Lenovo Group Limited 聯想集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 992)

(1) PROPOSED ISSUANCE OF U.S. DOLLAR-DENOMINATED SENIOR NOTES AND
(2) CONCURRENT TENDER OFFER TO PURCHASE THE 2023 NOTES (STOCK CODE: 4455; ISIN: XS1765886244)

PROPOSED NOTES ISSUE

Introduction

The Board is pleased to announce that the Company proposes to conduct an international offering of the New Notes to professional and institutional investors only, including certain green tranche(s) to be issued under its Green Finance Framework. It is intended that the New Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and be denominated in U.S. dollars. The completion of the Notes Issue is subject to several factors, including but not limited to global market conditions, corporate needs of the Company and investors’ interests. The size and pricing of the proposed Notes Issue will be determined following a book-building process to be conducted by BNP Paribas, Citigroup Global Markets Inc., Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan
Securities plc and Morgan Stanley & Co. International plc (in alphabetical order), as the joint global coordinators, joint lead managers and joint bookrunners and Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, China Construction Bank (Asia) Corporation Limited, Mizuho Securities Asia Limited and Banco Santander, S.A. (in alphabetical order), as joint bookrunners in respect of the Notes Issue.

The New Notes to be issued by the Company have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States. The New Notes will only be offered (i) in the United States to qualified institutional buyers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or in transactions not subject to the registration requirements of the U.S. Securities Act; and (ii) outside the United States in offshore transactions to Non-U.S. Persons in compliance with Regulation S.

There will be no public offering of the New Notes in Hong Kong, the United States, or any other jurisdictions.

**Proposed use of net proceeds**

The Company intends to use the net proceeds of the non-green tranche of the New Notes to purchase all or a portion of the 2023 Notes pursuant to the terms set forth in the Tender Offer Memorandum, and for the Company’s working capital purposes. The Company intends to use an amount equivalent to the net proceeds of the green tranche(s) of the New Notes for financing or refinancing, in whole or in part, one or more of the Company’s new or existing Eligible Green Projects, such as green buildings and renewable energy projects, in accordance with the Green Finance Framework. The Green Finance Framework has received a second party opinion by an independent consultant.

**Listing**

The Company intends to make an application to the Stock Exchange for the listing of, and permission to deal in, the New Notes. Admission of the New Notes for listing on the Stock Exchange is not to be taken as an indication of the merits of the Company or the New Notes.

**CONCURRENT TENDER OFFER TO PURCHASE THE 2023 NOTES UP TO THE TENDER CAP**

**Summary of the Outstanding 2023 Notes**

The 2023 Notes were issued on March 29, 2018 and are listed on the Stock Exchange (stock code: 4455; ISIN: XS1765886244). As of July 18, 2022, the outstanding principal amount under the 2023 Notes is US$686,779,000.

**Summary of the Tender Offer**

On July 18, 2022, the Company commenced the Tender Offer to purchase for cash the outstanding 2023 Notes subject to the Tender Cap.

The Company is offering to purchase the 2023 Notes tendered up to the Tender Cap. Such Tender Cap is expected to be determined and announced by the Company on or around
July 22, 2022. The Company reserves the right, in its sole discretion, to purchase the 2023 Notes in excess of or below the Tender Cap, or not to purchase any of the 2023 Notes, subject to applicable law.

If the aggregate principal amount of the 2023 Notes validly tendered exceeds the Tender Cap, the Company will accept such 2023 Notes tendered on a pro-rata basis such that the aggregate principal amount of the 2023 Notes accepted for purchase does not exceed the Tender Cap. If the aggregate principal amount of the 2023 Notes validly tendered exceeds the Tender Cap and the subsequent proration would leave any holder of the 2023 Notes with less than the minimum denomination of US$200,000 in aggregate principal amount, whether (i) validly tendered; or (ii) returned to a Holder as a result of proration, the Company, at its sole discretion, may elect not to prorate such 2023 Notes and will either accept or reject all of the 2023 Notes subject to that Holder's tender instruction.

A separate tender instruction must be completed on behalf of each beneficial owner of the 2023 Notes being tendered due to potential proration.

Tender instructions will be irrevocable in all circumstances.

The Tender Offer commenced on July 18, 2022, and will expire at the Expiration Deadline, unless the period for the Tender Offer is extended or re-opened, revoked or terminated by the Company in its sole discretion. An announcement will be made if and when the Expiration Deadline is extended.

Holders who validly tender their 2023 Notes at or prior to the Expiration Deadline (and do not subsequently revoke such tender in the limited circumstances in which such revocation is permitted) will be eligible to receive the Tender Consideration in cash which equals the sum of (a) the product of (i) the aggregate principal amount of the 2023 Notes validly tendered and accepted for purchase, and (ii) the Tender Price; plus (b) the Accrued Interest Payment, if the tendered 2023 Notes are accepted by the Company for purchase. Such Tender Consideration is expected to be paid on or about the Settlement Date.

The completion and settlement of the Tender Offer is conditional upon the issuance and settlement of the New Notes, unless waived in the Company’s sole discretion. Further, the Company may, in its sole and absolute discretion, amend, extend or terminate the Tender Offer in compliance with applicable law.

**Further Details**

The terms of the Tender Offer are more fully described in the Tender Offer Memorandum. For additional information regarding the tender and approval delivery procedures and the conditions of the Tender Offer, please refer to the Tender Offer Memorandum and its related documents.

The Company has appointed BNP Paribas, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, and Morgan Stanley & Co. International plc, (in alphabetical order), as the Dealer Managers and Morrow Sodali Ltd. as the Tender and Information Agent with respect to the Tender Offer.
Copies of the Tender Offer Memorandum and its related documents can be found on the Offer Website or may be requested from the Tender and Information Agent at:

Address (Hong Kong): The Hive, 33-35 Hillier Street, Sheung Wan, Hong Kong
Address (London): 103 Wigmore Street, W1U 1QS, London
Phone (Hong Kong): +852 2319 4130
Phone (London): +44 20 4513 6933
Email: lenovo@investor.morrowsodali.com
Offer Website: https://projects.morrowsodali.com/lenovo

Any questions or requests for assistance concerning the Tender Offer may be directed to the Dealer Managers at:

**BNP Paribas**
Address: 63/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Phone (Hong Kong): +852 2108 5056
Email: asia_syndicate@bnpparibas.com; liability.management@bnpparibas.com

**Citigroup Global Markets Limited**
Address: 50/F Champion Tower, Three Garden Road, Central, Hong Kong
Phone (Hong Kong): +852 2501 2693
Email: liabilitymanagement.asia@citi.com

**Credit Suisse (Hong Kong) Limited**
Address: Level 88, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Phone (Hong Kong): +852 2101 7847
Email: list.liabilitymanagementasia@creditsuisse.com

**DBS Bank Ltd.**
Address: 10/F, The Center, 99 Queen’s Road Central, Hong Kong
Fax (Hong Kong): +852 2806 5325
Email: liabilitymanagement@dbs.com

**Goldman Sachs (Asia) L.L.C.**
Address: 68/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong
Phone (Hong Kong): +852 2978 1162
Email: aej_syndicate@gs.com
EXTRACT OF MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In connection with the Notes Issue, the Company will provide professional investors with certain recent corporate and financial information of the Company. An extract of such information which relates to the management’s discussion and analysis of financial condition and results of the operations of the Company for the period ended March 31, 2022 is attached to this announcement. The Company expects to announce its unaudited financial results for the three months ended June 30, 2022 on or about August 10, 2022.

GENERAL

No binding agreement in relation to the proposed Notes Issue has been entered into as at the date of this announcement. The proposed Notes Issue may or may not materialise and are subject to, among other things, market conditions and investors’ interest. Investors and shareholders of the Company are reminded to exercise caution when dealing in the securities of the Company.

This announcement is not an offer to purchase, a solicitation of an offer to purchase, or a solicitation of an offer to sell, the 2023 Notes or the New Notes.
DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“2023 Notes” the US$750,000,000 4.750% notes due March 2023 (Stock Code: 4455; ISIN: XS1765886244) issued by the Company under its medium note programme

“Accrued Interest” interest accrued and unpaid on the 2023 Notes from (and including) the immediately preceding relevant interest payment date up to (but excluding) the Settlement Date

“Accrued Interest Payment” an amount in cash (rounded to the nearest US$0.01 with half of US$0.01 rounded upwards) equal to the Accrued Interest on the 2023 Notes tendered and accepted for purchase by the Company

“Board” the board of Directors

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


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

“Eligible Projects” the eligible green projects that meet the eligibility criteria as specified in the Green Finance Framework

“Expiration Deadline” 5:00 P.M. (Central European Summer time) / 11:00 P.M. (Hong Kong time) on July 22, 2022, subject to the right of the Company to extend, re-open and/or terminate the Tender Offer in its sole discretion

“Green Finance Framework” the green finance framework of the Company, which is available at https://investor.lenovo.com/en/global/home.php

“Holder(s)” the holder(s) of the 2023 Notes

“Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China

“New Notes” the U.S. dollars-denominated senior unsecured notes proposed to be issued by the Company
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>“Notes Issue”</td>
<td>the issuance of the New Notes by the Company</td>
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<tr>
<td>“Offer Website”</td>
<td>[<a href="https://projects.morrow">https://projects.morrow</a> sodali.com/lenovo](<a href="https://projects.morrow">https://projects.morrow</a> sodali.com/lenovo), the website operated by the Tender and Information Agent for the purpose of the Tender Offer</td>
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<td>“Regulation S”</td>
<td>Regulation S under the U.S. Securities Act</td>
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<td>“Rule 144A”</td>
<td>Rule 144A under the U.S. Securities Act</td>
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<tr>
<td>“Settlement Date”</td>
<td>on or about July 27, 2022, subject to the right of the Company to extend, re-open, amend and/or terminate the Tender Offer in its sole discretion</td>
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<tr>
<td>“Stock Exchange”</td>
<td>The Stock Exchange of Hong Kong Limited</td>
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<tr>
<td>“Tender and Information Agent”</td>
<td>Morrow Sodali Ltd.</td>
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<tr>
<td>“Tender Cap”</td>
<td>an amount being the aggregate principal amount of 2023 Notes up to which the Company is offering to purchase, to be determined and announced by the Company on the terms and subject to the conditions contained in the Tender Offer Memorandum, which may be raised, amended or otherwise waived by the Company at its sole discretion</td>
</tr>
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<td>“Tender Consideration”</td>
<td>the consideration payable by the Company to the relevant Holder(s) pursuant to the Tender Offer</td>
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<tr>
<td>“Tender Offer”</td>
<td>the offer by the Company to purchase for cash the outstanding 2023 Notes up to the Tender Cap upon the terms and subject to the conditions described in the Tender Offer Memorandum and any amendments or supplements thereto</td>
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<tr>
<td>“Tender Offer Memorandum”</td>
<td>the tender offer memorandum dated on or about July 18, 2022 issued by the Company in connection with the Tender Offer</td>
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<tr>
<td>“Tender Price”</td>
<td>the tender price payable per US$1,005.00 per US$1,000 in principal amount of 2023 Notes</td>
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<td>“United States” or “U.S.”</td>
<td>the United States of America</td>
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<tr>
<td>“U.S. Securities Act”</td>
<td>the United States Securities Act of 1933, as amended</td>
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<tr>
<td>“US$”, “U.S. dollars” or “USD”</td>
<td>United States dollars, the lawful currency of the United States</td>
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<tr>
<td>“%”</td>
<td>per cent</td>
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</table>
July 18, 2022

As at the date of this announcement, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Zhu Linan and Mr. Zhao John Huan; and the independent non-executive directors are Mr. William O. Grabe, Mr. William Tudor Brown, Mr. Yang Chih-Yuan Jerry, Mr. Gordon Robert Halyburton Orr, Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong and Professor Xue Lan.

Any information contained in the Green Finance Framework or second party opinion referred to above, and any other information accessible through any website referred to above, does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a lot of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations as at and for the years ended March 31, 2020, 2021 and 2022 and of the material factors that we believe are likely to affect our financial condition and results of operations. You should read this section in conjunction with our audited consolidated financial statements and related notes included in our 2021/22 annual report published on June 10, 2022. Our consolidated financial statements have been prepared in accordance with HKFRS. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors.

OVERVIEW

We are a leading technology company that develops, manufactures and markets high-quality, easy-to-use technology products and services for enterprises and consumers worldwide. In 2022, we ranked 159th on the Forbes’ Global 500 list, and as at March 31, 2022, we employed approximately 75,000 people worldwide. Focused on a bold vision to deliver smarter technology for all, we are developing world-changing technologies that create a more inclusive, trustworthy and sustainable digital society. By designing, engineering and building the world’s most complete portfolio of smart devices and infrastructure, we are also leading an Intelligent Transformation—to create better experiences and opportunities for millions of customers around the world.

Effective April 1, 2021, we revised our business segmentation and established our Solutions and Services Group (“SSG”). SSG integrates all services and solutions that we offer to drive growth in smart verticals, support services, managed services and our as-a-service, or aaS, offerings. Our industry-leading Infrastructure Solutions Group (“ISG”) business delivers one-stop IT solutions, which have expanded from server to full-stack offerings including storage, software-defined infrastructure, software, and services. Our Intelligent Devices Group (“IDG”) consists of our PC, tablet, smartphone, and other smart devices businesses, with leading market positions in their respective global sectors.

Our strengths across various segments translate into robust financial performance. Our revenue grew from US$50,716 million in the year ended March 31, 2020 to US$60,742 million in the year ended March 31, 2021, and further to US$71,618 million in the year ended March 31, 2022. At the same time, our net profit margin increased from 1.6% in the year ended March 31, 2020 to 2.2% in the year ended March 31, 2021 and 3.0% in the year ended March 31, 2022. In addition, our EBITDA margin increased consistently: 5.3%, 5.8% and 6.6% in these same respective years.

We expect to announce our unaudited financial results for the three months ended June 30, 2022 on or about August 10, 2022.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:
General Factors

Our business and operating results are affected by general factors affecting the information technology industry in the markets where we focus. These factors include:

- Overall economic growth and level of per capita disposable income in the various countries in which we market our products and services;
- Growth and competition in the PC, smartphone and other smart devices markets;
- Growth and competition in the data center market; and
- New and innovative technologies that could revolutionize our industry.

Changes in any of these general economic and industry conditions could materially affect demand for our products and services and correspondingly materially affect our results of operations.

Specific Factors

Our results of operations are also affected by specific factors affecting our results of operations, including the following major factors:

Popularity of Our Products

We derive a substantial majority of our revenue from our IDG segment. For the years ended March 31, 2020, 2021 and 2022, IDG revenue accounted for 89.2%, 87.3% and 87.0% of our total revenue, respectively. The revenue information for the year ended March 31, 2020 is not comparable to that for the years ended March 31, 2021 and 2022 because of our adjustment of business segmentation. See “—Key Components of Results of Operations — Revenue” in this section for more details. The markets in which we operate these businesses are characterized by rapid changes in customer preferences. To maintain our growth and competitive position, we must continue to innovate and offer our customers the most current and desired product features at competitive prices. For example, we launched the world’s first foldable screen laptop, the X1 Fold and more recently X1 Nano, our lightest ThinkPad ever; the first 5G-connected PC; our gaming device – Legion Y-Series; and our Think Smart Collaboration, a smarter audio and video conference solutions at home or in offices. For smartphone, we also launched Motorola Edge and Edge+, in addition to the previously launched foldable smartphone—Motorola razr. We also introduced other smart devices such as ThinkReality A3 lightweight smart glasses. Our operating results have been, and will continue to be, affected by our ability to stimulate customer demand for new and upgraded products and to anticipate and respond to emerging customer preferences and demands. To accomplish this, we will need to ensure our continuing and timely development of new products, as well as enhancements to our existing products.

Product, Customer and Geographic Sales Mix and Seasonal Sales Trends

Our results of operations for any particular year or period may be adversely affected by changes in the mix of products, customers and geographic markets reflected in our sales for that period, as well as by seasonal trends. Our profit margins vary among products, services, customers and geographic markets. In addition, our business is generally stronger in the third quarter of our financial year (the fourth quarter of the calendar year), due to the combined effect of government and enterprise customers spending unutilized budgets and the festive season in many countries, while our fourth quarter (the first quarter of the calendar year) is usually the weakest, due to the combined effect of Chinese New Year and the uncertainty caused by the new budgets in our public sector and enterprise accounts.
Marketing and Brand Promotion

To support our global footprint, we engage in active marketing campaigns that promote focused brand awareness, market new products and services, and expand our customer base. For example, in 2019 we launched our vision “Smarter Technology for All” with the largest brand campaign in our company history, running in the top 12 markets and reinforcing how our customers are using smarter technology to significantly improve their lives, work and the planet. This campaign was tightly integrated with our global event series—including TechWorld, where we unveil our latest technology and key partnerships—and also used innovative digital media to drive deep engagement with our key customers. The results show increased awareness of our Lenovo brand, a significant improvement in the company’s reputation and also show that our customers increasingly see us as a top global technology company. We continue to retain our ranking as a top brand on highly regarded surveys and lists, including Brand Finance’s Global Top 500 Most Valuable Brand in 2022 and BrandZ China Top 50 in 2022. For the years ended March 31, 2020, 2021 and 2022 we had selling and distribution expenses of US$2,972 million, US$3,045 million and US$3,746 million, respectively. We believe brand recognition and awareness have been and will continue to be important factors to our success.

Management of Our Global Operations

We are a truly global company in terms of both our production and sales. Geographically, revenue from China, AP, EMEA and the AG accounted for 25.7%, 16.3%, 25.5% and 32.5% of our revenue for the year ended March 31, 2022, respectively. Our financial condition has been and we expect it to continue to be affected by our ability to manage a variety of risks and to capitalize on opportunities associated with our international operations. These include our ability to develop and promote products that respond to the preferences of consumers in over 180 markets in which we sell our products and services, to manage a geographically dispersed workforce and adapt to local labor conditions and regulations, our ability to manage global supply chain and supply risk, as well as our ability to manage our operations against the backdrop of ongoing instability or changes in a country’s or region’s economic or political conditions, including inflation, recession, interest rate or foreign exchange rate fluctuations and actual or anticipated military or political conflicts.

Intelligent Transformation Driven by Smart IoT, Smart Infrastructure and Smart Verticals

We are a global technology company focused on customer-led innovation. As the world is heading towards the age of the “Internet of Things,” we expect an increasing number of the devices we offer and compete against will have computing, storage and networking modules built inside. Additionally, as we transition to an environment characterized by cloud computing and software being delivered as a service, we must continue to successfully develop and deploy cloud-based solutions for our customers. To capitalize on these developments, we have adopted an Intelligent Transformation strategy, which seeks to maintain and develop our strengths in our core, established markets and to explore and develop growth opportunities in line with our vision of “Smarter Technology for All.” Our sales of software as a service and other services typically achieve the highest margin among our products. We believe a deeper, service-led transformation will lead to new competencies across our business and offer new profitable revenue streams.

Hybrid Manufacturing Model and Efficient Supply Chain

We believe our hybrid manufacturing model and efficient supply chain are critical to improving our profitability. We utilize both in-house manufacturing capabilities and external manufacturers to achieve cost-efficiency and improved visibility of and control over our product-development process. We
manufacture a significant portion of our products in-house through our manufacturing facilities in Argentina, Brazil, Germany, Hungary, India, Japan, Mexico, the United States and multiple locations in China. In addition to our in-house manufacturing capacity, we also outsource the remainder of our manufacturing requirements through original design manufacturing partnerships and joint venture arrangements. We leverage our hybrid manufacturing model to serve diverse needs from our customers. Failures of, or disruption in, any of these manufacturing facilities may materially negatively affect our results of operations. We intend to continue investing in manufacturing efficiencies in order to reduce our overall manufacturing costs. While we believe our hybrid model offers advantages over either a fully in-house or fully external manufacturing capability, these arrangements may be more complex to manage as compared to others in our industry. If we fail to expand our hybrid manufacturing capacity on a timely basis or in an appropriate scale, we may fail to achieve desired economies of scale and profitability.

We manage a complex global supply chain with suppliers, manufacturing facilities, logistics hubs and consumers located across the globe. We maintain several single-source or limited-source supplier relationships. In addition, we sell our products primarily through third party distributors, resellers, retailers and network carriers for our mobile devices. Changes in our relationships with or the service capabilities of these third-party suppliers, distributors, resellers, retailers and network carriers, which can occur for various reasons in or out of our control, also have the potential to increase our expenses and adversely affect our results of operations.

*Investment in Technology, People and Infrastructure*

We operate in an industry in which there are rapid technological advances in hardware, software, and service offerings; and we face aggressive product and price competition from both branded and generic competitors. To address these challenges, we must be a truly innovative company. We have made, and will continue to make, significant investments in technology, people and infrastructure, which will both enhance our customer experience and differentiate us from our competitors. For the years ended March 31, 2020, 2021 and 2022, our research and development expenses amounted to US$1,336 million, US$1,454 million and US$2,073 million, respectively.

Our patent portfolio, especially our global patent portfolio, has grown rapidly in recent years as a result of our continued investments. We expect our future investments will include designing and developing new products and services with enhanced functionalities and features, as well as continued building of our patent reserve around the world. Talent attraction and retention are critical for our business, operations and growth prospects. We have provided a competitive compensation package, including fixed compensation, performance bonus, retirement benefits and equity-based compensation under our long term incentive program. For the years ended March 31, 2020, 2021 and 2022, our administrative expenses amounted to US$2,525 million, US$2,984 million and US$2,944 million, respectively. We will continue to invest in our people, particularly engineers, researchers and scientists. In addition, we continue to upgrade and expand our technology infrastructure to keep pace with the growth of our business. Our key focus areas include: smart devices, artificial intelligence, cloud and edge computing, 5G, and smart solutions for selected verticals, and we expect to continue to invest in these areas for the foreseeable future.

*Management of COVID-19 Pandemic*

The COVID-19 pandemic and its outlook have affected our business in various ways, presenting challenges and opportunities that we continue to address.
COVID-19-related lockdowns have resulted in a mixed set of results. For lockdowns in locations where our production facilities and our suppliers are located, supply disruptions have impacted our operations, as has been the case of lockdowns in Shenzhen, China in the spring of 2022.

Although we have experienced unpredictable challenges across global supply chains in the last two years since the beginning of the COVID-19 pandemic, our operational results demonstrate that our size, scale, strong supplier and partner relationships, and unique hybrid manufacturing model have enabled us to maximize available supply. Our core competencies of innovation, operational excellence including a robust and flexible supply chain, and global or local footprint have helped us navigate any macro and micro challenges.

Due to the outbreak of COVID-19, our primary smartphone manufacturing site in Wuhan, China was shut down from late-January to late-February 2020, and became fully operational in April 2020. Although this interruption to our Wuhan manufacturing site resulted in product shortages that affected the results of our MBG in the last quarter of the year ended March 31, 2020, we managed to overcome short-term supply issues by taking advantage of other facilities of both our in-house and third-party manufacturing sites around the world. Given the current on-going COVID-19 situation, we closely monitor changing demand and inventory levels to identify gaps in supply and production capacity, and prepare contingency plans to minimize any disruptions. For example, we have developed a strong e-commerce strategy. While we strengthen our third-party e-commerce channels, we also enhance our in-house Lenovo.com sales channel. In addition, we have also built a new retail business model we call online-merge-offline that enables our online team to collaborate with offline partners and retail stores to provide a more efficient route to markets.

The global outbreak of COVID-19 reinforced the importance of using the power of technology to fight the pandemic and protect the wellbeing of society. This technological empowerment is expected to lead to secular growth trends in work-from-home and study-at-home arrangements with broad investment implications on PCs, cloud infrastructure and 5G services. In particular, the strong growth in data usage and accelerated public cloud migration have also boosted demand for our services and storage products. We target to capture these opportunities to deliver premium growth to the market, leveraging our operational efficiency and global footprint.

**Cyber-attacks and Security Risk**

We manage and store various proprietary information and sensitive and confidential data relating to our operations. In addition, our cloud computing businesses routinely process, store, and transmit large amounts of data for our customers, including sensitive and personally identifiable information. We believe our customers are focused on all aspects of cyber security, including information and physical security, intellectual property, and compliance requirements related to industry and government regulations.

Over the last several years, cyber-attacks have become more sophisticated, numerous, and pervasive. The costs to us to eliminate or address the security problems and security vulnerabilities are likely to grow as we expand our operations and these costs could be significant.
KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenue

For the financial years ended March 31, 2020 and 2021, we reported revenue from two business segments: IDG and DCG. Effective April 1, 2021, we formed our SSG segment. We have also renamed our DCG business to the ISG business. Therefore, in our financial statements for the years ended March 31, 2022, we reported revenue from three business segments—IDG, ISG and SSG—for the years ended March 31, 2021 and 2022. We have not reclassified our financial information for the year ended March 31, 2020 to report revenue based on the three new business segments, which is burdensome, if not impracticable, for us to produce.

We currently generate our revenue from our IDG, ISG and SSG segments.

**IDG.** IDG revenue consists primarily of PCSD revenue and MBG revenue. PCSD revenue is derived from sales of notebook computers, desktop computers, tablets, and smart devices such as augmented reality devices. MBG revenue is derived from sales of smartphone devices, which include Motorola- and Lenovo-branded smartphones.

**ISG.** Previously known as DCG. ISG revenue is derived primarily from sales of data center devices, which includes our servers, storage, converged systems, networking, cloud service provider, software and services businesses.

**SSG.** Formed on April 1, 2021, our SSG segment integrates all services and solutions we offer to drive growth in smart verticals, including support services, managed services and as-a-service offerings.

We are a global company with operations in more than 180 markets. We maintain a strong geographical balance across our four geographies: China, AP, EMEA and AG. The following table sets forth our revenue by geography for the years indicated.

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2020</th>
<th></th>
<th>2021</th>
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<th>2022</th>
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<tr>
<td>China .......................</td>
<td>10,857,955</td>
<td>21.4</td>
<td>14,257,290</td>
<td>23.5</td>
<td>18,380,867</td>
<td>25.7</td>
</tr>
<tr>
<td>AP  ........................</td>
<td>11,263,518</td>
<td>22.2</td>
<td>11,797,083</td>
<td>19.4</td>
<td>11,712,396</td>
<td>16.3</td>
</tr>
<tr>
<td>EMEA  ......................</td>
<td>12,419,641</td>
<td>24.5</td>
<td>15,882,576</td>
<td>26.1</td>
<td>18,274,144</td>
<td>25.5</td>
</tr>
<tr>
<td>AG  ........................</td>
<td>16,175,235</td>
<td>31.9</td>
<td>18,805,363</td>
<td>31.0</td>
<td>23,250,809</td>
<td>32.5</td>
</tr>
<tr>
<td><strong>Total ......................</strong></td>
<td>50,716,349</td>
<td>100.0</td>
<td>60,742,312</td>
<td>100.0</td>
<td>71,618,216</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Cost of Sales

Our cost of sales consists primarily of the direct costs for operating and offering our products and services. Cost of inventories sold accounted for a substantial majority of our cost of sales for the years ended March 31, 2020, 2021 and 2022.

Operating Expenses

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of employee benefit costs (including wages and salaries, bonuses, long-term incentive awards and other benefits) relating to our selling and marketing personnel. Employee benefit costs represent the majority of our selling and distribution expenses. Our selling and distribution expenses also include promotional and advertising expenses relating to our selling and marketing activities.

Administrative Expenses

Our administrative expenses consist primarily of employee benefit costs (including wages and salaries, bonuses, long-term incentive awards and other benefits) relating to our administrative personnel. Employee benefit costs represent the majority of our administrative expenses. Our administrative expenses also include depreciation and amortization expenses allocated to administrative expenses, third-party professional fees, service supplier expenses and IT expenses.

Research and Development Expenses

Our research and development expenses consist primarily of employee benefit costs (including wages and salaries, bonuses, long-term incentive awards and other benefits) relating to our research and development personnel. Employee benefit costs represent the majority of our research and development expenses. Our research and development expenses also include depreciation and amortization expenses associated with facilities, patent and technologies used for research and development purposes, expenses for supplies and spare parts, and service supplier expenses.

Other Operating Income/(Expenses)—Net

Our operating income/(expenses)—net primarily reflects the combined effect of our gains or losses on disposal of tangible and intangible assets, fair value gains or losses on financial assets or liabilities at fair value through profit or loss reflecting the change in value of our strategic investment portfolio and our convertible preferred shares which include a right for the holders to require a repurchase or redemption under certain conditions, exchange gains and losses from currency fluctuation, government subsidies, donations and other fees or charges.

Finance Income

Our finance income primarily relates to interest earned on our bank deposits and money market funds.

Finance Costs

Our finance costs primarily relate to our interest payments and factoring costs.
Share of Losses of Associates and Joint Ventures

Our share of losses of associates and joint ventures primarily relates to operating losses arising from the business activities of our associates and joint ventures.

RESULTS OF OPERATIONS

The following table summarizes our results of operations in absolute amounts and as percentages of our revenue for the years indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2020 US$</th>
<th>Year ended March 31, 2021 US$</th>
<th>Year ended March 31, 2022 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Revenue</td>
<td>50,716,349</td>
<td>60,742,312</td>
<td>71,618,216</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(42,359,045)</td>
<td>(50,974,425)</td>
<td>(59,569,241)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>8,357,304</td>
<td>9,767,887</td>
<td>12,048,975</td>
</tr>
<tr>
<td>Selling and distribution</td>
<td>(2,972,260)</td>
<td>(3,044,967)</td>
<td>(3,746,290)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(2,524,818)</td>
<td>(2,984,356)</td>
<td>(2,944,234)</td>
</tr>
<tr>
<td>Research and development</td>
<td>(1,335,744)</td>
<td>(1,453,912)</td>
<td>(2,073,461)</td>
</tr>
<tr>
<td>Other operating income net</td>
<td>(85,886)</td>
<td>(104,245)</td>
<td>(204,421)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,438,596</td>
<td>2,180,407</td>
<td>3,080,569</td>
</tr>
<tr>
<td>Finance income</td>
<td>47,850</td>
<td>34,754</td>
<td>56,458</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(454,194)</td>
<td>(408,640)</td>
<td>(362,384)</td>
</tr>
<tr>
<td>Share of losses of associates</td>
<td>(14,545)</td>
<td>(32,323)</td>
<td>(6,912)</td>
</tr>
<tr>
<td>and joint ventures</td>
<td>(in thousands, except for %)</td>
<td>(in thousands, except for %)</td>
<td>(in thousands, except for %)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1,017,707</td>
<td>1,774,198</td>
<td>2,767,731</td>
</tr>
<tr>
<td>Taxation</td>
<td>(213,204)</td>
<td>(461,199)</td>
<td>(622,399)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>804,503</td>
<td>1,312,999</td>
<td>2,145,332</td>
</tr>
</tbody>
</table>

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Revenue

The table below presents our revenue by segment for the years indicated and the year-on-year change, in absolute amount and by percentage.

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2021 US$</th>
<th>Year ended March 31, 2022 US$</th>
<th>Change US$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>(in thousands, except for %)</td>
<td>(in thousands, except for %)</td>
<td></td>
</tr>
<tr>
<td>IDG</td>
<td>53,006,909</td>
<td>62,310,410</td>
<td>9,303,501</td>
</tr>
<tr>
<td>ISG</td>
<td>6,301,320</td>
<td>7,140,055</td>
<td>838,735</td>
</tr>
<tr>
<td>SSG</td>
<td>4,192,645</td>
<td>5,441,528</td>
<td>1,248,883</td>
</tr>
<tr>
<td>Total</td>
<td>63,500,874</td>
<td>74,891,993</td>
<td>11,391,119</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(2,758,562)</td>
<td>(3,273,777)</td>
<td>(515,215)</td>
</tr>
<tr>
<td>Total</td>
<td>60,742,312</td>
<td>71,618,216</td>
<td>10,875,904</td>
</tr>
</tbody>
</table>

16
Our revenue increased by 17.9% to US$71,618 million for the year ended March 31, 2022, from US$60,742 million for the prior year, primarily as a result of a US$9,304 million increase in IDG revenue, a US$1,249 million increase in SSG revenue and a US$839 million increase in ISG revenue.

- **IDG revenue** increased by 17.6% to US$62,310 million for the year ended March 31, 2022, from US$53,007 million for the prior year, primarily due to increases in revenue from both our PCSD and MBG businesses, despite supply constraints, weakness in the education segment and continued lockdowns in some markets related to COVID-19. Our industry-leading PCSD business recorded a 14.5% increase in revenue year-on-year, primarily attributable to our investments in innovations and strong work-from-home demand for our premium products, such as workstations and ThinkBooks, and our gaining of market shares in gaming products leveraging our strong product portfolio. MBG revenue increased by 39.4% primarily due to our higher market shares for smartphones, particularly in AG, and because our 5G smartphone sales increased rapidly following the adoption of our “5G for all” strategy in early 2020.

- **ISG revenue** increased by 13.3% to US$7,140 million for the year ended March 31, 2022, from US$6,301 million for the prior year, primarily due to a 20.1% growth in our Cloud Service Provider (CSP) sales and the recovery of our Enterprise & Small-and-medium Business (ESMB) with 7.5% sales growth, despite industry-wide supply constraints. Our ISG business expanded our client base through broadened product offerings, which particularly appeal to customers in the CSP business that are in need of strong supplier support to expand their own cloud services. Our ESMB business increased offerings of high-growth, higher-margin products such as servers, storage, software-defined infrastructure, software and services, while capturing emerging opportunities in AI powered edge computing (including expanding our edge offerings) and hybrid cloud.

- **SSG revenue** increased by 29.8% to US$5,442 million for the year ended March 31, 2022, from US$4,193 million for the prior year, primarily attributable to our in-house developed solutions for digital workspace, hybrid cloud management, and ESG services. Within our SSG business: (i) our support services revenue increased by 23.1% due to rising service penetration and growing IT services demand from the hybrid work model, commercial recovery and rising ESG awareness; (ii) our management services revenue also increased by 63.1%, primarily attributable to our wide range of as-a-service offerings including device-, infrastructure-, and software-as-a-service; and (iii) our enhanced solutions and channel partner tools also enabled us to win more contracts.

**Cost of Sales**

Our cost of sales increased by 16.9% to US$59,569 million for the year ended March 31, 2022, from US$50,974 million for the prior year, generally in line with our revenue growth.

**Gross Profit and Gross Profit Margin**

Our gross profit increased by 23.4% to US$12,049 million for the year ended March 31, 2022, from US$9,768 million for the prior year. Our gross profit margin increased to 16.8% for the year ended March 31, 2022, from 16.1% for the prior year, mainly due to an increase in average selling prices of our PCs.
Operating Expenses

Our total operating expenses increased by 18.2% to US$8,968 million for the year ended March 31, 2022, from US$7,587 million for the prior year. This increase was driven by increases in both research and development expenses and selling and distribution expenses, while our administrative expenses remained relatively stable and declined as a percentage of revenue. Our total operating expenses as a percentage of revenue remained at 12.5% for the years ended March 31, 2022 and March 31, 2021.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 23.0% to US$3,746 million for the year ended March 31, 2022, from US$3,045 million for the prior year, primarily due to increases in advertising and promotional expenses reflecting our increased marketing effort to improve brand recognition and drive future growth.

Administrative Expenses

Our administrative expenses remained relatively stable at US$2,944 million for the year ended March 31, 2022 and US$2,984 million for the prior year.

Research and Development Expenses

Our research and development expenses increased by 42.6% to US$2,073 million for the year ended March 31, 2022, from US$1,454 million for the prior year, primarily due to (i) higher wages and salaries, bonuses, and long-term incentives paid to our R&D staff; and (ii) higher expenses on R&D-related laboratory testing, services and supplies.

Other Operating Income/(Expenses) - Net

Our other operating expenses - net increased by 96.1% to US$204 million for the year ended March 31, 2022, from US$104 million for the prior year, primarily due to lower fair value gains from our strategic investments.

Operating Profit

As a result of the factors discussed above, our operating profit increased by 41.3% to US$3,081 million for the year ended March 31, 2022, from US$2,180 million for the prior year.

Finance Income

Our finance income increased by 62.5% to US$56 million for the year ended March 31, 2022, from US$35 million for the prior year, primarily attributable to higher interest on bank deposits.

Finance Costs

Our finance costs decreased by 11.3% to US$362 million for the year ended March 31, 2022, from US$409 million for the prior year. This decrease was primarily due to a US$37 million decrease in factoring costs and a US$10 million decrease in interest on bank loans and overdrafts, because we were granted investment-grade ratings by three leading credit rating agencies, which lowered our borrowing rates and improved the efficiency of our factoring program.
Share of Losses of Associates and Joint Ventures

Our share of losses of associates and joint ventures decreased by 78.6% to US$7 million for the year ended March 31, 2022, from US$32 million for the prior year, representing lower operating losses arising from the principal business activities of our associates and joint ventures.

Profit Before Taxation

As a result of the factors discussed above, our profit before taxation increased to US$2,768 million for the year ended March 31, 2022, from US$1,774 million for the prior year.

Taxation

Taxation increased by 35.0% to US$622 million for the year ended March 31, 2022, from US$461 million for the prior year, primarily due to our increased profit before taxation and changes in tax concessions in some jurisdictions in which we operate, which was partially offset by higher profitability of subsidiaries subject to lower tax rates.

Profit for the Year

As a result of the factors discussed above, our profit for the year increased by 63.4% to US$2,145 million for the year ended March 31, 2022, from US$1,313 million for the prior year.

Year Ended March 31, 2021 Compared to Year Ended March 31, 2020

Revenue

The table below presents our revenue by segment for the years indicated and the year-on-year change, in absolute amount and by percentage.

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>%</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>(in thousands, except for %)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDG</td>
<td>45,216,190</td>
<td>89.2</td>
<td>54,411,212</td>
</tr>
<tr>
<td>DCG</td>
<td>5,500,159</td>
<td>10.8</td>
<td>6,331,100</td>
</tr>
<tr>
<td>Total</td>
<td>50,716,349</td>
<td>100.0</td>
<td>60,742,312</td>
</tr>
</tbody>
</table>

Our revenue increased by 19.8% to US$60,742 million for the year ended March 31, 2021, from US$50,716 million for the prior year, primarily as a result of a US$9,195 million increase in IDG revenue and a US$831 million increase in DCG revenue.

- IDG revenue increased by 20.3% to US$54,411 million for the year ended March 31, 2021, from US$45,216 million for the prior year, primarily due to increases in revenue from both the PCSD and MBG businesses after we recovered from the negative impact of COVID-19. Our PCSD revenue increased by 21.7% year-on-year, due in part to the one-PC-per-person trend arising from demand for work-from-home, e-learning and e-commerce purposes following the outbreak of COVID-19. Our strength in operational efficiency, product innovation, and market responsiveness (including our hybrid manufacturing strategy consisting of global operation and local knowledge) proved to be an important driver for us to capture these “new normal” demand changes. MBG revenue increased by 8.6% year-on-year, primarily due to higher market shares gained across key regional markets, particularly Latin America and North America, and our
doubled sales in Europe, thanks to our expanded product portfolio, 5G launches and broader carrier ranging.

- DCG revenue increased by 15.1% to US$6,331 million for the year ended March 31, 2021, from US$5,500 million for the prior year, primarily due to (i) growth in our CSP sales, driven by robust cloud demand and ongoing client diversification that led to strong growth across all regions; and (ii) growth of our ESMB business, as we gained market shares across multiple high-growth products including software-defined infrastructure, storage, HPC/AI, and software and services.

Cost of Sales

Our cost of sales increased by 20.3% to US$50,974 million for the year ended March 31, 2021, from US$42,359 million for the prior year, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 16.9% to US$9,768 million for the year ended March 31, 2021, from US$8,357 million for the prior year. Our gross profit margin decreased to 16.1% for the year ended March 31, 2021, from 16.5% for the prior year.

Operating Expenses

Our total operating expenses increased by 9.7% to US$7,587 million for the year ended March 31, 2021, from US$6,919 million for the prior year. This increase was driven primarily by higher administrative expenses. Our total operating expenses as a percentage of revenue decreased to 12.5% for the year ended March 31, 2021, from 13.6% for the prior year.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 2.4% to US$3,045 million for the year ended March 31, 2021, from US$2,972 million for the prior year.

Administrative Expenses

Our administrative expenses increased by 18.2% to US$2,984 million for the year ended March 31, 2021, from US$2,525 million for the prior year, primarily due to higher employee benefit costs as a result of increases in various performance-based benefits.

Research and Development Expenses

Our research and development expenses increased by 8.8% to US$1,454 million for the year ended March 31, 2021, from US$1,336 million for the prior year, primarily due to (i) an increase in amortization of intangible assets associated with additional investments in patent and technology and internal-use software; and (ii) higher expenses on R&D-related laboratory testing, services and supplies.

Other Operating Income/(Expenses) - Net

Our other operating expenses - net increased by 21.4% to US$104 million for the year ended March 31, 2021, from US$86 million for the prior year.
Operating Profit

As a result of the factors discussed above, our operating profit increased by 51.6% to US$2,180 million for the year ended March 31, 2021, from US$1,439 million for the prior year.

Finance Income

Our finance income decreased by 27.4% to US$35 million for the year ended March 31, 2021 from US$48 million for the prior year, primarily due to lower interest on bank deposits.

Finance Costs

Our finance costs decreased by 10.0% to US$409 million for the year ended March 31, 2021 from US$454 million for the prior year. This decrease was primarily due to a US$53 million decrease in factoring costs and a US$44 million decrease in interest on bank loans, because we were granted investment-grade ratings by three leading credit rating agencies, which lowered our borrowing rates and improved the efficiency of our factoring program. These factors were offset in part by a US$46 million increase in interest on notes.

Share of Losses of Associates and Joint Ventures

Our share of losses of associates and joint ventures increased by 122.2% to US$32 million for the year ended March 31, 2022, from US$15 million for the prior year, representing higher operating losses arising from the principal business activities of our associates and joint ventures.

Profit Before Taxation

As a result of the factors discussed above, our profit before taxation increased to US$1,774 million for the year ended March 31, 2021, from US$1,018 million for the prior year.

Taxation

Taxation increased by 116.3% to US$461 million for the year ended March 31, 2021, from US$213 million for the prior year, primarily due to our increased profit before taxation and changes in tax concessions in some jurisdictions in which we operate, which was partially offset by higher profitability of subsidiaries subject to lower tax rates.

Profit for the Year

As a result of the factors discussed above, our profit for the year increased by 63.2% to US$1,313 million for the year ended March 31, 2021, from US$805 million for the prior year.

SEGMENT RESULTS

For the financial years ended March 31, 2020 and 2021, we operated our business under two business segments: IDG and DCG. Effective April 1, 2021, we formed our SSG segment. We have also renamed our DCG business to the ISG business. Therefore, in our financial statements for the years ended March 31, 2022, we reported certain segment results from three business segments—IDG, ISG and SSG—for the years ended March 31, 2021 and 2022. We have not reclassified our financial information for the year ended March 31, 2020 to report revenue based on the three new business segments, which is burdensome, if not impracticable, for us to produce.
With the adoption of the new business group structure effective April 1, 2021, the relevant comparative segment information has been reclassified to conform to the reporting format under the new organizational structure. We assessed the performance of our operating segments with “operating profit/(loss)” when preparing comparative segment information for the financial years ended March 31, 2021 and 2022. Such measurement basis excludes the effects of (i) non-cash merger and acquisition related accounting charges; (ii) non-recurring expenses such as restructuring costs from the operating segment; and (iii) certain income and expenses arising from activities driven by headquarters and centralized functions. For the financial years ended March 31, 2020 and 2021, we assessed the performance of our operating segments with “pre-tax income/(loss)” when preparing comparative segment information. Such measurement basis excludes the effects of (i) non-recurring expenses such as restructuring costs from the operating segment; and (ii) certain income and expenses arising from activities driven by headquarters and centralized functions.

For details, see note 5 to our audited consolidated financial statements for the year ended March 31, 2021 and 2022, respectively, included in our 2021/22 annual report published on June 10, 2022.

**Year Ended March 31, 2022 Compared to Year Ended March 31, 2021**

Our operating profit for reportable segments increased by 32.6% to US$4,938 million for the year ended March 31, 2022, from US$3,723 million for the prior year, primarily due to a US$994 million increase in IDG operating profit, and to a lesser extent, a US$341 million increase in SSG operating profit.

- IDG operating profit increased by 26.5% to US$4,738 million for the year ended March 31, 2022, from US$3,744 million for the prior year, primarily due to a 17.6% increase in revenue, as well as increases in the average selling price and greater mix of our premium PC products, gaming PCs and non-PC products.

- ISG recorded operating profit of US$7 million for the year ended March 31, 2022, compared with operating loss of US$130 million for the prior year primarily due to a 13.3% increase in revenue, as well as improved profitability of our cloud service provider business and enterprise & small-and-medium business primarily due to a more diverse products offerings and expansions in higher-margin products.

- SSG operating profit increased by 39.9% to US$1,195 million for the year ended March 31, 2022, from US$855 million for the prior year, primarily due to a 29.8% increase in revenue, as well as improved profitability due to successful R&D efforts that led to the expansion of our as-a-service offerings and vertical solutions.

For details of our segment operating profit, see note 5 to our audited consolidated financial statements for the year ended March 31, 2022, included in our 2021/22 annual report published on June 10, 2022.

**Year Ended March 31, 2021 Compared to Year Ended March 31, 2020**

Our pre-tax income for reportable segments increased by 41.5% to US$2,939 million for the year ended March 31, 2021, from US$2,076 million for the prior year, primarily due to a US$806 million increase in IDG pre-tax income, and to a lesser extent, a US$57 million decrease in DCG pre-tax loss.

- IDG pre-tax income increased by 35.0% to US$3,107 million for the year ended March 31, 2021, from US$2,302 million for the prior year, primarily due to an increase in year-on-year PCSD pre-tax margin by 0.6 percentage points to 6.5%.
DCG pre-tax loss decreased by 25.2% to US$169 million for the year ended March 31, 2021, from US$225 million for the prior year, primarily due to higher revenue and segment profitability in cloud service provider sales.

For details of our segment pre-tax income/(loss), see note 5 to our audited consolidated financial statements for the year ended March 31, 2021, included in our 2021/22 annual report published on June 10, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Working Capital

Our principal sources of liquidity have been cash and cash equivalents, cash generated from operations, proceeds from capital market offerings, bank borrowings and other financing arrangements. We closely monitor the financial market environment and funding opportunities, and access such opportunities as and when we deem appropriate. As at March 31, 2022, we had cash and cash equivalents of US$3,930 million. Our cash and cash equivalents represent cash at bank and in hand, and investments in investment-grade liquid money market funds.

The following table sets forth selected cash flow statement information for the years indicated:

<table>
<thead>
<tr>
<th>Year ended March 31,</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in US$ thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash generated from operations</td>
<td>3,006,556</td>
<td>4,585,995</td>
<td>5,122,034</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(404,691)</td>
<td>(309,361)</td>
<td>(315,570)</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(391,942)</td>
<td>(623,861)</td>
<td>(729,485)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>2,209,923</td>
<td>3,652,773</td>
<td>4,076,979</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(956,953)</td>
<td>(975,899)</td>
<td>(1,498,393)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(238,485)</td>
<td>(3,228,154)</td>
<td>(1,757,368)</td>
</tr>
<tr>
<td>Increase/(Decrease) in cash and cash equivalents</td>
<td>1,014,485</td>
<td>(551,280)</td>
<td>821,218</td>
</tr>
<tr>
<td>Effects of exchange rate changes on cash and cash equivalents</td>
<td>(126,349)</td>
<td>68,675</td>
<td>40,684</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>2,662,854</td>
<td>3,550,990</td>
<td>3,068,385</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of year</td>
<td>3,550,990</td>
<td>3,068,385</td>
<td>3,930,287</td>
</tr>
</tbody>
</table>

Operating Activities

Net cash generated from operations for the year ended March 31, 2022 was US$5,122 million, as compared to profit before taxation of US$2,768 million for the same year. The difference was primarily due to net cash inflows relating to changes in working capital and adjustments for non-cash and non-operating items. Our net cash inflows relating to changes in working capital were primarily due to a US$5,086 million increase in trade payables, notes payable, provisions, other payables and accruals, offset in part by a US$2,796 million increase in trade receivables, notes receivable, deposits, prepayments and other receivables and a US$1,925 million increase in inventories. The principal non-cash and non-operating items affecting the difference between our profit before taxation and our net cash generated from operations for the year ended March 31, 2022 primarily consisted of amortization of intangible assets of US$783 million and share-based compensation of US$369 million.

Net cash generated from operations for the year ended March 31, 2021 was US$4,586 million, as compared to profit before taxation of US$1,774 million for the same year. The difference was primarily due to net cash inflows relating to changes in working capital and adjustments for non-cash and non-
operating items. Our net cash inflows relating to changes in working capital were primarily due to a US$6,790 million increase in trade payables, notes payable, provisions, other payables and accruals, offset in part by a US$3,647 million increase in trade receivables, notes receivable, deposits, prepayments and other receivables and a US$1,481 million increase in inventories. The principal non-cash and non-operating items affecting the difference between our profit before taxation and our net cash generated from operations for the year ended March 31, 2021 primarily consisted of amortization of intangible assets of US$659 million and finance costs of US$409 million.

Net cash generated from operations for the year ended March 31, 2020 was US$3,007 million, as compared to profit before taxation of US$1,018 million for the same year. The difference was primarily due to net cash inflows relating to changes in working capital and adjustments for non-cash and non-operating items. Our net cash inflows relating to changes in working capital were primarily due to a US$1,129 million increase in trade payables, notes payable, provisions, other payables and accruals, and a US$674 million decrease in trade receivables, notes receivable, deposits, prepayments and other receivables, which were offset in part by a US$1,526 million increase in inventories. The principal non-cash and non-operating items affecting the difference between our profit before taxation and our net cash generated from operations for the year ended March 31, 2020 primarily consisted of amortization of intangible assets of US$590 million and finance costs of US$454 million.

Investing Activities

Net cash used in investing activities for the year ended March 31, 2022 was US$1,498 million primarily due to our payments for construction-in-progress of US$602 million, purchase of property, plant and equipment of US$396 million, payment for intangible assets of US$286 million, and purchase of financial assets at fair value through profit or loss of US$256 million, which were partially offset by net proceeds from sale of financial assets at fair value through profit or loss of US$116 million and disposal of subsidiaries (net of cash disposed) of US$114 million.

Net cash used in investing activities for the year ended March 31, 2021 was US$976 million primarily due to our payments for construction-in-progress of US$394 million, purchase of property, plant and equipment of US$303 million, purchase of financial assets at fair value through profit or loss of US$211 million, and payment for intangible assets of US$147 million, which were partially offset by net proceeds from sale of financial assets at fair value through profit or loss of US$140 million.

Net cash used in investing activities for the year ended March 31, 2020 was US$957 million primarily due to our payments for construction-in-progress of US$418 million, payments for intangible assets of US$273 million, and purchase of property, plant and equipment of US$247 million. These factors were partially offset by net proceeds from sale of financial assets at fair value through profit or loss of US$99 million.

Financing Activities

Net cash used in financing activities for the year ended March 31, 2022 was US$1,757 million, primarily due to our repayments of borrowings of US$10,304 million, dividend payment of US$479 million, contribution to employee share trusts of US$387 million, and repayment of notes of US$337 million, partially offset by proceeds from borrowings of US$10,312 million.

Net cash used in financing activities for the year ended March 31, 2021 was US$3,228 million, primarily due to our repayments of borrowings of US$7,005 million, repurchase of perpetual securities of US$1,045 million, repayment of notes of US$792 million, and contribution to employee share trusts
of US$738 million, which were partially offset by proceeds from borrowings of US$4,926 million and issue of notes of US$2,004 million.

Net cash used in financing activities for the year ended March 31, 2020 was US$238 million, primarily due to repayments of borrowings of US$3,136 million, repayment of notes of US$786 million, and dividends paid of US$431 million, which were partially offset by proceeds from borrowings of US$4,093 million.

**Indebtedness and Other Financing Arrangements**

As at March 31, 2022, we had total borrowings of US$3,421 million, comprising notes of US$2,676 million, short-term loans of US$58 million, convertible bonds of US$641 million, convertible preferred shares of US$45 million and a long-term loan of US$1 million.

As at March 31, 2022, we had the following banking facilities:

<table>
<thead>
<tr>
<th>Type</th>
<th>Date of agreement</th>
<th>Principal amount</th>
<th>Term</th>
<th>Utilized amount as at March 30, 2022</th>
<th>Utilized amount as at March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>US$ million</td>
<td></td>
<td>US$ million</td>
<td>US$ million</td>
</tr>
<tr>
<td>Revolving loan facility</td>
<td>March 28, 2018</td>
<td>1,500</td>
<td>5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revolving loan facility</td>
<td>May 12, 2020</td>
<td>300</td>
<td>5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revolving loan facility</td>
<td>May 14, 2020</td>
<td>200</td>
<td>5 years</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

On July 4, 2022, we entered into a US$2 billion 5-year revolving loan facility. There has been no drawdowns under this facility as of the date of the Offering Circular.

As at March 31, 2022 and 2021, we had the following other short-term credit facilities:

<table>
<thead>
<tr>
<th>Credit facilities</th>
<th>Total available amount</th>
<th>Drawn down amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at March 31, 2022</td>
<td>As at March 31, 2021</td>
</tr>
<tr>
<td></td>
<td>(in US$ millions)</td>
<td>As at March 31, 2022</td>
</tr>
<tr>
<td>Trade lines</td>
<td>4,053</td>
<td>2,003</td>
</tr>
<tr>
<td>Short-term money market</td>
<td>1,154</td>
<td>1,029</td>
</tr>
<tr>
<td>facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>12,522</td>
<td>12,023</td>
</tr>
</tbody>
</table>
Apart from the above facilities, as at March 31, 2022, our outstanding notes, convertible bonds and convertible preferred shares were as follows:

<table>
<thead>
<tr>
<th>Issue date</th>
<th>Outstanding Principal amount</th>
<th>Term</th>
<th>Interest rate / dividend per annum</th>
<th>Due date</th>
<th>Use of proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023 Notes</td>
<td>March 29, 2018</td>
<td>US$687 million</td>
<td>5 years</td>
<td>March 2023</td>
<td>For repayment of previous notes and general corporate purposes</td>
</tr>
<tr>
<td>Convertible Bonds</td>
<td>January 24, 2019</td>
<td>US$675 million</td>
<td>5 years (Note (a))</td>
<td>January 2024</td>
<td>For repayment of previous notes and general corporate purposes</td>
</tr>
<tr>
<td>Convertible preferred shares</td>
<td>June 21, 2019</td>
<td>US$40 million</td>
<td>N/A (Note (b))</td>
<td>N/A (Note (b))</td>
<td>For general corporate funding and capital expenditure</td>
</tr>
<tr>
<td>2025 Notes</td>
<td>April 24, 2020 and May 12, 2020</td>
<td>US$1 billion</td>
<td>5 years</td>
<td>April 2025</td>
<td>For repayment of previous notes and general corporate purposes</td>
</tr>
<tr>
<td>2030 Notes</td>
<td>November 2, 2020</td>
<td>US$1 billion</td>
<td>10 years</td>
<td>November 2030</td>
<td>For repurchase of perpetual securities and previous notes</td>
</tr>
</tbody>
</table>

Notes:

(a) On January 24, 2019, we completed the issuance of five-year US$675 million convertible bonds bearing annual interest at 3.375% due in January 2024 (the “Convertible Bonds”) to third party professional investors (the “Bondholders”). The proceeds were used to repay previous notes and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the Convertible Bonds into ordinary shares of our Company at a conversion price of HK$7.99 per share, subject to adjustments. The conversion price was last adjusted to HK$6.87 per share effective on December 31, 2021. Assuming full conversion of the Convertible Bonds at the adjusted conversion price of HK$6.87 per share, the Convertible Bonds will be convertible into 769,980,531 ordinary shares of our Company. The initial fair value of the liability portion of the Convertible Bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognized in shareholders’ equity, net of income tax, and not subsequently remeasured.

The outstanding principal amount of the Convertible Bonds is repayable by us upon the maturity of the Convertible Bonds on January 24, 2024, if not previously redeemed, converted or purchased and cancelled. On January 24, 2021, the holders of the Convertible Bonds had the right, at the bondholders’ option, to require us to redeem part or all of the Convertible Bonds on January 24, 2021 at their principal amount and US$0.5 million were redeemed. The remaining principal amount of the Convertible Bonds has been reclassified to non-current liabilities as a result of the lapse of the redemption option.

We expect that we will be able to meet our redemption obligations based on our financial position if the Convertible Bonds are not converted on or before maturity.

(b) On June 21, 2019, we completed the issuance of 2,054,791 convertible preferred shares through our wholly owned subsidiary, Lenovo Enterprise Technology Company Limited (“LETCL”). The convertible preferred shares are convertible to 20% of the enlarged issued ordinary share capital of LETCL on an as-converted and fully-diluted basis. The holders of the convertible preferred shares will be entitled cash dividends of 4% per annum payable semi-annually on the original subscription price until December 31, 2023. We purchased 136,986 convertible preferred shares during the year ended March 31, 2021 at the consideration of approximately US$17 million.

During the year ended March 31, 2022, due to the occurrence of certain specified conditions, the holders of convertible preferred shares had the right to require LETCL to redeem or us to purchase all of their convertible preferred shares at the predetermined consideration. Holders of 1,643,833 convertible preferred shares exercised their rights and we purchased these convertible preferred shares at the consideration of approximately US$254 million.

The aggregate number of 1,780,819 convertible preferred shares purchased by us were converted into ordinary shares of LETCL as at March 31, 2022.

During the year ended March 31, 2022, an additional 54,794 convertible preferred shares were issued as dividend shares. As at March 31, 2022, 328,766 convertible preferred shares remained outstanding, representing 3.20% of the enlarged issued ordinary share capital of LETCL on an as-converted and fully diluted basis.
We expect that we will be able to meet our redemption obligations based on our financial position if these convertible preferred shares are not converted.

As at March 31, 2022 and 2021, our net debt position and gearing ratio were as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at March 31, 2022</th>
<th>As at March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in US$ millions)</td>
<td></td>
</tr>
<tr>
<td>Bank deposits and cash and cash equivalents</td>
<td>4,023</td>
<td>3,128</td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Short-term loans</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>- Long-term loan</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>- Notes</td>
<td>2,676</td>
<td>3,011</td>
</tr>
<tr>
<td>- Convertible bonds</td>
<td>641</td>
<td>624</td>
</tr>
<tr>
<td>- Convertible preferred shares</td>
<td>45</td>
<td>303</td>
</tr>
<tr>
<td>Net cash/(debt) position</td>
<td>602</td>
<td>(870)</td>
</tr>
<tr>
<td>Total equity</td>
<td>5,395</td>
<td>3,611</td>
</tr>
<tr>
<td>Gearing ratio (Borrowings divided by total equity)</td>
<td>0.63</td>
<td>1.11</td>
</tr>
</tbody>
</table>

We are confident that the facilities on hand can meet the funding requirements of our operations and business development. We are in full compliance with all our banking covenants.

We adopt a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. As at March 31, 2022, we had commitments in respect of outstanding forward foreign exchange contracts amounting to US$12,447 million, as compared with US$11,975 million as at March 31, 2021 and US$9,222 million as at March 31, 2020. Our forward foreign exchange contracts are either used to hedge a percentage of future transactions which are highly probable, or used as fair value hedges for identified assets and liabilities.

**Contingent Liabilities**

In the ordinary course of our business, we are involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although we do not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on our financial position or results of operations, litigation is inherently unpredictable. Therefore, we could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

**CAPITAL EXPENDITURES**

Our capital expenditures were US$953 million, US$844 million and US$1,284 million for the years ended March 31, 2020, 2021 and 2022, respectively. These capital expenditures primarily comprised expenditures for the acquisition of property, plant and equipment, and additions to construction-in-progress and intangible assets. We incurred higher capital expenditure in the year ended March 31, 2022 as compared with previous year mainly because we increased our investments in plant and machinery, patent and technology and internal use software. We will continue to make capital expenditures to meet the needs of our business’ expected growth.

We believe that our current cash and cash equivalents, cash generated from operations and the available credit under our existing credit facilities will be sufficient to meet the anticipated cash needs for our operating activities and capital expenditures for at least the next 12 months.
Contractual Obligations

The table below sets forth our contractual obligations as at March 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Less than 1 year</th>
<th>Over 1-3 years</th>
<th>Over 3-5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>4,063,825</td>
<td>943,277</td>
<td>886,658</td>
<td>1,097,715</td>
<td>1,136,175</td>
</tr>
<tr>
<td>Deferred consideration</td>
<td>25,072</td>
<td>-</td>
<td>25,072</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Written put option liabilities</td>
<td>565,991</td>
<td>-</td>
<td>509,694</td>
<td>56,297</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>460,724</td>
<td>159,434</td>
<td>166,111</td>
<td>94,121</td>
<td>41,058</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>178,997</td>
<td>141,761</td>
<td>31,847</td>
<td>5,390</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>964</td>
<td>964</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment in financial assets</td>
<td>11,138</td>
<td>11,138</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,306,711</td>
<td>1,256,574</td>
<td>1,619,382</td>
<td>1,253,523</td>
<td>1,177,233</td>
</tr>
</tbody>
</table>

Other than those shown above and inventory purchase obligations in the ordinary course of business, we did not have any significant capital or other commitments, long-term obligations or guarantees as at March 31, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

We have entered into factoring arrangements in the ordinary course of our business. Our factoring arrangements are on a non-reliance, non-recourse basis. Our utilization of these facilities varies, depending on several factors, including the liquidity, management of our credit exposure and cash-conversion cycle targets.

Except for factoring arrangements described above, we have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties and do not assume credit risk in loans facilitated through our platform. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We operate internationally and are exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States dollar, Renminbi and Euro. Foreign currency risk arises from recognized assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate, except for the currency risk between the United States dollar and the Hong Kong dollar given the two currencies are under the linked exchange rate system.

We have set up a policy to require our group companies to manage their foreign currency risk against their functional currency. Our forward foreign currency contracts are either used to hedge a percentage of anticipated cash flows (mainly export sales and purchase of inventories) which are highly probable, or used as fair value hedges for the identified assets and liabilities. See note 3(a)(i) to the audited consolidated financial statements as at and for the year ended March 31, 2022, included in our 2021/22 annual report published on June 10, 2022.
As at March 31, 2022, if the United States dollar had weakened or strengthened by one percent against the major currencies, with all other variables held constant, our pre-tax profit for the years ended March 31, 2020, 2021 and 2022 would have been US$0.9 million, US$1.9 million, and US$2.1 million, higher or lower, respectively, mainly as a result of foreign exchange gains/losses on translation of the unhedged portion of receivable and payable balances. The analysis above is illustrative only and based on the assumption that the United States dollar weakened or strengthened against all other currencies in the same direction and magnitude, which may not be necessarily true in the case of actual changes.

Cash Flow Interest Rate Risk

Our interest rate risk generally arises from short-term and long-term borrowings denominated in the United States dollar. It is our policy to mitigate interest rate risk through the use of appropriate interest rate hedging instruments where necessary. Generally, we manage our cash flow interest rate risk by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under these interest rate swaps, we agree with other parties to settle the difference between cash flow arising from fixed contract rates and floating-rate interest of the notional amounts at specified intervals (primarily quarterly).

We operate various trade financing programs. We are exposed to fluctuation of interest rates for all the currencies covered by those programs.

Credit Risk

We manage credit risk on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, notes receivable, other receivables and deposits with banks and financial institutions, as well as credit exposures to customers and subcontractors, including outstanding receivables and committed transactions.

For banks and other financial institutions, we control our credit risk by monitoring their credit rating and setting approved counterparty credit limits that we review regularly.

We have no significant concentration of customer credit risk. We have a credit policy in place and exposures to these credit risks, and we monitor them on an ongoing basis. No credit limits were exceeded by any customers during the years ended March 31, 2020, 2021 and 2022, and we do not expect any significant losses from non-performance by these counterparties. See note 3(a)(iii) to the audited consolidated financial statements as at and for the year ended March 31, 2022 and March 31, 2021, included in our 2021/22 annual report published on June 10, 2022.

Financial Presentation

Our consolidated financial statements are prepared and presented in accordance with HKFRSs. HKFRSs, differs in certain significant respects from International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

For a description of our critical accounting policies, judgments and estimates, see note 2 and note 4 to the audited consolidated financial statements as at and for the years ended March 31, 2021 and 2022, which are included in our 2021/22 annual report published on June 10, 2022.
IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

A list of recently issued accounting pronouncements that are relevant to us is included in note 1 to the audited consolidated financial statements as at and for the years ended March 31, 2022 and 2021, respectively, which are included in our 2021/22 annual report published on June 10, 2022.