at the Company's expense.

The Board has on November 1, 2005 approved a procedure to enable the directors to seek independent advice at the Company's expense to the extent that it is reasonably incurred. In addition, the terms of reference for the Company's board committees explicitly allow directors to seek independent professional advice at the Company's expense.

Code A.4.1

This code stipulates that non-executive directors should be appointed for a specific term.

Non-executive directors of the Company do not have a specific term of appointment. However, non-executive directors are subject to the requirement to retire by rotation at annual general meetings under the Company's Articles of Association accomplishing the same purpose as a specific term of appointment.

Code A.4.2

The code stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment.

Mr. William J. Amelio who was appointed executive director of the Company to replace director Mr. Stephen M. Ward, Jr. on December 20, 2005 will retire and be eligible for re-election at the forthcoming annual general meeting (to be held after the first extraordinary general meeting of the Company on May 24, 2006) in accordance with the Company's Articles of Association which conforms Appendix 3 of the Listing Rules.

Code A.5.1

This code stipulates that new director be provided with a comprehensive formal induction upon appointment.

During the year the Company commenced a practice of providing newly-appointed directors with induction materials consisting of a description of director's duties and an opportunity to consult with independent counsel.

Code A.5.4

This code stipulates that, inter alia, the Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the Company.

Appropriate guidelines have been approved to be established by the Board on October 19, 2005 for relevant employees in respect of their dealings in the securities of the Company. The Company has had a policy concerning the dealings by relevant employees in the securities of the Company and the Board has also ratified such policy on October 19, 2005.

Code B.1.3

This code stipulates that the terms of reference of the Compensation Committee should include such details set out therein.

A set of new terms of reference complying with this code has been adopted by the Board on October 19, 2005.

Code C.3.3

This code stipulates that the terms of reference of the Audit Committee should include such details set out therein.

A set of new terms of reference complying with this code has been adopted by the Board on October 19, 2005.

Shareholders' Rights

The Company is committed to safeguard shareholders' interests and encourage shareholders to attend the annual general meeting for which at least 21 days' notice is given. The Chairman of the Board and directors are available to answer questions at the meeting. All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. All substantive resolutions at general meetings are decided on a poll. The poll is conducted by the Company's share registrars and the results of the poll are published on the Company's website. Statutory announcements, financial and other information is made available on the Company's website, which is regularly updated.

Investor Relations

The Company is committed to communicating with the investment community. As the Company became a global PC vendor, it also saw increasing interest from institutional investors worldwide during the year.

In addition to maintaining regular contact and meetings with institutional investors and securities analysts, the Company provided more flexibility for international investors by making live webcast available on its corporate website for results announcements and other major corporate developments. Senior executives of the Company also participated in investment conferences in a number of major financial cities to discuss with institutional investors company strategy and growth potential.

The Company will expand and enhance its investor relations program to provide better support to the investment community worldwide. In 2006, the Company's continuing efforts and commitment to investor communications was recognized by investors when it was presented with the award for China's best investor relations company by *FinanceAsia*.

The Company welcomes suggestions from investors and shareholders and invites them to share their views and suggestions by contacting the Company's Investor Relations team at cmk@lenovo.com.

Information for Investors

Listing Information

| | |
|-------------|--------------------------|
| Listing: | Hong Kong Stock Exchange |
| Stock code: | 0992 |

American Depositary Receipts (Level I Program)

| | |
|------------------------|-------|
| Ordinary share to ADR: | 20:1 |
| Stock code: | LNVGY |

Share Information

| | |
|--|----------------------|
| Board lot size: | 2,000 shares |
| Ordinary voting shares outstanding as of March 31, 2006: | 8,517,920,623 shares |
| Market capitalization as of March 31, 2006: | HK\$25,127,865,838 |
| Basic earnings per share for the year ended March 31, 2006: | 1.97 HK cents |
| Dividend per ordinary share for the year ended March 31, 2006: | |
| – Interim | 2.4 HK cents |
| – Proposed final | 2.8 HK cents |
| – Proposed total | 5.2 HK cents |

Key Dates

| | |
|---|--|
| August 1, 2005 | Extraordinary General Meeting |
| August 10, 2005 | Announcement of First Quarter Results |
| November 1, 2005 | Announcement of Interim Results |
| November 17-23, 2005 (both days inclusive) | Closure of Register of Members |
| December 2, 2005 | Payment of 2005/06 Interim Dividend |
| January 26, 2006 | Announcement of Third Quarter Results |
| May 24, 2006 | Extraordinary General Meetings |
| May 25, 2006 | Announcement of Annual Results |
| August 23-29, 2006 (both days inclusive) | Closure of Register of Members |
| August 29, 2006 | Annual General Meeting |
| September 8, 2006 | Proposed Payment of 2005/06 Final Dividend |