HKD COUNTER STOCK CODE 992
RMB COUNTER STOCK CODE 80992

Lenovo Group Limited 2024/25 Annual Report

Smarter technology for all

Lenovo

About Lenovo

Lenovo[1] is a US$69 billion revenue global technology powerhouse, ranked #248 in the Fortune Global 500, and serving millions of customers every day in 180 markets. Focused on a bold vision to deliver Smarter Technology for All, Lenovo has built on its success as the world's largest PC company with a full-stack portfolio of AI-enabled, AI-ready, and AI-optimized devices (PCs, workstations, smartphones, tablets), infrastructure (server, storage, edge, high performance computing and software defined infrastructure), software, solutions, and services. Lenovo's continued investment in world-changing innovation is building a more equitable, trustworthy, and smarter future for everyone, everywhere. Lenovo is listed on the Stock Exchange of Hong Kong under Lenovo Group Limited (HKSE: 992) (ADR: LNVGY). To find out more visit https://www.lenovo.com, and read about the latest news via our StoryHub.

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1 Lenovo or "Lenovo Group" or the "Group" refers to Lenovo Group Limited together with its subsidiaries. Lenovo Group Limited ("The Company") is the ultimate holding company of Lenovo Group. As a holding company, it does not design, develop, manufacture, or distribute products or services, or control any activities of the Company's subsidiaries in the design, development, manufacture, or distribution of products or services.

Enabling easier management of IT carbon emissions

Active in Brazil for over 70 years, PepsiCo Brasil operates more than 100 sales and distribution centers, nine factories, and an extensive technology park. Each year, PepsiCo Brasil refreshes around 1,000 PCs across the business—and, in line with efforts to reduce its environmental impact, PepsiCo Brasil uses Lenovo CO_2 Offset Services to efficiently manage CO_2 emissions from its IT solutions.

With carbon credits going to support Gold Standard® and United Nations verified climate action projects around the world, PepsiCo Brasil can efficiently manage its CO_2 emissions from IT and help reduce its environmental impact.

"Lenovo CO_2 Offset is an important service that helps our IT team contribute to managing the impact of our business on the environment."

\- ***Renato Gaido,*** Senior Information Technology Manager, PepsiCo Brasil

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Financial highlights

For the year ended March 31	**2025 US$ million**	2024 US$ million	Year-on-year change
Group results			
Revenue	**69,077**	56,864	21%
Gross profit	**11,098**	9,803	13%
Gross profit margin (%)	**16.1**	17.2	(1.1) pts
Operating expenses	**(8,934)**	(7,797)	15%
Expense-to-revenue ratio (%)	**12.9**	13.7	(0.8) pts
Pre-tax income	**1,481**	1,365	8%
Pre-tax income margin (%)	**2.1**	2.4	(0.3) pts
Profit attributable to equity holders of the Company	**1,384**	1,011	37%
EPS — basic (US cents)	**11.30**	8.41	2.89
EPS — diluted (US cents)	**10.62**	8.05	2.57
Interim dividend per share (HK cents)	**8.5**	8	0.5
Final dividend per share (HK cents)[1]	**30.5**	30	0.5
Total dividend per share (HK cents)	**39**	38	1
Group results (non-HKFRS measures)			
EBITDA	**3,874**	3,697	5%
EBITDA margin (%)	**5.6**	6.5	(0.9) pts
Non-HKFRS operating profit	**2,454**	2,013	22%
Non-HKFRS profit before taxation	**1,815**	1,400	30%
Non-HKFRS profit for the year	**1,504**	1,120	34%
Non-HKFRS profit attributable to equity holders of the Company	**1,441**	1,060	36%
Non-HKFRS net profit margin (%)	**2.1**	1.9	0.2 pts
Cash and working capital			
Bank deposits and cash and cash equivalents	**4,817**	3,626	33%
Total borrowings	**(5,368)**	(3,620)	48%
Net (debt)/cash	**(551)**	6	(557)
Cash conversion cycle (days)	**2**	(4)	6

Note:
1 Subject to shareholders' approval at the forthcoming annual general meeting.

Key business highlights

2nd Highest Historical Revenue

$69.1B +21% YoY

Net Profit (Non-HKFRS)

$1.4B +36% YoY

margin improvement in all 3 business groups

#1 PC Globally

23.7% market share[1]

#1 Windows AI PC

vendor globally[2]

Smartphone[3]

#4 Global (excl. PRC)

Neptune™ Liquid Cooling Solutions

Revenue +68% YoY

100+ innovation patents

Innovation[4]

75 Awards at CES

Strategic Partnership with ALAT[5]

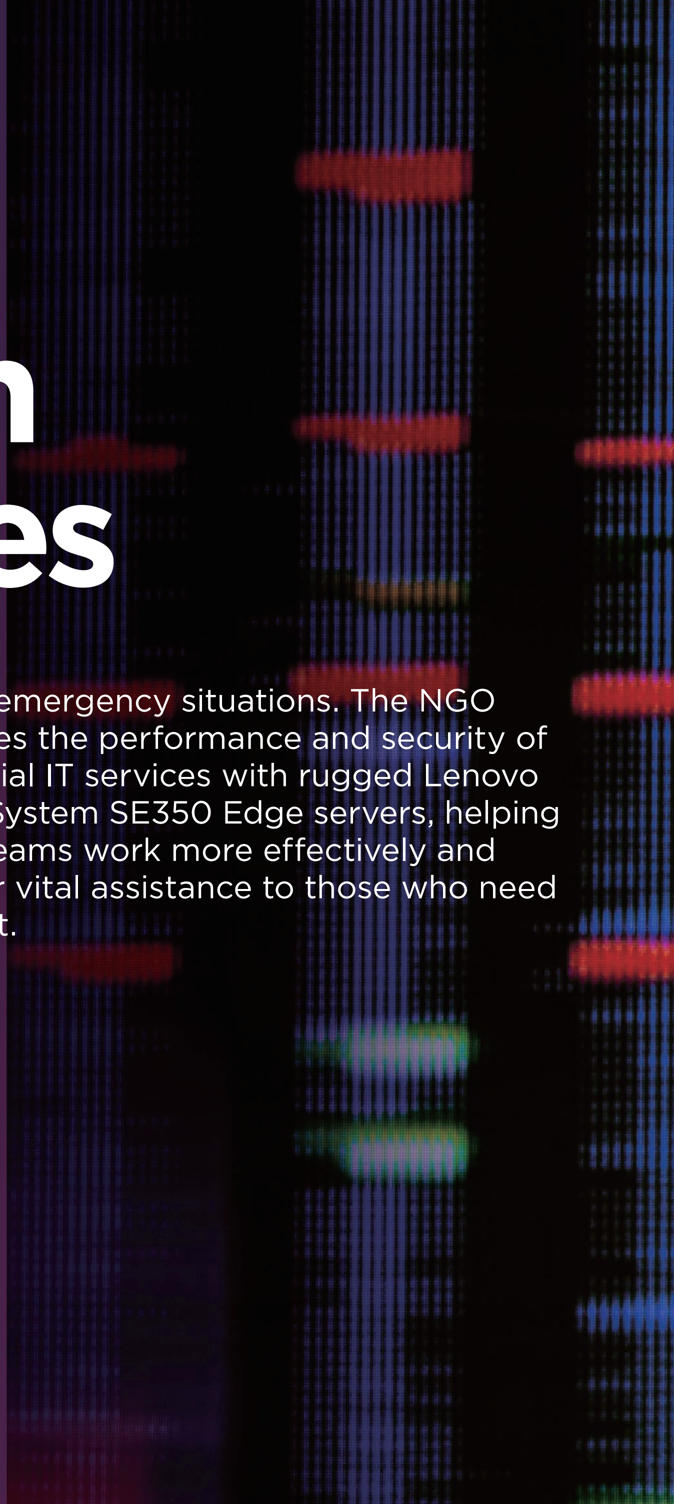
$2B

zero-coupon convertible bonds

1. Source IDC: Worldwide No. 1 in the overall PC market with 23.7% market share in FY24/25
2. Source IDC: Worldwide No. 1 in the Windows based AI PC market with a 30.4% market share in FY24/25
3. Source IDC: Worldwide No. 4 in the global smartphone market (excluding China) by revenue in Q4 FY24/25
4. Lenovo's latest innovations at CES 2025. Source: bit.ly/4kwavbr
5. ALAT is wholly owned by Public Investment Fund (PIF), which is one of the largest sovereign wealth funds globally

Smarter solutions on the frontlines

Médecins Sans Frontières, also known as Doctors Without Borders – (MSF) Operational Center Geneva (OCG) is non-governmental organization (NGO) that delivers medical assistance to people affected by armed conflict, natural and man-made disasters, and other emergency situations. The NGO elevates the performance and security of essential IT services with rugged Lenovo ThinkSystem SE350 Edge servers, helping field teams work more effectively and deliver vital assistance to those who need it most.



MEDECINS SANS FRONTIERES
ÄRZTE OHNE GRENZEN

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Chairman & CEO Statement

As we conclude another successful fiscal year, I am proud to reflect on the significant strides we've made in advancing our vision of Smarter AI for All, while delivering strong performance and relentless innovation. Celebrating 20 years of going global and entering the fifth decade of our journey, we are uniquely well positioned to harness the transformative power of AI and pursue a new era of growth.

One of Lenovo's Best Years Ever

I am pleased to report that Lenovo just concluded one of the best years in our history. Despite global political and economic turbulence, we achieved substantial **revenue growth and increased profit** significantly year on year. Even more, we strengthened our commitment to innovation and kept raising the bar for operational excellence.

Our smart devices business continued to lead the global PC market with increased competitive advantage and expanded rapidly and profitably in the global smartphone market. Our smart infrastructure business delivered hypergrowth, achieved breakeven in the second half of the fiscal year, and is now turning into a sustainably profitable business, driven by strong growth in both cloud service provider segment and enterprise/SMB segment. Additionally, our solutions and services business delivered high growth and high profitability, building new horizontal and vertical AI solutions while unleashing Lenovo Hybrid AI Advantage.

Key to these successes is our commitment to **operational excellence**, notably our unique ODM+ model, combining in-house manufacturing with outsourced production to give us cost competitiveness and better customization. It also allows us to learn from industry best practices and adopt the most advanced technologies and processes. Our distinctive Global/Local model leverages global resources in capital, talent, supply chain, manufacturing as well as research and development, while delivering the last mile of local sales, marketing, fulfillment, and services to customers in 180 markets. This model helps drive higher customer satisfaction, robust compliance, deep community engagement, and more secure and resilient operations.

Another critical factor behind our successful year is our increased investment in **innovation** with a clear focus on hybrid AI. In personal AI, Lenovo is already leading the global AI PC race, introducing advanced AI agents and innovative form factors that wowed the industry. In enterprise AI, we have launched AI servers and continued to lead the market with our Neptune liquid cooling solutions. And Lenovo's Hybrid AI Advantage combines hybrid infrastructure, model factory, and agent platform with AI services and applications to deliver value to enterprise customers.

Chairman & CEO statement

Embracing Lenovo's AI Decade

Looking ahead, I believe our fifth decade will be **Lenovo's AI decade**.

Lenovo remains committed to a future defined by **hybrid AI** — integrating public, personal, and enterprise AI to meet customer needs in terms of effectiveness, efficiency, responsiveness, security and privacy protection, and sustainability.

Our milestone AI PC product has transformed personal computing into personalized AI. And the upcoming generation will soon feature significantly improved on-device AI inferencing capabilities. But we don't stop here. We are driving the next level of breakthroughs with personal super AI agent, which features new capabilities in perception and interaction, cognition and decisions, and autonomy and evolution, creating a secure and private AI experience for users and taking them one step closer to personal AI twins.

In enterprise AI, Lenovo continues expanding hybrid infrastructure by combining client devices, edge computing, networks, and hybrid cloud environments. This structure streamlines data collection, storage, processing, and deployment of trained AI models. Utilizing enterprise data, Lenovo develops functional and vertical solutions through our model factory and agent platform. When we put all these capabilities together, and meet the requirements of security, compliance and AI governance, we now have Lenovo Hybrid AI Advantage. By fully unleashing the capabilities built under Lenovo Hybrid AI Advantage, Lenovo has a mission of building a variety of AI applications — or "domain AI agents" — for all types of enterprises and organizations. And collectively, all these domain AI agents within an enterprise will form an enterprise super AI agent. Furthermore, we are building enterprise super AI agents, either as digital assistants or robots, to command domain AI agents to access enterprise knowledge, perform reasoning, orchestrate tasks and proactively execute jobs, thus making enterprise AI twins a much closer reality.

New Partnerships, Bigger Opportunities

Adding to this excitement are our new partnerships.

Lenovo's recently announced Alat partnership is opening doors for us to pursue growth in Saudi Arabia and the Middle East/Africa region, while expanding our global footprint and adding resilience into our supply chain.

Even more, built upon the success with our F1 partnership, Lenovo is now the official technology partner for FIFA. Between F1 and FIFA, Lenovo powers the most technologically advanced and popular sports in the entire world — the perfect opportunity to show the world what our technology and solutions can do.

This is a truly exciting time for Lenovo. Twenty years after our first step of going global, we have built a unique model that has proven to work at uncertain times. It will guide to navigate any contextual challenges. With our operational excellence, commitment to innovation, and diverse and unified One Lenovo team around the world, I am confident that our best days are yet to come, and we will turn our vision into reality.

Y. Yang

Yuanqing Yang
Chairman and CEO
Lenovo

Yang Yuanqing

Chairman and
Chief Executive Officer

David C. Carroll

Senior Vice President
and Chief Legal
and Corporate
Responsibility Officer

Winston Cheng

Senior Vice President
and Chief Financial
Officer

Gao Lan

Senior Vice President
and Human Resources

Tolga Kurtoglu

Senior Vice President
and Chief Technology
Officer

Liu Jun

Executive Vice President
and President of the China
Geography

Qiao Jian

Senior Vice President
and Chief Strategy Officer
and Chief Marketing
Officer

Lenovo management team

Ashley Gorakhpurwalla

Executive Vice President and President of the Infrastructure Solutions Group

George He

Senior Vice President and President of Lenovo Capital and Incubator Group

Luca Rossi

Executive Vice President and President of the Intelligent Devices Group

Che Min (Jammi) Tu

Senior Vice President and Group Operations Officer

Ken Wong

Executive Vice President and President of the Solutions & Services Group

Matthew Zielinski

Executive Vice President and President of the International Sales Organization

Lenovo X MSG Family kickoff powerhouse partnership

Partnering with Lenovo and Motorola, the MSG Family of Companies is pushing the boundaries of innovation in sports and entertainment across their portfolio. As part of the multi-year partnership, Lenovo is an Official Partner of Madison Square Garden, the Christmas Spectacular Starring the Radio City Rockettes, and the professional sports franchises the New York Knicks and New York Rangers, and receives brand inclusion across MSG Networks. Motorola is an Official Partner of Madison Square Garden, the New York Knicks and New York Rangers.

The cornerstone of the partnership between the MSG Family of Companies and Lenovo is community engagement – with initiatives focused on small businesses and community organizations through programming with both the New York Knicks and the Christmas Spectacular Starring the Radio City Rockettes. The multi-faceted Motorola partnership is anchored in high profile, in-venue assets – specifically as the exclusive title partner of Madison Square Garden's famed Celebrity Row.

MADISON SQUARE GARDEN ENTERTAINMENT   sphere   MADISON SQUARE GARDEN SPORTS

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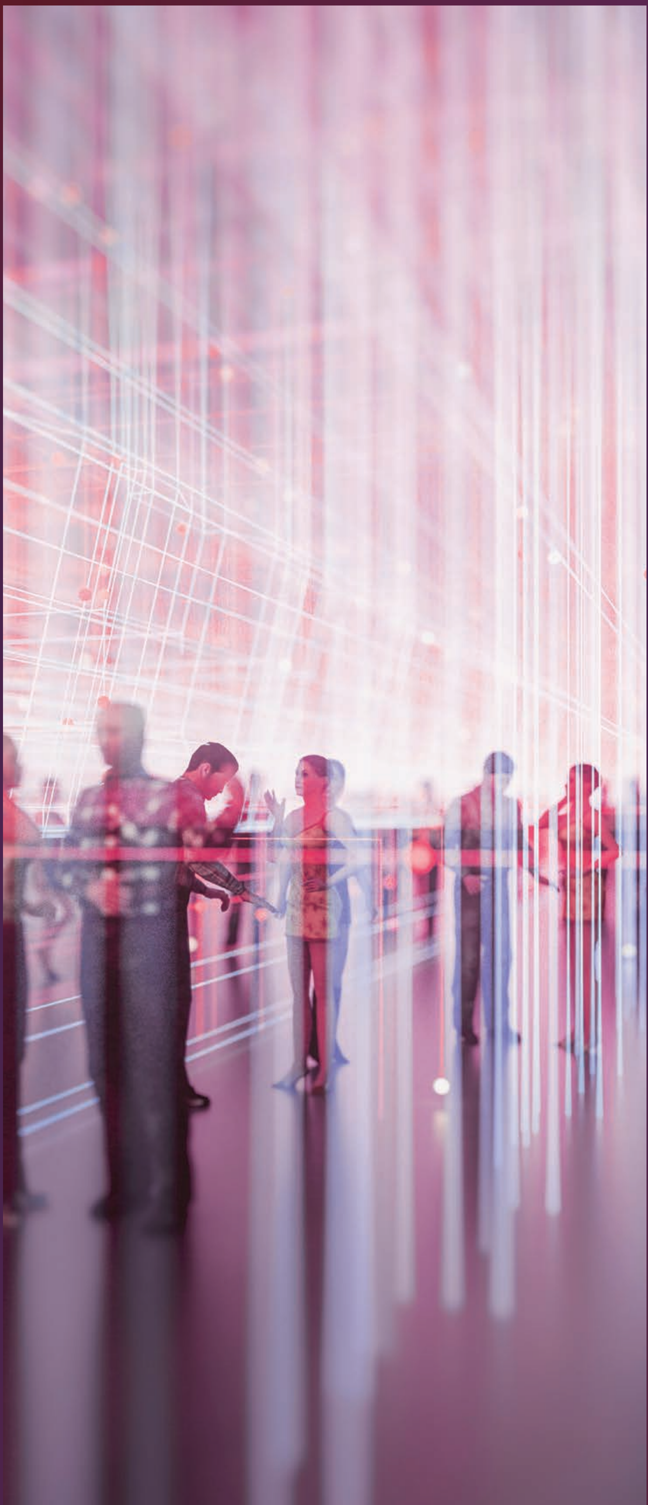
Management's discussion & analysis



Business review and outlook

Highlights

For the fiscal year ended March 31, 2025, Lenovo (the Group) delivered solid financial results. The Group's profit attributable to equity holders increased by 37 percent year-on-year, and revenue grew 21 percent to US$69 billion, marking its second highest annual sales. All three Business Groups - Infrastructure Solutions Group (ISG), Solutions and Services Group (SSG), and Intelligent Devices Group (IDG) - achieved double-digit top-line growth, with strong profit expansion for IDG and SSG and significant loss reduction for ISG, fueled by Lenovo's emphasis on Hybrid AI, operational excellence, and strategic execution.

The Group's investments in building a comprehensive full-stack AI portfolio, spanning infrastructure, edge devices and services, were instrumental in seizing new market opportunities. ISG, SSG and Smartphone delivered record-breaking sales, reflecting the success of newly enriched Hybrid AI offerings and continued strength in current business franchises. IDG achieved double-digit year-on-year revenue growth on higher market share and rising premium sales in both PCs and smartphones. The Group achieved balanced growth across regions, with Asia Pacific, China, EMEA (Europe, Middle East, and Africa), and Americas contributing 19 to 34 percent to total revenue. In response to a complex and challenging trade regulatory landscape, Lenovo has implemented strategic measures to fortify its global operations, enhance business agility, and ensure long-term growth.

Advancing overall profitability remains Lenovo's top priority, with all three Business Groups reporting improved segment margins by harnessing their unique strengths to drive efficiency and profitability. Non-HKFRS net profit, which the Group believes is indicative of the core operating results by excluding certain items, grew 36 percent year-on-year to US$1.4 billion. On an HKFRS basis, profit attributable to equity holders, increased by 37 percent year-on-year to US$1.4 billion.

In the fiscal fourth quarter, our strategic partnership with PIF/Alat took an important step forward as we gained overwhelming shareholder support and obtained all regulatory approvals to close on this landmark transaction. Upon conversion, PIF/Alat will be the largest sovereign wealth fund in the shareholder base. The successful issuance of the US$2 billion zero-coupon convertible bonds (CBs) to Alat and the US$212 million of warrants marks a significant milestone, enabling the Group to broaden its shareholder base, expand its global presence, diversify its manufacturing footprint, and capture substantial growth opportunities in the Middle East and Africa regions.

These achievements underscore the Group's commitment to innovation. R&D spending rose 13 percent year-on-year to US$2.3 billion. The Group made notable progress in Personal AI, one of the two foundational aspects of Hybrid AI, expanding from hardware design to advanced software applications and services. The launch of the "AI Now" agent enabled the creation of an ecosystem of "One AI, multiple devices." In Enterprise AI, the company developed AI Super Agents for enterprises and smart cities under the Hybrid AI Advantage solution, which combined ISG's full-stack capabilities and SSG's AI library to accelerate customers' intelligent transformation.

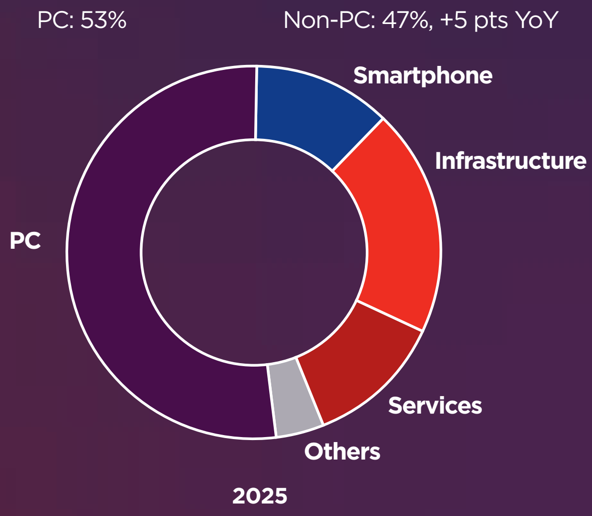
The cash conversion cycle has increased by six days year-on-year, primarily driven by longer inventory days. Higher level of inventory is required in response to increased demand, new product launches, and sales mix favoring fast-growing ISG business. In particular, the high-growth AI server business demanded costly components including GPUs, leading to higher inventory balance.

The Group's steadfast focus on corporate governance and sustainability earned wide recognition. For the third consecutive year, the Group secured an AAA rating in the MSCI ESG Ratings and was included for the third time in the annual CDP A List for Climate, highlighting its commitment to environmental transparency and climate action.

Group Financial Performance

The Group reported a 21 percent year-on-year sales growth to US$69 billion, the second highest in its history. Contributing to this was ISG's 63 percent revenue growth, driven by robust server orders, renewed enterprise demand, and new customer acquisition. Meanwhile, SSG saw a 13 percent year-on-year revenue increase to a new record, propelled by strong demand for DWS (Digital Workplace Solutions) and AI-powered solutions. IDG achieved a 13 percent year-on-year sales increase, with PC revenue benefiting from global market share gains, revitalized commercial sales, and premium products, including new AI PCs. Notably, its smartphone business continued to secure market share in key markets, including Asia Pacific and Europe. While Lenovo remains a leader in the PC market, its diversification efforts have paid off, with non-PC revenue accounting for 47 percent of total revenue across the three Business Groups.

Record-high Non-PC Revenue Contribution[1,2]



Notes:
[1] Revenue before eliminations.
[2] Non-PC revenue includes revenues from SSG, ISG and non-PC part of IDG.

Management's discussion & analysis

The Group's non-HKFRS and HKFRS net profit grew 36 and 37 percent, respectively, with all three Business Groups contributing incrementally. ISG returned to profitability in the second half of the year after reversing earlier losses, with a strategic focus on addressing rapidly growing cloud demand. IDG achieved high profitability within its historical upper range and retained industry leadership, despite an unexpected negative tariff impact in the last part of the fiscal year. SSG upheld a 21 percent operating margin, contributing 33 percent of the combined segment profit across all Business Groups.

Performance by Product Business Group

Intelligent Devices Group (IDG)

IDG, encompassing PCs, tablets, smartphones, and other smart devices, achieved a 13 percent revenue increase and a 14 percent segment profit growth during the fiscal year. In a steadily recovering PC market, IDG expanded its global share by 0.8 percentage points year-on-year to a 23.7 percent, with strong performances in both commercial and consumer segments. A robust enterprise refresh cycle boosted commercial segment sales by 11 percent year-on-year, while rising premium product sales lifted average selling prices. Consumer PC revenue delivered double-digit growth, of which gaming PCs surged over 13 percent, reinforcing IDG's global leadership in the segment.

Embracing the Personal AI trend within the broader Hybrid AI landscape, IDG leveraged innovative hardware and proprietary software to solidify its market leadership. As AI PCs emerged a market standard, the company's cutting-edge solutions are poised to redefine the future of computing, showcasing the transformative potential of Agentic AI.

IDG's innovation efforts also bolstered non-PC sales, particularly within the smartphone segment where its popular premium models led to a record premium mix, boosting both market share and average selling prices. Motorola-branded revenue experienced double-digit growth year-on-year, with strengths in regional markets including Asia Pacific (ex-China) and EMEA. Motorola's share surpassed 6 percent in global ex-China smartphone markets setting a new milestone.

Infrastructure Solutions Group (ISG)

ISG achieved a 63 percent year-on-year revenue growth during the fiscal year, fueled by a more diversified customer portfolio, revitalized enterprise business, expanded non-accelerated server sales, and strong adoption of AI-optimized infrastructure products including advanced liquid-cooling technology.

Customer expansion in the cloud segment remained a key priority for ISG. The Group has successfully onboarded major customers with high revenue potential, supported by robust cloud investments and upgrades to customers' aging server infrastructure. This achievement highlights ISG's effective and focused approach to scaling its cloud business through a unique ODM+ (Original Design Manufacturing) model. The cloud segment not only achieved profitability but also more than tripled its revenue over the past five years, now contributing a double-digit share to Group sales.

ISG returned to profitability in the second half of the fiscal year under review, thanks to enhanced profit contributions from cloud and enterprise segments. The Business Group reported a US$180 million year-on-year loss reduction, while its annual operating loss came to US$69 million, consisting of a US$73 million first-half loss offset by a US$4 million second-half profit. Looking ahead, long-term demand for Enterprise AI infrastructure is expected to further global market expansion, as emerging AI use cases demand higher processing capabilities. ISG will continue to invest in innovations while implementing cost optimization measures, including streamlining its structure, fostering go-to-market partnerships, and enhancing channel capabilities through portfolio optimization.

Solutions & Services Group (SSG)

SSG, a growth engine for the Group, delivered record revenue and profit for the fourth consecutive year. Revenue and segment profit continued to grow double-digits, up 13 and 15 percent year-on-year, respectively. SSG's operating margin expanded by 42 basis points to 21.1 percent, topping all Business Groups.

Among SSG's three operating segments, Managed Services and Project & Solution Services reported year-on-year revenue growth of 24 percent and 20 percent, respectively, raising their contribution to SSG by 4 percentage points to 58 percent. These segments benefited from rising popularity of Device-as-a-Service (DaaS) and Hybrid Cloud, as well as the Group's AI-powered solutions, including an enterprise AI agent platform for a leading dairy client.

Support Services sales grew 3 percent, trailing behind the corresponding hardware sales increase during the period under review, reflecting a natural time lag between hardware sales and their subsequent impact on service revenue. Nevertheless, Support Service bookings saw high-single-digit recovery, mirroring the rise in hardware sales and supporting future growth.

Geographic Performance

With a global presence across 180 markets, Lenovo leverages its diversified market exposure to achieve balanced growth across all geographical markets. In Asia Pacific, excluding China, revenue rose 29 percent year-on-year, driven by strong momentum across all Business Groups. IDG's targeted initiatives aimed at enhancing market penetration boded well with Japan's Windows 11 refresh, growing interest in gaming PCs, and smartphone market share gains. ISG witnessed strong demand for its industry-leading liquid cooling technology, while SSG benefited from growing demand for DaaS and IaaS (Infrastructure-as-a-Service).

In China, sales surged by 26 percent year-on-year, mainly fueled by ISG's market share gains through an enhanced infrastructure portfolio. PC sales in the SMB segment recovered strongly, showcasing the Group's resilient efforts in driving premium sales. Additionally, SSG secured multiple DaaS case wins to deliver AI solutions to industry-leading customers.

In the Americas, the Group's revenue climbed by 19 percent year-on-year. ISG delivered robust growth, underscoring its core strengths in meeting large customer demand for AI GPU solutions with leading liquid-cooling technology. Premium smartphones and PCs continued to drive market share gains for IDG. SSG saw high growth in Hybrid Cloud Services including IaaS.

The EMEA market experienced a 16 percent year-on-year sales increase, with IDG and SSG maintaining strong momentum. Within IDG, market share gains in multiple European countries for PCs and smartphones were a strong growth catalyst. SSG signed its largest-ever DWS services contract in the region and saw strong momentum on ESG services including ARS (Asset Recovery Service). ISG thrived on heightened demand from major cloud customers, who are building local data centers to meet booming demand and regional data security regulations.

Outlook and Strategic Highlights

Lenovo leverages its experience to navigate market uncertainties, achieving consistent growth through operational excellence and innovation. These strengths are essential to capitalizing on the expanding Hybrid AI market, which is expected to grow despite economic fluctuations. Future investments will bolster Lenovo's leadership and drive sustained growth in a dynamic tech landscape. Advanced global operations and manufacturing initiatives will enhance resilience against market shifts, ensuring agility and sustainable growth.

IDG's latest AI-powered innovations are redefining next-generation devices, including AI PCs. AI NOW intelligent agent offers fast, secure on-device AI features using heterogeneous computing. ThinkShield filters harmful content for a safe environment, while Smart Connect enables seamless data management across multiple devices. Technologies like Lenovo Creator Zone and Lenovo Learning Zone strengthen IDG's global leadership in the AI PCs. Legion Space optimizes gaming device synchronization across its ecosystem. In smartphones, Motorola's premium Razr and Edge models enhance moto ai capabilities with Large Action Models.

ISG drives on innovation, diversification, and operational excellence to strengthen its leadership in Hybrid AI while achieving sustainable growth and profitability. It collaborates with ecosystem partners to develop advanced AI solutions for AI-driven applications and traditional compute workloads. Its ODM+ business model, featuring liquid-cooling technology, supports diversification into areas such as storage while expands growth in cloud business and enterprise opportunities.

SSG leverages its hardware expertise to offer cost-effective AI-powered IT services. It integrates AI into key offerings including Digital Workplace, Hybrid Cloud, and Sustainability solutions, creating impactful and resilient solutions. SSG's AI Fast Start services helps enterprises quickly adopt AI with access to proven use cases and expert guidance.

Management's discussion & analysis

Corporate strategy highlights

Guided by our mission to be the Leader and Enabler of Intelligent Transformation, Lenovo has deepened our "3S strategy" (Smart IoT, Smart Infrastructure, Smart Solutions), incorporating AI in our corporate strategy. Our strategic foresight and operational excellence proved highly effective. We not only delivered robust performance in FY24/25, but also established Lenovo as an industry pioneer in Hybrid AI.

In Smart IoT, we further expanded our leadership position with our innovative product design and operational excellence. Lenovo is clearly leading in AI PC, not only in terms of market share, but also by establishing 5-feature AI PC standard. 5-feature AI PCs with a personal intelligent agent, compressed local LLM, heterogenous computing, security protection, and an AI ecosystem. In MBG, we continued to execute our three-year growth plan, achieving #5 position outside China in the 2H with robust growth momentum throughout the year. Building on this foundation, we will build "One Personal AI, multiple devices" to achieve seamless cross-device, cross-ecosystem AI experience. Smart Connect will be the key enabler, seamlessly bridging the global ecosystems of Windows, Android, and iOS to deliver a unified, cross-device AI experience.

In Smart Infrastructure, our strategy to leverage our ODM+ model to scale Cloud Service Provider segment (CSP) and empower Enterprise and Small-Medium Business segment (ESMB) has proven highly effective. In the past year, we have turned the business to profitable and delivered hypergrowth. At the same time, we continued to lead in critical AI technology such as the Neptune liquid cooling, which will enable us to capture the rising AI infrastructure demand.

Smart Solutions continued to serve as the key margin contributor, delivering high-margin and solid growth throughout the year. Our strategy of building Horizontal Building Blocks has brought profitable growth across DWS, Hybrid Cloud, and Sustainability. We launched Hybrid AI Advantage, a suite of Enterprise AI solutions, which will help us to capitalize on Enterprise Hybrid AI growth.

FY24/25 validated the foresight and effectiveness of our strategy. Lenovo today stands on a more solid and future-ready foundation.

1) We are the pioneer in Hybrid AI
2) All business groups are on positive trajectory — with core business expanding leadership, growth engines scaling, and transformation business delivering profitable growth
3) We extended strategically significant partnerships, e.g., our partnership with Alat, further strengthening our global/local model
4) Our foundational pillars for long-term success — global supply chain, R&D, Digitalization, and One Lenovo — are stronger than ever

Looking ahead, we face macro environment uncertainties and a volatile geopolitical landscape. However, we are confident that with our solid foundations, we are well-positioned to navigate external uncertainties and stay competitive to lead in the Hybrid AI era.

Human resources

By the end of FY2024/25, the Group had a headcount of approximately 72,000 worldwide. The Group implements remuneration policy, bonus, employee share purchase plan and long-term incentive scheme with reference to the performance of the Group and individual employees. The Group also provides benefits such as insurance, medical and retirement funds to employees to sustain competitiveness of the Group.

Lenovo group material risks

Effective risk management is essential to Lenovo Group's long-term success, particularly in today's dynamic and increasingly complex business environment.

This section highlights the key risks the Group considers material — those that could significantly affect its operations, financial performance, or strategic objectives. Each risk includes a summary of its potential impact and the mitigation strategies the Group has in place.

These risks are not exhaustive. Like all global enterprises, Lenovo is also exposed to general business risks not individually detailed here. Furthermore, the nature and significance of risks may evolve over time due to changes in market conditions, technology, regulatory requirements, or the Group's global operations.

These risks are embedded within Lenovo's broader governance, compliance, and internal control frameworks, ensuring they are proactively identified, assessed, and managed at all levels of the organization.

Risk Description	Key Risk Mitigations
Strategic Risks	
Competition	
Lenovo operates in a highly competitive industry characterized by rapid technological advances in hardware, software and services, as well as evolving customer preferences. The Group faces strong competition in product offerings, pricing, and innovation from both established players and new market entrants. Failure to differentiate effectively or respond to competitive pressures could adversely affect market share and profitability.	The Group closely monitors market trends and competitive dynamics. It invests in research and development (R&D) to enhance product innovation and differentiation, broadens its portfolio of products and services, strengthens brand positioning, and prioritizes customer experience to support business growth.
Innovation	
Continual innovation is critical to Lenovo's competitiveness and long-term growth. In an environment of fast-moving technology, the inability to introduce new products in a timely and cost-effective manner, or to meet evolving customer needs, may weaken the Group's market position and constrain future revenue growth. Rapid advancements in Artificial Intelligence (AI) further intensifies competitive pressures, requiring Lenovo to innovate at scale to remain a leader in an increasingly intelligent technology ecosystem.	Innovation is embedded in Lenovo's strategy and supported by sustained R&D investment and a focus on delivering solutions that reflect real-world customer needs. The Group's Service-led Transformation and 3S strategy (Smart IoT, Smart Infrastructure and Smart Verticals) guide product innovation and intelligent transformation across its solutions and business operations. This integrated approach enables Lenovo to deliver value-added, future-ready offerings aligned with evolving customer needs. Strategic partnerships further enhance the Group's innovation capabilities. In response to the rapid expansion and immense potential of the global AI market, Lenovo has built a strong portfolio of AI-enabled products and solutions and is advancing its long-term strategic vision, "Smarter AI for All", through significant investments and a focused commitment to delivering transparent, secure, and personalized AI solutions. This vision is underpinned by Lenovo's Hybrid AI strategy, which integrates AI across Lenovo's portfolio—from client to edge, to cloud and network—enhancing product functionality, competitiveness, and customer value.

Risk Description	Key Risk Mitigations
Strategic Risks	
Business Transformation	
Lenovo is undergoing a strategic evolution toward Intelligent Transformation — shifting from a traditional hardware-centric business to a solutions- and services-led, and also incorporating AI into our corporate strategy. This transformation spans new business models, organization structures, and value creation across Smart IoT, Smart Infrastructure, and Smart Verticals. The scale and complexity of this shift introduce risks related to execution consistency, change management, and the ability to scale new capabilities globally. Additional challenges may arise in aligning people, processes and systems to support evolving customer needs and business priorities.	Lenovo's transformation is anchored in its services-led approach and 3S strategy, which guide business model evolution and operational integration. Effective execution is supported through clear strategic prioritization, cross-functional coordination, and targeted investment in leadership, systems, and capabilities. Robust IT governance enables scalable, secure, and integrated systems that align with transformation goals. The Group's enterprise-wide AI strategy further enhances efficiency, decision-making, and digital enablement. Together, these efforts strengthen Lenovo's agility, operational resilience, and ability to deliver long-term growth.
Mergers and Acquisitions (M&A)	
From time to time, Lenovo undertakes mergers or acquisitions to complement its business strategy. However, potential acquisitions involve risks related to adverse economic conditions, volatile capital markets, regulatory uncertainty, and geopolitical developments. Insufficient due diligence can lead to overvaluation, integration challenges, or failure to realize anticipated synergies. This could potentially impact financial performance, including through goodwill or intangible asset impairments.	Lenovo conducts rigorous due diligence to evaluate strategic fit and financial viability. All transactions are subject to a formal approval process. Post-acquisition reviews are conducted periodically to monitor the integration and performance of these investments. For additional detail, see "Notes to the Financial Statements" (pages 208–210) and "Key Audit Matters" (page 167).
Global Operating Environment	
Lenovo's global operations expose the Group to a broad range of external uncertainties, including macroeconomic volatility, geopolitical tensions, evolving regulatory environments, and public health or environmental events. Geopolitical risks, such as cross-border trade restrictions, export controls, data localization mandates, and changing diplomatic or security relations, may disrupt Lenovo's global supply chain, limit access to key markets, or affect its ability to operate efficiently across jurisdictions. These factors can increase operational costs, dampen customer demand, or delay business execution. In some cases, external risks may also amplify challenges in strategic areas such as M&A, investment planning, or organizational structure.	Lenovo Group has diversified its geographical footprint to reduce exposure to any single market. It monitors global economic, political, and regulatory developments to anticipate and respond to emerging risks in its operating environment. The Group incorporates geopolitical and macroeconomic factors into its strategic planning, market prioritization, and supply chain decisions. Mitigation efforts related to external uncertainties are also embedded in other areas of Lenovo's risk management program, such as business continuity planning, regulatory compliance, supply chain diversification, and cybersecurity, which are detailed elsewhere in this risk section.

Risk Description	Key Risk Mitigations
General Legal, Regulatory & Compliance	
Lenovo operates in a broad range of jurisdictions and is subject to diverse and evolving legal and regulatory requirements. Additionally, the global regulatory environment is increasingly complex. New laws, heightened enforcement, or changes in government policy may affect Lenovo's ability to operate efficiently, serve customers, or manage supplier relationships. Non-compliance, whether due to error or misconduct, could lead to financial penalties, operational disruptions, reputational damage, or regulatory restrictions. While not exhaustive, the following examples reflect some of the most significant legal and compliance risks currently monitored by the Group: • Compliance with anti-bribery and anti-corruption laws, including the actions of employees and third-party representatives; • Risks related to ethical breaches or misconduct, including conflicts of interest, fraud, or violations of the Lenovo Code of Conduct; • Trade compliance, including adherence to import/export laws and restrictions across key jurisdictions such as the U.S. and China; • Adherence to product safety and certification requirements, and legal obligations governing the sale and distribution of products and services; • Privacy and data protection risks, including the collection, processing, transfer, and safeguarding of personal, proprietary, and device-level data; • Compliance with competition and antitrust laws; • Alignment with ESG-related regulations and disclosure standards;	The Group actively manages these legal and regulatory risks through a comprehensive compliance framework led by the Legal department in collaboration with key stakeholders across the organization. Key elements of this framework include: • Ethics and compliance culture: Development and maintenance of a strong compliance culture supported by robust policies, procedures, and mandatory training on Lenovo's Code of Conduct. • Whistleblowing and investigations: Implementation of Lenovo's Whistleblowing and Investigations Policy, providing clear protocols for raising, reviewing, and investigating concerns or suspected misconduct. • Third-party due diligence and contract oversight: Risk-based due diligence is conducted before entering business relationships with third parties, alongside effective contract management practices to help ensure compliance across engagements. • Data and AI governance: Strong privacy, security, data protection, and AI governance frameworks-including policies, processes, and training-to ensure the responsible use, transfer, and safeguarding of proprietary, personal, and device-level data. • Regulatory monitoring: Ongoing monitoring of legal and regulatory developments to ensure compliance with applicable laws and evolving requirements. • Governance and oversight: Compliance activities are subject to oversight by Lenovo's executive leadership and relevant Board committees, supported by internal assurance functions such as Internal Audit and Enterprise Risk Management.

Management's discussion & analysis

Risk Description	Key Risk Mitigations
General Legal, Regulatory & Compliance	
Artificial Intelligence (AI) Compliance	
Artificial Intelligence (AI) is fundamentally reshaping the global technology landscape. As the use of AI accelerates, governments and regulators worldwide are focused on how these technologies are developed, deployed and governed. In this rapidly evolving environment, the Group faces risks related to the alignment of the usage of AI in products, services and internal operations with emerging laws, standards, and ethical expectations. Non-compliance may lead to loss of market access, legal or regulatory sanctions, reputational damage, or reduced customer trust and adoption.	The Group recognizes that realizing its "Smarter AI for All" vision depends on the responsible, ethical, and secure development, deployment, and use of AI. To support this, Lenovo is committed to structured conduct standards for employees, centralized governance and oversight, and transparency in the development, deployment, sale and internal use of AI technologies. Foundational AI governance and compliance practices are in place across the organization. The Group is now advancing toward a unified, enterprise-wide governance framework, led by the Chief Security and AI Officer in collaboration with the Legal team and other key stakeholders. This initiative ensures alignment with global standards and Lenovo's principles for responsible AI.

Risk Description	Key Risk Mitigations
Operational Risks	
Supply Chain Management	
Lenovo Group operates a highly complex, global supply chain involving multiple tiers of suppliers and both Lenovo owned and third-party operated manufacturing sites. The Group's operational performance depends on the seamless execution of critical functions such as demand forecasting, production planning, order fulfilment, and inventory management. Despite its global presence, certain Lenovo supply or production activities remain regionally concentrated, increasing sensitivity to localized disruptions. In addition, reliance on a limited number of component suppliers may constrain flexibility during periods of supply shortages. Potential disruption may arise from a range of factors, including: • Natural disasters, pandemics, or damage to manufacturing or logistics facilities; • Supplier financial instability; • Regional conflicts, cyberattacks, or other security threats; • Regulatory changes, such as evolving global trade tariffs or governmental export controls. These events may require substantial time and cost to recover from. If alternative sourcing cannot be secured on favorable terms while maintaining legal and regulatory compliance, Lenovo's revenue, profitability, and competitive position may be adversely affected. In addition, Lenovo's global supply chain is exposed to Environmental, Social, and Governance (ESG) risks that may arise from the practices of both direct and indirect suppliers. These risks include climate-related disruptions, natural resource depletion, and labor or human rights violations. Suppliers operating in jurisdictions with less robust legal or regulatory standards may fail to meet the expectations or requirements of the markets Lenovo serves, creating compliance gaps and reputational exposure. Non-compliance by any supplier — particularly in areas related to responsible sourcing or labor practices — could disrupt supply continuity, lead to regulatory penalties, or impair the Group's license to operate. ESG considerations are also increasingly important in customer procurement decisions. A failure to meet evolving expectations related to environmental impact, ethical sourcing, or supplier conduct may result in loss of business or diminished brand equity.	The Group actively manages risks associated with its complex global supply chain through a combination of strategic sourcing, operational planning, regulatory compliance, and ESG oversight. Included in this is a robust and mature Global Supply Chain Risk Management program that continuously monitors external developments, identifies emerging risks or shifts in the risk environment, and develops dynamic mitigation strategies. This program supports cross-functional collaboration and informs decision-making across procurement, manufacturing, logistics, and compliance functions. To mitigate concentration risk, Lenovo diversifies its supplier base and global production footprint, minimizing reliance on sole or single-source suppliers. Physical resilience is reinforced through ongoing investment in risk-engineered improvements at key manufacturing sites. Business continuity is supported through comprehensive disaster recovery planning and scenario-based risk assessments, aimed at reducing the impact of regional disruptions such as natural disasters or geopolitical instability. Lenovo is also deeply committed to embedding ESG principles across its end-to-end supply chain. Supplier compliance with labor, environmental, health and safety, and ethical standards is supported by formal policies, contractual requirements, and monitoring systems. The Group is a member of the Responsible Business Alliance (RBA), actively promotes RBA standards throughout multiple tiers of its supply chain, and conducts independent audits to validate compliance. To strengthen ESG due diligence, Lenovo has integrated the EcoVadis ESG Risk Management Platform and Supplier ESG Management Module into its digital supplier management system. This platform helps assess supplier performance, identify risk areas, recommend improvements, and track year-over-year progress toward enhanced ESG outcomes.

Risk Description	Key Risk Mitigations
Operational Risks	
Product Quality	
Lenovo offers complex products and services, so maintaining high standards of quality is critical to its reputation, customer loyalty, and long-term success. A failure to uphold effective quality management across research and development, manufacturing, and the supply chain could materially affect the Group's brand, operations, and financial performance. Product quality issues may result in costly recalls, production disruptions, or increased warranty, repair, and replacement expenses. Such issues may also negatively impact customer satisfaction and market confidence. In addition, Lenovo may face product liability claims if the use of its products causes bodily injury, property damage, or other loss — regardless of fault. Defending such claims may require substantial time and resources, and any adverse judgments could result in significant financial penalties or reputational harm.	Lenovo continuously enhances its quality processes to ensure consistent performance across the product lifecycle. The Group's Quality Management System (QMS) is certified to the ISO 9001:2015 standard by external certification bodies, reinforcing its commitment to global quality benchmarks. The QMS supports efficient operations, drives customer satisfaction, and signals to customers and stakeholders that Lenovo maintains robust and standardized quality assurance practices. These processes span product development, manufacturing, and post-sales support, helping to reduce defect rates, manage quality-related risks, and strengthen brand trust.
Intellectual Property (IP)	
Lenovo Group faces IP risks both from failing to adequately protect its own innovations and from exposure to third-party infringement claims. Insufficient protection of Lenovo's proprietary technologies could lead to the loss of exclusive rights, weakening the commercial value of its innovations. Conversely, the Group may face increased costs from licensing demands by patent holders, legal fees to defend against infringement claims, or settlements and damage awards. Adverse judgments in IP disputes may also lead to injunctions or exclusion orders that restrict Lenovo's ability to sell or distribute products in certain jurisdictions. In some cases, the Group may need to modify product designs or adjust supply chain arrangements, which could strain customer or partner relationships. Infringement findings may also harm Lenovo's brand and market credibility.	The Group takes a proactive and multi-layered approach to managing intellectual property risks. It implements legal protections for its innovations, including securing patents, registering trademarks and copyrights, and safeguarding trade secrets. It also applies appropriate licensing strategies and regularly monitors the validity and value of its IP assets. The IP team in Legal works closely with Lenovo's business groups to align patent filings with strategic R&D priorities and competitive positioning. The Group also obtains IP indemnification from suppliers or transfers IP responsibility where appropriate to manage third-party risk exposure. Lenovo maintains an IP litigation defense strategy and actively leverages its patent portfolio, where appropriate, to mitigate costs and strengthen its negotiating position. Additionally, the Group engages in industry collaboration to advocate for reforms that promote a more balanced and cost-effective global patent system.

Risk Description	Key Risk Mitigations
Operational Risks	
Information, Product & Cybersecurity	
Lenovo faces growing risks related to cybersecurity, data privacy, and the integrity of its IT infrastructure and products. These risks are driven by increased digitization, the rise of artificial intelligence, and the growing scale and sophistication of threats from cybercriminals, nation-state actors, and other malicious entities. Cyber threats may target Lenovo's enterprise systems, cloud infrastructure, product ecosystem, or third-party suppliers. This is particularly relevant to Lenovo's cloud and services businesses, which process, store, and transmit large volumes of sensitive customer, employee, and operational data. The use of AI across Lenovo's offerings, while accelerating innovation, also increases exposure to AI-enabled attacks that are more adaptive and automated. Lenovo collects and manages personally identifiable information (PII) and other sensitive data across its global operations. The Group is subject to a range of data privacy laws and security regulations that govern the collection, use, cross-border transfer, and retention of such information. Depending on the jurisdiction, Lenovo may be required to notify individuals or regulators in the event of a security breach or vulnerability. Product security is also a critical concern. Hardware, operating systems, software, and applications, whether developed internally or sourced from third parties, may contain bugs or hidden vulnerabilities that interfere with system performance or introduce security risks. Lenovo's complex global supply chain adds further exposure, including the potential for malicious code to be introduced through third-party components or software. Finally, a significant security incident, whether due to a cyberattack, data breach, or product vulnerability, could result in regulatory penalties, operational disruption, reputational damage, legal liability, or financial loss.	Lenovo maintains a comprehensive cybersecurity and information protection program designed to safeguard its operations, products, data, and customers against evolving threats. Key elements of this program include: • Cybersecurity governance and controls: Lenovo has established a global cybersecurity risk governance framework aligned with industry standards and leading control frameworks. This includes policies, procedures, and incident response protocols, as well as business continuity programs. The Group is ISO 27001:2022 certified for information security in its Global IT Network, and ISO 22301:2019 certified for business continuity. • Threat detection and response: Lenovo continuously enhances its cybersecurity practices through advanced technical controls, threat intelligence services, AI-based countermeasures, and real-time risk evaluation. These capabilities support rapid response to emerging threats and strengthen organizational resilience. • Regulatory and compliance adherence: Lenovo complies with global laws, regulations, and industry standards relating to AI, privacy, information security, and product security. This includes adherence to contractual obligations with customers and partners. • Product and data security standards: The Group enforces policies and processes to ensure that its hardware, software, and applications — whether developed in-house or procured from third parties — meet robust security and data protection standards. • Secure product lifecycle management: Security is embedded throughout the product lifecycle, from supplier code reviews and third-party risk assessments to post-release vulnerability management. This approach helps ensure the delivery of safe and secure products, limits customer exposure, and supports rapid remediation when issues are identified.

Management's discussion & analysis

Risk Description	Key Risk Mitigations
Operational Risks	
Human Capital Management	
Lenovo's long-term success depends on its ability to attract, develop, retain, and motivate a high-performing, diverse workforce. As the Group continues to execute its "Smarter AI for All" vision and 3S strategy, human capital remains a critical enabler of innovation, operational execution, and strategic transformation. The dynamic nature of global labor markets, coupled with heightened competition for specialized talent, presents challenges in sourcing and maintaining skilled professionals across various regions. Moreover, the evolving regulatory landscape, particularly concerning diversity and inclusion practices and pay transparency in various jurisdictions across the world, necessitates continuous adaptation to ensure compliance and uphold Lenovo's commitment to fair and inclusive employment practices.	Lenovo continuously enhances its Employer Value Proposition (EVP) to attract, engage, and retain talent aligned with the Group's intelligent transformation. The Group promotes its focus on AI and innovation internally and externally to strengthen brand recognition and attract candidates with emerging skill sets. A Group-wide workforce planning process supports the Group's ability to meet evolving business demands and strategic objectives. This includes expanding talent acquisition capabilities and enhancing recruitment expertise, particularly in AI and advanced technology domains. Lenovo also invests in enterprise-wide talent and leadership development programs to build internal capabilities and maintain a strong leadership pipeline. Compensation and benefits programs are regularly reviewed to ensure they remain competitive, performance-driven, and adaptable to an increasingly diverse global workforce. To address evolving regulatory requirements — particularly in relation to pay equity, transparency, and non-discrimination — Lenovo establishes cross-functional task forces and engages Legal to guide compliance strategies. The Group conducts mandated pay equity analyses, produces required reporting, and monitors regulatory developments across jurisdictions to ensure alignment with local laws and global expectations.

Risk Description	Key Risk Mitigations
Financial Risks	
As a global enterprise, Lenovo is exposed to a range of financial risks that could materially affect its financial condition, operating performance, or strategic flexibility. These include financial reporting risks, liquidity and credit risks, foreign exchange volatility, and tax-related uncertainties.	Lenovo has established a comprehensive financial risk management program designed to minimize the potential adverse impacts of financial market volatility on the Group's financial performance and strategic objectives. The program incorporates structured processes, oversight mechanisms, and controls to manage exposure across key areas such as financial reporting, liquidity, credit, foreign exchange and taxation. For further detail, refer to the "Notes to the Financial Statements" (pages 242–249).
Financial Reporting	
Lenovo is subject to complex and evolving financial reporting requirements across jurisdictions. These include the application of accounting standards, the use of significant management judgments and estimates, and the need to maintain effective internal controls over financial reporting. Failure to maintain compliance or transparency in financial reporting may result in regulatory scrutiny, restatements, or reputational harm.	Lenovo maintains a robust internal control framework to ensure the accuracy, integrity, and timeliness of its financial reporting. This includes compliance with International Financial Reporting Standards (IFRS) and other applicable accounting and regulatory requirements across jurisdictions in which the Group operates. The Group regularly reviews and enhances its accounting policies and financial reporting processes, including the use of qualified finance professionals and external advisors where appropriate. Key financial estimates and judgments are subject to formal review and governance, including oversight by Lenovo's Audit Committee. Internal Audit and Finance teams conduct periodic risk assessments and control testing to monitor the effectiveness of financial reporting controls. Remediation efforts are implemented promptly in response to identified control deficiencies.
Liquidity and Credit Risk	
Adverse economic conditions, financial market disruptions, or geopolitical events may negatively affect Lenovo's cash flows and working capital. The Group may experience delays or defaults in receivables collection due to customer financial stress. In some cases, trade credit insurance capacity may be reduced or withdrawn, increasing Lenovo's exposure to uninsured credit losses. Volatility in the capital markets could limit the availability or increase the cost of external funding, potentially constraining investment or operational flexibility.	Lenovo actively manages liquidity and credit risk through centralized treasury operations, supported by robust cash flow forecasting, global funding strategies, and disciplined credit management practices. The Group closely monitors market conditions and funding opportunities to maintain financial flexibility and ensure timely access to capital. It maintains diversified funding sources, including committed credit facilities and access to public debt markets. Customer credit risk is managed through formal credit policies, ongoing review of receivables performance, and strengthened collection capabilities. Lenovo leverages internal risk assessments and third-party data to evaluate customer creditworthiness and adjust credit terms accordingly. To mitigate the risk of customer default, Lenovo works proactively with brokers and insurers to maintain trade credit insurance coverage, particularly in times of economic volatility.

Risk Description	Key Risk Mitigations
Financial Risks	
Foreign Exchange Risk	
Lenovo operates in multiple international markets and is exposed to foreign currency risk from transactions, assets, liabilities, and investments denominated in currencies other than the functional currency. Persistent macroeconomic uncertainty and geopolitical tensions have kept exchange rate volatility elevated. Ongoing fluctuations in foreign exchange markets may continue to affect the Group's financial performance.	Lenovo manages foreign exchange risk through a centralized treasury function, guided by a Group-wide hedging policy. Currency exposures are actively monitored, with hedging strategies dynamically adjusted within policy parameters in response to market developments.
Tax Management	
Lenovo operates across multiple tax jurisdictions and is subject to ongoing changes in local and international tax regulations. Evolving interpretations and new legislation may introduce ambiguity or increase the complexity of tax compliance. Changes in tax rules could affect Lenovo's effective tax rate, tax liabilities, and the value of tax-related assets. The recognition of deferred tax assets is dependent on the Group's ability to generate sufficient future taxable profits. A deterioration in business performance or significant changes in forecasted profitability could result in the write-down of deferred tax assets, leading to a negative impact on earnings.	Lenovo closely monitors both business developments and the global tax environment to ensure the appropriate application of tax rules and to mitigate risks where possible. The Group maintains a centralized tax governance structure supported by internal expertise and external advisors to manage compliance across multiple jurisdictions. Lenovo proactively assesses the potential impact of regulatory changes, evaluates its tax positions, and implements controls to ensure the accuracy and timeliness of tax filings. The Group also conducts periodic reviews to validate the recoverability of deferred tax assets based on current and projected business performance. In addition, Lenovo leverages technology-enabled tax systems to support compliance efficiency and regularly engages with tax authorities to maintain alignment on complex or evolving tax matters. For additional detail, refer to the "Notes to the Financial Statements" (pages 191–193 and 212–215) and "Key Audit Matters" (page 168).

Environment

Lenovo's programs in this area are based on a foundation of our commitment to strong environmental stewardship and continued compliance. This includes compliance with regulatory requirements and voluntary standards established by associations and the standards organizations to which Lenovo subscribes. Lenovo's Environmental Affairs Policy is the cornerstone for compliance across global operations, employees, and contractors performing work on behalf of Lenovo. This policy forms the foundation for Lenovo's ISO 14001:2015 certified Environmental Management System (EMS), which includes processes for evaluating legal and voluntary requirements and ensuring compliance across Lenovo's global design, development, and manufacturing operations (including distribution, fulfillment, and internal repair operations).

It is Lenovo's goal to leverage our EMS to help address and mitigate some of the most significant environmental challenges facing us as a global organization. Other benefits of the EMS include achieving results consistent with environmental leadership and ensuring Lenovo is vigilant in protecting the environment across all of our operations worldwide.

Lenovo's locations included in the EMS scope are audited internally as well as externally by certification bodies. Our EMS focus areas include:

- Climate change mitigation programs
- Environmentally conscious products program and its focus on the energy efficiency of products
- Environmentally preferred materials programs to drive the use of recycled and renewable materials in our products and packaging and support a transition to a circular economy
- Environmentally sound operations at our manufacturing facilities
- Global supply chain environmental programs

Through Lenovo's ISO 14001:2015 certified EMS program, we conduct a Significant Environmental Aspect (SEA) evaluation annually. This process evaluates the significant or material environmental aspects while identifying risks and opportunities that may impact the business or operations. To manage the SEAs, we establish relevant environmental objectives and targets with Key Performance Indicators addressing site operations, products, and global supply chain functions. The objectives and targets are monitored and measured for progress semi-annually as part of Lenovo's ISO 14001:2015 certified EMS. Lenovo's performance against the FY 2024/25 environmental objectives and targets will be published in the FY 2024/25 ESG Report.

Climate Change

Governance	At Lenovo, we recognize that climate change is a serious threat and as such, we address it at the highest levels of our organization. At least annually the Board of Directors is briefed on climate strategy and progress towards our climate change mitigation goals. Lenovo's Chief Legal and Corporate Responsibility Officer provides executive leadership for Lenovo's Environmental, Social and Governance (ESG) position, including climate change programs. In addition, the ESG Executive Oversight Committee (EOC) provides strategic direction and facilitates the coordination of ESG efforts across Lenovo, including the company's climate change strategy. The ESG EOC is comprised of senior management from across the business and functional areas and is chartered to promote a culture that encourages strong ESG performance, including compliance and leadership activities.

Strategy	Lenovo identified physical as well as transition climate-related risks and opportunities that can impact our business strategy and financial planning. These include, for example, regulations, technology, reputation, consumer behavior, or extreme weather events. To start understanding how our identified physical and transition risks and opportunities could impact our overall business, Lenovo performed exploratory climate-related scenario analysis by using the GeSI-CDP Scenario Analysis Toolkit which is based on the Task Force on Climate-related Financial Disclosures requirements and guidance on scenario analysis. The results helped to identify gaps, including financial implications and the involvement of cross-function teams. Lenovo's Climate and Energy Policy forms the foundation of our climate change strategy which focuses on five key areas where we can demonstrate influence in driving emissions reductions and support for a global transition to a low-carbon economy: — internal operations — energy suppliers and their operational emissions — supply chain — customers — government, non-profit organizations, and the public
Risk Management	The significant risks associated with climate change are identified and evaluated as part of two main processes within Lenovo's business management systems. These include its Group Risk Management and Control (GRMC) process and its annual climate-related risks and opportunities assessment. Additionally, Lenovo considers climate change as part of the ESG materiality assessment process. These processes help us identify relevant climate-related risks and opportunities.
Metrics and Targets	We established near-term science-based emissions reduction targets, which were validated by the Science Based Targets initiative (SBTi) in June 2020 and again in January 2023. Our scope 1 and 2 emissions reduction targets are consistent with limiting warming to 1.5°C, the most ambitious goal of the Paris Agreement, and our scope 3 emissions reduction targets meet ambitious criteria in accordance with the Science Based Targets initiative (SBTi) methodology and are in line with current best practices. We annually disclose our scope 1, 2, and 3 emissions and progress towards our emission reduction targets in our ESG Report. Our long-term emissions reduction targets have been validated against SBTi's Corporate Net-Zero Standard, and Lenovo is committed to achieving net-zero greenhouse gas emissions by 2050.

Lenovo has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign and we became part of the United Nations Framework Convention on Climate Change (UNFCCC) Race to Zero campaign. In January 2023, Lenovo announced its SBTi validated target to reach net-zero greenhouse gas (GHG) emissions by 2050. Lenovo's net-zero target is to achieve a 90 percent reduction across Scope 1, 2, and 3 emissions. Lenovo's long-term 2050 net-zero target coincides with its near-term, SBTi-validated 2030 emissions reduction targets. In September 2023, Lenovo joined the UN Global Compact Forward Faster initiative to accelerate private sector action towards the SDGs, specifically committing to the climate action and water resilience targets within the initiative.

By working with SBTi and aligning to their Net-Zero Standard, which is also the world's first framework for corporate net-zero target setting, Lenovo is taking a scientific, collaborative, and accountable approach to reducing emissions. Aligning goals to the SBTi helps hold companies accountable for their emissions reduction. Without aligning to SBTi, it is difficult to validate or know when a net-zero target is reached.

Lenovo's mature ISO 14001 EMS gives Lenovo a strong framework on which to set annual targets to help drive progress towards its 2030 and 2050 SBTi goals.

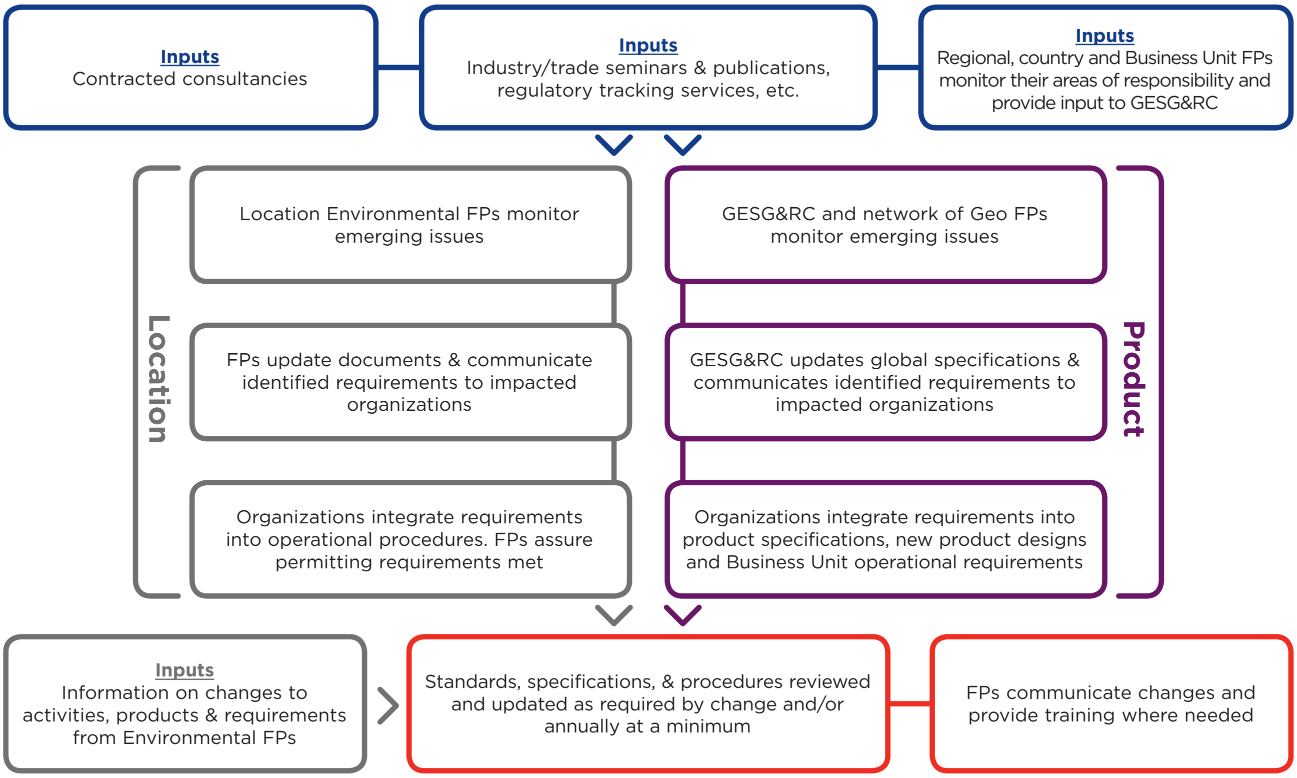
For more information about our identification process and assessment of climate-related risks and opportunities, metrics, and actions to address climate change, please read our response to the CDP Climate Change questionnaire available at www.cdp.net.

Lenovo recognizes the increasing demand for transparency with climate-related risks and opportunities disclosures. Investors and other stakeholders are focused on corporate disclosures regarding the physical and transition risks associated with climate change and related financial impacts. Lenovo's annual ESG Report complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), references the Global Reporting Initiative (GRI) Standards, and addresses the needs of many Lenovo stakeholders. The reporting requirements that Lenovo follows broadly correspond with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Lenovo continues its efforts in providing accurate and meaningful climate-related financial disclosures in line with TCFD framework.

Compliance with environmental laws and regulations

Lenovo actively engages with a wide variety of stakeholders to safeguard compliance with applicable laws and regulations where our products are manufactured, marketed and sold. The Global ESG and Regulatory Compliance (GESG&RC) Organization supports a culture of compliance by working with a global network of focal points (FP) in the geographies, development organizations, and key functional areas, as well as with external partners. We use reliable and established processes that conform with the latest applicable laws and regulations and ensure overall effectiveness. The diagram below details the process for ensuring environmental compliance for our products and practices.

Process for establishing, monitoring, and maintaining environmental compliance



Management's discussion & analysis

Lenovo and its business partners obtain the environmental and regulatory certifications that are required to legally sell its products where they are marketed and sold. Lenovo relies on internal and external subject matter experts, third-party labs, internal tools and processes to evaluate and confirm product compliance before shipment. In addition to environmental compliance, areas of review include but are not limited to, electromagnetic compatibility (EMC), safety, technology and trade controls, and wireless.

Ethics and compliance with relevant laws and regulations

Lenovo is committed to conducting business legally, ethically, and with integrity. Ethics and integrity serve as the foundation of all Lenovo's business practices. Results from our most recent 'Lenovo Listens' survey highlight one of the Company's greatest strengths: ethical business practices. We recognize our success hinges on our steadfast commitment to these values. This commitment is reinforced among the workforce through Lenovo's core values, which emphasize the significance of "Teamwork with Integrity and Trust," one of Lenovo's four fundamental cultural tenets.

Our Ethics and Compliance Office (ECO) was established to foster a culture that is committed to implementing these values. The ECO works in partnership with stakeholders across the globe to promote legal and ethical operations. The ECO actively raises awareness about the importance of ethical and compliant business practices to Lenovo and serves a critical role in providing employees with the information, resources, and training they need to make informed ethical decisions. The ECO also oversees Lenovo's Code of Conduct (Code), which establishes clear expectations for employee compliance with Lenovo's policies related to lawful and ethical business conduct. Lenovo's Code reflects our culture of trust and integrity and holds employees accountable for their behavior and helps employees determine when and where to seek advice. Lenovo's Code, policies, and related awareness and training materials are provided electronically and through periodic communications. Specifically, Lenovo's new hires are required to take Code training. In order to successfully complete the training, all employees are required to provide attestation of their adherence to the Code and Lenovo policies. The Code training covers various topics, including, conflicts of interest, insider trading, anti-bribery and corruption, anti-competitive practices and fair competition, insider trading, anti-money laundering, and international trade compliance.

The ECO is supported by the following committees:

Board Committees

- The **Audit committee** is annually briefed by the ECO on matters including the adequacy of resources for ESG reporting
- The **Nomination and governance committee** oversees the corporate policies and practices about governance and compliance with legal and regulatory requirements

Other Committees

- The **Executive Ethics Committee** provides executive-level oversight and guidance to the ECO
- The **Investigation Oversight Committee** works closely with the ECO to oversee the Group's internal investigation process and speak up initiatives
- The **Regional Ethics and Compliance Committee** provides the ECO with global support, perspective and insight

Business practices

Lenovo is committed to conducting business legally, ethically, and with integrity. Lenovo's Code of Conduct mandates compliance with applicable laws in markets where it conducts business. Its policies strongly support ethical and responsible business practices, including, but not limited to areas such as anti-bribery and corruption, data privacy, anti-competitive practices and fair competition, trade compliance, intellectual property, and more.

Anti-Bribery and Corruption

Lenovo has zero tolerance for bribery and corruption. Lenovo complies with the anti-bribery and corruption laws in every jurisdiction where we conduct business. Lenovo's Global Anti-Bribery and Corruption Policy, along with our Global Gift, Entertainment, Corporate Hospitality and Travel Policy, reinforce provisions in the Code and provide additional guidance regarding compliance with global anti- bribery and corruption laws and regulations. The policies stress that Lenovo will not directly or indirectly solicit, offer, promise, authorize, provide, or accept anything of value to any person, including government officials, to influence action, inaction or to secure an improper advantage as defined by applicable laws.

Anti-Competitive Practices and Fair Competition

Lenovo competes for business ethically and lawfully. Lenovo's Code and policy on anti-competitive practices and fair competition sets out fundamental principles to serve as guidelines for employees in complying with the competition laws in every jurisdiction where Lenovo operates. In particular, the policies strictly prohibit employees from engaging in anti-competitive practices, including entering into an agreement or discussion that would result in setting prices, limiting the availability of goods or services on the market, or agreeing to boycott a customer or supplier.

Intellectual Property

Lenovo values intellectual property as it innovates for the future. Lenovo expects employees to protect intellectual property and to respect the intellectual property rights of other companies and individuals. Lenovo secures its intellectual property by using patents, copyrights, trademarks, confidential information, related contract rights, and other applicable forms of legal protection.

Trade Compliance

Lenovo is fully committed to complying with all applicable global trade laws and regulations in the markets where it conducts business. This includes adherence to customs and import regulations, export controls, economic sanctions, and anti-boycott regulations as mandated by relevant authorities in each jurisdiction.

All employees are expected to uphold Lenovo's Code of Conduct and Global Trade Compliance Policy, which define the requirements for maintaining compliance with these laws and regulations. Lenovo also requires its business partners to comply with applicable global trade laws and regulations pursuant to its Partner Code of Conduct.

Additionally, Lenovo is Customs-Trade Partnership Against Terrorism (CTPAT) certified and a member of the CTPAT Trade Compliance program, demonstrating Lenovo's commitment to supply chain security and regulatory compliance.

Privacy & Data Protection

Lenovo recognizes the great importance of privacy to individuals everywhere — customers, website visitors, product users, employees — everyone. The responsible use and protection of personal and other information under Lenovo's care is a core value. To ensure adherence to Lenovo's privacy and data protection policies, principles, and processes, Lenovo maintains a global Privacy & Data Protection Program led by the Legal Department and a cross-functional Privacy Working Group comprised of key partners drawn from Information Security, Product Security, Product Development, Marketing, E-Commerce, Service and Repair, Human Resources, and other groups. Key elements of Lenovo's approach to responsibly using and protecting information of concern include:

- Monitoring privacy and data protection legal and regulatory trends, advising senior leadership, and improving Lenovo's privacy and data protection practices
- Harmonizing global privacy and data protection requirements into a corporate-wide Privacy Policy, Privacy Standard, and set of Guiding Privacy Principles intended to drive how Lenovo handles personal, user, device and certain other identifiable information, including developing and updating Lenovo privacy controls and processes
- Providing contractual support to ensure that risks associated with any dataflows are covered by appropriate supplier, customer, and partner contractual terms; includes assisting the Lenovo Global Contract Team (GCT) in its efforts to apply contract templates and improve privacy and security-focused contract exhibits
- Providing early input to product and services development teams by incorporating privacy checkpoints into formal development plans, including privacy impact assessments, and conducting pre-launch privacy compliance reviews of products, software, services, websites, marketing programs, internal systems, and supplier relationships
- Publishing transparent website and product privacy statements that describe Lenovo's data practices and choices for individuals
- Responding to requests from individuals to access, review, correct, amend, or delete their personal information
- Coordinating Lenovo's response to law enforcement and other government requests for personal, user, or device identifiable data
- Developing and delivering live and virtual privacy-focused training programs and working closely with the Chief Security Office (CSO), Corporate Infrastructure Security Office (CISO), and product security teams to timely identify and respond to information incidents
- Maintaining an internal Global Privacy & Data Protection Program website for the Lenovo Community that serves as a resource containing policies, training, news, analysis, and additional guidance on a host of privacy and data protection areas of concern

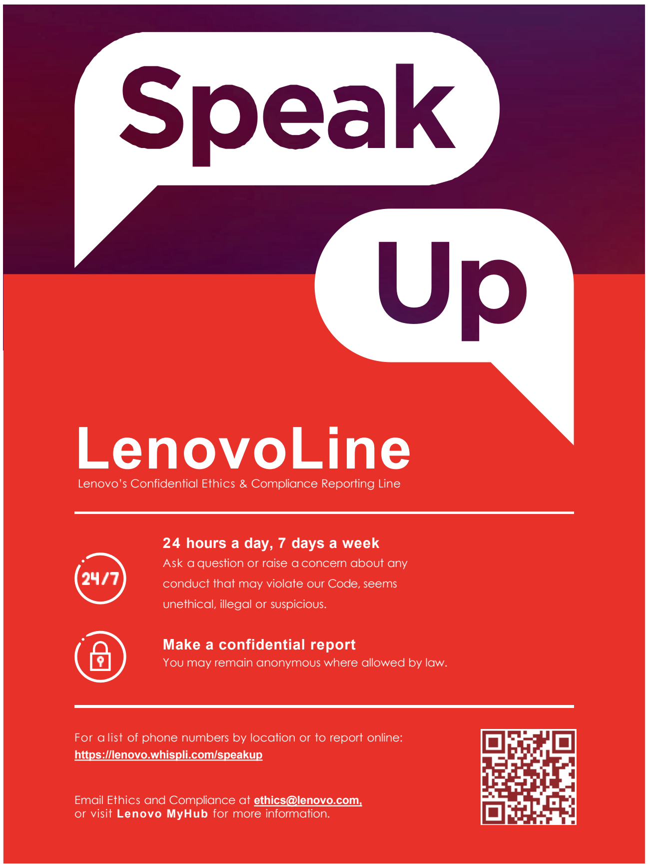
Raising questions or concerns

Lenovo is committed to fostering a speak up culture, where employees, contractors, and business partners are empowered to speak up on anything that appears unethical, illegal, or suspicious. Lenovo has established clear processes and various reporting channels for raising questions or reporting concerns. Employees are encouraged to raise concerns to their managers, Human Resources, the ECO, Internal Audit, or the Legal Department about any potential issues including, but not limited to, those known about or suspected:

- Fraud by or against Lenovo
- Bribery or Corruption
- Unethical business conduct
- Violation of legal or regulatory requirements
- Substantial and specific danger to health and safety
- Violation of Lenovo's corporate policies and guidelines, particularly the Code of Conduct

Management's discussion & analysis

Lenovo also provides formal, confidential ways to report concerns, ask questions, or request guidance in person, by email, or through the LenovoLine, a confidential reporting system that is accessible 24 hours a day, seven days a week by secure website, mobile app (IOS or Android) or by telephone. Where allowed by law, employees may report concerns about business practices anonymously.



> *Employees are encouraged to use the LenovoLine, Lenovo's confidential ethics and compliance reporting line, to raise concerns or questions. The LenovoLine is also accessible by scanning the QR code.*

Lenovo takes all allegations and concerns seriously. Lenovo maintains a Whistleblowing and Investigations Policy outlining the process by which concerns can be raised, are reviewed, and are investigated. Lenovo also has an oversight body, the Investigations Oversight Committee (IOC), to ensure concerns raised are appropriately investigated and addressed.

Stakeholder engagement

Lenovo actively manages its relationships with customers, employees, suppliers, investors, regulators, members of the communities in which it operates, and other stakeholders who may be impacted by the organization's ESG performance and whose actions can affect the organization's value.

Direct and indirect stakeholder engagement is conducted through regular business practices or through interactions that target key stakeholders.

Stakeholder engagement is facilitated in several ways, including:

- Direct customer interaction via market surveys and focus groups
- Employee surveys and focused training
- Supplier audits, conferences, and quarterly business reviews
- Regular webinars and meetings with industry trade groups on regulatory and other issues
- Community partnerships in Lenovo's priority markets
- Social media, StoryHub, press release, webcast
- Responding to investors, analysts, and non-governmental organization (NGO) surveys and inquiries

Lenovo also engages with stakeholders through targeted campaigns that support our social investment objectives that include but are not limited to:

- Love on Global Month of Service: September 2024 marked Lenovo's eighth annual Love on Global Month of Service, engaging employees in 62 offices around the world to make a positive impact in their communities. Projects aligned to Lenovo Foundation's mission to empower under represented populations with access to technology and STEM education. Whether it's the number of volunteers, volunteer hours, participating offices, or beneficiaries, the project has grown every year since 2017.
- AI for Social Impact: This year Lenovo philanthropy created the AI for Social Impact initiative which works to connect non-profits with education and resources so that they can harness AI to enhance their missions. As part of the initiative, AI for Social Impact webinars were created to share Lenovo's AI expertise with non-profits through free webinars shared with Lenovo partners and on non-profit websites. Lenovo is also partnering with Tech to the Rescue to offer the AI for Social Impact Lab, focusing on the areas of climate change and education, and giving non-profits the resources to develop and deploy AI solutions that enhance their missions.

In addition to these and other formal stakeholder interactions, we collaborate with industry associations from time to time. The external perspectives provide opportunities to adopt best practices and knowledge that may help to assess our commitments and progress in key ESG-related areas.

With operations and supply chains that extend around the world, we are uniquely positioned to support the global collective impact of business by aligning our practices to a sustainable and inclusive future. Since 2009, Lenovo has continued its role as a signatory supporter to the United Nations Global Compact (UNGC), a globally recognized platform that provides a blueprint for businesses that want to achieve a more sustainable future for all. As a business participant in the UNGC, we strive to demonstrate continuous improvements by aligning our operations and practices with the ten principles of the UNGC. The principles promote a value system that supports the fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption in the markets where we operate.

As we aim to integrate these values and principles wherever we conduct business, we are also making meaningful contributions to people and the planet and setting the stage for long-term success. This dedication begins at the top with the support and endorsement of our Chairman and CEO, Mr. Yang Yuanqing. Lenovo is proud to be recognized by professionals and prominent programs worldwide as we demonstrate leadership in corporate ESG practices. The information below contains a selection of Lenovo's FY 2024/25 ESG achievements. A detailed review of Lenovo's FY 2024/25 ESG performance is published in our ESG Report.

Key ESG recognitions and accomplishments

Environmental
Lenovo scored in the leadership band by CDP for climate change (A) and water security (A–) for 2024. This is the sixth year in a row Lenovo has been in the leadership band for climate (A– or A). For its A, Lenovo also earned a spot on CDP's 2024 Corporate A list for Climate which highlights Lenovo's commitment to environmental transparency and comprehensive disclosure. In addition, EcoVadis recognized Lenovo as a Leader in Carbon Management, achieving the highest ranking in its category with a best-in-class greenhouse gas (GHG) management system and strong ambition for decarbonization. Multiple Lenovo initiatives were recipients of 2024 SEAL Business Sustainability Awards, an environmental program that honors organizations that demonstrate strong leadership, innovation, and commitment to sustainable business practices. Lenovo's International Supply Chain Organization (ISCC) won the SEAL Environmental Initiative Award for Transform Trash to Treasure, its innovative parts-harvesting program. The SEAL Sustainable Innovation Award was presented to the newly launched Lenovo Intelligent Sustainability Solutions Advisor (LISSA). This AI-powered engine informs IT sustainability strategies through data intelligence. The Lenovo Neptune™ liquid cooling technology won in the SEAL Sustainable Product Award category and Lenovo's Reduced Carbon Transport Service, an offering that gives enterprise customers opportunities to purchase sustainable aviation fuel credits, won the SEAL Sustainable Service Award.

Social

Lenovo was recognized as a "2024 Best Workplace for Disability Inclusion" by the Disability Equality Index in the US, the UK and Brazil. The index recognizes companies for demonstrating leading disability inclusion practices and committing to an inclusive culture. These factors are validated through visible support from company leadership, accessible workplace and employment practices, community engagement initiatives, and supplier programs.

In 2024, Lenovo received its highest score in the annual Workplace Pride Global Benchmark. In addition to recognition from Workplace Pride, Lenovo was included in the Human Rights Campaign Foundation's 2025 Corporate Equality Index for the seventh year, highlighting its commitment to inclusion.

Lenovo was included in the inaugural list of America's Dream Employers for 2025 by Forbes, in partnership with Statista. This recognition is a testament to the inclusive culture, the purposeful approach, and the positive environment that Lenovo fosters for its global employee base. Lenovo has received similar recognitions for being an employer of choice. In January 2024, employees voted Lenovo to be one of Glassdoor's Best Places to Work.

Governance

Lenovo was presented the Gold Award in the Most Sustainable Companies and Organizations (MSCO) section (H-share companies and other Mainland enterprise category) by The Hong Kong Institute of Certified Public Accountants (HKICPA)'s 2024 Best Corporate Governance and ESG Awards. This is the twelfth consecutive year Lenovo has received awards from the HKICPA.

Lenovo was included in the 2024 Hang Seng Corporate Sustainability Index with an AA score. Among the 550 Hong Kong-listed companies, Lenovo received the strongest score in the IT industry for its environmental achievements.

Lenovo was honored to receive both the Corporate Governance and ESG Excellence Awards from the Chamber of Hong Kong Listed Companies (CHKLC).

Lenovo was awarded the Platinum Medal by EcoVadis, a leading global provider of business sustainability ratings. With a score of 85/100, this recognition places Lenovo in the top 1% of all companies rated worldwide by EcoVadis.

In 2024, Lenovo maintained a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

We are Lenovo

The "We Are Lenovo" cultural values of Serving Our Customers, Innovation, Entrepreneurship, and Teamwork with Integrity & Trust are the foundation of our business strategy. These values guide our operations, decision-making, and interactions with customers.

Employment Performance and Compensation

Lenovo continues to leverage its performance management and compensation programs to reinforce a strong commitment to excellence in business achievements and customer experience. This approach includes annual goal setting and review, continuous feedback for development, the calibration of individual ratings across organizations to ensure a fair assessment, and the recognition of individual and team performance. The performance management approach drives business objectives, while career development enables employees to grow and succeed through challenging and exciting work. The Lenovo Compensation Philosophy emphasizes our focus on competitive compensation for performance that reflects the unique status of the local market where employees are based and supports flexibility in the design of business specific programs within a consistent – Lenovo Compensation framework.

Organizational & Talent Management

"Integrity, Learning Ability, Persistence and Ambition are not only the fundamental for success in career development, but also the compulsory talent requirement in Lenovo. Only if you have these four elements you can grow up into a big tree!" – Yuanqing Yang

Lenovo uses Tree model to vividly describe our talent concept. The growing big tree symbolizes lofty ambitions; the Leaves represent learning ability, continuously acquiring new knowledge and mastering new skills; the Trunk represents persistence, tenacity and perseverance; the Root represents fundamental of human being – integrity.

Lenovo's long-term organization and talent strategy remains steadily focused on hiring and engaging world-class talent, building global organization and talent capabilities and skills, and fostering an inclusive environment where people can thrive at their full potential.

Training & Development

We have enhanced our management and leadership development programs to provide support for managers during their leadership progression at Lenovo by offering specific training and development experiences, for example Executive Presence Workshop (EPW), Director Leadership Enhancement Program (DLEP), Coaching With Impact (CWI), Leading In Matrix Environment (LIME), etc at key points in their careers.

Lenovo also places a high priority on executive leaders development, bringing senior leaders together once a year to share best practices, learn from external experts and drive strategic alignment across the enterprise through Global Leadership Team (GLT), Excelling Leadership In Transformation Era (ELITE) and Striving Excellence in Executive Director (SEED).

Management's discussion & analysis

Financial highlights

Results

For the year ended March 31	2025 US$'000	2024 US$'000
Revenue	**69,076,968**	56,863,784
Gross profit	**11,097,610**	9,803,183
Gross profit margin	**16.1%**	17.2%
Operating expenses	**(8,933,457)**	(7,797,399)
Operating profit	**2,164,153**	2,005,784
Other non-operating income/(expenses) — net	**(683,283)**	(640,330)
Profit before taxation	**1,480,870**	1,365,454
Profit for the year	**1,461,952**	1,102,312
Profit attributable to equity holders of the Company	**1,384,445**	1,010,506
Earnings per share attributable to equity holders of the Company (US cents)		
— Basic	**11.30**	8.41
— Diluted	**10.62**	8.05
EBITDA	**3,873,533**	3,696,511
Non-HKFRS operating profit	**2,454,124**	2,012,910
Non-HKFRS profit before taxation	**1,815,110**	1,399,930
Non-HKFRS profit for the year	**1,503,757**	1,120,451
Non-HKFRS profit attributable to equity holders of the Company	**1,441,291**	1,060,177
Dividend per ordinary share (HK cents)		
— Interim dividend	**8.5**	8
— Proposed final dividend	**30.5**	30

For the year ended March 31, 2025, the Group achieved total sales of approximately US$69,077 million. When compared to last year, profit attributable to equity holders for the year increased by US$373 million to approximately US$1,384 million, gross profit margin eroded by 1.1 percentage points to 16.1 percent mainly due to lower profitability in ISG business. Some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit of US$282 million, primarily derived from deferred tax credit. Basic and diluted earnings per share were US11.30 cents and US10.62 cents, representing an increase of US2.89 cents and US2.57 cents respectively. Net profit margin rose by 0.2 percentage points to 2 percent.

Further analyses of sales by segment are set out in Business Review and Outlook.

Analysis of operating expenses by function for the years ended March 31, 2025 and 2024 is as follows:

	2025 US$'000	2024 US$'000
Selling and distribution expenses	**(3,584,534)**	(3,308,889)
Administrative expenses	**(2,822,604)**	(2,491,839)
Research and development expenses	**(2,288,204)**	(2,027,532)
Other operating income/(expenses) — net	**(238,115)**	30,861
	(8,933,457)	(7,797,399)

Operating expenses for the year increased by 15 percent as compared with last year. Employee benefit costs increased by US$469 million mainly due to increase in performance-based bonus and sales commissions. During the year, the Group recorded assets impairment and write-off of US$123 million (2024: US$40 million). Advertising and promotional expenses increased by US$192 million for new product launch and special campaigns. The Group recorded fair value loss on derivative financial liabilities relating to warrants of US$118 million (2024: nil). Fair value gain from strategic investments amounted to US$60 million (2024: US$153 million), reflecting the change in value of the Group's portfolio. Currency fluctuations presented a challenge to the Group, resulting in a net exchange loss of US$21 million (2024: US$74 million). Last year, the Group recorded gain on remeasurement of a written put option liability of US$143 million.

Key expenses by nature comprise:

	2025 US$'000	2024 US$'000
Depreciation of property, plant and equipment	**(199,762)**	(209,777)
Depreciation of right-of-use assets	**(96,283)**	(134,959)
Amortization of intangible assets, excluding internal use software	**(151,419)**	(211,965)
Impairment and write-off of property, plant and equipment	**-**	(10,474)
Impairment and write-off of intangible assets	**(123,140)**	(29,745)
Employee benefit costs, including	**(4,837,162)**	(4,368,317)
— *long-term incentive awards*	***(290,245)***	*(277,574)*
— *severance and related costs*	***(21,541)***	*(54,991)*
Rental expenses	**(12,570)**	(7,536)
Net foreign exchange loss	**(21,467)**	(73,915)
Advertising and promotional expenses	**(1,070,447)**	(877,955)
Legal, professional and consulting expenses	**(412,448)**	(289,569)
Information technology expenses, including	**(385,538)**	(347,305)
— *amortization of internal use software*	***(240,242)***	*(196,815)*
Increase in loss allowance of trade receivables	**(106,576)**	(105,644)
Unused amounts of loss allowance of trade receivables reversed	**57,623**	39,040
Research and development related laboratory testing, services and supplies	**(422,427)**	(355,148)
Loss on disposal of property, plant and equipment	**(3,596)**	(3,479)
Loss on disposal of intangible assets	**(2,954)**	(25)
Loss on disposal of construction-in-progress	**(535)**	(13,827)
Fair value gain on financial assets at fair value through profit or loss	**59,552**	153,113
Fair value loss on derivative financial liabilities relating to warrants	**(118,275)**	–
Gain on remeasurement of a written put option liability	**-**	143,430
Gain on deemed disposal of a subsidiary	**22,627**	–
Gain on disposal of interest in associates	**-**	12
Impairment of interest in an associate	**-**	(6,690)
Others	**(1,108,660)**	(1,086,664)
	(8,933,457)	(7,797,399)

Other non-operating income/(expenses) — net for the years ended March 31, 2025 and 2024 comprise:

	2025 US$'000	2024 US$'000
Finance income	**109,964**	148,134
Finance costs	**(773,269)**	(762,805)
Share of losses of associates and joint ventures	**(19,978)**	(25,659)
	(683,283)	(640,330)

Finance income mainly represents interest on bank deposits.

Finance costs for the year slightly increased by 1 percent as compared with last year. The increase is mainly attributable to the increase in interest on bank loans and overdrafts of US$8 million and interest on convertible bonds of US$16 million, partly offset by decrease in factoring costs of US$8 million and interest on notes of US$4 million.

Share of losses of associates and joint ventures primarily represents operating losses arising from principal business activities of respective associates and joint ventures.

The Group adopts segments by business group as the reporting format. Segments by business group comprise Intelligent Devices Group ("IDG"), Infrastructure Solutions Group ("ISG") and Solutions and Services Group ("SSG"). Revenue and operating profit/(loss) for reportable segments are as follows:

	2025		2024	
	Revenue US$'000	**Operating profit/(loss) US$'000**	Revenue US$'000	Operating profit/(loss) US$'000
IDG	**50,534,350**	**3,622,559**	44,599,450	3,180,761
ISG	**14,523,268**	**(68,501)**	8,921,929	(248,260)
SSG	**8,457,084**	**1,784,832**	7,472,310	1,545,465
Total	**73,514,702**	**5,338,890**	60,993,689	4,477,966
Eliminations	**(4,437,734)**	**(1,421,467)**	(4,129,905)	(1,314,362)
	69,076,968	**3,917,423**	56,863,784	3,163,604
Unallocated:				
Headquarters and corporate income/(expenses) — net		**(1,733,060)**		(1,339,370)
Restructuring costs		**-**		(46,000)
Depreciation and amortization		**(437,179)**		(449,551)
Impairment and write-off of property, plant and equipment		**-**		(10,474)
Impairment and write-off of intangible assets		**(114,478)**		(24,723)
Finance income		**85,306**		132,183
Finance costs		**(181,502)**		(323,141)
Share of losses of associates and joint ventures		**(22,242)**		(27,822)
(Loss)/gain on disposal of property, plant and equipment		**(4,108)**		550
Fair value gain on financial assets at fair value through profit or loss		**58,777**		150,681
Fair value loss on derivative financial liabilities relating to warrants		**(118,275)**		–
Gain on remeasurement of a written put option liability		**-**		143,430
Gain on deemed disposal of a subsidiary		**22,627**		–
Impairment of interest in an associate		**-**		(6,690)
Dividend income		**7,581**		2,777
Consolidated profit before taxation		**1,480,870**		1,365,454

Headquarters and corporate income/(expenses) — net for the year comprise various expenses, after appropriate allocation to business groups, of US$1,733 million (2024: US$1,339 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, increase in legal, professional and consulting expenses; advertising and promotional expenses; and provision for claims, partly offset by the decrease in net foreign exchange loss as compared with last year.

Use of non-HKFRS measure

To supplement Lenovo's consolidated financial statements prepared and presented in accordance with HKFRS Accounting Standards ("HKFRS"), we utilize non-HKFRS adjusted profit as an additional financial measure.

We define adjusted profit as profit for the year by excluding (i) net fair value changes on financial assets at fair value through profit or loss, (ii) amortization of intangible assets resulting from mergers and acquisitions, (iii) mergers and acquisitions related charges, (iv) gain on deemed disposal of a subsidiary, (v) impairment and write-off of intangible assets, (vi) one-time income tax credit, (vii) restructuring and other charges, (viii) gain on remeasurement of a written put option liability, (ix) fair value change on derivative financial liabilities relating to warrants, and (x) notional interest of convertible bonds, and the corresponding income tax effects, if any.

More specifically, management excludes each of those items mentioned above for the following reasons:

— Lenovo recognizes fair value gains or losses from its strategic investments. The change in fair value included revaluation gains or losses on new investment rounds on unlisted holdings and mark-to-market gains or losses on listed holdings. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

— Lenovo incurs charges related to the amortization of intangible assets resulting from mergers and acquisitions. Those charges are included in Lenovo's net profit prepared under HKFRS. Such charges are significantly impacted by the timing and magnitude of Lenovo's acquisitions and any related impairment charges. Consequently, Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

— Lenovo incurs cost related to its mergers and acquisitions, which it would not have otherwise incurred as part of its operations. The charges are direct expenses such as third-party professional and legal fees, and integration-related costs, as well as non-cash adjustments to the fair value of certain acquired assets. These charges related to mergers and acquisitions are inconsistent in amount and frequency and are significantly impacted by the timing and nature of the transactions. Management believes that eliminating such expenses for the purposes of calculating the non-HKFRS measure facilitates a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

— Lenovo recognizes gain on deemed disposal of a subsidiary. Such gains or losses are inconsistent in amount and frequency and are significantly impacted by the timing and nature of the transactions. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

— Lenovo records impairment and write-off of intangible assets, which are inconsistent in amount and frequency. Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

— Lenovo recognizes one-time income tax credit, primarily derived from deferred tax credit, which is non-recurring in nature. During the year, some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

- Lenovo incurs restructuring and other charges that are (i) costs associated with restructuring plans which are related to employee separation from service; and (ii) other charges, which include non-recurring costs for assets impairment and write-off. Lenovo excludes these restructuring and other charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes gain on remeasurement of a written put option liability based on the latest assessment. Lenovo excludes this gain for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo recognizes fair value change on derivative financial liabilities relating to warrants. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.
- Lenovo incurs notional interest of convertible bonds, which is non-cash in nature. Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

This non-HKFRS financial measure is not computed in accordance with, or as an alternative to, HKFRS. Management uses this non-HKFRS financial measure for the purposes of evaluating Lenovo's historical and prospective financial performance. Management believes that excluding the items mentioned above for this non-HKFRS financial measure allows management to better understand Lenovo's consolidated financial performance in relation to its operating results, as management does not believe that the excluded items are reflective of ongoing operating results.

However, the use of this particular non-HKFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the results of operations or financial conditions as reported under HKFRS. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

Reconciliations of the non-HKFRS financial measure to the most directly comparable HKFRS financial measure are included in the tables below.

Year ended March 31, 2025

	Operating profit US$'000	Profit before taxation US$'000	Profit for the year US$'000	Profit attributable to equity holders US$'000
As reported	**2,164,153**	**1,480,870**	**1,461,952**	**1,384,445**
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	**(59,552)**	**(59,552)**	**(44,530)**	**(29,489)**
Amortization of intangible assets resulting from mergers and acquisitions	**130,735**	**135,467**	**106,616**	**106,616**
Gain on deemed disposal of a subsidiary	**(22,627)**	**(22,627)**	**(19,233)**	**(19,233)**
Impairment and write-off of intangible assets	**123,140**	**123,140**	**123,140**	**123,140**
One-time income tax credit	**–**	**–**	**(282,000)**	**(282,000)**
Fair value loss on derivative financial liabilities relating to warrants	**118,275**	**118,275**	**118,275**	**118,275**
Notional interest of convertible bonds	**–**	**39,537**	**39,537**	**39,537**
Non-HKFRS	**2,454,124**	**1,815,110**	**1,503,757**	**1,441,291**

Year ended March 31, 2024

	Operating profit US$'000	Profit before taxation US$'000	Profit for the year US$'000	Profit attributable to equity holders US$'000
As reported	2,005,784	1,365,454	1,102,312	1,010,506
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	(153,113)	(153,113)	(127,309)	(95,777)
Amortization of intangible assets resulting from mergers and acquisitions	169,407	174,139	137,353	137,353
Mergers and acquisitions related charges	2,048	2,352	2,352	2,352
Restructuring and other charges	132,214	132,368	127,013	127,013
Gain on remeasurement of a written put option liability	(143,430)	(143,430)	(143,430)	(143,430)
Notional interest of convertible bonds	–	22,160	22,160	22,160
Non-HKFRS	2,012,910	1,399,930	1,120,451	1,060,177

Financial position

The Group’s major balance sheet items are set out below:

Non-current assets	2025 US$’000	2024 US$’000
Property, plant and equipment	**2,026,280**	2,010,178
Right-of-use assets	**592,340**	571,305
Construction-in-progress	**282,309**	337,648
Intangible assets	**8,232,977**	8,345,407
Interests in associates and joint ventures	**315,704**	318,803
Deferred income tax assets	**3,055,905**	2,633,302
Financial assets at fair value through profit or loss	**1,464,384**	1,393,666
Financial assets at fair value through other comprehensive income	**45,382**	55,973
Other non-current assets	**311,448**	397,489
	16,326,729	16,063,771

Property, plant and equipment

Property, plant and equipment comprise mainly the Group’s freehold land and buildings, leasehold improvements, plant and machinery, furniture and fixtures, office equipment, equipment held for lease and motor vehicles. The slight increase is mainly attributable to the Group’s investments in equipment held for lease, office equipment and plant and machinery, transfer of completed assets from construction-in-progress, to cope with business growth; partly offset by current year depreciation.

Right-of-use assets

Right-of-use assets comprise mainly the land use rights in respect of the manufacturing sites and headquarters in the Mainland of China (“Chinese Mainland”), and leases of land and buildings for manufacturing sites and offices in Chinese Mainland and overseas. The 4 percent increase is mainly attributable to lease renewals and new leases entered into during the year, partly offset by current year depreciation and lease contracts terminated during the year.

Construction-in-progress

Construction-in-progress comprise mainly the Group’s investments in manufacturing sites and office buildings, internal use software and research and development laboratories. Internal use software mainly comprises online platform development and system enhancement for business operations. The 16 percent decrease is mainly attributable to transfer of completed assets to property, plant and equipment and intangible assets, partly offset by further investments in internal use software, technology and buildings under construction during the year.

Intangible assets

Intangible assets comprise goodwill and other intangible assets including trademarks and trade names, customer relationships, patents and technology, internal use software and exclusive rights. The slight decrease is mainly due to current year amortization and exchange adjustments, partly offset by additional investments in patents and technology and transfer of completed internal use software and patent and technology from construction-in-progress to cope with the growth of business.

The Group completed the impairment test for goodwill allocated to the Group's various cash generating units ("CGUs") by comparing their recoverable amounts to their carrying amounts as at the reporting date. The recoverable amount of a CGU is determined based on value in use. These assessments use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flow of the CGU extrapolated using constant projection of cash flows beyond the five-year period. The directors are of the view that there was no indication of impairment of goodwill based on impairment tests performed.

Interests in associates and joint ventures

Interests in associates and joint ventures comprise the share of net assets of and loan to associates and joint ventures. The slight decrease is mainly attributable to the share of losses and exchange adjustments, partly offset by additional investments during the year.

Deferred income tax assets

Deferred income tax assets amounted to US$3,056 million as at year end, representing an increase of 16 percent, which is mainly attributable to temporary differences in relation to tax depreciation allowance, provisions and accruals and deferred revenue arising in the normal course of business, partly offset by utilization and reversal of tax losses. Deferred income tax assets are recognized to the extent that realization of the related tax benefit through the future taxable profits is probable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss increased by 5 percent during the year, which is mainly attributable to additional investments and net fair value gain recognized, partly offset by disposal of certain financial assets.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income decreased by 19 percent during the year, which is mainly attributable to net fair value loss recognized.

Current assets	2025 US$'000	2024 US$'000
Inventories	**7,923,804**	6,702,677
Trade and notes receivables	**10,506,610**	8,147,695
Derivative financial assets	**53,690**	69,568
Deposits, prepayments and other receivables	**4,223,658**	3,782,366
Income tax recoverable	**379,590**	359,491
Bank deposits	**88,607**	65,555
Cash and cash equivalents	**4,728,124**	3,559,831
	27,904,083	22,687,183

Management's discussion & analysis

Inventories

The Group's inventories comprise raw materials and work-in-progress, finished goods and service parts where raw materials and work-in-progress accounted for 50 percent of total inventories. The Group's inventories purchase and production plan are primarily based on expectations on market demand. The 18 percent increase is mainly attributable to the higher raw materials inventory level in anticipation of the change in market demand.

Trade and notes receivables

Trade and notes receivables increased by 29 percent which is attributable to the increase in sales in the fourth quarter of current year over the corresponding period of last year. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis. Majority of trade receivables are aged within 30 days based on invoice date.

Derivative financial assets

Derivatives relate to foreign currency forward contracts that are designated as hedges for the fair value of recognized assets or liabilities or a firm commitment, or of highly probable forecast transactions. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values.

Deposits, prepayments and other receivables

Deposits, prepayments and other receivables mainly comprise amounts due from subcontractors for components delivered in the ordinary course of business and other tax receivables. The 12 percent increase is mainly attributable to the increase in amounts due from subcontractors as a result of more business activities during the fourth quarter of current year than in the corresponding period of last year.

Cash and cash equivalents

The 33 percent increase is mainly attributable to net cash generated from operating and financing activities, partly offset by net cash used in investing activities. The working capital management enables the Group to maintain sufficient cash to meet operational, financing and investing needs.

Total equity	2025 US$'000	2024 US$'000
Share capital	3,500,987	3,500,987
Reserves and others	3,158,930	2,580,200
	6,659,917	6,081,187

Total equity

Reserves and others increased from US$2,580 million to US$3,159 million which is mainly due to profit for the year, share-based compensation credited to reserves, issue of convertible bonds and capital contribution from non-controlling interests, partly offset by dividends payment, purchase of shares by employee share trusts, vesting of shares under long-term incentive program and exchange adjustments.

Non-current liabilities	2025 US$'000	2024 US$'000
Borrowings	**4,337,806**	3,569,229
Warranty provision	**159,400**	161,261
Deferred revenue	**1,628,942**	1,436,484
Retirement benefit obligations	**220,784**	241,402
Deferred income tax liabilities	**270,268**	447,523
Derivative financial liabilities	**241,778**	–
Other non-current liabilities	**717,784**	754,705
	7,576,762	6,610,604

Borrowings

Borrowings (classified as non-current) increased by US$769 million which is mainly attributable to the issuance of US$2,000 million 2028 Convertible Bonds, partly offset by the reclassification of the US$965 million 2025 Notes from non-current to current as it will be due within the next 12 months after the year end.

Warranty provision

The Group records warranty liabilities at the time of sale for the estimated costs that will be incurred under its basic limited warranty. The specific warranty terms and conditions vary depending upon the product and the country in which it was sold, but generally includes technical support, repair parts and labour associated with warranty repair and service actions. The period ranges from one to three years. The Group revalues its estimates on a quarterly basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Deferred revenue

Deferred revenue (classified as non-current) primarily relates to the Group's unfulfilled performance obligations over extended warranty services at the reporting date for which consideration has been received. The 13% increase is mainly due to increase in business activities during the year.

Retirement benefit obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Deferred income tax liabilities

Deferred income tax liabilities amounted to US$270 million as at year end, representing a decrease of 40%, which is mainly attributable to the withholding tax on undistributed earnings, accelerated tax depreciation, tax liabilities on right-of-use assets and upward valuation of intangibles arising from business combination.

Derivative financial liabilities

Derivative financial liabilities (classified as non-current) represent the warrants issued by the Company during the year. Derivatives are initially recognized at fair value on the date that the warrant contract is entered into and are subsequently re-measured at fair values.

Other non-current liabilities

Other non-current liabilities mainly comprise liabilities arising from long-term lease liabilities, deferred consideration and government incentives and grants received in advance. The 5 percent decrease is mainly due to the reclassification of written put option liabilities and payables from non-current to current as it will be due within the next 12 months after the year end.

Management's discussion & analysis

Current liabilities	2025 US$'000	2024 US$'000
Trade and notes payables	**11,978,933**	10,505,427
Derivative financial liabilities	**197,196**	42,555
Other payables and accruals	**13,904,384**	12,751,775
Provisions	**852,593**	920,950
Deferred revenue	**1,565,459**	1,512,645
Income tax payable	**465,216**	275,380
Borrowings	**1,030,352**	50,431
	29,994,133	26,059,163

Trade and notes payables

The increase in trade and notes payables by 14 percent is mainly attributable to the increase in business activities in the fourth quarter of current year over the corresponding period of last year.

Derivative financial liabilities

Derivatives financial liabilities (classified as current) relate to warrants issued by the Company during the year and foreign currency forward contracts that are designated as hedges for the fair value of recognized assets or liabilities or a firm commitment, or of highly probable forecast transactions. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair values.

Other payables and accruals

Other payables and accruals mainly comprise the obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors; allowance for billing adjustments relating primarily to allowance for future volume discounts, price protection, rebates, and customer sales returns; accruals for salaries, commission and bonus and lease liabilities. The increase of 9% is mainly attributable to the increase in accruals for salaries, commission and bonus, accruals driven by increase in business activities, and the reclassification of non-current written put option liability to current, partly offset by decrease in allowance for billing adjustments.

Provisions

Provisions comprise warranty provision (due within one year), environmental restoration and restructuring provisions. The 7 percent decrease is driven by the settlement of restructuring provision during the year.

Deferred revenue

Deferred revenue (classified as current) primarily relates to the Group's unfulfilled performance obligations over extended warranty services at the reporting date for which consideration has been received.

Borrowings

Borrowings (classified as current) increased by US$980 million which is mainly attributable to the reclassification of the 2025 Notes from non-current to current as it will due within the next 12 months after the year end.

Capital expenditure

The Group incurred capital expenditure of US$1,151 million (2024: US$1,286 million) during the year ended March 31, 2025, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The lower capital expenditure incurred in current year is mainly attributable to less investments in patent and technology, buildings and intangible assets under construction, offset by more investments in equipment held for lease.

Contingent liabilities

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

Liquidity and financial resources

At March 31, 2025, total assets of the Group amounted to US$44,231 million (2024: US$38,751 million), which were financed by equity attributable to owners of the Company of US$6,069 million (2024: US$5,583 million), other non-controlling interests (net of put option written on non-controlling interests) of US$591 million (2024: US$498 million), and total liabilities of US$37,571 million (2024: US$32,670 million). At March 31, 2025, the current ratio of the Group was 0.93 (2024: 0.87).

At March 31, 2025, bank deposits and cash and cash equivalents totaling US$4,817 million (2024: US$3,626 million) analyzed by major currency are as follows:

	2025 **%**	2024 %
US dollar	**43.6**	25.5
Renminbi	**21.2**	27.3
Japanese Yen	**8.4**	10.8
Euro	**5.7**	6.2
Australian dollar	**1.2**	2.7
Other currencies	**19.9**	27.5
Total	**100.0**	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At March 31, 2025, 68 (2024: 90) percent of cash are bank deposits, and 32 (2024: 10) percent are investments in liquid money market funds of investment grade.

The Group has consistently maintained a very liquid position, along with abundant banking facilities standing by for future business development. The Group has also entered into factoring arrangements in the ordinary course of business to improve its balance sheet efficiency.

The Group has the following banking facilities:

Type	Date of agreement	Principal amount US$ million	Term	Utilized amount at March 31, 2025 US$ million	Utilized amount at March 31, 2024 US$ million
Revolving loan facility	May 12, 2020	300	5 years	**N/A (Note)**	–
Revolving loan facility	May 14, 2020	200	5 years	**N/A (Note)**	–
Revolving loan facility	July 4, 2022	2,000	5 years	**-**	–
Revolving loan facility	December 22, 2023	500	1 year	**N/A**	–
Revolving loan facility	January 19, 2024	500	1 year	**N/A**	–
Revolving loan facility	March 11, 2025	500	1 year	**-**	N/A
Revolving loan facility	March 12, 2025	350	1 year	**-**	N/A

Note: The revolving loan facilities were cancelled on May 14, 2024.

The Group has also arranged other short-term credit facilities as follows:

Credit facilities	Total available amount at March 31,		Utilized amount at March 31,	
	2025 US$ million	2024 US$ million	**2025 US$ million**	2024 US$ million
Trade lines	**6,200**	4,676	**4,370**	2,861
Short-term money market facilities	**3,194**	1,926	**62**	41
Forward foreign exchange contracts	**16,009**	11,588	**15,982**	11,555

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at March 31, 2025 are as follows. Further details of borrowings are set out in Note 24 to the financial statements.

	Issue date	Principal amount	Term	Interest rate/ dividend per annum	Due date	Use of proceeds
2025 Notes	April 24, 2020 and May 12, 2020	US$965 million	5 years	5.875%	April 2025	For repayment of previous Notes and general corporate purposes
2030 Notes	November 2, 2020	US$900 million	10 years	3.421%	November 2030	For repurchase of perpetual securities and previous Notes
2028 Notes	July 27, 2022	US$600 million	5.5 years	5.831%	January 2028	For repayment of previous Notes and general corporate purposes
2032 Notes	July 27, 2022	US$563 million	10 years	6.536%	July 2032	For financing of eligible projects under the Green Finance Framework
2029 Convertible Bonds	August 26, 2022	US$675 million	7 years	2.5%	August 2029	For repayment of previous convertible bonds and general corporate purposes
2028 Convertible Bonds	January 8, 2025	US$2,000 million	3 years	0%	January 2028	For repayment of existing debts and general corporate purposes

Net (debt)/cash position and gearing ratio of the Group at March 31, 2025 and 2024 are as follows:

	2025 US$ million	2024 US$ million
Bank deposits and cash and cash equivalents	**4,817**	3,626
Borrowings		
— Short-term loans	**65**	50
— Notes	**3,015**	3,013
— Convertible bonds	**2,288**	557
Net (debt)/cash position	**(551)**	6
Total equity	**6,660**	6,081
Gearing ratio (Borrowings divided by total equity)	**0.81**	0.60

The Group is confident that the facilities on hand can meet the funding requirements of the Group's operations and business development. The Group is in full compliance with all the banking covenants.

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At March 31, 2025, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US$15,982 million (2024: US$11,555 million). The Group's 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.

Lenovo and InCor develop TRAdA, an AI platform for advanced arrhythmia detection

Lenovo, in partnership with the Instituto do Coração – InCor HCFMUSP – the largest cardiology hospital in Latin America – announces the launch of TRAdA (from portuguese Telemonitoramento Remoto Assistido de Arritmia), an innovative platform that assists in the identification of arrhythmia events. It leverages the power of artificial intelligence in a wearable IoT device for real-time heart monitoring.

In Brazil, over 20 million people suffer from some form of cardiac arrhythmia, a condition responsible for more than 320,000 sudden deaths each year in the country, according to data from the Sociedade Brasileira de Arritmias Cardíacas (SOBRAC). This makes effective monitoring and early intervention crucial. Through a discreet and comfortable wearable device, TRAdA continuously monitors heartbeats and the heart's electrical signals, using advanced AI algorithms to identify potential arrhythmia events in real time. During telemonitoring, critical alerts are sent to a designated monitoring panel, allowing healthcare professionals to have an overall view of the patient and to intervene quickly and efficiently.

Through its commitment to scientific rigor, technological innovation, and a patient-centered approach, Lenovo aims to revolutionize arrhythmia detection and treatment, saving lives and improving the quality of life for millions of people worldwide.

"Innovation in healthcare is not just about new ideas, products, and solutions, but also about how we can integrate them into patient care and overcome present challenges of patient engagement in their treatment journey, such as the remote monitoring of physiological parameters that identify potential arrhythmias. If these events are diagnosed more quickly, preventive and corrective actions can be taken early, ultimately resulting in greater patient safety. This is one of the key motivators for this partnership with Lenovo – to create collaborative bridges that foster synergistic innovation" comments TRAdA project lead researcher, Prof. Fabio B. Jatene, VP of InCor and coordinator of InovaInCor.

Corporate governance report

1 Corporate governance principles and structure

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- Governance structure
- Corporate culture

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1 Corporate governance principles and structure

The board of directors (the "Board") and the management of Lenovo Group Limited (the "Company", together with its subsidiaries, "Lenovo", "Lenovo Group" or the "Group") strive to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices for the interest of shareholders and other stakeholders including, but not limited to, employees, customers, suppliers and the general public. The Group abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities. It regularly undertakes review of its corporate governance system to ensure it is in line with international and local best practices.

Compliance with corporate governance code

Throughout the financial year ended March 31, 2025 ("FY2024/25"), the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), and where appropriate, met the recommended best practices in the CG Code, with the exception that the roles of the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") have not been segregated as required by code provision C.2.1 of the CG Code.

The Board has reviewed the organization human resources planning of the Group and is of the opinion that for the vesting of the roles of Chairman and the CEO in Mr. Yang Yuanqing ("Mr. Yang") is appropriate and beneficial to the Group as it provides consistency of the strategy execution and stability of the operations of the Group. The Board comprising a majority of independent non-executive directors meets regularly on a quarterly basis to review the operations of the Group led by Mr. Yang.

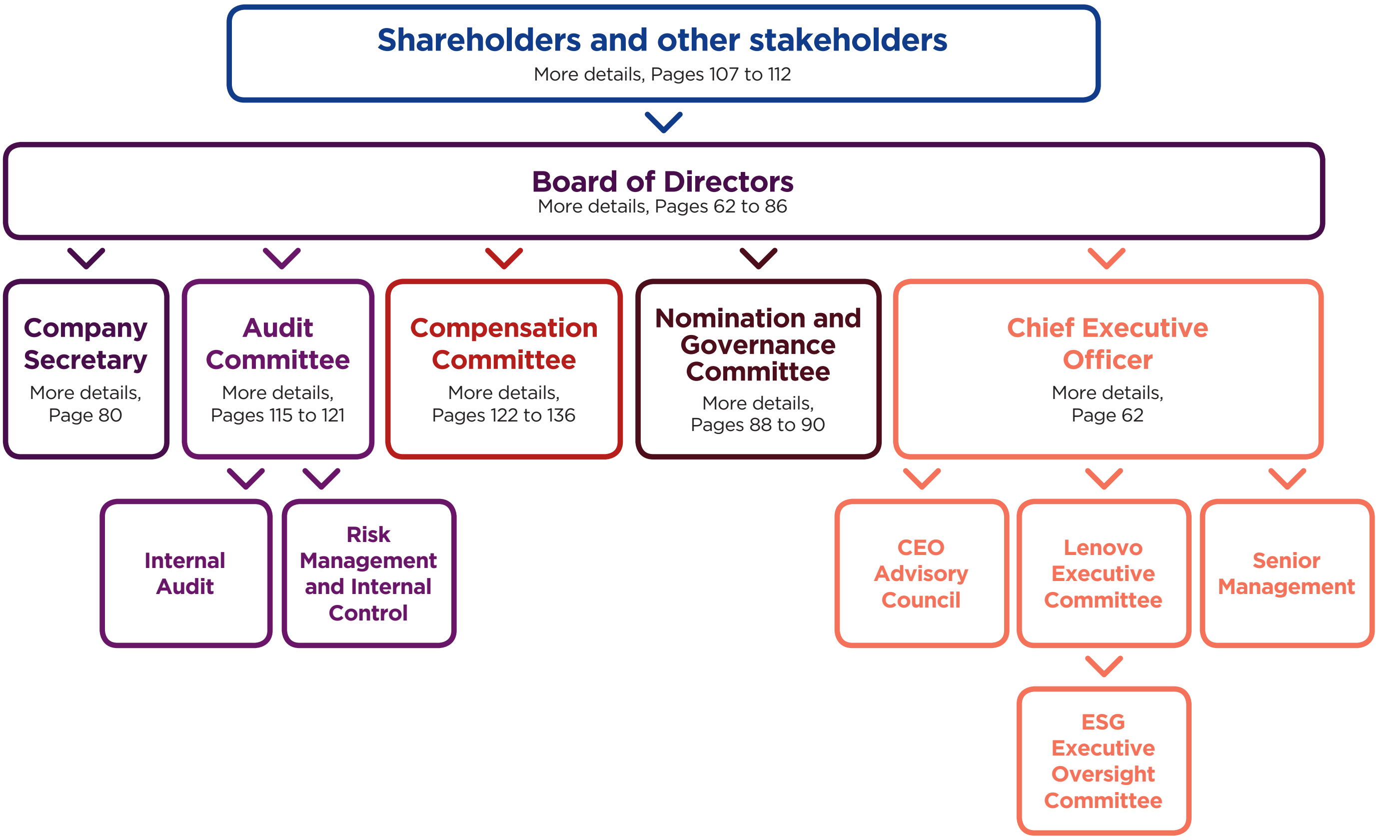
The Board also appointed Mr. John Lawson Thornton, who succeeded Mr. William O. Grabe ("Mr. Grabe"), as the lead independent director (the "Lead Independent Director") with effect from February 21, 2025, with broad authorities and responsibilities. Such authorities and responsibilities include serving as chairman of the Nomination and Governance Committee meeting and/or the Board meeting considering the combined roles of Chairman and CEO; in consultation with all other Board members, to assess the performance of the Chairman and/or CEO; calls and chair meeting(s) with all non-executive directors at least once a year on matters deemed appropriate and provide feedback to the Chairman and/or CEO; and serves a key role in the Board evaluation process. Accordingly, the Board believes that the current Board structure with combined roles of Chairman and CEO, the appointment of Lead Independent Director and a majority of independent non-executive directors provide an effective check and balance of powers and authorizations between the Board and the management of the Company.

In relation to the recommended best practices in the CG Code, the Company published quarterly financial results and business reviews in addition to interim and annual results. Quarterly financial results enhanced the shareholders' ability to assess the performance, financial position and prospects of the Company. The quarterly financial results were prepared using the accounting standards consistent with the policies applied to the interim and annual financial statements.

Corporate governance report

The Board has established a clear governance structure as set out in the below diagram and the overall approach has been designed to support and work within the Group's organizational structure to ensure the accountability, fairness and transparency in how the Group runs and communicates with its stakeholders as well as to meet the future challenges.

Governance structure



Key matters reserved to the Board decision

- The Board has adopted a schedule of key matters relating to strategy, finance and corporate governance which are for decision by the Board.
- Such key matters reserved by the Board for decision are set out in the table on page 81.

Board committees structure

- The Board has delegated authority for its key governance functions to three Board committees, namely Audit Committee, Compensation Committee and Nomination and Governance Committee (the "Board Committees"), with the responsibilities outlined on page 87.
- Details of the activities and decisions taken by the Board Committees during the year are shown in the relevant committees' reports.

CEO, Lenovo Executive Committee and delegated authorities

The CEO

- manages the business in line with the strategy agreed by the Board and is accountable to it. Details of the responsibilities of CEO are set out on page 62;
- is supported by the Lenovo Executive Committee, which is a management committee comprising the CEO and all senior management and helps to implement strategy and manage operational performance; and
- delegates certain management decisions to specific individuals and management through authority framework adopted by the Group.

The CEO Advisory Council

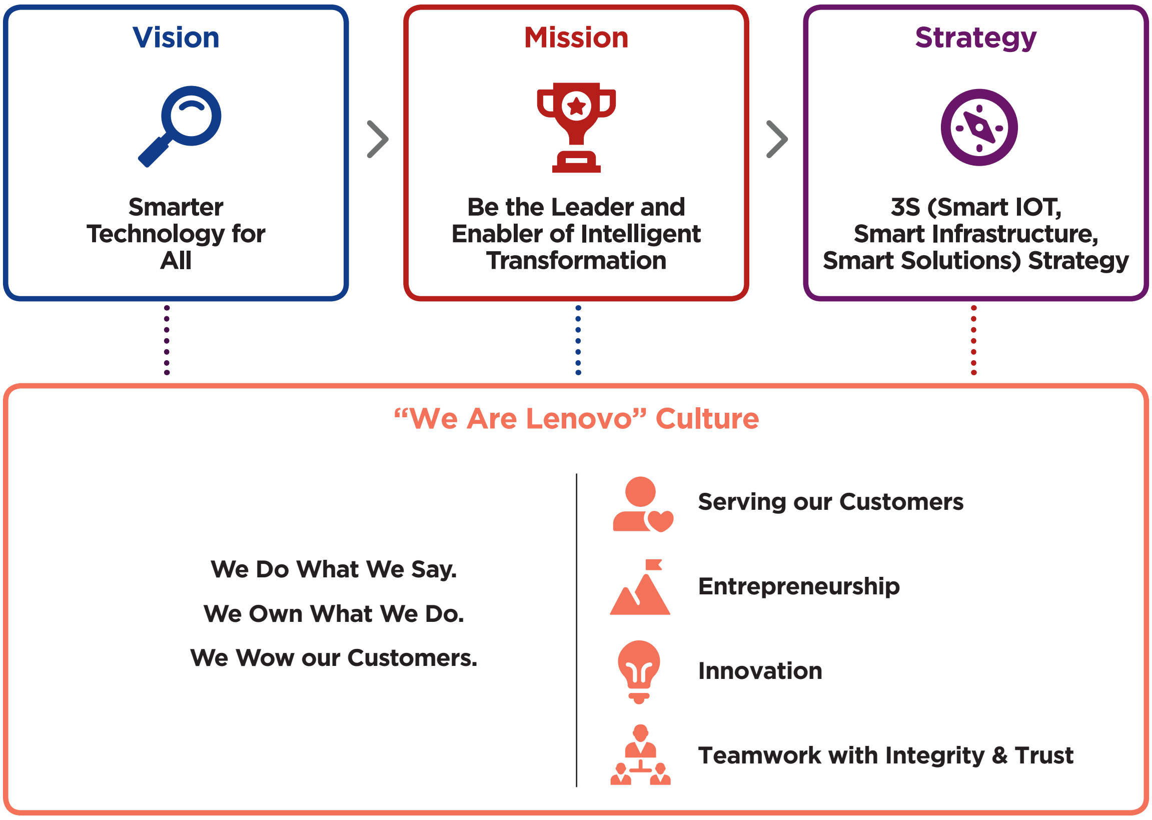
- comprises external experts from various areas (the "Specialized Areas"), including geopolitics, economics, cybersecurity and Environmental, Social and Governance ("ESG"); and
- advises the CEO and senior management on strategic and operational issues in key areas, among others, the Specialized Areas.

ESG Executive Oversight Committee

- is a committee chaired by the Chief Legal and Corporate Responsibility Officer and comprising senior management from across the business and functional units;
- is chartered to promote Lenovo culture that encourages strong ESG performance; and
- provides strategic direction and facilitates the coordination of ESG efforts across the Group.

Corporate culture

"We Are Lenovo" is Lenovo's culture and the way Lenovo work together as one team. "We do what we say. We own what we do. We wow our customers." is the essence of Lenovo's culture. The cultural values are the guiding principles for all Lenovo employees to collaborate and excel together by implementing strategies in achieving Lenovo's vision and mission.

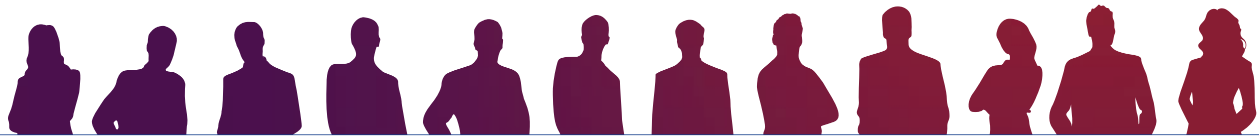


Throughout FY2024/25, Lenovo strengthened its global culture engagement initiatives through employee-shared culture stories, Big Bang Forums, the Innovation Series, and Hackathon events. These efforts helped employees embody Lenovo's cultural values in their daily work and contribute meaningfully to Lenovo's business transformation. Culture-focused discussions were also into leadership dialogues to strengthen alignment with Lenovo's business strategies. The "We Are Lenovo" culture is consistently communicated and embedded across new employee onboarding, leadership development, and corporate events.

To ensure the alignment of Lenovo's culture, vision, mission, values and strategy, regular Board meeting is held every quarter. In FY2024/25, the Board reviewed the annual achievements and discussed the next year corporate strategy in February 2025. Further, reports from the CEO and the Chief Financial Officer (the "CFO") ("CEO and CFO Report") are submitted and presented to the Board in quarterly Board meetings to monitor and evaluate the progress of critical strategic initiatives and quarterly performance of Lenovo. For more information about Lenovo's culture and the 3S Strategy with strategic achievements during FY2024/25, please refer to Lenovo's "Explore Career Opportunities" website, the "Chairman & CEO statement" and "Management's discussion & analysis" sections of this annual report respectively.

Corporate governance report

2 Leadership



Board composition, roles and key features

As of the date of this annual report, there are 12 Board members consisting of one executive director, four non-executive directors and seven independent non-executive directors. The Board has a coherent framework with clearly defined responsibilities and accountabilities designed to safeguard and enhance long-term shareholder values and provide a robust platform to realise the strategy of the Group. A summary of responsibilities of leadership of the Company, including directors and CEO, is set out in the diagram below.

Chairman

Mr. Yang Yuanqing N

- Leads the Board in the strategy determination and the objectives achievement
- Leads the Board to align Lenovo culture with its vision, mission, values and strategy and ensures that all directors acting with integrity, lead by example, and promoting the desired culture
- Provides leadership and manages the Board to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate, complete and reliable information in a timely manner
- Approves the agendas for Board meetings, taking full account of the issues and concerns of Board members
- Facilitates and encourages active engagement of Board members by drawing on directors' skills, experience and knowledge
- Ensures good corporate governance practices and procedures are established and effective communications with shareholders and other stakeholders

Lead independent director

Mr. John Lawson Thornton[Note 1] N

- Serves as chairman of the Nomination and Governance Committee meeting and/or the Board meeting whenever considering the combined roles of the Chairman and CEO
- In consultation with all other board members, assess of the performance of the Chairman and/or CEO
- Calls and chairs meeting(s) with all non-executive directors at least once a year on matters deemed appropriate and provides feedbacks to the Chairman and/or CEO
- Serves a key role in the Board evaluation process
- Responds directly to questions and comments from shareholders and other stakeholders of the Company that are directed to the Lead Independent Director or to the independent non-executive directors as a group, when appropriate
- Ensures his availability for consultation and direct communication, when appropriate, if requested by major shareholders of the Company
- Performs other duties as the Board may designate

Non-executive directors

Independent non-executive directors:

Mr. John Lawson Thornton N
Mr. Gordon Robert Halyburton Orr[Note 2] C A
Mr. Woo Chin Wan Raymond A
Ms. Yang Lan N
Ms. Cher Wang Hsiueh Hong
Professor Xue Lan N
Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted) A C

Non-executive directors:

Mr. Zhu Linan
Mr. Zhao John Huan C
Mr. Wong Wai Ming[Note 3] A
Ms. Laura Green Quatela[Note 3] N

- Participate in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct
- Take the lead where potential conflicts of interests arise
- Scrutinise the Group's performance in achieving agreed corporate goals and objectives, and monitor performance reporting
- Make a positive contribution to the development of the Group's strategy and policies through independent, constructive and informed comments
- Ensure to align Lenovo culture with its vision, mission, values and strategy, and ensures that all directors acting with integrity, lead by example, and promoting the desired culture. Such culture should instil and continually reinforce across Lenovo values of acting lawfully, ethically and responsibly
- Engage with senior management and other relevant parties to ensure that various concerns and issues relevant to the management and oversight of business and operations of the Group are properly addressed

Chief executive officer

Mr. Yang Yuanqing N

- Formulates and recommends the strategy of the Group to the Board
- Executes the strategy agreed by the Board
- Makes and implements operational decisions and manages the business day-to-day
- Leads the business and the management team

Key

A Audit Committee   C Compensation Committee   N Nomination and Governance Committee   ● Committee Chairman

Notes:
On February 20, 2025, the Board approved the following:

1. The appointment of Mr. John Lawson Thornton as the successor of Mr. William O. Grabe as the Lead Independent Director with effect from February 21, 2025.
2. The appointment of Mr. Gordon Robert Halyburton Orr as the Chairman of Compensation Committee with effect from February 21, 2025.
3. The appointment of Mr. Wong Wai Ming and Ms. Laura Green Quatela as non-executive directors of the Company with effect from April 1, 2025.

Key features of the Board	
	Diversity The Board has a balance of gender, ethnicity, cultural background and skills with a mix of regional and industry experience.
	Independence The current composition of the Board exceeds the requirements under rules 3.10 and 3.10A of the Listing Rules, as a majority of its members are independent non-executive directors, thus exhibiting a strong independent element which enhances independent judgement.
	An independent non-executive director of the Company, Mr. John Lawson Thornton, was appointed as the Lead Independent Director for enhancing corporate governance of the Company. The roles and responsibilities of the Lead Independent Director are set out on page 62 of this annual report.
	Relationship among directors The following directors serve on the board of directors of the below substantial shareholders as defined under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") and recorded in the Company's register of interests maintained under the SFO. Details of shareholdings of such substantial shareholders are set out on page 112 of this annual report and pages 151 to 156 under Directors' report of this annual report. • Mr. Zhu Linan and Mr. Zhao John Huan, non-executive directors of the Company, also serve as directors of Legend Holdings Corporation • Mr. Yang Yuanqing, the Chairman and executive director of the Company, and Mr. Wong Wai Ming, a non-executive director of the Company, are also directors of Sureinvest Holdings Limited
	To the best knowledge of the Board members, there is no other relationship among the members of the Board as of the date of this annual report except for the relationships (including financial, business, family, and other material and relevant relationships) as mentioned in the biographies of directors set out on pages 144 to 147 of this annual report.

Corporate governance report

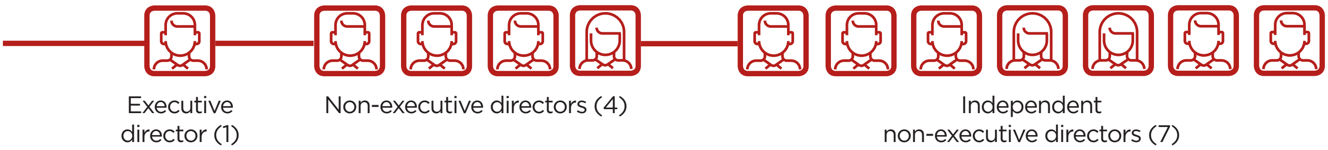
Board diversity and tenure

The structure, size and composition (including but not limited to gender, age, skills, experiences and tenure of service) of the Board will be reviewed from time to time regularly by the Nomination and Governance Committee to ensure that the Board has a balance of skills and expertise for providing effective leadership to the Company and meeting the needs of the Group.

The Board adopted a board diversity policy (the "Board Diversity Policy") aiming to set out the Company's commitment to fostering a corporate culture that embraces diversity on the Board. A summary of the Board Diversity Policy including the views and measurable objectives is set out on page 66 of this annual report.

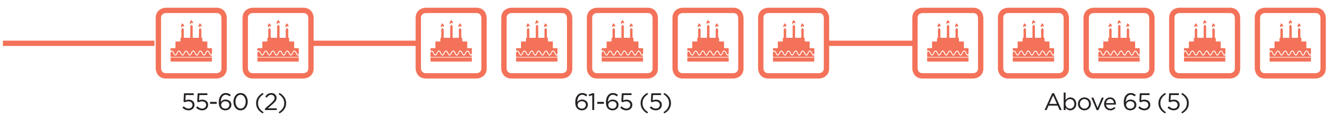
The following diagram illustrates the diversity profile and the skill matrix of the Board as at the date of this annual report while the detailed biographies of the directors are set out on pages 144 to 147 of this annual report.

Designation



Gender

Age



Finance

Risk management/Internal control (5)

Transactions (Mergers and acquisitions) (9)

Financial/Accounting/Auditing (2)

Capital market/Equity investment (5)

Global operation

(10)

Strategic planning

(10)

Legal/Regulatory & compliance

(5)

ESG

(3)

Marketing/Advertising/Research and development (R&D)

(3)

Investor relations

(5)

Information technology industry

(10)

Board diversity policy

The Board values diversity as a factor in selecting candidates to serve on the Board and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company and forms an important part of the nomination policy (the "Nomination Policy") as adopted by the Board.

The Board believes that a key success factor of an effective Board is that it comprises a range and balance of skills, experience, knowledge and independence, with individuals that work as a team. The adoption of Board Diversity Policy is to ensure that diversity in its broadest sense continues to remain a feature of the Board. All Board appointments are made on merit, in the context of the skills, experience and gender diversity, the Board as a whole requires being effective. The details of the appointment process are disclosed on page 69 of this annual report.

The Nomination and Governance Committee has been delegated with the responsibilities for the review of the Board Diversity Policy, among others, the implementation and effectiveness thereof, on an annual basis. During FY2024/25, the Nomination and Governance Committee reviewed the below measurable objectives and the progress in achieving these objectives:

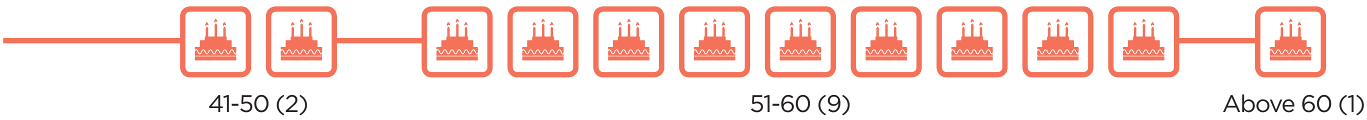
Measurable objectives	Progress for achieving objectives
Objective 1 Consider candidates for appointment as directors from a wide pool of candidates with different backgrounds, skills, experience and perspectives that would complement the existing Board's diversity	• For FY2024/25, the female representation at Board level was 20% (i.e. two female directors out of 10 directors), which reached the target of 20% female Board targeting to satisfy by FY2025/26 as set by the Board in 2022 • In FY2024/25, the Board has appointed two non-executive directors comprising one female and one male with effect from April 1, 2025 pursuant to the Nomination Policy and the Board Diversity Policy • Following the above-mentioned appointment of non-executive directors with effect from April 1, 2025, the female representation at Board level has reached 25% • In the ordinary course of the Board succession process, with on-going search for appropriate candidates to be appointed as independent non-executive directors for enhancing independence element and further adding diversity to the existing Board
Objective 2 Report annually against the objectives and other initiatives taking place within the Group which promote diversity	• The Board evaluation process includes an assessment of the Board's diversity helping to objectively consider the Board composition and effectiveness • Ongoing annually
Objective 3 Report annually on the outcome of the composition and structure of the Board as well as any issues and challenges the Board is facing when considering its diverse combination	• Make use of the Board evaluation process as an important means of monitoring the progress • Remain committed to getting the right balance of the composition of the Board and work towards understanding and managing some of the challenges the Group faces in the global information technology sector, particularly in internet, mobile, data center, software, cloud, services and solutions, telecommunications, artificial intelligence areas and ESG • Ongoing annually

Senior management diversity

With support of a diversified management team is also essential to the effectiveness of the Board. As at the date of this annual report, the Group's senior management has a balance of diversity, among others, gender and age as illustrated in the following diagram. For further details of the senior management, please refer to their biographies set out on pages 148 to 150 of this annual report.

Gender

Age



Workforce inclusion

As a global technology leader, Lenovo's workplace inclusion programs and initiatives drive our business forward. Lenovo understands that inclusion is vital for innovation and seeks to create a workplace where everyone feels valued, respected, and can reach their full potential. Lenovo has offered programs and opportunities to promote understanding and inclusion across its global workforce for nearly 20 years. These include special trainings designed to help individuals develop across every phase of their career, from individual contributor to management, as well as guidance for bias mitigation with hiring managers. After meeting and exceeding 2020 executive representation goals, Lenovo continues to advance inclusion from top executive ranks to product development teams and early career hiring efforts. Currently with 25% executive representation of women, an industry-leading 29% representation of women on technical teams, and 36% representation of women in its global workforce, Lenovo is persistently working towards fair and inclusive workforce recruitment and advancement.

Lenovo also fosters an array of employee resource groups around the world, promoting understanding and inclusion for specific segments of the workforce across gender, cultural background and ability. Lenovo's inclusive culture has extended to its products through the Inclusive Product Design Office (IPDO), which seeks to integrate feedback from all consumer segments early in product development. By FY2025/26, the IPDO will have reviewed 75% of Lenovo's products to ensure they are inclusive, no matter a user's background or ability. Lenovo is a signatory of the United Nations Women Empowerment Principles and has been recognized as a Best Place to Work for people with disabilities in the United States, Brazil, and the United Kingdom in 2024. With employees in more than 60 countries serving customers across 180 markets, Lenovo is reliant on the principles of mutual respect and inclusion and the unique strength these cultural values provide to its global business.

Corporate governance report

Tenure

In accordance with the articles of association of the Company (the "Articles of Association"), all directors are subject to retirement by rotation. At each annual general meeting, one-third of the directors for the time being shall retire from office. The retiring directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are subject to re-election by shareholders of the Company at the next following annual general meeting of the Company. The chart below shows the tenure of the Board members as of the date of this annual report.

Tenure of Board members

All non-executive directors (including independent non-executive directors) have entered into letters of appointment with the Company for a term of three years. Their terms of appointment shall be subject to retirement from office by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

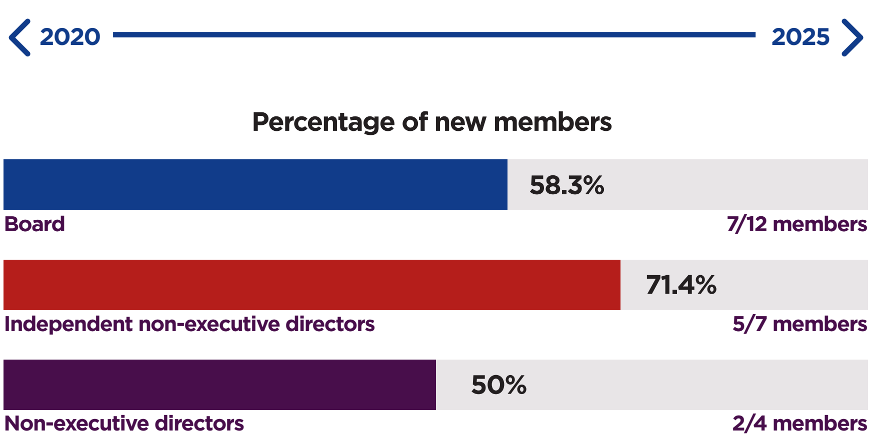
The Company agreed that the independence of directors is an important principle of the Company. In line with the best practices on corporate governance, the Board adopted the principle (the "Principle") that each term of an independent non-executive director of the Company shall not be more than three years and shall, subject to re-election by shareholders at any subsequent annual general meeting of the Company, be renewable for additional three-year terms up to a maximum of nine years. At the recommendation of the Nomination and Governance Committee, the Board may invite an independent non-executive director to serve for an additional three-year term extending up to a total of 12 years subject to re-election at any subsequent annual general meeting of the Company.

In accordance with the Articles of Association, Mr. Yang Yuanqing, Mr. Zhu Linan, Mr. Woo Chin Wan Raymond and Ms. Yang Lan will retire, and Mr. Wong Wai Ming and Ms. Laura Green Quatela appointed during the year will hold office until the forthcoming annual general meeting to be held on July 17, 2025 ("2025 Annual General Meeting"), and each being eligible, will offer themselves for re-election at the 2025 Annual General Meeting.

Refreshment of the Board

The Board's diversity and the Group's long-term success are addressed by refreshing the composition of the Board. As part of the Company's continuing efforts to the Board refreshment, the Board has appointed two non-executive directors with strategic mind and solid experience in finance, operation, sustainability and legal, particularly in the current complex legal geopolitical landscape, related to the information technology industry in FY2024/25. Not only the Board refreshment adds value to the Board from the balance of skills, knowledge, experience and gender diversity perspectives, but also ensure the Board remains agile and well-equipped to address the Group's future by adopting effective long-term strategy. The diagram below shows how the Board has been refreshed since January 2020.

Over the period from January 2020 to May 2025



Nomination, appointment and election

Nomination policy

The Nomination Policy guides the Nomination and Governance Committee and the Board on nomination of candidates for the Board. This policy sets out the selection criteria, tenure, election/re-election requirements and nomination procedure, details of which are set out below.

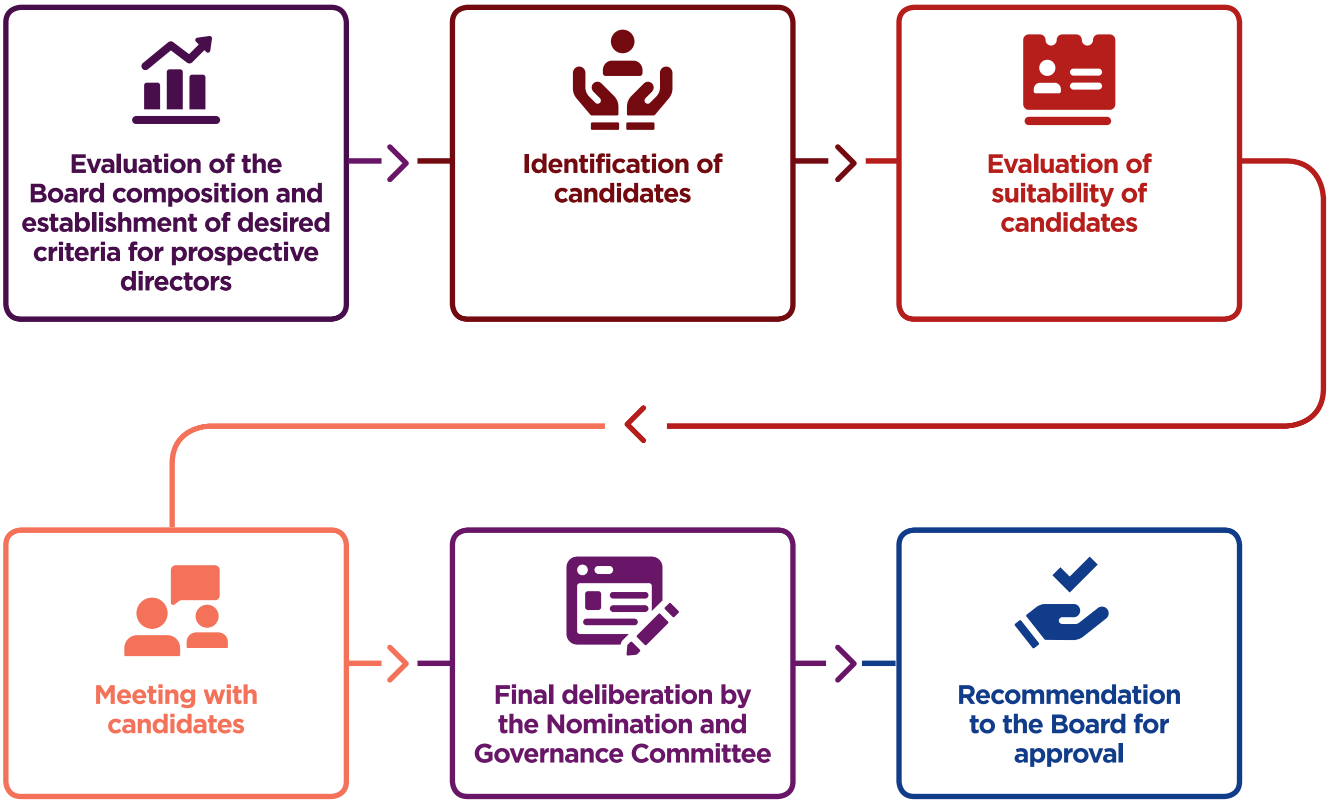
Nomination and appointment process

The Board recognises the need to ensure the Board and senior management are always well resourced, with the suitable people in terms of skills and experience to deliver the Group's strategy.

There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which has been delegated to the Nomination and Governance Committee. The Nomination and Governance Committee is chaired by an independent non-executive director and composed of the Chairman (also the executive director), one non-executive director and two other independent non-executive directors. This composition ensures that any decisions made are impartial and are in the best interest of the Company.

The Nomination and Governance Committee's assessment of the candidates includes, but not limited to, the independence under the Listing Rules, consideration of the relevant knowledge and diversity of backgrounds, gender, skills, experience and perspectives that would complement the existing Board.

The Nomination and Governance Committee also ensures that candidates satisfy the requisite skills, experience and core competencies, commensurate with the position as directors of a listed company. The nomination process involves the following six stages:



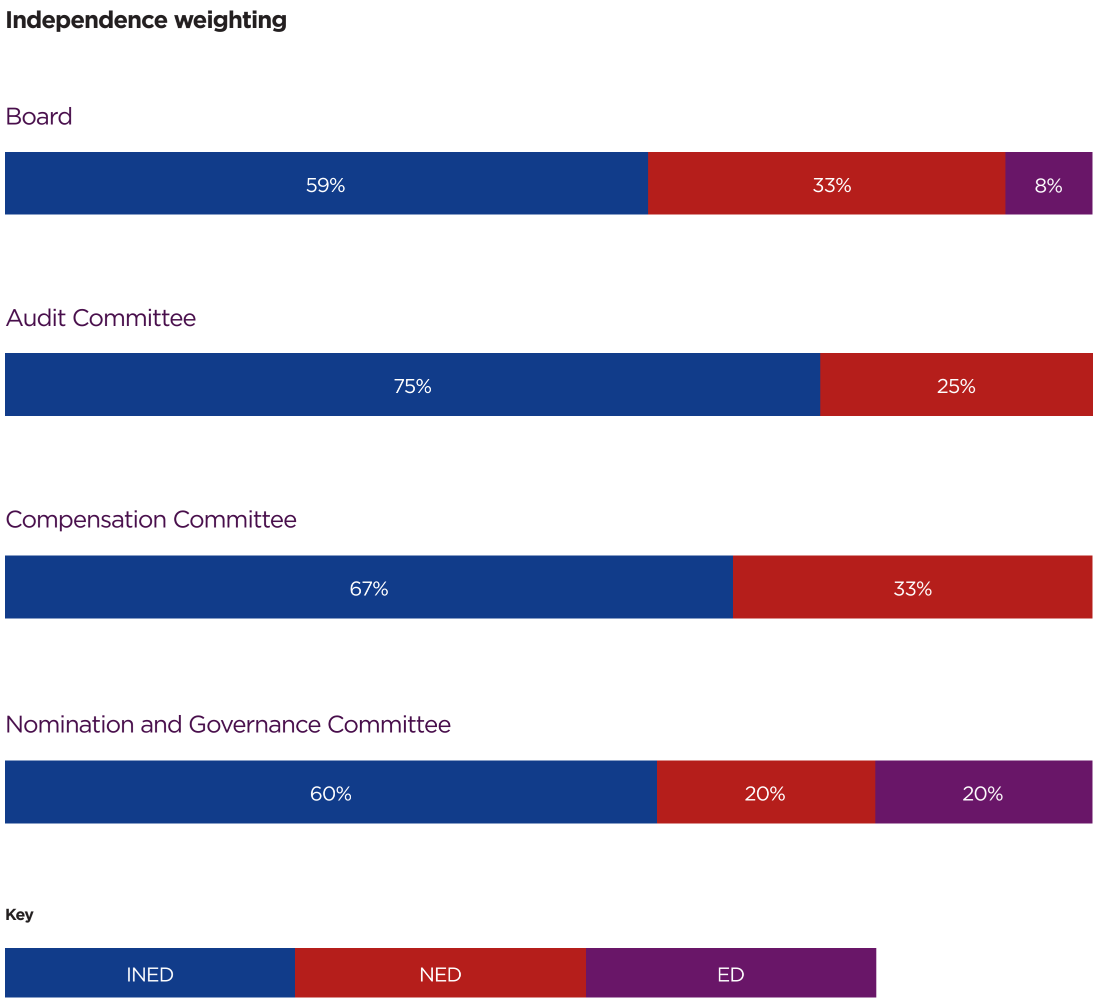
Corporate governance report

Independence

The independent non-executive directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationships with the Group (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders.

Each of the independent non-executive directors has made a confirmation of independence to the Company. On May 21, 2025, the Nomination and Governance Committee conducted an annual review of the independence of all independent non-executive directors of the Company for FY2024/25. Having taken into account the factors as set out in rule 3.13 of the Listing Rules in assessing the independence of independent non-executive directors, the Nomination and Governance Committee (with the relevant committee member abstaining from voting on the resolutions concerning his/her own independence) concluded that all of the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules. With support of the Nomination and Governance Committee's review on the independence of all the independent non-executive directors through the independence assessment process as set out on page 71, the Company confirmed that all the independent non-executive directors are independent.

The Nomination and Governance Committee affirmed that all independent non-executive directors of the Company provided a strong independent element on the Board, were free from any business or other relationship which could materially interfere with the exercise of their judgement, and remained independent for FY2024/25 and as of the date of this annual report. The diagram below shows the independence weighting of the Board and the Board Committees as of the date of this annual report.



Independence assessment

Before and on appointment

- Nomination and Governance Committee will evaluate the suitability of the candidates, including an assessment of their independence and their skills, and nominate for the appointment for the Board's consideration and approval.
- The proposed new independent non-executive director is required to confirm with the Company pursuant to the requirements under the rule 3.13 of the Listing Rules.

Ongoing process

- Each of the independent non-executive directors is required to inform the Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence.
- The independent non-executive directors are required to confirm with the Company whether he/she has any financial, business, family or other material/relevant relationship with each other on a semi-annual basis.
- All directors have continuing obligation to update the Company on any changes to their other appointments which will be reviewed by the Company.

Annual assessment

- Each of the independent non-executive directors is requested to confirm with the Company his/her independence having regard to the criteria under rule 3.13 of the Listing Rules.
- Nomination and Governance Committee assesses and reviews the independence of independent non-executive directors annually.

Mechanisms for ensuring independent views and input

Pursuant to the Listing Rules, mechanism(s) should be established to ensure independent views and input are available to the Board. Having reviewed the implementation and effectiveness and taking into account the following channels, it was considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- The Board comprises a majority of independent non-executive directors, representing 59% of the Board as at the date of this report.
- The appointment of Lead Independent Director with broad authorities and responsibilities, among others, calls and chairs meetings with all non-executive directors without management and executive director present at least once a year. During FY2024/25, the Lead Independent Director and chairmen of the Board Committees met all other non-executive directors without management at executive sessions held after the respective board meetings and committee meetings, where applicable.
- All independent non-executive directors share their views and opinions through regular quarterly meetings at which heads of core divisions and particular business units would be invited to join such meetings and business segments performance from core business divisions are presented.
- Independent non-executive directors are authorised to seek independent professional advice at the Company's expense, to perform their responsibilities, if necessary.
- The Chairman has one-to-one meeting with each independent non-executive director who shares their views with the Chairman directly.

Corporate governance report

Conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company. The Board has a set procedure and guidance to deal with the actual or potential conflicts of interests of directors as follows:

- The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.
- Prior to taking additional responsibilities or external appointments, directors are obliged to ensure that they will be able to meet the time commitment expected of them in their role at the Company and do not have any potential conflicts that may arise when taking up a position with another company.
- Decisions regarding transactions with directors and their related parties are always dealt with by other directors, such as matter regarding remuneration of the executive director is handled by the Compensation Committee.
- Under the Articles of Association, directors are also required to declare their direct or indirect interests, if any, in any proposal, transaction, arrangement or contract that is significant in relation to the Company's business and the director's interest or his/her associate's interest or the interest of the entity connected with the director is material.

All potential conflicts of interest will be recorded, which are reviewed on an annual basis by the Nomination and Governance Committee to ensure that the procedures are working effectively.

Commitments

All directors are committed to devote sufficient time and attention to the affairs of the Company. Directors are given guidelines on their time commitments to the affairs of the Company and corresponding confirmations were received from the directors in their letters of appointment. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong and/or overseas listed public companies or organisations and other significant commitments, with their positions at the public companies or organisations and the estimated time involved in each year in such positions. Directors notify the Company in a timely manner and bi-annually confirm to the Company of any changes of such information. The chart below shows the number of directorship of the directors with other listed public companies as of the date of this annual report.

With respect to those directors who stand for election or re-election at 2025 Annual General Meeting, all of their directorships held in listed public companies in the past three years are also set out in the circular accompanying the notice of the 2025 Annual General Meeting.

Share ownership

The Board has adopted stock ownership guidelines for non-employee directors. The Board believes that share ownership aligns the interests of its directors with the long-term interests of the shareholders and further promotes the Company's commitment to sound corporate governance. In general, these guidelines require non-employee directors to maintain a certain level of equity awards granted to them for so long as they are directors of the Company.

Directorship with other listed public companies

Directors' securities transactions

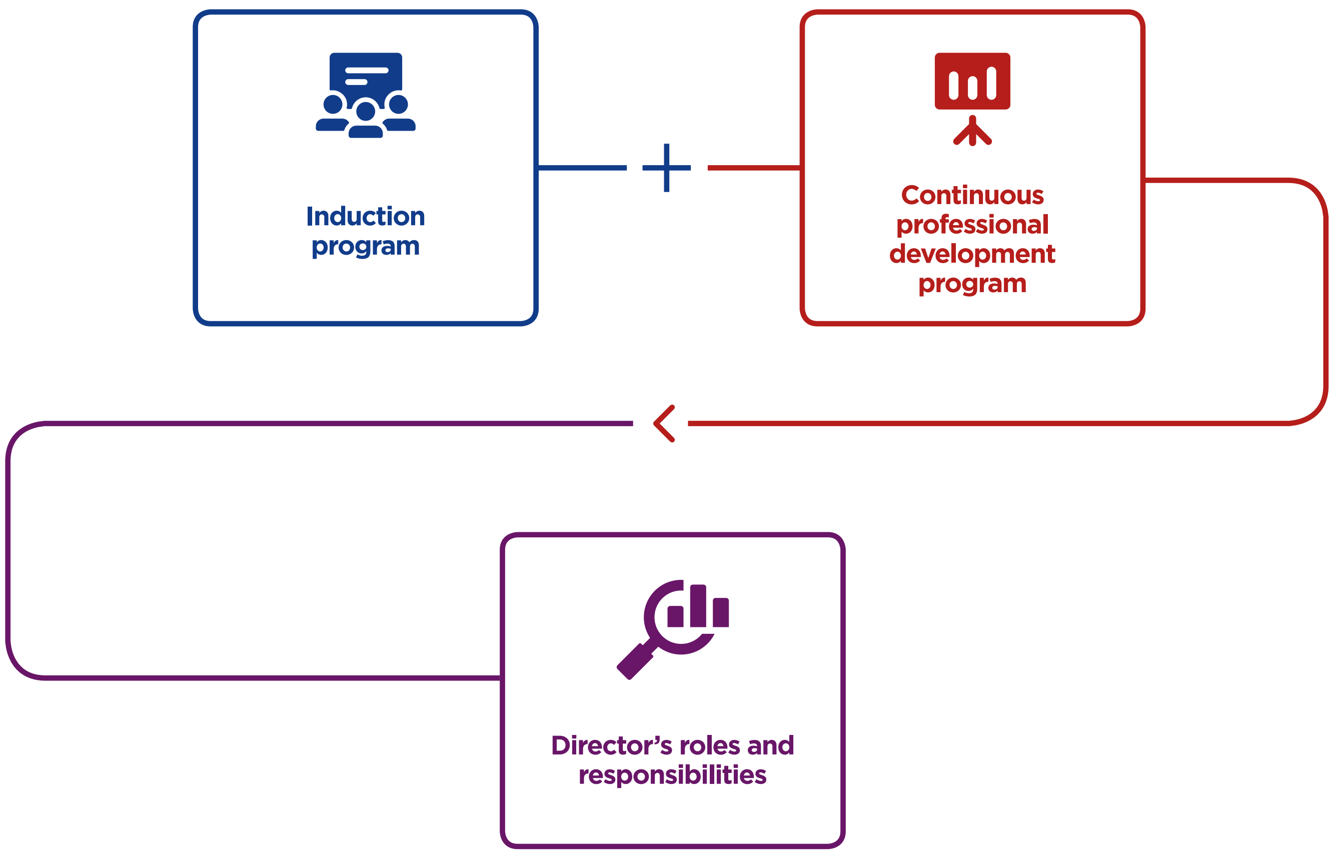
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules from time to time and devised based on the principles of the Model Code a comprehensive and operative company policy to govern securities transactions by directors of the Company. All directors of the Company have confirmed, after specific enquiry, their compliance with the required standard during FY2024/25.

The Company has also adopted its own trading in securities policy applicable to designated senior management of the Group which is on terms no less exacting than the required standard as set out in the Model Code.

Induction and continuous professional development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure understanding of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

As illustrated in the below diagram, not only the Company provides the induction program to the new directors, but also regularly review and agree with each director on his/her training needs for keeping him/her updated with key business developments and to enhance his/her effectiveness in performing the director's responsibilities.



Induction program for new directors

Upon joining the Company, directors are provided with a bespoke induction program to further their understanding of the nature of the Group, its business and the markets in which the Group operates, and also enhance their knowledge of the Group, its operation and staff. Induction program is tailored to each new director, depending on the experience and background of the director. Normally, a comprehensive, formal and tailored induction program covers, amongst other things, the following:

Directors are also provided with an induction handbook which is designed to provide the Board members with information regarding the roles of directors and committee members, where applicable, annual agendas of the Board and Board Committees, and general information about the respective Board Committee of the Company, to make the most of their time on the Board and Board Committee(s).

Before appointment

Provision of training from external lawyer

To ensure the director is fully aware of his/her responsibilities, obligations and duties of a director of a company listed on the Hong Kong Stock Exchange under the Listing Rules and other applicable regulatory requirements

On appointment

Provision of directors' induction handbook

To ensure that the director has a proper understanding of the operations, business and governance policies of the Group

Following appointment

Meetings with Chairman, directors and senior management from across the business

To ensure that the director has a proper understanding of the culture, strategies and the operations of the Group

Provision of briefing and presentation from senior executives and visit to business operations

To ensure that the director has a proper understanding of the operations of the Group and its development

Continuous professional development program

To ensure that the director keeps abreast of new laws, regulations and/or developments in business that are relevant to the roles as a director of the Company

Continuous professional development program

Lenovo believes great leadership starts with continuous learning. Directors and senior executives are provided with a comprehensive professional development program every year – designed to sharpen their expertise, deepen their understanding of the Group and industry, and keep them at the forefront of innovation. The program includes but not limited to the following:

- engaging presentations by senior executives and external experts on the latest trends in technology, corporate strategy, ESG matters, corporate governance, risk management, and key legal and regulatory updates;
- interactive site visits across Lenovo's global campuses and factories, giving leaders a firsthand look at the Group's operations and supply chain; and
- focused discussions on critical industry topics to drive strategic thinking.

During the year, our directors and senior executives were invited to attend professional development activities as follows:

Events

To deepen directors' understanding of Lenovo's culture and its alignment with Lenovo's values, vision, and strategy, directors were invited to attend the **Global Leadership Team (GLT) Annual Meeting** (the "GLT Meeting") in September 2024, in Wuzhen, China. The theme of the meeting was "Smarter AI for All". There were dynamic discussions on critical topics, including AI Strategy and Implementation, AI Governance, Leadership in the AI Era. Beyond strategic discussions, directors actively participated in team-building activities, collaborating closely with Lenovo's senior leaders across different functions. These interactions strengthened cross-functional alignment and reinforced a shared commitment to Lenovo's long-term success.

The GLT Meeting provided a valuable platform for directors to exchange insights with senior management on key challenges, gain deeper clarity on how Lenovo's corporate strategy aligns with culture and vision, and enhance collaboration with senior management. By fostering open dialogue and hands-on engagement, the event ensured directors remain well-equipped to guide Lenovo's future in an evolving world.

Corporate governance report

During FY2024/25, Lenovo launched **Lenovo Tech World** under the theme "Smart AI for All" across global locations, including Seattle, Washington, United States, showcasing latest innovations like AI PCs and Neptune™ Liquid Cooling technology and strategic initiatives driving Lenovo's AI vision. The event featured keynotes from global tech leaders on AI, computing and industry trends, insights on collaborative innovation with partners and customers. Directors who participated in the event gained valuable insights on market trends, Lenovo's innovative approaches to industry challenges, and strategic initiatives driving sustainable growth. These engagements strengthened their ability to provide informed oversight of Lenovo's technology advancement and long-term corporate vision.


In January 2025, Lenovo accelerated its business development strategy by becoming a **Global Partner of Formula 1®** – the world's most prestigious motorsport. This high-performance alliance showcases our technological leadership through cutting-edge solutions powering F1's race operations both on the track and remotely. Directors who attended multiple Grand Prix, including **Chinese Title Race** in April 2024, gained strategic insights into how Lenovo's smarter technology provides seamless tech integration to, and enhance, the world's fastest sport, as well as the Group's collaborative ecosystem with a global partner.

Site visits and product demonstrations

In FY2024/25, directors participated in immersive site visits to key Lenovo facilities including Motorola's Chicago laboratory, Hefei's LCFC factory, and Shenzhen plant.

These visits featured hands-on demonstrations of Motorola's AI-powered devices and Lenovo's evolving PC, mobile, server innovations. Through these engagements, directors gained firsthand exposure to Lenovo's innovative products and ideas and cutting-edge smart manufacturing ecosystem and capabilities – from Lenovo's heritage to future vision, from production lines to ESG initiatives. The experiences provided directors with tangible insights into how innovation and operational excellence drive Lenovo's strategic objectives.





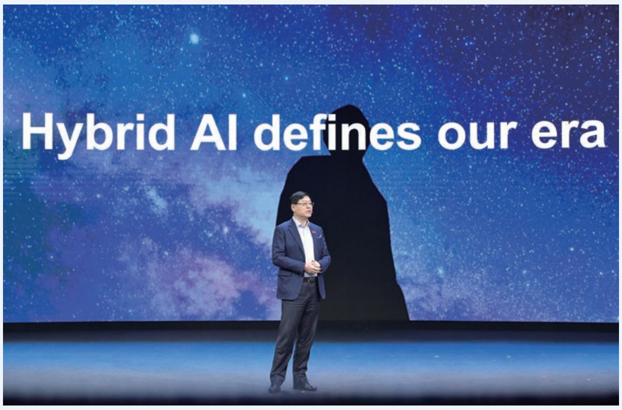


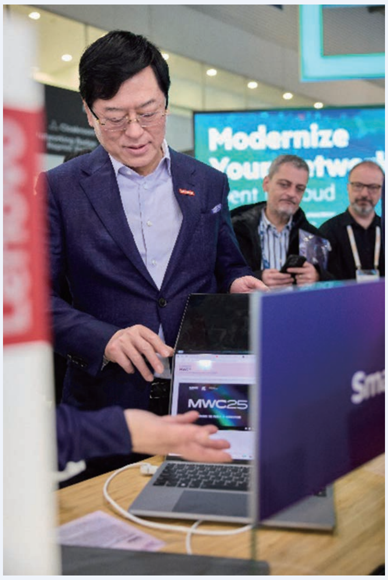
Corporate governance report

Industry congress

Lenovo operates in an industry that is rapidly changing in terms of market trends, consumer preferences and technologies. In order to keep directors updated with the latest technologies and products development in the industry, directors were invited to attend Consumer Electronic Show (CES) in Las Vegas in January 2025 and Mobile World Congress (MWC) in Barcelona in March 2025. These two events provided the best product reviews, demonstrations and displays that showcase the technologies leveraging the power of AI both from the Group and other market players.

Furthermore, to facilitate the stakeholders' understanding, including directors and customers on how Lenovo embraces the business opportunities in this dynamic market and satisfies the customer needs, our Chairman presented at MWC on key topics: Hybrid AI Defines Our Era, Personal AI, Enterprise AI and AI for Good.

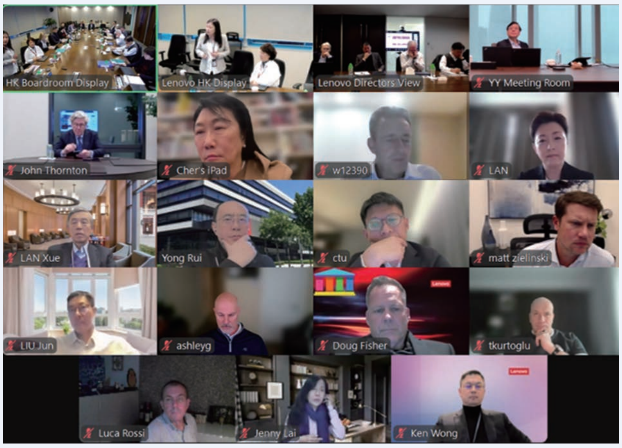




Expert briefings and seminars

The Company has arranged in-house expert briefings and seminars for directors to keep them abreast of the affairs relating to the Group. The directors are also encouraged to attend relevant external professional programs at the Company's expense to keep abreast of issues facing the changing business environment in which the Group operates.

During FY2024/25, the Company arranged external and in-house expert briefings and seminars for directors, featuring deep-dive discussions on topics such as AI, investment and growth opportunities in India, global logistics networks, corporate strategy updates and regulatory updates. Anti-bribery and corruption training was also provided to update directors on the latest worldwide regulations that are relevant to the Group during the year.



Regulatory updates

Directors are updated on a continuing basis by the Company Secretary on any new regulations and guidelines, as well as any amendments thereto issued by the Stock Exchange and other regulatory authorities, particularly the effects of such new or amended regulations and guidelines on directors, the Company and the Group.

In addition, director's induction handbook which contains organization structure, Board policies, corporate rules and policies, and other legal reference information will be updated regularly and made available on internal electronic platform of the Company for directors' review.

All directors are required to provide the Company with their training records on an annual basis and such records are maintained by the Company Secretary for regular review by the Nomination and Governance Committee. The Nomination and Governance Committee will, on a continuing basis, evaluate and determine the training and development needs of the directors, particularly on relevant new laws and regulations and essential practices for effective corporate governance, to enable the directors to sustain their active participation in Board deliberations and effectively discharge their duties.

Directors have provided the Company with a record of the training they received during FY2024/25. In addition to attending meetings and review of relevant materials provided by senior management, the directors have also attended professional trainings provided by the Company and external professional parties, where applicable, the relevant details are set out as follows:

Type of training / Name of directors	Reading regulatory updates/corporate policies	Attending experts briefing/seminar/conference relevant to the Group's business or director's duties
Executive director		
Mr. Yang Yuanqing		
Non-executive directors		
Mr. Zhu Linan		
Mr. Zhao John Huan		
Mr. Wong Wai Ming Note 1	N/A	N/A
Ms. Laura Green Quatela Note 1	N/A	N/A
Independent non-executive directors		
Mr. John Lawson Thornton		
Mr. Gordon Robert Halyburton Orr		
Mr. Woo Chin Wan Raymond		
Ms. Yang Lan		
Ms. Cher Wang Hsiueh Hong		
Professor Xue Lan		
Mr. Kasper Bo Roersted		
Mr. William O. Grabe Note 2		
Mr. William Tudor Brown Note 2		

Notes:

1. Appointment took effect on April 1, 2025. Provision of training records for FY2024/25 to the Company is not applicable.
2. Resigned on February 21, 2025.

Remuneration of directors and senior management

A formal and transparent procedure for fixing the remuneration packages of directors and senior management is in place. Details of remuneration policies, remuneration payable to senior management and other relevant information are set out in the Compensation Committee report of this annual report on pages 122 to 136.

Company secretary

The Company Secretary, Ms. Lam Ngan Ling ("Ms. Lam") plays an important role in supporting the Board, including being responsible for facilitating the Board process, as well as communications among Board members and the Board with shareholders and management. During FY2024/25, Ms. Lam undertook appropriate professional training to update her skills and knowledge.

3 Effectiveness

Board's responsibilities and delegation to management

The Company is controlled through the Board who is responsible for steering the success of the Group by overseeing the overall strategy and directing and supervising its affairs in a responsible and effective manner. The Board also sets the Group's core values and adopts proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations.

The Company has a formal schedule of matters specifically reserved to the Board and those delegated to management. The Board reserves for its responsibility to oversee the management of the Company and its business. Key matters reserved for the Board are summarized in the table below:

The Board has given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company or entering into any commitments on behalf of the Group.

The Board delegates the daily operations and administration function of the Group, including the following, to the management under the leadership of the CEO:

- implementation of the strategy and direction determined by the Board;
- operation of the Group's businesses;
- preparation of financial statements and operating budgets; and
- compliance with applicable laws and regulations.

The aforesaid arrangements will be reviewed periodically to ensure that they remain appropriate to the Group's needs.

Key matters reserved for the Board's approval

Financial

- Approval of the Group's financial statements and results announcements
- Recommendation on appointment or re-appointment of external auditor
- Recommendation or declaration of dividend
- Monitoring the Group's businesses against plan and budget

Group strategy and management

- Formulation of the Group's strategy and long-term objectives
- Approval of changes to capital structure
- Approval of major capital and equity transactions
- Approval of major disposals and acquisitions

Board membership and committees

- Appointment to the Board and Board Committees
- Setting, review and amendments (where necessary) to the terms of reference of Board Committees

Corporate governance and sustainability

- Review of the performance of Board and Board Committees
- Approval of shareholder communications, circular and notices of meetings
- Review of ESG practices of the Group and approval of ESG report of the Company
- Review of and/or approval of certain policies of the Group, including:
  - Nomination Policy
  - Code of Conduct
  - Board Diversity Policy
  - Dividend policy (the "Dividend Policy")
  - Continuous disclosures policy (the "Continuous Disclosures Policy")
  - Shareholders communication policy (the "Shareholders Communication Policy")
  - Lenovo Whistleblowing and Investigations Policy
  - Lenovo Anti-Bribery and Corruption Policy
  - Mechanisms to ensure independent views and input are available to the Board

Board process

The Board recognises the importance of providing timely and appropriate information to directors so as to enable them to make informed decisions and to perform their duties and responsibilities effectively.

Board meetings

Regular Board meetings

Meeting dates are set two years in advance

- To facilitate maximum attendance of directors

The Board meets at least four times a year at approximately quarterly intervals

- To review financial performance, strategy and operations

Meeting agenda and notice

- To finalize by the Chairman in consultation with Board members
- To give not less than 30-day's notice

Dispatch Board papers to directors

- To dispatch agenda and supporting documents seven days, with updated financial information three days (or other reasonable period), prior to the meeting
- To circulate board papers via electronic platform in timely and secured manner

Board minutes

- To record minutes in sufficient detail of the matters considered by the Board and the decisions made
- To circulate them to the Board members for comments and keep them duly in minute books for inspection

Other Board meetings

Other Board meetings

- To consider ad hoc matters

Convene Board meetings

- To give not less than seven day's notice generally

Dispatch Board papers to directors

- To dispatch for not less than three days (or other reasonable period) before the meeting
- If appropriate, one-on-one briefing offered to each director prior to the meeting

Board minutes

- To record minutes in sufficient detail of the matters considered by the Board and the decisions made
- To circulate them to the Board members for comments and keep them duly in minute books for inspection

Other key features of Board process	
Timely updates and discussion	The directors are supplied in a timely manner with all relevant meeting documentation and financial information to assist them in discharge of their duties. Monthly updates of the financial performance of the Group are furnished to the Board between regular Board Meetings.
	In addition to standing agenda items, "deep-dive" topics would be included and discussed, where applicable. During FY2024/25, "deep-dive" presentations included, among others, the Group's specific strategy, special projects and change in Board compositions. On top of the quarterly regular Board (earnings) meetings, board meetings focusing on the Group's strategy would also be held before or after the regular Board (earnings) meetings whenever necessary.
	Senior Management are invited to attend Board meetings, where appropriate, to report on matters relating to their areas of responsibility; to brief the directors about recommendations they submitted for the Board's consideration; and to furnish additional relevant information or explanation, particularly with respect to complex and technical issues tabled to the Board.
Executive sessions	As a good corporate governance practice, separate executive sessions were arranged for (i) the Chairman to meet with independent non-executive directors in the absence of management; and (ii) the Lead Independent Director to meet with other non-executive directors in the absence of executive director and management to discuss matters relating to any issue or matters such persons would like to raise.
Professional advice	All directors have direct access to the Chief Legal and Corporate Responsibility Officer and the Company Secretary of the Company who are responsible for advising the Board on corporate governance, ESG, legal and compliance issues.
	Written procedures are in place for directors to seek, at the Company's expense, independent professional advice in performing directors' duties.
Access to information	All directors were provided with a tablet and/or a notebook to gain access to meeting materials of the Board and Board Committee meetings through an electronic platform.
Communication with senior management	To enhance the communication between directors and senior management and understand management planning and strategy of the Group, directors and senior management are invited to attend Lenovo's GLT Meeting and various continuous development activities with active discussion and close collaboration among the participants. Senior management are also invited to attend Board meetings and report relevant corporate and strategic matters of the Group to the Board and supplement additional information on the reporting items whenever necessary.
Indemnification and insurance	As permitted by the Articles of Association, a director or a former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company that attaches to such director in his/her capacity as a director of the Company, to the extent permitted by law.
	The Company has also taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its directors and officers.

Corporate governance report

Board agendas

Board agendas are structured to assist the Board in achieving its goal and to support and advise senior management on the delivery of the Group's strategy within a transparent governance framework.

The diagram below shows the key focus areas for the Board, which appear as items on the Board's agenda at relevant times throughout FY2024/25. Concentrated discussion of these items assists the Board in making the most appropriate decision based on the long-term opportunities for the business.

Financial and operational performance

- CEO and CFO Reports
- Financial and operational updates
- Annual budget
- Treasury items

Strategy and risks

- Discussion of main strategic issues relating to business groups, geographic and structural areas
- Review of processes and controls for strategic and operational risks
- Government relations and trade updates

Governance and sustainability

- Review and discussion of the corporate policies, practices of governance and sustainability matters
- Board and Board Committees' effectiveness review
- Board diversity and succession planning
- Board and Board Committee composition
- Board Committees' reports
- Update on ESG matter and review of ESG report
- Update on trade compliance and regulation
- Anti-bribery and corruption training

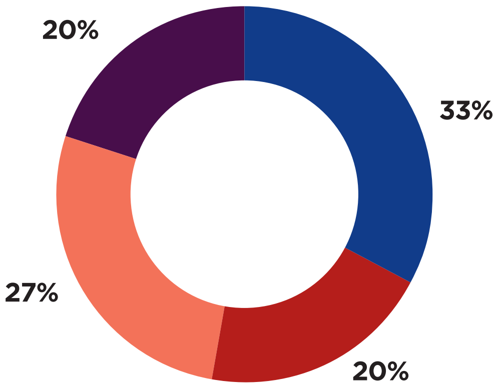
Others

- Update on corporate matters such as changes in organization structure
- Organization human resources planning
- Renewal of continuing and connected transactions
- Ad hoc projects

Main agendas during FY2024/25

During FY2024/25, a total of eight Board meetings were held, of which four regular Board meetings primarily reviewed quarterly business performance and strategy execution, two Board meetings focused on reviewing corporate and business strategies, and other key topics significantly influencing the Group's development, and the remaining two for seeking the Board's approval on ad hoc projects. As a global technology company, we held Board meetings in hybrid or in-person formats in Hong Kong S.A.R. of China and Chicago, the United States. The below chart provides an overview of how the Board allocated its agenda time during the year.

Allocation of agenda time



	FY2024/25	FY2023/24
Financial and operational performance	**33%**	39%
Strategies and risks	**20%**	29%
Governance, sustainability, training & Board Committees' reports	**27%**	22%
Other matters (including ad hoc projects and human resources matters)	**20%**	10%

Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Company to perform their duties. Where directors are unable to attend a meeting, they receive papers for that meeting and also are given the opportunity to raise any issues with the chairmen of the meetings in advance of the meetings.

At each scheduled regular Board meeting, the Board receives updates from the CEO and the CFO on the financial and operational performance of the Group and any specific developments in their areas of the businesses for which they are directly responsible and of which the Board should be aware. Chairmen of the respective Board Committees would also report on matters discussed and/or approved at the relevant Board Committees' meetings held prior to the Board meetings. Meetings are structured so as to allow for consideration and debate of all matters.

Corporate governance report

The main matters and areas that the Board reviewed and considered at its meetings during FY2024/25 were as follows:

	2024				2025
	May	June	August	November	February
Financial and operational performance					
• CEO and CFO Report	●		●	●	●
• Results announcement	●		●	●	●
• Annual/interim report	●			●	
• Final/interim dividend	●			●	
• Annual general meeting items, among others, general mandate to buy back shares and to issue shares, re-election of directors and notice of annual general meeting	●				
• Re-appointment of external auditor	●				
• FY2025/26 budget plan					●
Strategic and risks					
• Corporate strategy	●				●
• Government relations and trade updates					●
Governance and sustainability					
• Anti-bribery and corruption training			●		
• Board composition, diversity and Board evaluation report (if any)					●
• ESG Update	●				●
• ESG Report	●				
• GLT Meeting and Tech World Debrief				●	
• Report from Audit Committee	●		●	●	●
• Report from Nomination and Governance Committee	●			●	
• Report from Compensation Committee	●		●	●	●
• Report from CEO Advisory Council	●			●	
Others					
• Organization human resources planning	●				
• Renewal of continuing connected transactions					●
Ad hoc project	●	●	●	●	
Executive session	●		●	●	●

Board committees

As at the date of this annual report, the Company has maintained the Board Committees with key responsibilities set out below extracted from the respective terms of reference, which are posted on the Group's website and Hong Kong Exchanges and Clearing Limited's website (the "HKEx's website"). The terms of reference of the Board Committees align with the prevailing requirements of the CG Code.

Board of Directors

Key responsibilities

- Set strategy, vision, mission and values, leveraging with the corporate culture
- Provide leadership of the Company and direction for management
- Collective responsibility and accountability to shareholders for the long term success of the Group
- Review the performance of management, the operating and financial performance as well as ESG performance of the Group

Audit Committee

Key responsibilities

- Assist the Board in carrying out its oversight responsibilities in relation to financial and ESG reporting, risk management and internal control, and in maintaining an appropriate relationship with external auditors

Compensation Committee

Key responsibilities

- Assist the Board in assessing and making recommendation on the compensation policy; responsible for the assessment of the performance of the Chairman of the Board and/or CEO; and to determine the compensation level and package for the Chairman of the Board and/or CEO, other directors and senior management

Nomination and Governance Committee

Key responsibilities

- Assist the Board in overseeing Board organization and composition, succession planning, developing and reviewing the corporate governance principles and policies and responsible for the review and assessment of the combined roles of the Chairman and CEO and the independence of independent non-executive directors

The Board may also establish ad hoc committees to approve specific projects as needed. When required, the Board will form an independent board committee comprising the independent non-executive directors to review and approve transactions that normally require Board approval.

All Board Committees follow the same principles and procedures as those of the Board and are provided with sufficient resources to perform their duties. The Board Committees will report to the Board on a regular basis, including their decisions or recommendations to the Board. The member list of the Board Committees is also posted on the Group's website and HKEx's website.

Corporate governance report

Audit Committee

The Audit Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Audit committee, including its membership, responsibilities and work done during FY2024/25, are summarized in the Audit Committee report as stated on pages 115 to 121 of this annual report.

Compensation Committee

The Compensation Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Compensation Committee, including its membership, responsibilities and work done during FY2024/25, are summarized in the Compensation Committee report as stated on pages 122 to 136 of this annual report.

Nomination and Governance Committee

The Nomination and Governance Committee (referred to as the "Committee" in this section) consists of the following members as at the date of this annual report:

Professor Xue Lan
(Chairman)
Independent non-executive director

Mr. Yang Yuanqing
(Member)
Chairman, CEO and executive director

Mr. John Lawson Thornton
(Member)
Independent non-executive director and Lead Independent Director

Ms. Yang Lan
(Member)
Independent non-executive director

Ms. Laura Green Quatela Note
(Member)
Non-executive director

Note:

Ms. Laura Green Quatela was appointed as a member of the Committee with effect from April 1, 2025.

More information on the skills and experience of the members of the Committee is available in the directors' biographies set out on pages 144 to 147 of this annual report.

In addition to the Committee members, the regular attendees at the Committee's meetings include:

Chief Legal and Corporate Responsibility Officer

Company Secretary

Responsibilities

The Committee is delegated by the Board with responsibilities to perform its duties within its terms of reference, among others, the following:

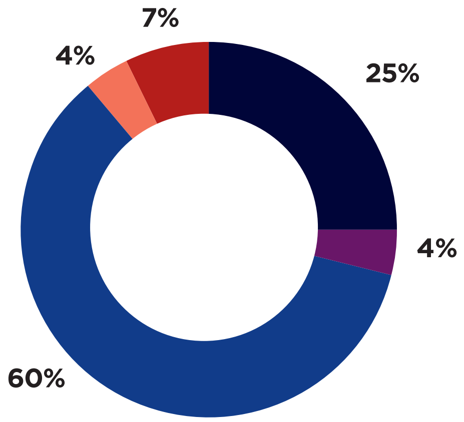
- Reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity;
- Making recommendation to the Board on succession planning for directors and CEO;
- Reviewing and assessing the independence of Independent non-executive directors pursuant to the requirements under the Listing Rules;
- Monitoring corporate governance issues and developments to ensure that the Company is in line with the international best practices;
- Reviewing the policies and practices on corporate governance, and the compliance with legal and regulatory requirements of the Company;
- Reviewing and determining the director induction and continuous professional development programs; and
- Reviewing and supporting the Board on the Board and Board Committees' evaluation and monitoring the progress of the implementation actions.

Key features

- The Committee's terms of reference which clearly deal with its membership, authority, duties and frequency of meetings are published on the Group's website and HKEx's website.
- The Committee is provided with sufficient resources to perform its duties.
- The Committee is authorised to obtain outside legal or other independent professional advice on performing its duties at the Company's expense.
- Chief Legal and Corporate Responsibility Officer and Company Secretary are invited to attend the Committee meetings in order to provide insight and enhance the Committee's awareness of corporate governance issues and developments.
- The Chairman and CEO, being a member of the Committee, is required to excuse himself from the agenda items relating to succession planning of the Chairman and/or CEO and the arrangement of the combination of the roles of the Chairman and CEO.

Main agendas during FY2024/25

In FY2024/25, the Committee held two meetings. The attendance records of the Committee's members are disclosed on page 92 in this annual report and the chart below provides an overview of how the Committee allocated its agenda.



	FY2024/25	FY2023/24
Board and Board Committees' compositions	**25%**	19%
Assessment of combination of the roles of the Chairman and CEO	**4%**	16%
Corporate governance	**60%**	41%
Board and Board Committees' evaluation and follow-up actions	**4%**	8%
Others	**7%**	16%

Corporate governance report

The main matters and areas that the Committee reviewed and considered during FY2024/25 were as follows:

		2024		2025
Matters / Areas		**May**	**November**	**February**
Board and Board Committees' compositions	• Reviewed, discussed and recommended the Board on the composition of the Board and Board Committees, among others, female representation of the Board, appointment of members of the Board and Board Committees.	●		●
	• Discussed the requirements of candidates and identified potential candidates as new board members from the perspectives of gender, skills, knowledge, qualifications and experience.		●	●
	• Reviewed and discussed the progress against Board diversity targets.	●	●	
	• Reviewed the progress on the numerical target and timeline set for achieving gender diversity of the Board.	●	●	
Review of the combined roles of the Chairman and CEO	• Reviewed the arrangement of same person acting as Chairman and CEO for FY2023/24.	●		
Corporate governance	• Reviewed the compliance with the CG Code and the related corporate governance disclosures in 2023/24 annual report and 2024/25 interim report.	●	●	
	• Reviewed and assessed the independence of independent non-executive directors and affirmed the Committee's view over their independence.	●		
	• Reviewed and discussed the continuous professional development programs for the directors of the Company and senior executives of the Group.	●		
	• Reviewed the policies and practices on corporate governance, including but not limited to Board Diversity Policy, Dividend Policy, Nomination Policy and Shareholders Communication Policy, and on the compliance with legal and regulatory requirements of the Group.	●	●	
Board and Board Committees' evaluation	• Discussed and followed-up on the evaluation results and feedback from directors relating to the Board evaluation.	●		

Board meetings, Board Committee meetings and general meetings

The following diagram illustrates the number of the Board, Board Committee meetings and general meetings held during FY2024/25.

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	B(S)									B(S)	
	B(E)			B(E)			B(E)			B(E)	
	B	B									
	AC			AC			AC			AC	
	CC			CC			CC			CC	
	NGC						NGC				
			AGM								
					GM						

Key

B(S)	Board meeting (Strategy session)	CC	Compensation Committee meeting
B(E)	Board meeting (Earnings session)	NGC	Nomination and Governance Committee meeting
B	Board meeting (Special)	AGM	Annual General Meeting
AC	Audit Committee meeting	GM	General Meeting

Directors' attendance

During FY2024/25, the overall attendance rate of directors at Board and Board Committee meetings was about 92.3% (2023/24: 93.8%). Details of the attendance of each director at the Board meeting, Board Committee meetings and general meeting (attended/held) during FY2024/25 are set out in below table:

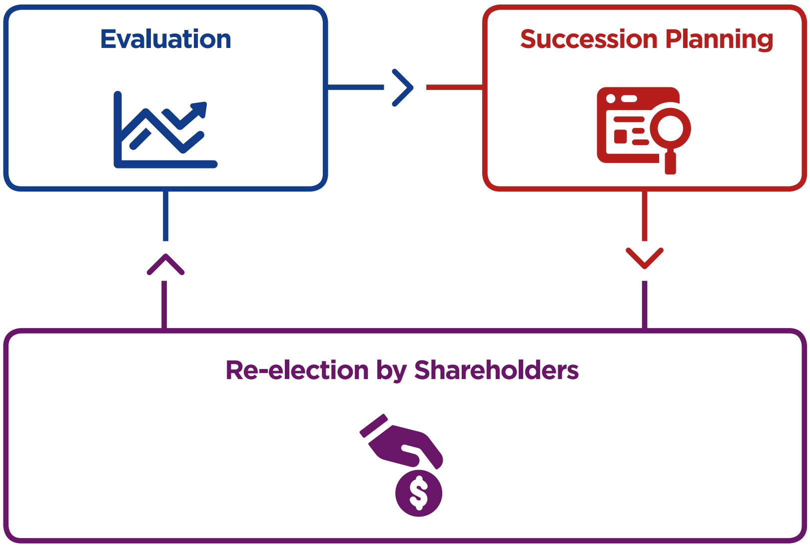
	Meetings attended/held				
Name of directors	**Board** *(Notes 1 & 2)*	**Audit Committee** *(Notes 1 & 3)*	**Compensation Committee** *(Note 1)*	**Nomination and Governance Committee** *(Notes 1 & 4)*	**General Meetings** *(Notes 3 & 5)*
Executive director					
Mr. Yang Yuanqing *(Chairman and CEO)*	8/8	–	–	2/2	2/2
Non-executive directors					
Mr. Zhu Linan *(Note 6)*	5/8	–	–	–	0/2
Mr. Zhao John Huan *(Note 7)*	7/8	–	3/4	–	0/2
Mr. Wong Wai Ming *(Note 8)*	–	–	–	–	–
Ms. Laura Green Quatela *(Note 9)*	–	–	–	–	–
Independent non-executive directors					
Mr. John Lawson Thornton *(Lead Independent Director)*	8/8	–	–	2/2	2/2
Mr. Gordon Robert Halyburton Orr	8/8	4/4	4/4	–	2/2
Mr. Woo Chin Wan Raymond	8/8	4/4	–	–	2/2
Ms. Yang Lan *(Note 10)*	7/8	–	–	2/2	1/2
Ms. Cher Wang Hsiueh Hong	8/8	–	–	–	1/2
Professor Xue Lan	8/8	–	–	2/2	2/2
Mr. Kasper Bo Roersted	8/8	4/4	4/4	–	2/2
Mr. William O. Grabe *(Note 11)*	8/8	–	0/4	2/2	2/2
Mr. William Tudor Brown *(Note 12)*	7/8	4/4	4/4	–	2/2

Notes:

1. Attendance represents actual attendance relative to the number of meetings a director was entitled to attend.
2. The Board held four regular earnings meetings, two strategy meetings and two special meetings during the year.
3. Representatives of the external auditor participated in every Audit Committee meeting and the general meetings held during the year.
4. For corporate governance reasons, Mr. Yang Yuanqing excused himself from the agenda item relating to assessment of combination of the roles of Chairman and CEO during the Nomination and Governance Committee meeting to avoid a conflict of interest.
5. The Company held the annual general meeting on July 18, 2024 ("2024 Annual General Meeting") and a general meeting on September 12, 2024 ("2024 General Meeting").
6. Due to illness, Mr. Zhu Linan was unable to attend the three Board meetings held on May 23, 2024, February 19 and 20, 2025.
7. Due to unexpected flight delays on February 18 and 19, 2025, Mr. Zhao John Huan was in transit and unable to attend the meetings on both dates.
8. On February 20, 2025, Mr. Wong Wai Ming was appointed as a non-executive director and a member of Audit Committee of the Company with effect from April 1, 2025.
9. On February 20, 2025, Ms. Laura Green Quatela was appointed as a non-executive director and a member of Nomination and Governance Committee of the Company with effect from April 1, 2025.
10. Due to a prior business commitment before receipt of the notice of the special Board meeting held on June 26, 2024, Ms. Yang Lan was unable to join that special Board meeting.
11. Mr. William O. Grabe resigned as an independent non-executive director and ceased serving as the Lead Independent Director, a member of the Compensation Committee and the Nomination and Governance Committee of the Company with effect from February 21, 2025. Eight Board meetings, four Compensation Committee meetings and two Nomination and Governance Committee meetings were held during the year before his resignation.
12. Mr. William Tudor Brown resigned as an independent non-executive director and ceased serving as the chairman of the Compensation Committee and a member of Audit Committee of the Company with effect from February 21, 2025. Eight Board meetings, four Compensation Committee meetings and four Audit Committee meetings were held during the year before his resignation.

Board and Board Committees' effectiveness review

The Board is aware of the importance of continually assessing its own performance in support of the leadership of the Group. The Board has a formal process, supported by the Nomination and Governance Committee and led by the Lead Independent Director, for the evaluation of the performance of the Board and Board Committees, to ensure that they continue to act effectively and efficiently and to fulfill their respective duties. The process involves the following ways:



Succession planning

The Board is ultimately responsible for succession planning for directorships and key management roles. With the support of the Nomination and Governance Committee, the structure, size, composition and succession planning are regularly reviewed to ensure that the successors for key roles are identified and their performance is also assessed. Further, the Board would consider and approve the appointment of Board and Board Committee members based on the recommendations from the Nomination and Governance Committee. The Board has satisfied itself that the appropriate plan has been in place for orderly succession to the Board as well as procedures to ensure an appropriate balance of skills on the Board and its committees.

During FY2024/25, the Board and the Nomination and Governance Committee had discussed and reviewed Board composition and succession planning. As part of the succession planning, the following changes in Board and Board committee composition were taken in place during the year:

- Professor Xue Lan was appointed as the chairman of the Committee in place of Mr. Yang Yuanqing with effect from May 24, 2024.
- Mr. William O. Grabe resigned as an independent non-executive director and ceased serving as the Lead Independent Director of the Company, a member of the Compensation Committee and the Nomination and Governance Committee of the Company with effect from February 21, 2025.
- Mr. William Tudor Brown resigned as an independent non-executive director and ceased serving as the chairman of the Compensation Committee and a member of the Audit Committee of the Company with effect from February 21, 2025.
- Mr. John Lawson Thornton was appointed as the Lead Independent Director of the Company, succeeding Mr. William O. Grabe, with effect from February 21, 2025.
- Mr. Gordon Robert Halyburton Orr was appointed as the Chairman of the Compensation Committee of the Company succeeding Mr. William Tudor Brown, with effect from February 21, 2025.
- Mr. Wong Wai Ming ("Mr. Wong") was appointed as a non-executive director of the Company and a member of the Audit Committee of the Company with effect from April 1, 2025.
- Ms. Laura Green Quatela ("Ms. Quatela") was appointed as a non-executive director of the Company and a member of the Nomination and Governance Committee of the Company with effect from April 1, 2025.

Mr. Wong and Ms. Quatela confirmed that prior to the effective date of their appointments and on March 25, 2025, they have obtained the legal advice as referred to under Rule 3.09D of the Listing Rules and also understood his/her obligations, duties and responsibilities of a director of a company listed on the Stock Exchange under the Listing Rules.

Evaluation

The Board believes that the evaluation is helpful and provides a valuable opportunity for continuous improvement. The objectives of the evaluation were to build on the improvements made since the last evaluation, thereby improving the collective contribution of the Board as a whole and also the competence and effectiveness of each individual director. As agreed by the Board members, the evaluation is conducted every two years.

The Lead Independent Director is delegated with authority to lead in the Board evaluation process. The Lead Independent Director in consultation with the Chairman and other Committee members and supported by the Chief Legal and Corporate Responsibility Officer and the Company Secretary, will procure the circulation of a comprehensive electronic questionnaire for completion by all directors, the aim of which is to evaluate the performance and effectiveness of the Board and its committees.

The evaluation on the Board and Board Committee's effectiveness and the scope of evaluation are as follows:

- Board role and responsibilities
- Board and Board Committee composition and structure
- Board conduct, Board processes and their effectiveness
- Board contributions
- Strategic and operational oversight
- Professional development
- Succession planning
- Communications with management
- Communications with shareholders and stakeholders

Evaluation process

The evaluation process involves the following three stages:

Stage 1

Determine the scope

- Determine the Board and Board Committees as the scope of evaluation

Determine the approach

- Conduct the evaluation by completing a comprehensive questionnaire

Stage 2

Discuss and review the results

- Prepare the draft results report
- Discuss the draft results report between the Lead Independent Director and the Chairmen of Board Committees
- Review the results report by the Nomination and Governance Committee
- Finalize the results report
- Report to the Board in a manner that did not identify individuals' specific responses, ensuring that these responses could be as open, frank and informative as possible

Stage 3

Action plan agreed

- Conclude and agree among Board members on the proposed implementation or action plan upon review of the evaluation results

Monitor and follow-up meetings

- Monitor the progress of the implementation or action taken semi-annually
- Report back to the Board on the progress by Nomination and Governance Committee

Evaluation results

A consolidated report of the outputs from the evaluation will be prepared and submitted to the Board for review by the Nomination and Governance Committee. The results of the evaluation and the implementation or action plan will be thoroughly discussed, considered and approved at a Board meeting.

Re-election by shareholders

Pursuant to the Articles of Association, one-third of the number of directors for the time being shall retire from office at each annual general meeting. The retiring directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are also subject to re-election by shareholders at the next following annual general meeting of the Company. The Nomination and Governance Committee has conducted a review of each director seeking re-election. The sufficient biographical and other information on those directors seeking re-election are provided in the annual report and the circular to enable shareholders to make an informed decision.

Accountability and audit

Financial reporting

The Board acknowledges its responsibility for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Board is also responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Group on going concern basis while the external auditor's responsibilities to shareholders are set out in the Independent Auditor's Report on pages 166 to 170 of this annual report.

The practices of the Company for publication of financial results and the related reports are set out below:

Annual results

- Announce within two months
- Publish the annual report within about one month following the annual results announcement

Interim results

- Announce within about 1.5 months
- Publish the interim report within about 15 days following the interim results announcement

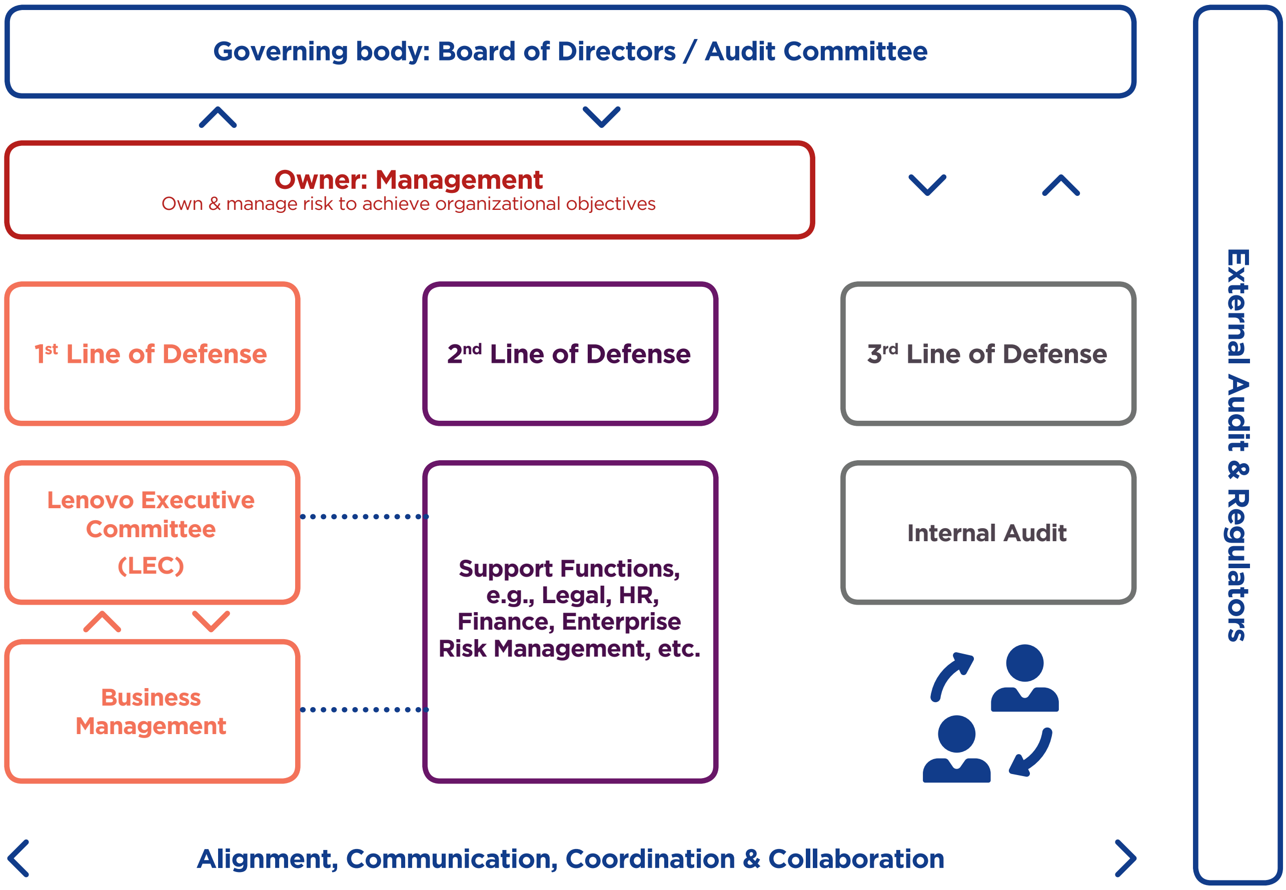
Quarterly results

- Announce within about eight weeks following quarter end, depending on timing of festive holidays

Risk management and internal control

At Lenovo, risk is defined as a potential action, event or circumstance that could positively or negatively impact the Group's ability to meet its business strategies and objectives. As an inherent part of doing business, risk must be properly understood and managed to ensure the Group's continued business success.

To support sustainable business value creation, Lenovo has adopted a comprehensive risk management and internal control framework based on the "Three Lines of Defense" model. This framework is overseen by Lenovo's Board of Directors, with support from the Audit Committee, which monitors key business risks and evaluates the design and operating effectiveness of the Group's risk management and internal controls systems.



Governance & Oversight

Board

Responsible for overall governance of Lenovo's risk management and internal control systems.

Oversees and monitors the effectiveness of the risk management and internal control systems through delegation to the Audit Committee and regular engagement with management on the Group's strategies, objectives, and risk-related matters.

Audit Committee

Delegated by the Board to assess the effectiveness of the Group's risk management and internal control systems.

Receives regular reports from management and Internal Audit on the design and operation of the Group's risk management and control systems.

Evaluates the adequacy and effectiveness of the internal audit function, including its audit plans, scope and execution.

Reviews the Group's enterprise risk management approach, including processes to identify, assess and report risks, as well as associated mitigation activities and action plans.

First Line - Own & manage risk to achieve organizational objectives

Lenovo Executive Committee

Sets the overall tone and expectations for identifying, mitigating, and monitoring significant business risks across the Group.

Designs, implements, and reviews the Group's risk management framework to ensure it remains effective and fit to purpose.

Highlights key risks to the Audit Committee, and reports on status of actions taken to strengthen risk management.

Establishes Group-wide policies and guidelines where appropriate, to drive consistency and accountability.

Business Management

Identifies and prioritizes risks, implements mitigation measures, and monitors execution within their area of responsibility.

Appoints Risk Management (RM) liaisons to collaborate closely with the Enterprise Risk Management (ERM) team.

Provides quarterly management disclosure and financial certifications as part of the Group's quarter-close process.

Second Line – Support Functions

Enterprise Risk Management (ERM)

Facilitates the design, implementation, review, and continuous improvement of the Group's risk management framework, in support of Lenovo management.

Coordinates the enterprise-wide risk assessment process and provides periodic reports on key risks, mitigation activities and action plans to the Audit Committee.

Leads risk management projects to drive continuous improvement in the Group's risk management practices.

Support Functions such as Legal, HR, Finance

Provides expertise, support, monitoring, and insight to management on risk related matters within their areas of responsibility.

Third Line – Independent Assurance

Internal Audit (IA)

Supports the Audit Committee by providing independent, objective assurance, advisory and internal investigation services that add value and enhance the Group's operations.

Uses a risk-based approach to assess whether Lenovo's system of risk management, control, compliance, and governance processes, as designed and represented by management, are adequate and operating effectively.

Conducts independent investigations regarding certain types of fraud allegations and potential violations of the Group's Code of Conduct ("the Code") and other company policies.

This risk management and internal control framework is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. Accordingly, it provides reasonable, rather than absolute, assurance against material misstatement or loss. The framework helps improve risk-related communication with management, supports impact assessments, and enables the coordinated implementation of mitigation measures.

While the Three Lines of Defense model defines roles and responsibilities, Lenovo also adopts the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to provide a structured process for identifying, assessing, managing, and monitoring risks. This framework is comprised of the following key components:

Control Environment:

Sets the foundation for internal control through management's operating philosophy, integrity, ethical values, and the organization's risk appetite and commitment to accountability.

Risk Assessment:

Identifies potential risks and evaluates their likelihood and impact on the Group's ability to achieve its objectives.

Control Activities:

Policies and procedures to help ensure that risk-mitigation activities are executed effectively and Group objectives are achieved.

Monitoring:

Evaluates the effectiveness of internal controls and drives improvements as needed to respond to changing risks and conditions.

Information and Communication:

Ensures relevant information is identified, captured, and communicated in a timely and effective manner to support informed decision making and achievement of business objectives.

Risk assessment

Lenovo's Board and management recognize that risk management is a shared responsibility across the Group, and is most effective when business functions are directly accountable for identifying and managing risks within their areas. Rather than being treated as a standalone exercise, risk assessment is integrated into the Group's strategic and operational planning processes across all major business functions. As part of these planning activities, each function is required to identify and assess material risks that may affect the achievement of business objectives. These risks include strategic, operational, financial, compliance, and emerging risks. The ERM team consolidates and analyzes these risks to develop an integrated enterprise risk profile, aligns key themes and priorities with senior management, and presents the results to the Audit Committee for oversight and discussion. Examples of these risks include:

The risk assessment program is enterprise-wide, covering one hundred percent (100%) of the Group's operational sites annually. In addition, a mid-year review is conducted to assess changes in the external and internal environment, with corresponding updates to the risk profile as necessary. Through this program, management develops a holistic view of the Group's enterprise risk portfolio by facilitating risk assessments across business units and functions, conducting targeted reviews and integrating insights from specialized areas such as legal, compliance, cybersecurity, and finance. Risks requiring focused attention are categorized and prioritized, with formal response plans developed and monitored by management.

Within this framework, management is responsible for setting the appropriate tone from the top, conducting risk assessments as noted above, and owning the design, implementation and maintenance of internal controls. Functional areas such as Finance, Legal, and Human Resources support these efforts by providing subject-matter expertise and operational guidance.

The Board and the Audit Committee oversee the actions of management and monitor the effectiveness of established controls, supported by the assurance provided through Internal Audit and the independent external auditor.

Further details on Lenovo's key risks can be found under "Material Risks of the Group" on pages 21 to 30.

Internal control activities and monitoring

The Group's robust system of internal controls is supported by clearly defined corporate policies and procedures that are well-documented and communicated across the Group. These policies serve as the foundation for the Group's key operational guidelines and standards, ensuring consistency and accountability throughout the organization.

Complementing this framework, is the Group's strong corporate culture based on a foundation of ethical business conduct. The Group's Code of Conduct (the "Code") is the cornerstone of this culture, reflecting the Group's commitment to operating legally, ethically, and with integrity. The Code outlines clear expectations for legal and ethical business conduct and compliance with the Group's policies. While it does not detail every applicable law or process, the Code provides guidance on when and how to seek additional guidance or report potential concerns.

The Code is available in multiple languages on the Group's website. To reinforce its principles, the Group requires mandatory training on the Code and related policies, and any violation of the Code is treated as a serious matter. Failure to follow the Code, or violation of the policies described in the Code, can result in disciplinary action, including termination of employment or business relationships.

The Group has also developed and implemented numerous policies to provide more detailed guidance to employees on compliance with rules and laws, including those related to the prevention and detection of bribery and corruption. These include the Global Anti-Bribery and Corruption Policy, a Conflicts of Interest Policy, and a Global Gift, Entertainment, Corporate Hospitality and Travel Policy.

The Group has a zero-tolerance stance on bribery and corruption, and complies fully with anti-bribery and corruption laws in the jurisdictions in which it operates. The Group's policies reinforce provisions in the Code and provide additional guidance regarding compliance with global anti-bribery and corruption laws and regulations. The policies stress that Lenovo will not directly or indirectly solicit, offer, promise, authorize, provide, or accept anything of value to any person, including government officials, to influence action, inactions or to secure an improper advantage as defined by applicable laws.

Bribery and corruption risks are assessed annually as part of the Group's Enterprise Risk Management Program to ensure the Group's internal controls are adequate and effective.

To ensure a broad understanding of these requirements, the Group provides comprehensive training on anti-bribery and corruption. In FY 2024/25, this training was integrated into the mandatory Code training delivered through eLearning, resulting in a 99% completion rate among employees with access to the eLearning platform. New employees also receive Code training that includes anti-bribery and corruption topics. Finally, the Board and Senior Leadership Team are provided a facilitator-led training session on anti-bribery and corruption.

The Group also expects its business partners to uphold the same ethical standards and comply with applicable anti-bribery and corruption laws and regulations. All business partners are subject to the Group's Partner Code of Conduct and Global Anti-Bribery and Corruption Policy, which includes requirements for anti-bribery and corruption due diligence on any business partner identified as presenting elevated bribery and corruption risks to the organization. The Group actively monitors its business partners to identify and address potential areas of concern or inquiries regarding bribery and corruption.

Reporting Ethical Concerns

The Group recognizes that a culture of compliance, where employees feel empowered to raise concerns, is essential to the success of its internal control system. To support this, the Group provides a confidential and anonymous reporting mechanism (known as the LenovoLine) for raising concerns or reporting suspected misconduct. These reporting procedures are governed by the Lenovo Whistleblowing and Investigations Policy which outlines how concerns can be raised, reviewed, and investigated. The Group is committed to maintaining the confidentiality of reports and thoroughly investigating all alleged misconduct. The Group does not tolerate retaliation against individuals who report potential issues or raise concern in good faith, cooperate with an investigation or audit, or refuse to participate in activities that violate the Code, laws or company policies. To ensure effective oversight, the Group has established the Investigation Oversight Committee (IOC) to review the handling and resolution of all reported concerns and potential violations of the Code.

To further strengthen reporting accessibility, the Group's third-party whistleblowing and hotline provider, Whispli, offers an enhanced reporting platform that allows web-based and telephonic submissions in multiple languages. Key features include mobile reporting (iOS and Android), real-time translation, and a secure chat feature that allows for anonymous, ongoing dialog between reporters and investigators.

To promote awareness, the Group provides regular training and communication on the internal investigation process and to encourage employees to speak up without fear of retaliation. In FY 2024/25, training on Whistleblowing and Investigations was integrated into Lenovo's mandatory e-Learning Code training described earlier. Additional awareness efforts include detailed LenovoLine instructions, quarterly IOC communications summarizing investigation insights (with no identifying information), computer lock screen messages, posters, and other internal communications.

Another key feature of the Group's internal control system is the execution of key control self-assessments performed by management. These assessments help provide reasonable assurance that internal controls are operating effectively and that any identified weaknesses are addressed promptly. Specific control owners with subject matter expertise are designated within the business to support the design, execution, and monitoring of these controls.

Finally, in alignment with the Group's commitment to financial integrity, relevant senior executives certify quarterly the accuracy and completeness of the quarterly financial statements and confirm that key internal controls are operating effectively.

Inside information

Regarding procedures and internal controls for the handling and dissemination of inside information, the Group:

(i) is aware of the Company's disclosure obligations under the SFO and the Listing Rules and the overriding principle under the SFO that inside information must be announced immediately unless exemption avails under the safe harbour rule provided therein;

(ii) conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong S.A.R. of China and all other applicable laws, rules and regulations;

(iii) has included in the Code a strict prohibition on the unauthorized use of non-public or inside information;

(iv) has established a Continuous Disclosure Policy along with its guidance notes for monitoring, reporting and disseminating inside information to our shareholders, investors, analysts and media. These policy and guidance notes also identify who are the Group's authorized spokespersons and their responsibilities for communications with stakeholders; and

(v) has communicated to all relevant staff regarding the implementation of the Continuous Disclosure Policy and the relevant trainings are also provided.

Risk management oversight

To support the Audit Committee in its oversight responsibilities, the Group maintains an independent, global Internal Audit function. Internal Audit provides objective assurance that the system of internal controls is effective and operating as intended.

The mission of Internal Audit is to provide the Board and management with:

- Independent and objective assessment of the Group's internal control system;
- Guidance to stakeholders on improving risk management;
- Proactive support to improve the Group's control posture; and
- Independent investigations into certain allegations of fraud and violations of the Code and other Group policies.

To fulfill this mission, Internal Audit has unrestricted access to all operations, records, data, systems, property, and personnel across the Group. To preserve independence, the Chief Auditor reports functionally to the Audit Committee and administratively to the Chief Financial Officer. The Chief Auditor is also authorized to communicate directly with the Chairman of the Board, the Chairman of the Audit Committee and other Board members as necessary. Internal Audit maintains a comprehensive quality assurance and improvement program, aligned with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. In addition, the Audit Committee periodically commissions an independent, external quality review of the Internal Audit function.

Internal Audit operates on a rolling six-month audit planning cycle, allowing the function to remain agile and responsive to emerging risks and changes in the business environment. Each cycle begins with a risk assessment informed by input from process owners, the ERM team, senior executives, the external auditor, Ethics & Compliance, and the Board. The resulting audit plan prioritizes areas of significant risk and is approved by the Audit Committee. The Committee receives quarterly updates on plan execution, key findings, and any necessary adjustments to reflect evolving priorities. Internal Audit also conducts ad hoc reviews at the request of management or the Audit Committee, as needed.

In FY2024/25, Internal Audit issued multiple reports covering key operational and financial areas across the Group. It tracks management's implementation of corrective actions and reports progress quarterly to the Audit Committee. Reporting also includes significant control issues identified by Internal Audit to ensure full visibility into the status of the Group's control environment.

As noted previously, Internal Audit is responsible for investigating certain types of misconduct allegations or potential violations of policies. These investigations are conducted in coordination with Legal, Ethics & Compliance, Human Resources, Security, and other relevant experts. Results, required actions, and progress updates are reported to management and the Audit Committee.

Board Review and Confirmation of Effectiveness

The Board, supported by the Audit Committee, regularly reviews the effectiveness of the Group's risk management and internal control system. This review encompasses all material risks, including ESG risks, and relevant key controls across financial, operational, information technology, and compliance areas. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board confirms that the Group has fully complied with the Corporate Governance Code provisions relating to internal control and is not aware of any significant areas of concern that may affect shareholders.

Corporate governance report

External auditor

Independence of external auditor

The Group's external auditor is PricewaterhouseCoopers ("PwC"), who is remunerated mainly for its audit services provided to the Group. The Company has adopted a policy on engagement of the external auditor for non-assurance services, under which the external auditor is required to comply with the independence requirements under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. The external auditor may provide certain non-assurance services to the Group given that these do not involve any management or decision making functions for and on behalf of the Group; do not perform any self-assessments; and do not act in an advocacy role for the Group. Certain types of non-assurance services have been pre-concurred in the policy and separate concurrence by the Audit Committee is required if the proposed services have not been pre-concurred or the value of such non-assurance services above US$320,000.

During FY2024/25, PwC provided audit and non-audit services (including tax, non-tax and other assurance services) to the Group.

Remuneration of external auditor

The fees paid or payable to PwC for audit and non-audit services for FY2024/25 and the comparative figures for the financial year ended March 31, 2024 are as follows:

Nature of services	FY2024/25 US$ million	FY2023/24 US$ million
Audit services	**10.9**	9.9
Non-audit services		
— Tax	**0.1**	0.1
— Non-tax	**0.1**	0.2
— Other assurance	**0.3**	0.3
Total	**11.4**	10.5

Investor relations

Communications with investors

The Company is devoted to providing transparent and clear communications with investors and analysts to help them form a better understanding of the Group's business development and future prospects.

Shareholders communication policy

The Company has adopted a Shareholders Communication Policy to ensure that the investment community is provided with timely and equal access to fair, balanced and understandable information on the Group's financial performance, corporate strategies and ESG initiatives. The policy also sets forth various communication channels through which senior management and the Investor Relations ("IR") can conduct ongoing dialogs with investors and analysts on business strategy and also address market concerns about the Group. The policy can be accessed through Lenovo's IR website.

Investor Engagement and Communications

Investors and analysts can have direct communication with the Chairman and Chief Executive Officer, the Chief Financial Officer and other senior management on a quarterly basis through effective communication channels set out in the Shareholders' Communication Policy. These include investor conferences, non-deal roadshows, one on-one/group meetings, and company visits. The IR is also poised to provide relevant public information to investors and analysts to support the appropriate valuation of the Company's equity.

During FY2024/25, the Company held nearly 700 meetings with institutional investors and analysts, mainly from the Asia Pacific region, UK, Europe and North America. Some key channels during the year are highlighted below:

Quarterly IR Communications

Results Announcements

The senior management presented the annual and quarterly earnings results through webcasts, conference calls, social media, and face-to-face meetings with international and domestic shareholders, investors, and analysts. The various communication channels enhanced the capital market's understanding with regard to the Group's business strategy, development tactics, and competitive edge.

Post-Results Non-Deal Roadshows and Key Investor Meetings

The IR and senior management attend a Non-Deal Roadshows ("NDR") to meet with current and potential investors in each quarter. In FY2024/25, Lenovo arranged physical NDRs in the US, UK, Continental Europe, Hong Kong S.A.R. of China and Taipei to meet with investors and analysts from those regions. Other virtual NDRs were also arranged with investors from other parts of Asia and etc.

The IR team also conducted one-on-one meetings with key investors and continued its efforts to build effective communication channels with the investment community.

Communications on ESG Initiatives

To foster understanding of Lenovo's ESG initiatives by the investment community, Lenovo conducts active communication with ESG rating agencies and funds, with ESG mandates regularly and upon request.

Investor Conferences

To maintain active communications with institutional investors around the world, the senior management participated in the following investor conferences held by major international investment banks.

Corporate governance report

Investor conferences attended in FY2024/25

Date	Conference	Location
2025		
January 8	CES Investor Tour	Las Vegas
January 15	CES for Analysts call with Luca Rossi	Virtual
February 24–25	Lenovo Hong Kong NDR	Hong Kong S.A.R.
February 26–28	Lenovo MEA NDR	Dubai
March 5	Hong Kong Tech World SSG Group Investor Lunch	Hong Kong S.A.R.
March 5	HSBC Asset Management China Insight Event London	London
March 17	BofA Asia Tech Conference Taipei	Taipei
March 24–28	Post-results EU & US NDR	Virtual
2024		
March 7	Lenovo SSG Investor Group Lunch Hong Kong	Hong Kong S.A.R.
March 19–20	2024 Merrill Lynch APAC TMT Conference	Taipei
May 28–31	Lenovo US NDR	New York
June 4	Morgan Stanley Computex Investor Meeting	Taipei
June 5	BofA-Lenovo Investor Luncheon	Taipei
June 13–14	Lenovo Hong Kong NDR	Hong Kong S.A.R.
August 26–27	Lenovo Singapore NDR	Singapore
September 2–5	Lenovo Europe NDR	London and Paris
November 15–20	Lenovo US NDR	New York
November 20–21	Morgan Stanley AP Summit Singapore	Singapore
November 26–27	Merrill Lynch Internet & AI Conference Hong Kong	Hong Kong S.A.R.

Effectiveness of the Shareholders communication policy

The Company's Shareholders Communication Policy has set out clear guidelines and standards in relation to communicating with the investment community. During FY2024/25, the Company received a variety of awards from different organizers in recognition of its efforts to facilitate open and effective communication. The Company was included as a constituent stock on the Hang Seng Index — Hong Kong's benchmark stock gauge — in March 2022, demonstrating the market's confidence in Lenovo, which is built on the Company's continuous open communication strategies.

Market recognition

- Lenovo's MSCI ESG rating was upgraded to AAA, the highest tier, recognizing its leadership in managing ESG risks and opportunities. This upgrade underscores advancements in sustainable supply chain practices, diversity initiatives, and climate change strategies.
- Gold Award in the Most Sustainable Companies/ Organizations category by the Hong Kong Institute of Certified Public Accountants and received Awards of Excellence in Corporate Governance and ESG at the Hong Kong Corporate Governance and ESG Excellence Awards 2024.
- HKIRA 9th Investor Relations Awards — Certificate of Excellence
- MWC 2025 Awards, Accolades & Honors

Index recognition

Lenovo has always been well recognized by the capital markets and the Company is currently a constituent stock of many indices. Below are some of the key ones:

- Hang Seng Index
- Hang Seng China Enterprises Index
- Hang Seng TECH Index
- Bloomberg World Large & Mid Cap Price Return Index
- Hang Seng Composite Index
- Bloomberg ESG Data Index
- Bloomberg Emerging Markets Large & Mid Cap Price Return Index
- Bloomberg China Large & Mid Cap Price Return Index USD
- Mirae Asset China Tech Top 10 Index
- Bloomberg World Large, Mid & Small Cap Price Return Index
- Bloomberg APAC Large & Mid Cap Price Return Index
- FTSE Developed ex US All Cap Net Tax (US RIC) Index
- Hang Seng Stock Connect Hong Kong Index
- Hang Seng Index — Commerce & Industry
- Bloomberg Asia Emerging Markets Large & Mid Cap Price Return Index
- Bloomberg APAC ex Japan Large & Mid Cap Price Return Index
- S&P Global BMI (US Dollar)
- Bloomberg World ex US Large & Mid Cap Price Return Index
- Solactive ISS ESG Screened Paris Aligned Global Markets Index NTR
- Gender Equality Score Total Coverage Index
- Solactive China AI Tech Top 10 Index PR

Corporate governance report

IR webpage, newsletters and social media

A regularly updated IR website provides easy access to the public with information about the Company, including the Company's financial reports, results announcements and other statutory publications, presentation materials, press releases, major corporate news, financial calendars and dividend announcements. IR's contact details can also be found on the page for those wish to contact the IR.

Investor relations contact details

Investor Relations Team
Lenovo Group Limited
23rd Floor, Lincoln House, Taikoo Place,
979 King's Road, Quarry Bay,
Hong Kong SAR, China
Telephone: (852) 2590 0228
Facsimile: (852) 2516 5384
Email: ir@lenovo.com

Shareholders can also request to be added to the Company's investor database to receive newsletters and news of major corporate developments sent out by the IR team on a regular basis, or simply follow Lenovo Investor Relations.

Please search for our WeChat ID: Lenovo_IR or use WeChat to scan the QR codes below for our WeChat account, WeChat Channel, and Weibo.

Follow us & stay tuned

Search Lenovo_IR OR

Scan the QR code below in WeChat app

You can also follow other Lenovo channels at:

视频号

Lenovo values comments from shareholders and analysts. Some renowned analysts would be invited to the Company's Board meeting and communicate directly with Board members on their market views of Lenovo and market outlook. The IR also conveys messages to the Board on a quarterly basis on information including sellside consensus, the target price of the Company's shares, report summaries and questions and feedback collected from meetings with the investment community.

6 Shareholders

Communications with shareholders

The Company is committed to safeguard shareholders' interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group. To achieve this, the Company has established the Shareholders Communication Policy setting out various formal communication channels with shareholders and other stakeholders for ensuring fair disclosure and comprehensive and transparent reporting of the Group's performance and activities. The Nomination and Governance Committee of the Company reviews the Shareholders Communication Policy on an annual basis and considers that the Shareholders Communication Policy was properly implemented during FY2024/25 and was effective with these multiple channels in place to promote two-way communication and active engagement with shareholders.

Communication channels with shareholders and other stakeholders

- Teleconferences and webcasts for analysts and media briefings
- Publication of financial reports, announcements, circulars and press releases
- Shareholders' meetings
- Investment community communications such as roadshow, site visits and analyst roundtable events
- The Group's website

Constructive use of the general meetings

General meetings of the Company are the primary forum for communication by the Company with its shareholders, who are welcome to actively participate at the meetings. Notice of the general meeting and related papers are sent to shareholders at least 21 days prior to the date of the annual general meeting and at least 14 days prior to the date of other general meetings respectively. The information sent to shareholders includes but is not limited to a summary of the business to be covered at the general meetings, where a separate resolution is prepared for each substantive matter.

The Company encourages shareholders to participate in general meetings as it provides a valuable opportunity for shareholders to conduct dialogs with the directors and senior management and further discuss the Group's affairs, among others, its financial and operational performance, social sustainability, future plans, and commitments with shareholders. Moreover, a question and answer session is offered at each general meeting to facilitate direct communication between stakeholders and the Company.

During FY2024/25, the Company held two general meetings ("General Meetings"), which are the 2024 Annual General Meeting and the 2024 General Meeting. Similar to the arrangement of annual general meetings held in recent years, the General Meetings were held in hybrid form, at which shareholders of the Company could attend in person or through an online platform with live video broadcast where they could express their views and exercise their voting cast vote in real-time. Further details of the General Meetings are set out in the following paragraphs.

Corporate governance report

2024 Annual General Meeting

The 2024 Annual General Meeting was one of the most important events in the Group's calendar. The Group's latest products and smart AI technology were showcased to facilitate understanding of the Company's shareholders on the current business and product development of the Group. The Chairmen of the Board and Board Committee, the Lead Independent Director, directors of the Company, the Chief Financial Officer, the Chief Legal and Corporate Responsibility Officer, the Company Secretary and representatives of the external auditor, PwC, had attended the 2024 Annual General Meeting and actively participated in the meeting and communicated with shareholders of the Company.

Separate resolutions on the following matters were proposed to shareholders for approval and the voting results of which resolved at the 2024 Annual General Meeting are available on the Group's website and HKEx's website.

Matters resolved at the 2024 Annual General Meeting Note

- Receipt of the audited consolidated financial statements and the reports of the directors and the independent auditor
- Declaration of final dividend
- Re-election of retiring directors and authorization of the Board to fix directors' fees
- Re-appointment of PwC as the Company's auditor and authorization of the Board to fix auditor's remuneration
- Granting of the general mandate to issue shares not exceeding 20% of the aggregate number of shares in issue
- Granting the general mandate to buy back shares not exceeding 10% of the aggregate number of shares in issue
- Extending the general mandate to the directors to issue new shares by adding the number of shares bought back

Note: The full text of the resolutions is set out in the notice of the 2024 Annual General Meeting.

Corporate governance report

2024 General Meeting

As disclosed in the Company's circular dated August 19, 2024 (the "Circular"), the 2024 General Meeting was held for the purpose of considering and approving the following matters [Note 1] and the related ordinary resolutions [Note 2] were submitted to the Company's shareholders for approval.

1. the Warrants Subscription Agreement and contemplated the thereunder, transactions including granting a specific mandate to the directors of the Company for the issue of the Warrants, and the allotment and issue of the Warrant Shares; and
2. the CB Subscription Agreement and contemplated thereunder, transactions including granting a specific mandate to the directors of the Company for the issue of the Convertible Bonds, and the allotment and issue of the Conversion Shares.

The transactions contemplated thereunder the above-mentioned agreements were significant for the Group's future development, including geographical diversification into the MEA region. Stakeholders, including but not limited to the Chairmen of the Board and Board Committees, the Lead Independent Director, senior management, company secretary, the auditor, and independent financial advisor actively participated in the meeting. The stakeholders were briefed about the transactions and interacted with each other for understanding of the transactions.

The relevant ordinary resolutions were approved by the shareholders of the Company and the related voting results of the above-mentioned matters the 2024 General Meeting are available on the Group's website and HKEx's website.

Notes:

1. Unless otherwise specified, capitalized terms used under this sub-section shall have the same meanings as those defined in the Circular.
2. The full text of the resolutions is set out in the notice of the 2024 General Meeting dated August 19, 2024.

2025 Annual General Meeting

The 2025 Annual General Meeting will also be a hybrid meeting and is expected to be held on July 17, 2025. Details of the 2025 Annual General Meeting will be set out in the notice of the 2025 Annual General Meeting, which constitutes part of a circular to shareholders and will be dispatched, together with this annual report, to the shareholders of the Company pursuant to the Listing Rules requirements.

Shareholders' rights

Procedures for convening a general meeting

Shareholder(s) representing at least 5% of the total voting rights of the Company of all the shareholders having a right to vote at general meetings may, in accordance with the requirements and procedures set out in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), request the Board to convene a general meeting by requisition, by stating the general nature of the business to be dealt at a general meeting and depositing the signed requisition at the registered office of the Company for the attention of the Company Secretary in hard copy form.

Procedures for putting forward proposals at an annual general meeting

(a) Shareholder(s) representing at least 2.5% of the total voting rights of all the shareholders of the Company having a right to vote on the resolution at the annual general meeting; or (b) at least 50 shareholders having a right to vote on the resolution at the annual general meeting may, in accordance with the requirements and procedures set out in the Companies Ordinance, requisition for the circulation of resolutions to be moved at annual general meetings and circulation of statements of not more than 1,000 words with respect to the matter referred to in the proposed resolution. Such written request must (i) state the resolution and be signed by all the requisitionists in one or more documents in like form; and (ii) be deposited in hard copy form at the registered office of the Company for the attention of the Company Secretary not less than six weeks before the annual general meeting; or if later, the time at which notice is given of that annual general meeting.

The detailed procedures for shareholders to convene and put forward proposals at an annual general meeting or general meeting, including proposing a person other than a retiring director for election as a director are set out in the "Corporate Governance" section of the Group's website. Shareholders may send their enquiries requiring the Board's attention to the Company at the registered address of the Company.

Constitutional documents

Rights of the shareholders are also provided under the Articles of Association. During FY2024/25, there are no changes in the Articles of Association. An up to date consolidated version of the Articles of Association is available on the Group's website and the HKEx's website.

Dissemination of Corporate Communication

Shareholders may, at any time, free of charge ask for printed form of corporate communications (in English and/or Chinese), and change the choice of language and/or means of receipt of the Company's corporate communication, details of which is on the Group's investor relations website.

Dividend policy

The Company adopted the Dividend Policy of providing shareholders with sustainable dividends on a semi-annual basis. The level of dividends shall be determined in line with the growth in the Company's consolidated profits attributable to shareholders of the relevant financial period (after adjustments for restructuring or other one-off non-cash items, if any) after considering the factors including the Group's operations, business plans and strategies, cash flows, financial conditions, operating and capital requirements and other contractual or regulatory restrictions. Whilst the Company does not intend to set any pre-determined dividend distribution ratio in order to allow for financial flexibility, the Company endeavors to strike a proper balance between shareholders' interests and prudent capital management.

Shareholders information

Details of shareholders information of the Company as at March 31, 2025 are as follows:

Details of registered shareholders by domicile

According to the register of members of the Company as of March 31, 2025, there were 655 registered shareholders, of the whom 98% had their registered addresses in Hong Kong S.A.R. of China and the remaining were in Mainland China, the United Kingdom, Canada and Macau S.A.R. of China. However, the actual number of shareholders in the ordinary shares of the Company may be larger, as a substantial portion of the shares are held through HKSCC Nominees Limited under [Note 1] the domicile of Hong Kong S.A.R. of China.

Details of shareholders by category

According to the best available data from an external research company, the shareholders of the Company comprised institutional and non-institutional investors, including, private investors, related parties (such as substantial shareholders, directors and employees of the Company). The table below summarizes the types of shareholders of the Company.

Type	Number of shares held	Percentage of the total number of shares in issue [Note 2]
Institutional investors [Note 3]	4,743,930,208	38.24%
Non-institutional investors		
– Private investors [Note 4]	1,219,712,447	9.83%
– Related parties [Note 5]	4,452,904,529	35.90%
– Others [Note 6]	1,988,112,118	16.03%
Total	**12,404,659,302**	**100%**

Details of institutional shareholders by domicile

With reference to the institutional investors disclosed above, there were 619 institutional shareholders, whose geographical composition is as follows:

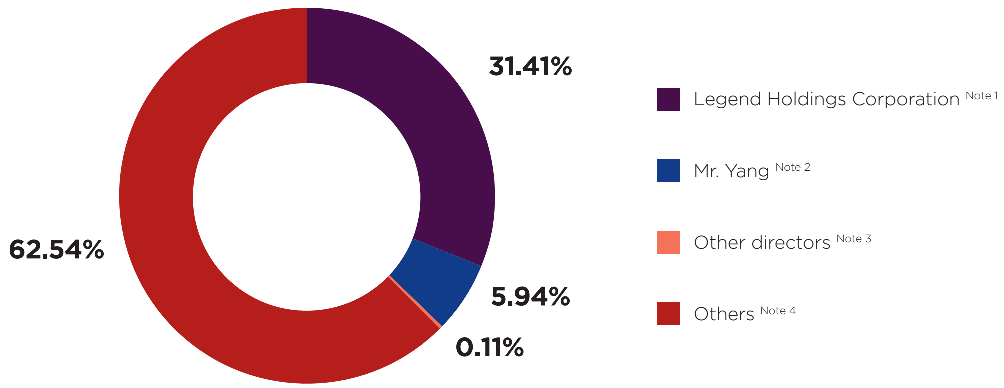
Domicile	Number of institutional shareholders	Percentage of total number of institutional shareholders	Number of shares held	Percentage of the total number of shares in issue Note 2
Hong Kong S.A.R. of China	70	11.31%	1,117,937,258	9.01%
United Kingdom and Ireland	79	12.76%	684,371,927	5.52%
Europe (excluding United Kingdom and Ireland)	151	24.39%	533,777,202	4.30%
America	171	27.63%	1,857,634,583	14.97%
Asia (excluding Hong Kong S.A.R. of China)	136	21.97%	510,543,335	4.12%
Rest of World	12	1.94%	39,665,903	0.32%
Subtotal of institutional shareholders	**619**	**100%**	**4,743,930,208**	**38.24%**

Notes:

1. The registered shareholders in Hong Kong S.A.R. of China includes HKSCC Nominees Limited, which holds approximately 82.72% of all the issued ordinary shares of the Company.
2. The approximate percentages were compiled based on the 12,404,659,302 ordinary shares of the Company in issue as at March 31, 2025.
3. Institutional investors usually refer financial institutions providing products such as superannuation, investments and insurance.
4. Private investors refer to individuals who acquire shares of the listed company directly through the market or through a public offering. This does not include individuals whose investments are made through mutual funds that hold the shares of the Company.
5. Related parties refer to corporate or individual investors that add value to investments they make through industry and personal ties, which can assist companies in raising additional capital as well as provide assistance in the marketing and sales process.
6. Others include among other parties, brokers, custodians and nominees.

Shareholding structure

The shareholding structure of the Company as of March 31, 2025 is illustrated as follows:



Notes:

1. The approximate percentage of shareholding was calculated based on the 12,404,659,302 ordinary shares of the Company in issue as at March 31, 2025.
2. The approximate percentages of shareholding of Legend Holdings Corporation, Mr. Yang and other directors were calculated based on the issued ordinary shares of the Company in which such shareholders have personal/beneficial and corporate interests (where applicable) as disclosed under the respective sections of "directors' and chief executive's interests" and "substantial shareholders' and other persons' interests" of this Annual Report on pages 151 to 156. The shareholders' interests in the underlying shares of the Company as disclosed in the aforesaid sections of the Annual Report, were not included in the shareholding calculation illustrated in the diagram above.
3. Other directors refer to the directors of the Company excluding Mr. Yang.
4. Others refer to shareholders of the Company holding issued ordinary shares of the Company not disclosed above.

Key stock information

Listing information

The Company's shares are listed on the Stock Exchange and traded in the United States through an American Depositary Receipt (ADR) Level 1 Programme.

Market capitalization

As at March 31, 2025, the market capitalization of the shares of the Company was approximately HK$130 billion, based on the total number of 12,404,659,302 shares of the Company and the closing price of HK$10.48 per share.

The daily average number of traded shares of the Company was approximately 66.60 million shares in FY2024/25. The highest closing price for the share was HK$13.60 per share on February 21, 2025 and the lowest was HK$8.12 per share on April 22, 2024.

Ordinary Shares (as at March 31, 2025)	
Listing	**Stock Exchange**
Stock code	**HKD Counter Stock Code: 992** **RMB Counter Stock Code: 80992**
Board lot size	**2,000 shares**
Ordinary shares outstanding as of March 31, 2025	**12,404,659,302 shares**
Market capitalization as of March 31, 2025	**HK$130 billion** **(approximately US$16.75 billion)**
American Depositary Receipts Level I Program	
Ordinary share to ADR	**20:1**
Stock code	**LNVGY**
Basic Earnings per Share	
Basic earnings per share for FY2024/25	**US11.3 cents**
Dividend per Share	
Dividend per ordinary share for FY2024/25	
— Interim	**HK8.5 cents**
— Final [Note]	**HK30.5 cents**

Note: Subject to shareholders' approval at the 2025 Annual General Meeting.

Corporate governance report

Share price from April 1, 2024 to March 31, 2025

During FY2024/25, the Company's share price underperformed Hang Seng Index (HSI) by 19.5%.

(Source: Nasdaq)

The investor relations values and is eager to hear suggestions and comments from shareholders and investors. For enquiries from institutional investors and equity analysts, please contact ir@lenovo.com.

Audit committee report

Audit Committee

The audit committee (the "Audit Committee") of the board of directors (the "Board") of Lenovo Group Limited (the "Company") has been established since 1999. The Audit Committee is comprised of the following members as at the date of this annual report:

Mr. Woo Chin Wan Raymond
(Chairman)
Independent Non-executive Director

Mr. Gordon Robert Halyburton Orr
(Member)
Independent Non-executive Director

Mr. Kasper Bo Roersted
(Member)
Independent Non-executive Director

Mr. Wong Wai Ming Note
(Member)
Non-executive Director

Note:

Mr. Wong Wai MIng was appointed as a member of the Audit Committee with effect from April 1, 2025.

Mr. Woo, being the chairman of the Audit Committee, has appropriate professional qualifications and experience in accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). More information on the skills and experience of the members of Audit Committee may be found in the directors' biographies set out on pages 144 to 147 of this annual report.

In addition to the members, regular attendees at the Audit Committee meetings are:

- Chief Financial Officer
- Chief Legal and Corporate Responsibility Officer
- Chief Auditor
- Vice President – Treasury
- Vice President – Investor Relations
- Vice President – Group Controller
- Group Chief Accountant
- Company Secretary
- Representatives of external auditor

Audit committee report

Responsibilities

The Audit Committee is delegated by the Board with responsibilities to provide an independent review of the financial reporting, and assess the effectiveness of risk management and internal control systems. It also reviews the adequacy of the Company's internal audit function and manages the Company's relationship with PricewaterhouseCoopers ("PwC"), the external auditor. The main responsibilities of the Audit Committee can be grouped into different areas as follows:

Audit Committee

Main areas of oversight

Financial Reporting

- The quality and acceptability of accounting policies and practices
- The clarity of the disclosures and compliance with financial reporting standards
- Material areas in which significant judgements have been applied

Risk Management and Internal Control

- Effectiveness of risk management and internal control systems
- Internal audit plan and scope of the internal audit work
- Analysis of main areas of risk
- Adequacy and efficiency of internal audit function

External Audit

- Appointment or re-appointment of external auditor and their remuneration
- Scope and status of the audit work
- Areas of key audit focus
- Independence and performance of external auditor

Others

- Tax and treasury matters
- Key litigation and legal exposures
- Compliance with ethical rules and concerns
- Adequacy of resources for ESG reporting

Key Features
• The Audit Committee's terms of reference which clearly deal with its membership, authority, duties and frequency of meetings are published on the websites of the Company and its subsidiaries (collectively, the "Group") and Hong Kong Exchanges and Clearing Limited.
• The Audit Committee meets with external auditor, Chief Financial Officer, Chief Legal and Corporate Responsibility Officer, Chief Auditor and management of the accounting and financial reporting functions of the Company at least four times a year at quarterly intervals and is provided with sufficient resources to perform its duties.
• The Audit Committee is authorised to obtain outside legal or other independent professional advice in performing its duties at the Company's expense.
• Separate executive sessions were arranged for the Audit Committee to meet with (i) external auditor and (ii) Chief Auditor and Chief Legal and Corporate Responsibility Officer, both in the absence of management to discuss matters relating to any issues arising from the audit and any other matters such persons would like to raise.
• Other management from the business is also invited to attend certain meetings from time to time in order to provide insights and enhance the Audit Committee's awareness of key issues and developments.
• External auditor, Chief Auditor and Chief Legal and Corporate Responsibility Officer have direct access to the Audit Committee should they wish to raise any concerns outside formal meetings.
• In addition to standing agenda items, the Audit Committee may also request to discuss on particular "deep-dive" topics.
• The chairman will report back to the Board after each of the Audit Committee meetings on its decisions or recommendations.
• The Company Secretary will circulate a list of follow-up actions together with the minutes of the last meeting to management and the Audit Committee within a reasonable time after such meeting is held.

Audit committee report

Main agendas during FY2024/25

The work of the Audit Committee follows an agreed annual work plan and principally falls under three main areas: financial reporting; risk management and internal control; the oversight of external audit and the management of the Company's relationship with PwC, the external auditor. The timetable of the Audit Committee for FY2024/25 is set out in the below diagram.

Specific items

		2024		2025
	May	August	November	February
Review of Annual/Interim/Quarterly results				
• reports to the Audit Committee from Chief Financial Officer, Chief Legal and Corporate Responsibility Officer, Chief Auditor and external auditor	●	●	●	●
• results announcement	●	●	●	●
• annual report incorporating directors' report, corporate governance report and financial statements	●			
• interim report			●	
Review of enterprise risk management ("ERM")	●		●	
Review of the performance and independence of external auditor	●			
Review of annual agenda of the Audit Committee	●			
Meeting with external auditor in the absence of management	●		●	
Meeting with Chief Auditor and Chief Legal and Corporate Responsibility Officer in the absence of management	●			●
Review of the Ethics and Compliance program of the Group		●		
Review of adequacy of resources, staff qualifications and experience, training programmes and budget				
• accounting, internal audit and financial reporting function				●
• ESG performance and reporting	●			
Recommendations to the board				
• annual/interim/quarterly results, annual/interim report and related results announcement	●	●	●	●
• re-appointment of external auditor	●			

Standing items

Financial reporting

- Key accounting items
- Key assumptions, judgements and estimates
- Key litigation and legal exposures

Risk management and internal control

- Internal audit planning methodology/ approach
- Summary of internal audit and investigations
- Internal control of the Group including key control issues
- Enterprise risk management

External audit

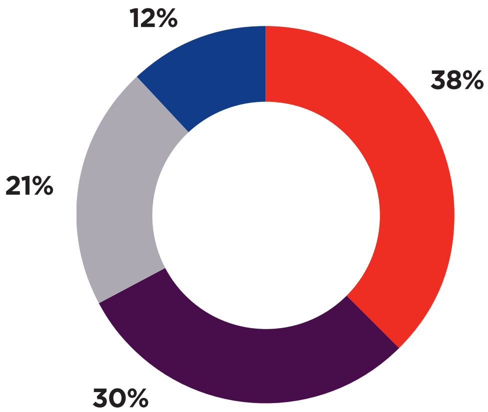
- Audit plan and status of the audit work
- Significant accounting matters and auditing matters
- Non-audit services provided by the external auditor
- Continuing connected transactions

Others

- Minutes of previous meeting
- Reports on actions taken or status of follow-up items arose from previous meetings
- Particular "deep-dive" topics

In FY2024/25, the Audit Committee held four meetings, with all members in attendance at each meeting. The attendance record of the Audit Committee's members is set out in the Corporate governance report on page 92 and the chart below shows how the Audit Committee allocated its agenda time during FY2024/25.

Allocation of agenda time



	FY2024/25	FY2023/24
Financial reporting	**38%**	37%
Risk management and internal control and compliance	**30%**	36%
Other matters	**21%** Note 1	12% Note 2
External audit	**12%**	15%

Notes:

1. Other matters include Tax, ESG compliance, cyber security, artificial intelligence governance and digital transformation.
2. Other matters include Tax, ESG compliance and digital transformation.

At each meeting, the Audit Committee received reports and presentations on key financial reporting, internal control and audit matters from management, who attended the meetings to report on significant issues and responded to queries raised by the Audit Committee. The main matters and areas that the Audit Committee reviewed and considered at its four meetings during the year and how the Audit Committee discharges its responsibilities were as follows:

Financial reporting

With the support of the external auditor, the Audit Committee assessed whether suitable accounting policies had been adopted, whether management had made appropriate estimates and judgements and whether disclosures were in compliance with the financial reporting standards. The Audit Committee:

- reviewed and recommended to the Board for approval of financial results of the Group after discussion with the management and external auditor for:
  - (a) audited annual results of the Group for the year ended March 31, 2024, together with the related annual results announcement and the annual report incorporating the directors' report and corporate governance report;
  - (b) unaudited interim results of the Group for the six months ended September 30, 2024, together with the related interim results announcement and the interim report; and quarterly results for the three months ended June 30, 2024 and for the nine months ended December 31, 2024, together with its respective results announcements;
- received reports from, and met with, external auditor and internal auditor to discuss the scope of their review and findings;
- reviewed the impairment assessment of goodwill and other intangible assets with indefinite useful lives; and
- reviewed and discussed with management on significant judgements and key assumptions together with presentational and disclosure issues associated with accounting standards and interpretive guidance affecting the Group's financial statements and financial results announcements; items reviewed and discussed included:
  - (a) net current liabilities position and deferred income tax assets;
  - (b) the accounting treatment for material transactions and projects;
  - (c) the accounting treatment for the Group's goodwill; and
  - (d) the accounting provisions and treatments for deferred tax assets, inventories, and employees benefit plans.

Audit committee report

Risk management and internal control

To discharge the responsibility of reviewing and monitoring the effectiveness of the Group's risk management and internal control systems, the Audit Committee received regular reports from the Chief Auditor and if required from management, including legal and other business units. At each meeting, the Audit Committee reviewed the process for identifying, assessing and reporting key risks and control issues of the Group. The Audit Committee:

- discussed the semi-annual internal audit plan of the Group to ensure adequate scope, coverage over the activities of the Group and the resource requirements of internal audit to carry out its functions;
- reviewed the effectiveness of the internal control system (including the adequacy of resources, staff qualification and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting function, as well as those relating to ESG performance and reporting) operating in the Group and reviewed the corrective actions taken by management;
- reviewed half-yearly the ERM of the Group including ERM approach, enterprise risk universe, external environmental scan, risk assessment, top risks, mitigation activities and actions and next steps;
- reviewed the summary of the management letter point of the Group and reviewed the actions/ processes undertaken by the Group;
- reviewed the risk assessment of litigation cases of the Group; and
- reviewed, assessed and approved the Internal Audit Charter periodically.

External audit

To discharge the responsibility of overseeing the Board's relationship with the external auditor and monitoring the external auditor's performance, objectivity and independence and also the effectiveness of the audit process, the Audit Committee:

- reviewed and considered the external auditor's statutory audit scope and results for FY2023/24, including the letter of representation to be given by the Board in respect of the financial year ended March 31, 2024;
- reviewed and considered the external auditor's audit plan and scope for FY2024/25;
- reviewed the auditor's report for the financial year ended March 31, 2024 together with the key audit matters and related audit procedures;
- assessed the external auditor's independence and objectivity including a review of the non-audit services provided by the external auditor;
- evaluated the performance of PwC and recommended to the Board for approval of the re-appointment of PwC as the external auditor of the Group for the financial year ended March 31, 2024; and
- reviewed the annual reporting of continuing connected transactions provided by the external auditor.

Others

During FY2024/25, the Audit Committee also reviewed, among others:

- the reports from Chief Legal and Corporate Responsibility Officer regarding key litigations and other legal matters of the Group;
- the Ethics and Compliance program including the training initiatives, Lenovo Anti-Bribery & Corruption Policy and Lenovo Whistleblowing & Investigations Policy of the Group for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the enhancements to this program;
- updates on ESG compliance and disclosure evolution;
- updates on tax model and compliance;
- updates on cyber/information security and artificial intelligence governance;
- the Audit Committee report for incorporating into the annual report for FY2023/24; and
- the annual agenda of the Audit Committee for FY2024/25.

Review of FY2024/25 financial results

At the meeting held on May 21, 2025, the Audit Committee:

- reviewed the key accounting judgements and policies adopted by the Group and confirmed that these are appropriate. The significant areas of judgement identified by the Audit Committee, in conjunction with management and the external auditor, together with a number of other areas that the Audit Committee deemed to be significant in the context of the consolidated financial statements of the Group for FY2024/25 are set out in the Independent Auditor's Report on pages 166 to 170;
- after discussion with management and the external auditor, and having considered the Group's financial position, the Audit Committee was satisfied that the Group and the Company had adequate resources to continue in operational existence for the foreseeable future and confirmed to the Board that it was appropriate for the consolidated financial statements of the Group for FY2024/25 to be prepared on a going concern basis; and
- reviewed the consolidated financial statements of the Group for FY2024/25 in conjunction with the narrative sections of this annual report. The Audit Committee was satisfied that, taken as a whole, this annual report presented a balanced, clear and comprehensible assessment of the Group's performance, position and prospects.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board the approval of the audited consolidated financial statements of the Group for FY2024/25 together with the related annual results announcement and this annual report incorporating the directors' report and corporate governance report.

Review of risk management and internal control systems

The Group's internal control system covers every activity and transaction. Within this framework, management performs periodic enterprise wide risk assessments and continuously monitors and reports the progress of action plans to address the key risks. Further information about the risk management and internal control framework and control processes are set out in the corporate governance report on pages 96 to 101.

Based on the information and confirmation received from management, external auditor and internal auditor, the Audit Committee concluded that for FY2024/25, the Group's risk management and internal control systems were adequate and effective. The Audit Committee also confirmed that the Group had, in FY2024/25, satisfactorily complied with the code provisions on risk management and internal control as set forth in the Corporate Governance Code in Appendix C1 to the Listing Rules.

Recommendation for re-appointment of the external auditor

The Audit Committee recognizes the importance of maintaining the independence of the external auditor. Consistent with its terms of reference, the Audit Committee has evaluated PwC's qualifications, performance, and independence, including that of the lead audit partner. The Company has established a policy pursuant to which certain types of non-assurance services have been pre-concurred in the policy and separate concurrence by the Audit Committee is required if the proposed services have not been pre-concurred or the value of such non-assurance services is above US$320,000. This policy is more fully described in the corporate governance report on page 102. The Audit Committee has concluded that provision of the non-assurance services described in that section was compatible with maintaining the independence of PwC. In addition, PwC has provided the Audit Committee an independence statement confirming that for FY2024/25 and thereafter to the date of this annual report, they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

Based on the review and discussions referred to above, the Audit Committee was satisfied with the external auditor's work, its independence and objectivity, and therefore recommended to the Board the re-appointment of PwC as the Group's external auditor for the financial year ending March 31, 2026 for shareholders' approval at the forthcoming annual general meeting to be held on July 17, 2025.

Priorities for FY2025/26

Looking ahead, the priorities of the Audit Committee for the FY2025/26 are:

- To stay focused on high standard financial accounting and reporting, audit quality, effective risk management and internal control;
- To stay updated on the developments and impacts of data security, product security, cybersecurity, artificial intelligence and regulatory compliance; and
- To remain vigilant on the impacts of the business conditions on the Group under ongoing geopolitical and macroeconomic impacts.

Compensation committee report

Compensation Committee

The compensation committee (the "Compensation Committee") of the board of directors (the "Board") of Lenovo Group Limited (the "Company") as of the date of this annual report is comprised of three members, all of whom are non-executive directors of the Company (the "Non-executive Directors") and majority of whom including the Compensation Committee chairman are independent non-executive directors of the Company (the "Independent Non-executive Directors").

The members who held office as at the date of this annual report are:

Mr. Gordon Robert Halyburton Orr Note
(Chairman)
Independent Non-executive Director

Mr. Zhao John Huan
(Member)
Non-executive Director

Mr. Kasper Bo Roersted
(Member)
Independent Non-executive Director

Note:

Mr. Gordon Robert Halyburton Orr was appointed as the chairman of the Compensation Committee with effect from February 21, 2025.

More information on the skills and experience of the members of the Compensation Committee may be found in the directors' biographies set out on pages 144 to 147 of this annual report.

In addition to the members, regular attendees at the Compensation Committee are:

- Chairman of the Board and CEO
- Senior Vice President of Human Resources
- Vice President of Global Rewards
- Executive Director of Executive Compensation and Share Plans, and Global Mobility
- Company Secretary
- Representatives of independent HR Consulting Firm

Responsibilities

The Compensation Committee is delegated by the Board with the following responsibilities:

- establish a formal and transparent procedure for developing compensation policy for all Directors and senior management;
- approve the amount and forms of compensation to be provided to all Directors and senior management;
- review and assess the performance of Chairman of the Board and Chief Executive Officer;
- review the incentive compensation arrangements to determine whether they encourage excessive risk-taking, and evaluate compensation policies and practices that could mitigate any such risk, and also encourage pay for performance;
- evaluate the need for, and provisions of severance arrangements for our senior management;
- review and approve matters relating to the share schemes; and
- review the recommendation from independent professional adviser on the compensation of Non-executive Directors.

Key Features
The Compensation Committee's terms of reference which clearly deal with its membership, authority, duties and frequency of meetings are published on the websites of the Company and its subsidiaries (collectively, the "Group") and Hong Kong Exchanges and Clearing Limited.
The Compensation Committee meets with management and external independent professional adviser on a timely basis and is provided with sufficient resources to perform its duties.
The Compensation Committee is authorised to obtain outside independent professional advice in performing its duties at the Company's expense.
The Compensation Committee shall ensure that no director is involved in deciding his or her own individual compensation.
Separate executive sessions were arranged for the Compensation Committee to meet with its independent consultant in the absence of executive director and management to discuss matters relating to any issues and any other matters such persons would like to raise.
The chairman will report back to the Board after each of the Compensation Committee meeting regarding decisions or recommendations.

Summary of work in FY2024/25

In the financial year ended March 31, 2025 ("FY2024/25"), the Compensation Committee held four meetings. The attendance record of the Compensation Committee's members is set out in the Corporate governance report on page 92.

The main matters and areas that the Compensation Committee reviewed and considered at its four meetings during the year were as follows:

Review of company and market information

- reviewed the overall compensation strategy;
- reviewed and approved the peer group used for compensation benchmarking for the CEO, senior management, and Non-executive Directors;
- reviewed the market positioning of CEO and senior management compensation including pay levels and mix;
- reviewed the compensation trends, remuneration practices and regulatory developments in the technology industry;

Compensation committee report

Compensation program

- reviewed the CEO pay and performance evaluation process;
- reviewed and approved FY2024/25 Performance Bonus plan;
- reviewed and approved FY2024/25 Long Term Incentive ("LTI") plan, including key plan features such as award vehicles, performance metrics, grant and vesting schedules, and LTI budget for the entire company;
- reviewed and approved FY2024/25 target compensation level, and actual incentive pay-out for Chairman and CEO, and senior management;
- reviewed the holding power and share ownership positions of both senior management and Non-executive Directors;
- reviewed the analysis and recommendations from an independent consultant on FY2024/25 Non-executive Directors' fee arrangement;
- reviewed Employee Stock Purchase Program;

Others

- reviewed the Compensation Committee report for incorporating into the annual report for FY2023/24; and
- reviewed and approved the annual agenda of the Compensation Committee for FY2024/25.

Compensation policy

Overall principles

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

Lenovo's compensation framework is designed to align with the Company's business strategy, attract and retain top talent, reinforce the Company's pay-for-performance culture, as well as reflecting market practices of leading global technology firms, particularly Lenovo's closest competitors.

The Compensation Committee regularly reviews Lenovo's compensation practices to ensure they adhere to the following five core principles and objectives.

Pay for Performance
Strong linkage between financial success, individual performance and employee reward

Pay competitively within the defined market
Reflect the unique status of the local market where the executive is located, so as to enable the Company to attract and retain talent

Flexibility
Adjust to diverse businesses and talent markets

Balance short and long-term focus
Drive both short- and long-term performance of the Company

Support effective corporate governance practices

Non-executive directors

The Compensation Committee regularly reviews the compensation programs for the Non-executive Directors to ensure its appropriateness considering the Non-executive Directors' time commitment, workload, job requirements and responsibilities versus Lenovo's peer companies and the broader market. Details of the current package and the review carried out in this financial year are set out in the section headed "Remuneration Reviews" below.

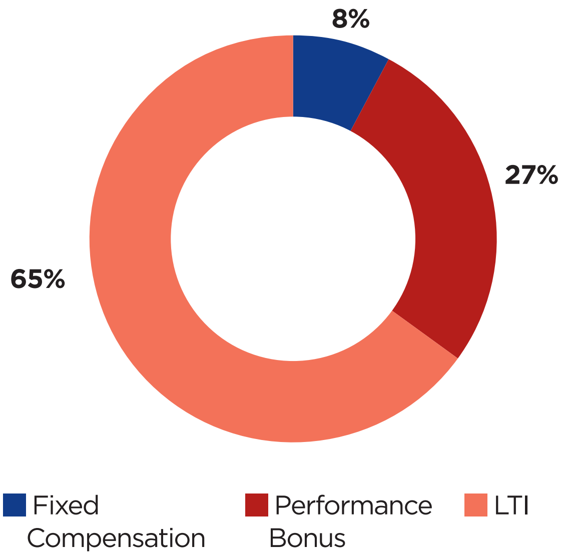
Chairman/CEO and senior management

To ensure Lenovo's compensation for the Chairman/CEO and senior management reflect the policy and principles described above, the Compensation Committee considers a number of relevant factors in the determination of their compensation. Such factors include salary and total compensation paid by peer companies, job responsibilities and scopes, the Company's business performance and individual performance.

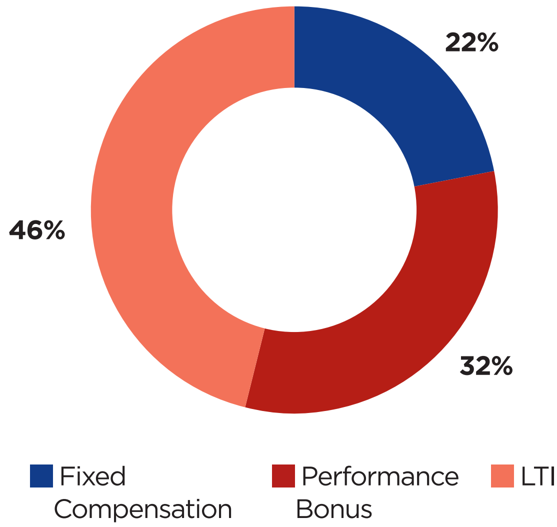
The compensation structure of Lenovo's Chairman/CEO and senior management consists of base salaries, allowances, performance-based bonuses, LTI, retirement benefits, and benefits-in-kind. These components and their mix are described below.

The Chairman/CEO pay mix chart reflects FY2024/25 emoluments disclosed in note 8 to the financial statements. The senior management pay mix chart reflects average FY2024/25 emolument including accounting cost of the LTI awards.

Chairman/CEO pay mix



Senior Management pay mix (average)



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 for each position, reflecting the executive's responsibility, experience, competitive market positioning for comparable positions, as well as the Company's performance and individual contribution to the business. Allowances, if any, are 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

The Chairman/CEO and senior management are eligible to receive performance bonuses. These bonuses are determined by evaluating the business performance through selected financial and non-financial metrics which may be measured at the Group, relevant business groups and/or geography levels, as well as individual performance contributions.

LTI Program

The Group operates a LTI Program which was adopted by the Company in 2005 and amended in 2008, 2016 and 2022 respectively. The purpose of the LTI Program is to attract, retain, reward and motivate executive and Non-executive Directors, senior management, consultants and selected top-performing employees of the Group (the "Participants"), while reinforcing direct alignment with shareholders' interests. Unless terminated earlier by the Company, the LTI Program will remain active for a term of 10 years from its adoption at the shareholders' meeting held on July 9, 2019.

Under the LTI Program, the Company maintains two types of equity-based compensation vehicles: (i) share appreciation rights, and (ii) restricted share units. These vehicles are described in more detail below.

(i) Share Appreciation Rights ("SARs")

SARs entitle the holders to receive the increase in the Company's share price above a predetermined level. SARs are typically subject to a vesting schedule of up to three years. Once vested, Participants will be given up to seven years from SAR grant date to exercise the units, subject to adjustments if they leave the Company. The exercise price is set as the closing share price on each grant date, and SAR value per unit is determined based on Black Scholes valuation model, with inputs including closing price on grant date, share price volatility and average dividend yield in the past three years, the expected risk-free rate over the vesting period etc.

The Company reserves the right to settle awards under the SAR Program in cash or in ordinary shares at its discretion. The Company has created and funded a trust to pay shares to eligible recipients.

(ii) Restricted Share Units ("RSUs")

Each RSU is equivalent to the value of one ordinary share of the Company, and is granted to eligible recipients at no cost. The grant price is set as the 10-day average closing price prior to the grant date. RSUs are typically subject to a vesting schedule of up to three years. Once vested, each RSU is converted to an ordinary share, or its cash equivalent. Dividends are typically not paid on RSUs before the vesting date.

The Company reserves the right to settle awards under the RSU Program in cash or in ordinary shares at its discretion. Additionally, the Company has established and funded a trust to deliver shares to eligible recipients.

There is no specific limit on the maximum number of SARs and RSUs which may be granted to each Participant under the SAR and RSU plans. The RSU program remains valid within its term until termination by the Board. The validity and enforceability of any awards made before the date of termination shall not be affected by such termination.

The number of units awarded under the LTI Program is reviewed annually, considering each individual's contribution to the long-term performance of the Company, the Group's performance, and the competitive market positioning of Participants' total compensation packages. In certain circumstances, awards under the LTI Program may be granted to support strategic new hires.

In FY2024/25, the LTI Program continues to operate through purchasing existing shares from the market, and the Company did not issue any new shares under the LTI Program.

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 retirement schemes are set out in the directors' report on pages 156 to 159.

General employees

By end of this financial year, the Group had a headcount of approximately 72,000 worldwide.

Lenovo believes that employees are its most important strategic resource and recognizes that each employee must be valued as an individual and treated fairly and equitably. Lenovo's compensation philosophy supports this value and targets compensation competitively within the relevant competitive market, with significant upside for achieving exceptional performance. Lenovo seeks to identify and reward exceptional performance in ways that sends clear messages about the Company's priorities and values.

Total compensation for general employees = **Fixed compensation** + **Performance bonus** + **Restricted share units**

Similar to senior management, employees at Lenovo are eligible for fixed compensation including base salary, allowances and benefits-in-kind. Eligible employees would also receive performance bonus based on individual, business group and/or geographies, and company performance. In addition, selected top-performing employees are eligible to participate in the LTI Program which is delivered in RSUs.

Remuneration reviews

The Compensation Committee regularly reviews the Company's compensation programs to ensure alignment with its stated objectives as well as competitiveness in the talent market. Typically, reviews for base salary, performance bonus, and LTI award are conducted on an annual basis. Non-executive Directors' fees are reviewed for alignment with market practice on an annual basis as well.

FY2024/25 non-executive director fee review

In May 2024, the Compensation Committee engaged an independent international compensation consulting firm to conduct an analysis of the compensation package of the non-executive directors. Following recommendations from the independent consulting firm, the Board approved maintaining the current fee structure for board members with no changes.

Final recommendations as subsequently approved by the Board (comprising executive director of the Company only) based on the delegation from shareholders of the Company are summarized in the table below:

Compensation element	FY2024/25 (US$)	FY2023/24 (US$)
Cash retainer	**100,000 (approximately HK$780,000)**	100,000
LTI award	**240,000 (approximately HK$1,872,000)**	240,000
Total remuneration	**340,000 (approximately HK$2,652,000)**	340,000

* The LTI award is delivered in RSUs, which can be settled in either Lenovo shares or cash equivalent upon vesting. RSUs are subject to a three-year vesting period and are otherwise subject to the same terms and conditions of the RSU scheme described above.

The Board also considered and approved the independent consulting firm's recommendation on introducing retainers for committee members and the Chairman of Nomination and Governance Committee, for recognizing non-executive directors' services as per below:

Compensation element	FY2024/25 (US$)	FY2023/24 (US$)
Lead Independent Director	**35,000 (approximately HK$273,000)**	35,000
Chairman of Audit Committee	**35,000 (approximately HK$273,000)**	35,000
Chairman of Compensation Committee	**25,000 (approximately HK$195,000)**	25,000
Chairman of Nomination and Governance Committee	**20,000 (approximately HK$156,000)**	nil
Member of Audit Committee	**15,000 (approximately HK$117,000)**	nil
Member of Compensation Committee	**15,000 (approximately HK$117,000)**	nil
Member of Nomination and Governance Committee	**12,250 (approximately HK$95,550)**	nil

Compensation committee report

Further details of the compensation of the Non-executive Directors are included in note 8 to the financial statements. SAR and RSU awards outstanding for Non-executive Directors as of March 31, 2025 under this scheme are presented in the "Long-Term Incentive Scheme" section of this report.

FY2024/25 chairman/CEO and senior management review

Fixed compensation

As a part of its annual review process, the Compensation Committee engaged an independent international compensation consulting firm to review base salary, and Target Total Direct Compensation for the Chairman/CEO and senior management in May 2024.

Based on the assessment, it is recommended to maintain the base salary for the Chairman/CEO at RMB9,516,800 (approximately US$1,331,664) . Base salaries for selected senior management increased by 2% on average to adjust for role changes and market movement in respective countries.

Performance bonus

Chairman/CEO and senior management's FY2024/25 performance bonus pay-outs were approved at the May 2025 Compensation Committee meeting. Final bonus pay-outs for Chairman/CEO and senior management were determined based on overall pre-tax income, total revenue, services and software revenue, and customer experience delivered in FY2024/25 as well as individual performance.

LTI Program

The most recent full cycle of LTI awards including both SARs and RSUs was made in June 2024. The next cycle of LTI awards including SARs and RSUs is expected to be in June 2025.

Selected executives, including the Chairman/CEO and senior management, received LTI awards based on Company's and individual's performance achievement during a 2-year performance period.

Employee Share Purchase Plan

The Company launched an employee share purchase plan (the "Plan") since October 2016, aim at encouraging share ownership by the general employee. Under the Plan, eligible employees receive one matching restricted share unit for every four ordinary shares of the Company purchased through qualified employee contributions. The matching restricted share units are subject to a vesting period of up to two years. Executive and Non-executive Directors, as well as senior management of the Company, are not eligible to participate in the Plan.

Same as prior years, the Plan operates by purchasing existing shares from the market, and the Company has not issued any new shares under this Plan.

Remuneration of senior management

The remuneration of senior management fell within the following bands for the year ended March 31, 2025:

Remuneration bands	Number of senior management
US$3,000,000 to US$6,000,000	7
US$6,000,001 to US$9,000,000	5

Emoluments of directors for FY2024/25 and five highest paid individuals

Details of the emoluments of directors and the five highest paid individuals are set out in note 8 to the financial statements.

FY2024/25 employees review

Fixed compensation

Each year, management conducts a market review to ensure fixed compensation changes are aligned and competitive with market trends. The review incorporates input from several external survey providers and formal assessments of individual performance.

Performance bonus

Performance bonus for general employees is based on individual performance and performance of their respective business unit or "Performance Groups". For FY2024/25, there were a total of approximately 110 different Performance Units within the Company each with its unique performance metrics and targets, which consist of a financial component, services and software component and a customer experience component. For FY2024/25 performance bonus, mid-year progress payment was made for general employees in December 2024, and full payment based on annual business outcomes will be trued-up in June 2025 based on approved final bonus funding.

Final bonus payout = **Target bonus** × **Performance unit score** × **Individual performance modifier**

LTI Program

For FY2024/25, 24.4% of eligible employees received an award under the LTI Program.

Long Term Incentive Program

The movements in the share awards of the Executive and Non-executive Directors during the financial year ended March 31 , 2025 are as follows:

Name	Award type	Date of grant (mm.dd.yyyy)	Effective price (HK$)	Closing price of the shares immediately before the date the awards were granted (HK$)	The fair value of awards at the date of grant (HK$)	Weighted average closing price of the shares immediately before the dates the awards were exercised or vested (HK$)
Mr. Yang Yuanqing	SAR	06.03.2019	5.79	–	–	–
	SAR	06.01.2020	4.22	–	–	–
	SAR	06.20.2022	7.34	–	–	–
	SAR	06.01.2023	7.46	–	–	–
	SAR	06.03.2024	11.34	11.22	12,297,260	–
	SAR	06.03.2024	11.34	11.22	26,588,672	–
	RSU	06.01.2021	9.50	–	–	11.22
	RSU	06.20.2022	7.54	–	–	–
	RSU	06.20.2022	7.54	–	–	10.74
	RSU	06.01.2023	7.57	–	–	10.74
	RSU	06.01.2023	7.57	–	–	–
	RSU	06.03.2024	11.24	11.22	18,445,897	10.66
	RSU	06.03.2024	11.24	11.22	39,883,004	–
Mr. Zhu Linan	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Mr. Zhao John Huan	SAR	08.17.2018	4.39	–	–	12.52
	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Mr. John Lawson Thornton	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Mr. Woo Chin Wan Raymond	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Mr. Gordon Robert Halyburton Orr	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–

Number of units: As at April 1, 2024 (unvested)	Number of units: New grant during the year	Number of units: Vested during the year	Number of units: Exercised during the year	Number of units: As at March 31, 2025 (unvested)	Number of units: Total outstanding as at March 31, 2025 *(Note 1)*	Vesting period (mm.dd.yyyy)
–	–	–	–	–	79,451,149	06.03.2020 - 06.03.2022
–	–	–	–	–	76,048,055	06.01.2021 - 06.01.2023
30,705,901	–	17,911,776	–	12,794,125	30,705,901	06.01.2024 - 06.01.2026
7,356,097	–	4,290,073	–	3,066,024	7,356,097	06.01.2024 - 06.01.2026
–	3,692,871	2,153,681	–	1,539,190	3,692,871	06.03.2024 - 06.01.2026
–	7,729,265	–	–	7,729,265	7,729,265	06.01.2025 - 06.01.2027
862,516	–	862,516	–	–	–	06.01.2022 - 06.01.2024
4,987,562	–	–	–	4,987,562	4,987,562	06.20.2025
10,751,138	–	6,271,497	–	4,479,641	4,479,641	06.01.2024 - 06.01.2026
2,638,283	–	1,538,643	–	1,099,640	1,099,640	06.01.2024 - 06.01.2026
1,046,821	–	–	–	1,046,821	1,046,821	06.01.2026
–	1,641,094	957,085	–	684,009	684,009	06.03.2024 - 06.01.2026
–	3,548,310	–	–	3,548,310	3,548,310	06.01.2025 - 06.01.2027
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	100,357	–	100,356	100,356	09.14.2023 - 09.14.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
–	–	–	1,125,232	–	–	08.17.2019 - 08.17.2021
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	100,357	–	100,356	100,356	09.14.2023 - 09.14.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
175,911	–	58,637	–	117,274	117,274	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	100,357	–	100,356	100,356	09.14.2023 - 09.14.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	100,356	–	100,357	100,357	09.14.2023 - 09.14.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027

Long Term Incentive Program *(continued)*

Name	Award type	Date of grant (mm.dd.yyyy)	Effective price (HK$)	Closing price of the shares immediately before the date the awards were granted (HK$)	The fair value of awards at the date of grant (HK$)	Weighted average closing price of the shares immediately before the dates the awards were exercised or vested (HK$)
Ms. Yang Lan	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.26.2022	6.094	–	–	9.86
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
	RSU	09.27.2024	9.567	10.32	583,166	–
Ms. Cher Wang Hsiueh Hong	RSU	11.15.2022	6.31	–	–	9.34
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Professor Xue Lan	RSU	09.14.2022	6.257	–	–	9.23
	RSU	09.27.2023	8.003	–	–	10.32
	RSU	09.27.2024	9.567	10.32	1,866,139	–
Mr. Kasper Bo Roersted	RSU	09.27.2024	9.567	10.32	2,332,674	–
Mr. William O. Grabe (resigned on February 21, 2025)	SAR	09.06.2017	4.74	–	–	9.65
	SAR	08.17.2018	4.39	–	–	–
	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	10.51
	RSU	09.27.2023	8.003	–	–	11.29
	RSU	09.27.2024	9.567	10.32	1,866,139	11.78
	RSU (Deferral)	09.27.2024	9.567	10.32	262,423	10.32
	RSU (Deferral)	09.27.2024	9.567	10.32	291,583	10.32
	RSU (Deferral)	12.10.2024	9.240	9.44	339,191	9.44
Mr. William Tudor Brown (resigned on February 21, 2025)	RSU	08.18.2021	7.73	–	–	9.68
	RSU	09.14.2022	6.257	–	–	10.51
	RSU	09.27.2023	8.003	–	–	11.29
	RSU	09.27.2024	9.567	10.32	1,866,139	11.78

Note 1: Total outstanding number of units includes vested but unexercised SAR units, and unvested SAR units and/or unvested RSU units.

Note 2: A distribution with respect to these RSUs shall be awarded on the first business day of the quarter following the earlier of the date of cessation of directorship with the Company and an unforeseeable emergency.

Note 3: Exercise period for SARs is seven years from the date of grant.

Note 4: No units were lapsed/nullified and cancelled during the period.

	Number of units					
As at April 1, 2024 (unvested)	New grant during the year	Vested during the year	Exercised during the year	As at March 31, 2025 (unvested)	Total outstanding as at March 31, 2025 *(Note 1)*	Vesting period (mm.dd.yyyy)
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	100,357	–	100,356	100,356	09.14.2023 - 09.14.2025
64,407	–	32,203	–	32,204	32,204	09.26.2023 - 09.26.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
73,296	–	24,432	–	48,864	48,864	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
–	60,956	–	–	60,956	60,956	09.27.2025 - 09.27.2027
198,469	–	99,234	–	99,235	99,235	11.15.2023 - 11.15.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
200,713	–	100,357	–	100,356	100,356	09.14.2023 - 09.14.2025
234,547	–	78,182	–	156,365	156,365	09.27.2024 - 09.27.2026
–	195,060	–	–	195,060	195,060	09.27.2025 - 09.27.2027
–	243,825	–	–	243,825	243,825	09.27.2025 - 09.27.2027
–	–	–	955,316	–	–	08.21.2018 - 08.21.2020
–	–	–	–	–	1,125,232	08.17.2019 - 08.17.2021
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	200,713	–	–	–	09.14.2023 - 09.14.2025
234,547	–	234,547	–	–	–	09.27.2024 - 09.27.2026
–	195,060	195,060	–	–	–	09.27.2025 - 09.27.2027
–	27,430	27,430	–	–	–	Note 2
–	30,478	30,478	–	–	–	Note 2
–	36,709	36,709	–	–	–	Note 2
80,602	–	80,602	–	–	–	08.18.2022 - 08.18.2024
200,713	–	200,713	–	–	–	09.14.2023 - 09.14.2025
234,547	–	234,547	–	–	–	09.27.2024 - 09.27.2026
–	195,060	195,060	–	–	–	09.27.2025 - 09.27.2027

Long Term Incentive Program *(continued)*

The movements in the share awards of other eligible participants during the year ended March 31, 2025 are as follows:

Name	Award type	Financial year of award grant date	Effective price (HK$)	Closing price of the shares immediately before the date the awards were granted (HK$)	The fair value of awards at the date of grant (HK$)	Weighted average closing price of the shares immediately before the dates the awards were exercised or vested (HK$)
Five highest paid individuals (excluding one director, who is the CEO of the Company)	SAR	19/20	5.79	-	-	11.62
	SAR	21/22	9.45	-	-	-
	SAR	22/23	7.13-7.63	-	-	12.08
	SAR	23/24	7.46	-	-	12.08
	SAR	24/25	11.34	11.22	23,044,301	-
	RSU	21/22	9.50	-	-	11.22
	RSU	22/23	7.62-7.65	-	-	10.31
	RSU	23/24	7.57	-	-	10.74
	RSU	24/25	9.10-11.24	9.11-11.22	155,698,175	10.81
Other executives and selected employees	SAR	17/18	4.95	-	-	10.97
	SAR	18/19	4.00	-	-	11.72
	SAR	19/20	5.34-5.79	-	-	11.32
	SAR	20/21	4.22-7.01	-	-	11.00
	SAR	21/22	9.45	-	-	11.74
	SAR	22/23	7.63	-	-	11.53
	SAR	23/24	7.46	-	-	11.55
	SAR	24/25	11.34	11.22	176,885,690	12.15
	RSU	21/22	7.45-9.50	-	-	10.94
	RSU	22/23	5.84-8.05	-	-	10.39
	RSU	23/24	7.57-10.47	-	-	10.77
	RSU	24/25	9.10-12.55	9.11-11.58	1,841,490,228	10.74
Other eligible participants	SAR	17/18	4.74-4.95	-	-	9.77
	SAR	18/19	4.00-4.39	-	-	10.59
	SAR	19/20	5.23-5.79	-	-	11.63
	SAR	20/21	4.22	-	-	11.16
	SAR	21/22	9.45	-	-	11.10
	SAR	22/23	7.63	-	-	10.99
	SAR	23/24	7.46	-	-	11.24
	SAR	24/25	11.34	11.22	8,562,531	12.09
	RSU	21/22	7.45-9.50	-	-	10.91
	RSU	22/23	5.84-7.93	-	-	10.31
	RSU	23/24	7.57-10.47	-	-	10.70
	RSU	24/25	9.10-11.44	9.11-11.22	57,079,462	10.29

Note 1: Vesting period for SARs and RSUs is between the first and the third anniversary of the grant date.

Note 2: Exercise period for SARs is seven years from the date of grant.

Note 3: SARs and RSUs granted in FY24/25 are calculated based on a 2-year performance period (FY22/23 and FY23/24).

Number of units						
As at April 1, 2024 (unvested)	New grant during the period	Vested during the period	Exercised during the period	Lapsed/nullified during the period	Cancelled during the period	As at March 31, 2025 (unvested)
-	-	-	3,000,000	-	-	-
1,377,497	-	1,377,497	-	-	-	-
12,835,106	-	10,267,905	1,860,043	-	-	2,567,201
7,905,993	-	4,610,770	970,519	-	-	3,295,223
-	6,766,486	1,232,199	-	-	-	5,534,287
669,894	-	669,894	-	-	-	-
5,126,017	-	4,100,685	-	-	-	1,025,332
4,305,311	-	2,510,852	-	-	-	1,794,459
-	16,172,256	725,602	-	-	-	15,446,654
-	-	-	1,476,649	346,264	-	-
-	-	-	17,556,648	-	-	-
-	-	-	23,308,565	-	-	-
-	-	-	32,476,813	-	-	-
14,747,800	-	11,473,431	49,947,466	-	-	3,274,369
62,372,202	-	49,929,631	34,464,482	-	-	12,442,571
70,948,534	-	41,376,887	16,538,921	-	-	29,571,647
-	51,749,534	5,835,543	993,839	-	-	45,913,991
15,404,092	-	15,403,764	-	-	328	-
100,582,382	-	77,443,156	-	-	65,505	23,073,721
210,176,031	-	119,907,163	-	-	91,824	90,177,044
-	165,297,523	3,712,262	-	-	450,208	161,135,053
-	-	-	2,254,531	-	-	-
-	-	-	5,183,879	-	-	-
-	-	-	6,008,555	-	-	-
-	-	-	6,446,643	-	-	-
3,329,231	-	3,329,231	22,569,543	174,586	-	-
17,688,284	-	9,418,404	21,299,446	34,563	6,544,227	1,725,653
11,195,956	-	5,346,627	3,951,433	38,940	3,753,645	2,095,684
-	2,538,796	722,617	551,159	-	1,225,478	590,701
1,896,734	-	1,615,171	-	-	281,563	-
13,543,202	-	7,422,455	-	-	5,067,121	1,053,626
19,187,197	-	9,243,288	-	-	7,899,243	2,044,666
-	5,132,541	742,227	-	-	3,793,311	597,003

Compensation committee report

Other shareholder oriented features

Stock ownership guidelines

Lenovo maintains stock ownership guidelines for selected executives, including the Chairman/CEO and senior management. The guidelines help to align executives with shareholders and focus executives on the long-term performance of Lenovo by requiring certain levels of share ownership. The guidelines (expressed as a multiple of base salary) vary by role and level and are expected to be achieved within five years of becoming an eligible executive. If the guidelines are not achieved, executives are required to retain a minimum portion of vested shares delivered through Lenovo's incentive plans until the guidelines are met. The guidelines are then expected to be maintained throughout the executives' remaining employment. As of the financial year end, 82% of senior management met the target ownership level. After the June 2025 LTI grant, this will rise to 92%, with only one executive still in the 5-year ownership buildup period. Additionally, the Non-executive Directors are subject to similar guidelines, seven of them are in full compliance, and the rest are still within the 5-year share ownership guidelines building up period.

Claw back policy

Lenovo maintains a claw back policy for selected executives, including the Chairman/CEO and senior management. The policy states that in the event of a restatement of the Company's previously issued financial statements as a result of errors, omission, fraud or non-compliance, the Board may, in its discretion, attempt to recover all or a portion of compensation, with respect to any financial year in which the Company's financial results are negatively affected by such restatement.

Directors' report

The directors of Lenovo Group Limited (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended March 31, 2025.

Principal business and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 36 to the financial statements.

Details of the analyses of the Group's performance for the year by operating segment are set out in note 3 to the financial statements.

Business review

A discussion and analysis of the activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2024, and an indication of likely future development in the Group's business, can be found in the "Five-year financial summary", "Chairman & CEO statement" and "Management's discussion & analysis" sections of this annual report. These discussions form part of this directors' report.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 171 of this annual report.

The state of affairs of the Group and of the Company as at March 31, 2025 is set out in the consolidated balance sheet on pages 173 and 174 of this annual report and the balance sheet of the Company in note 35(a) to the financial statements respectively.

The cash flows of the Group for the year are set out in the consolidated cash flow statement on pages 175 and 176 of this annual report.

An interim dividend of HK8.5 cents (2024: HK8.0 cents) per ordinary share of the Company ("Share"), amounting to a total of approximately US$135.5 million (2024: approximately US$124.3 million), was paid to shareholders during the year.

The Board has resolved to recommend the payment of a final dividend of HK30.5 cents per Share for the year ended March 31, 2025 (2024: HK30.0 cents). Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on July 17, 2025 ("AGM"), the proposed final dividend will be payable on August 13, 2025 to the shareholders whose names appear on the register of members of the Company on or about August 1, 2025.

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, and entitlement to the proposed final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

(i) For determining shareholders' eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on July 10, 2025
Closure of register of members	From July 11 to July 17, 2025
Record date	July 11, 2025

(ii) For determining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on July 31, 2025
Closure of register of members	August 1, 2025
Record date	August 1, 2025

During the above closure periods, no transfer of Shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than the aforementioned latest times.

Five-year financial summary

A summary of the results for the year and of the assets and liabilities of the Group as at March 31, 2025 and for the last four financial years are set out on page 267 of this annual report.

Distributable reserves

As at March 31, 2025, the distributable reserves of the Company amounted to US$1,747,166,000 (2024: US$1,784,540,000).

Bank borrowings

Particulars of bank borrowings as at March 31, 2025 are set out in note 24 to the financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to US$11,942,000 (2024: US$11,410,000).

Share capital

Details of movement of share capital of the Company during the year are set out in note 28 to the financial statements.

Convertible bonds

On August 26, 2022, the Company issued US$675,000,000 2.50% convertible bonds due 2029 (the "2029 Convertible Bonds"), which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to professional investors. The market price of the Shares on August 18, 2022, being the closing price of the Shares on the date on which the terms of the 2029 Convertible Bonds were determined, was HK$6.99 per Share. The 2029 Convertible Bonds, assuming full conversion at the adjusted conversion price of HK$8.95 per Share, are convertible into 591,171,787 Shares (the "2029 Conversion Shares"), representing (i) approximately 4.77% of the issued share capital of the Company as at March 31, 2025; and (ii) approximately 4.55% of the issued share capital of the Company, as enlarged by the issuance of the 2029 Conversion Shares (assuming there will be no other changes in the share capital of the Company). As at March 31, 2025, the total outstanding principal amount of the 2029 Convertible Bonds was US$675,000,000.

Please refer to note 24 to the financial statements and the announcements of the Company dated August 17, 2022, August 18, 2022, August 26, 2022, August 29, 2022 and January 8, 2025 for further details about the 2029 Convertible Bonds.

On January 8, 2025, the Company issued US$2,000,000,000 zero coupon convertible bonds due 2028 to Alat International Investments Company ("Alat"), a wholly-owned subsidiary of Alat Technologies Company (the "Alat Convertible Bonds"). The market price of the Shares on May 27, 2024, being the closing price of the Shares on the trading day immediately prior to the date of the bond subscription agreement, was HK$12.04 per Share. The issuance of the Alat Convertible Bonds is part of the strategic collaboration, where the Company can facilitate refinancing activities and generate stable interest savings annually, while also greatly enhancing the Company's financial and operational flexibility and speed to market. The gross proceeds from the issuance were US$2,000,000,000, which have been and will be used for debt refinancing and general working capital usage. US$965 million was utilized as at March 31, 2025 and US$1,035 million remains unutilized. The balance is expected to be fully utilized by 2026. The Alat Convertible Bonds, assuming full conversion at the adjusted conversion price of HK$10.02 per Share, are convertible into 1,559,181,636 Shares (the "Alat Conversion Shares"), representing (i) approximately 12.57% of the issued share capital of the Company as at March 31, 2025; and (ii) approximately 11.17% of the issued share capital of the Company, as enlarged by the issuance of the Alat Conversion Shares (assuming there will be no other changes in the share capital of the Company). As at March 31, 2025, the total outstanding principal amount of the Alat Convertible Bonds was US$2,000,000,000. Pursuant to the terms and conditions of the Alat Convertible Bonds, the Alat Convertible Bonds can only be converted into Shares upon maturity and can only be redeemed prior to maturity upon occurrence of certain redemption events.

Please refer to note 24 to the financial statements and the announcements of the Company dated May 29, 2024 and January 8, 2025 and the Company's circular dated August 19, 2024 for further details about the Alat Convertible Bonds and the reasons and benefits for the issuance.

There had not been any conversion of the 2029 Convertible Bonds and the Alat Convertible Bonds, and no redemption right had been exercised by the Company in respect of the 2029 Convertible Bonds and the Alat Convertible Bonds for the financial year ended March 31, 2025.

Convertible bonds *(continued)*

Assuming the 2029 Convertible Bonds and the Alat Convertible Bonds were fully converted on March 31, 2025, the shareholding of the Company immediately before and after the full conversion of the 2029 Convertible Bonds and the Alat Convertible Bonds are set out below for illustration purposes:

Shareholders	Shareholding immediately before conversion of any of the 2029 Convertible Bonds and the Alat Convertible Bonds		Upon full conversion of the 2029 Convertible Bonds at the adjusted conversion price		Upon full conversion of the Alat Convertible Bonds at the adjusted conversion price	
	Number of Shares	Approximate % of the total issued share capital	Number of Shares	Approximate % of the total issued share capital	Number of Shares	Approximate % of the total issued share capital
Legend Holdings Corporation [1]	2,867,636,724	23.12%	2,867,636,724	22.07%	2,867,636,724	20.54%
Legion Elite Limited [2]	480,000,000	3.87%	480,000,000	3.69%	480,000,000	3.44%
Kind Jasper Limited [3]	548,263,805	4.42%	548,263,805	4.22%	548,263,805	3.93%
Directors of the Company [4]	749,873,830	6.05%	749,873,830	5.77%	749,873,830	5.37%
Subscribers of the 2029 Convertible Bonds	–	–	591,171,787	4.55%	–	–
Alat	–	–	–	–	1,559,181,636	11.17%
Other public shareholders	7,758,884,943	62.54%	7,758,884,943	59.70%	7,758,884,943	55.56%
Total	**12,404,659,302**	**100.00%**	**12,995,831,089**	**100.00%**	**13,963,840,938**	**100.00%**

Notes:

(1) Legend Holdings Corporation ("Legend Holdings"), a joint-stock company incorporated with limited liability in the People's Republic of China and the H shares of which are listed on the Stock Exchange (stock code: 03396).

(2) Legion Elite Limited ("Legion Elite"), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Right Lane Limited ("Right Lane"). Right Lane is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Legend Holdings.

(3) Kind Jasper Limited ("Kind Jasper"), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Right Lane.

(4) Include the corporate interest of directors but without taking into account of the interests in the underlying Shares.

Based on the cash and cash equivalents as at March 31, 2025 and the cash flow from operating activities of the Company, the Company has the ability to meet its redemption obligation under the 2029 Convertible Bonds and the Alat Convertible Bonds.

The analysis of the Company's share price at which it would be equally financially advantageous for the relevant bondholders to convert the 2029 Convertible Bonds and the Alat Convertible Bonds based on their implied rate of return at a range of dates in the future are as follows:

2029 Convertible Bonds

Conversion date	Company's share price HK$	Implied rate of return of bondholders
September 30, 2025	8.22	9%
March 31, 2026	8.31	8%

Convertible bonds *(continued)*

Alat Convertible Bonds

Subject to the terms and conditions of the Alat Convertible Bonds, it would be equally financially advantageous for the bondholder of Alat Convertible Bonds to convert or redeem the convertible securities thereunder based on the implied internal rate of return thereof, when the Company's share price approximates to the conversion price in the future.

Warrants

On January 8, 2025, the Company issued 1,150,000,000 warrants (the "Warrants") at the issue price of HK$1.43 per Warrant to Sureinvest Holdings Limited ("Sureinvest"), an entity wholly owned by Mr. Yang Yuanqing (a connected person of the Company), Wisdom Summit Limited, the investment holding vehicle for certain management members of the Company (which include connected persons of the Company at subsidiary level), as well as certain independent professional investors. The market price of the Shares on May 27, 2024, being the closing price of the Shares on the trading day immediately prior to May 28, 2024 (being the date on which the Board approved the indicative principal terms of the Warrants), was HK$12.04 per Share. The issuance of the Warrants is part of the strategic collaboration, where it supports the strategic initiatives of the Company. The gross proceeds from the issuance were HK$1,645 million (approximately US$212 million), which will be used for business expansion in the Middle East and Africa region. None of the proceeds was utilized as at March 31, 2025 and it is expected that the proceeds will be fully utilized by 2026 for business expansion in the Middle East and Africa region. Assuming the full exercise of the Warrants at the initial exercise price of HK$12.31 per Share, it would provide the Company with up to an additional capital of approximately US$1.8 billion to further strengthen its equity base. The Company aims to use 40% of the proceeds for further expansion of the Company's operation (including future potential acquisition opportunities), 50% of proceeds for investment in research and development and artificial intelligence and 10% of the proceeds for general working capital purposes to meet daily operational business needs, such as supply chain investments.

Assuming the full exercise of the Warrants at the initial exercise price of HK$12.31 per Share, it will result in the issue of 1,150,000,000 Shares (the "Warrant Shares"), representing (i) approximately 9.27% of the issued share capital of the Company as at March 31, 2025; and (ii) approximately 8.48% of the issued share capital of the Company, as enlarged by the issuance of the Warrant Shares (assuming there will be no other changes in the share capital of the Company).

Please refer to note 25 to the financial statements and the announcements of the Company dated May 29, 2024, July 15, 2024 and January 8, 2025 and the Company's circular dated August 19, 2024 for further details about the Warrants and the reasons and benefits for the issuance.

Directors' report

Debentures

Save as disclosed, there had not been any issuance, purchase, redemption or cancellation of debentures by the Company during the year ended March 31, 2025.

Equity-linked agreements

No equity-linked agreements were entered into during the year, save for the long-term incentive program described in this report.

Subsidiaries, associates and joint ventures

Particulars of the Company's principal subsidiaries, associates and joint ventures as at March 31, 2025 are set out in notes 36 and 15 to the financial statements respectively.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

During the year, the Group sold less than 26% of its goods and services to its five largest customers. The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

The largest supplier	13%
Five largest suppliers combined	37%

None of the directors of the Company, their close associates or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the Company) had an interest in the major suppliers noted above.

Purchase, sale or redemption of the company's listed securities

Save as disclosed above and the respective trustee of the long-term incentive program and the employee share purchase plan of the Company purchased a total of 203,502,684 Shares from the market for award to employees upon vesting, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended March 31, 2025. Details of these program and plan are set out under sections headed "LTI Program" and "Employee Share Purchase Plan" in the Compensation committee report on page 125 and page 128 respectively of this annual report.

Directors

The directors during the year and up to the date of this report are:

Chairman and executive director

Mr. Yang Yuanqing

Non-executive directors

Mr. Zhu Linan
Mr. Zhao John Huan
Mr. Wong Wai Ming (appointed with effect from April 1, 2025)
Ms. Laura Green Quatela (appointed with effect from April 1, 2025)

Independent non-executive directors

Mr. John Lawson Thornton
Mr. Gordon Robert Halyburton Orr
Mr. Woo Chin Wan Raymond
Ms. Yang Lan
Ms. Cher Wang Hsiueh Hong
Professor Xue Lan
Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted)
Mr. William O. Grabe (resigned on February 21, 2025)
Mr. William Tudor Brown (resigned on February 21, 2025)

In accordance with article 95 of the Company's articles of association, Mr. Wong Wai Ming and Ms. Laura Green Quatela who were appointed as directors during the year, shall hold office until the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with article 107 of the Company's articles of association, Mr. Yang Yuanqing, Mr. Zhu Linan, Mr. Woo Chin Wan Raymond and Ms. Yang Lan will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The Company has received from each of the independent non-executive directors an annual confirmation of their independence having regard to the criteria under rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The nomination and governance committee of the Company has duly reviewed the independence of each of these directors. The Company has determined and confirmed that all independent non-executive directors satisfied the independence requirement set out in rule 3.13 of the Listing Rules and remain independent.

The list of directors who have served on the boards of directors of the subsidiaries of the Company during the year ended March 31, 2025 or during the period from April 1, 2025 to the date of this report is available on the Group's website (https://investor.lenovo.com/en/publications/list_directors.php).

Directors' report

Biography of directors and senior management

Honorary Chairman

Mr. Liu Chuanzhi, 81, has been the Honorary Chairman and Senior Advisor of the Company since November 3, 2011. Mr. Liu is the founder of the Group and held the positions of executive director, non-executive director and chairman of the Board at different times from 1993 until his resignation from the Board on November 3, 2011. As our Honorary Chairman, Mr. Liu is not a director or an officer of the Company or of any subsidiary of the Company, and does not have any management role in the Company or any of its subsidiaries. He graduated from the Radar Navigation Department of People's Liberation Army Institute of Telecommunication Engineering (中國人民解放軍軍事電信工程學院雷達導航系) (now known as Xidian University) in China in 1966 and has substantial experiences in corporate management.

Biography of directors

Chairman and executive director

Mr. Yang Yuanqing, 60, is the Chairman of the Board, Chief Executive Officer and an executive director of the Company. He is also a director and a shareholder of Sureinvest which holds interests in the issued Shares of the Company. Mr. Yang assumed the duties of Chief Executive Officer of the Company on February 5, 2009. Prior to that, he was the chairman of the Board from April 30, 2005. Before taking up the office as chairman, Mr. Yang was the chief executive officer and has been an executive director of the Company since December 16, 1997.

Mr. Yang has more than 30 years of experience in the field of ICT industry. Under his leadership, Lenovo has become not only a leading global PC company, but also built diversified growth engines including servers, storage, smartphones, as well as digital and intelligent solutions and services. Mr. Yang holds a Master's degree from the Department of Computer Science at the University of Science and Technology of China, and a Bachelor's degree in Computer Science and Engineering from Shanghai Jiao Tong University. Mr. Yang is currently an independent director of Baidu, Inc. (NASDAQ and HKSE listed) and was an independent director of Taikang Insurance Group Inc.

Non-executive directors

Mr. Zhu Linan, 62, has been a non-executive director of the Company since April 30, 2005. Mr. Zhu graduated with a master's degree in electronic engineering from Shanghai Jiao Tong University and has more than 20 years of management experience. He was previously a senior vice president of the Group. Mr. Zhu has been re-designated as a non-executive director of Legend Holdings (HKSE listed), a company holding substantial interests in the issued Shares of the Company, with effect from January 1, 2020 and prior to that, he was executive director, president and member of the executive committee of Legend Holdings.

Mr. Zhao John Huan, 62, has been a non-executive director of the Company since November 3, 2011. Mr. Zhao holds a master's degree in business administration from the Kellogg School of Management at Northwestern University, dual master's degrees in electric engineering and physics from Northern Illinois University and a bachelor's degree in physics from Nanjing University. He has been re-designated as a non-executive director of Legend Holdings (HKSE listed), a company holding substantial interests in the issued Shares of the Company, with effect from January 1, 2020 and prior to that, he was an executive director, executive vice president and member of executive committee of Legend Holdings. He is also the chairman of Hony Capital Limited.

In addition, Mr. Zhao currently holds the following positions: the chairman of the board and executive director of Best Food Holding Company Limited and Goldstream Investment Limited 金涌投資有限公司 (formerly known as "International Elite Ltd.") and the chairman of the board and non-executive director of Hony Media Group (formerly known as "Huayi Tencent Entertainment Company Limited") (all HKSE listed).

Mr. Zhao was previously a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. 中聯重科股份有限公司 (HKSE and Shenzhen Stock Exchange listed), Eros STX Global Corporation (New York Stock Exchange "NYSE" listed), Shanghai Jin Jiang International Hotels Company Limited 上海錦江國際酒店股份有限公司 (Shanghai Stock Exchange listed), ENN Natural Gas Co., Ltd. 新奧天然氣股份有限公司 (Shanghai Stock Exchange listed), Simcere Pharmaceutical Group Limited, and China Glass Holdings Limited (both HKSE listed).

Biography of directors *(continued)*

Non-executive directors *(continued)*

Mr. Wong Wai Ming, 67, has been a non-executive director of the Company since April 1, 2025. He was an Executive Vice President and the chief financial officer of the Group and retired from the roles with effect from March 31, 2025, after serving the Group as chief financial officer for over 17 years. He was a member of certain internal committees of the Group and a director of certain subsidiaries of the Company prior to the appointment as a non-executive director of the Company. Currently, Mr. Wong is the deputy chairman of the supervisory board of Medion AG (a subsidiary of the Company and delisted from Frankfurt Stock Exchange in January 2025) and a director of Sureinvest which holds interest in the issued Shares of the Company. Mr. Wong was an independent non-executive director of the Company from March 30, 1999 to May 23, 2007, prior to his appointment as the chief financial officer of the Group on July 15, 2007. Prior to joining the Group, he was an investment banker for more than 15 years and also held various senior management positions in listed companies in Hong Kong, including his appointment as an independent non-executive director of China Unicom (Hong Kong) Limited from January 19, 2006 to April 10, 2024. Mr. Wong obtained a bachelor's degree in management sciences from the Victoria University of Manchester in the United Kingdom. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Ms. Laura Green Quatela, 67, has been a non-executive director of the Company since April 1, 2025. She was a Senior Vice President and Chief Legal Officer (subsequently re-designated as Chief Legal and Corporate Responsibility Officer in January 2023) of the Group since October 2016 and has retired from the roles with effect from March 31, 2025. Ms. Quatela was responsible for the Group's legal, IP, government relations and ESG (environmental, social and governance) matters globally. She was a member of certain internal committees of the Group and a director of subsidiary(ies) of the Company.

Before joining the Group, Ms. Quatela had a 15-year career with Eastman Kodak Company ("Kodak") holding a broad range of leadership positions including Chief Intellectual Property Officer, General Counsel, Senior Vice President, Co-Chief Operating Officer and President of the company. She had responsibility for licensing Kodak's technology, patents and trademarks and leading Kodak's consumer film, photographic paper, retail photo kiosk, event imaging and OLED businesses. Prior to joining Kodak, Ms. Quatela worked for Clover Capital Management, Inc., SASIB Railway GRS, and Bausch & Lomb. In private law practice, she was a defense litigator specializing in mass tort cases. Ms. Quatela is a graduate of Denison University, B.A., International Politics and Case Western Reserve University School of Law, J.D., where she was inducted into the Society of Benchers. The Financial Times named her among the Top 20 GCs in the World in June 2021. In November 2021, she was inducted into the IP Hall of Fame as a joint winner of IAM's Inaugural Q. Todd Dickinson Award. She is on the Board of Trustees/Governors of Case Western Reserve University and Genesee Valley Club. Ms. Quatela is conversant in Mandarin.

Independent non-executive directors

Mr. John Lawson Thornton, 71, was appointed as an independent non-executive director of the Company on August 18, 2023 and was appointed as the lead independent director of the Company on February 21, 2025. Mr. Thornton is currently the chairman of Barrick Gold Corporation (Toronto Stock Exchange and NYSE listed). He is also the lead independent director of Ford Motor Company (New York Stock Exchange listed).

Mr. Thornton is chairman of RedBird Capital Partners, a private investment firm, and non-executive chairman of PineBridge Investments, a global asset manager. Mr. Thornton is also the lead director of both Divergent Technologies Inc., a digital advanced manufacturing company, and Avathon, Inc., an industrial artificial intelligence company.

Mr. Thornton is a professor and director of Tsinghua University's Global Leadership Program, and an advisory board member of Tsinghua's School of Economics and Management and its School of Public Policy and Management. Mr. Thornton is co-chair of the Asia Society, chairman emeritus of the Brookings Institution in Washington, D.C., and is also on the advisory boards or board of trustees of the China Investment Corporation (CIC), China Securities Regulatory Commission, King Abdullah University of Science and Technology, McKinsey Advisory Council, Schwarzman Scholars, and the African Leadership Academy.

Mr. Thornton joined Goldman Sachs in 1980 and retired as president and director of The Goldman Sachs Group, Inc. in 2003. He also previously served as chairman of Goldman Sachs Asia and as co-chief executive of Goldman Sachs International, overseeing the firm's business in Europe, the Middle East, and Africa. Mr. Thornton was a director of AltC Acquisition Corp. (currently known as "Oklo Inc.") (NYSE listed).

Mr. Thornton holds a Bachelor of Arts in history from Harvard College, a Bachelor of Arts and Master of Arts in jurisprudence from Oxford University and a Master's degree in public and private management from the Yale School of Management.

Biography of directors and senior management *(continued)*

Biography of directors *(continued)*

Independent non-executive directors *(continued)*

Mr. Gordon Robert Halyburton Orr, 62, was re-designated as an independent non-executive director of the Company on September 1, 2016. Prior to that, he was a non-executive director of the Company since September 2015. He holds a Master of Arts degree in Engineering Science from Oxford University, United Kingdom and a Master of Business Administration degree from Harvard University.

Mr. Orr joined McKinsey & Company ("McKinsey") in 1986 and held a broad range of senior positions in McKinsey until his retirement in August 2015. During the years with McKinsey, he was Greater China Managing Partner and subsequently Senior Partner (1999-2015), Managing Partner of McKinsey Asia (2008-2014) and Member of McKinsey's global Operating Committee (2008-2015). He also served on McKinsey's Global Shareholder's Board (2003-2015) and chaired the Governance and Risk Committee.

In the past 20 years, Mr. Orr has served a broad range of clients in Asia, with primary focus on China and technology related sectors across Asia. Mr. Orr is currently an independent non-executive director of Swire Pacific Limited and Meituan (formerly known as "Meituan Dianping") (both HKSE listed) and a non-executive director of Fidelity China Special Situations PLC (London Stock Exchange "LSE" listed). He is also the chairman of the audit committee and a member of the corporate governance committee of Meituan. Mr. Orr currently is a board member of EQT AB (listed on the Nasdaq Stockholm). He was previously a vice chairman of the China-Britain Business Council and an independent non-executive director of Sondrel (Holdings) plc (LSE listed).

Mr. Woo Chin Wan Raymond, 70, has been an independent non-executive director of the Company since February 22, 2019. Mr. Woo is a retired partner of Ernst & Young ("EY"). Before his retirement in June 2015, he had held various senior positions with EY in the Greater China area. He was a director and the general manager of EY Hua Ming CPA, a member of EY's Greater China Leadership Team, and the managing partner of EY's Greater China Operations. He has more than 30 years of professional experience, specializing in audit, corporate restructuring, IPO, risk management, and mergers and acquisitions. Mr. Woo is a Hong Kong Certified Public Accountant. He obtained his master's degree in Business Administration from York University (Canada) in 1982. Mr. Woo was previously an independent non-executive director of Bank of Communications Co., Ltd. (HKSE listed).

Ms. Yang Lan, 57, has been an independent non-executive director of the Company since May 15, 2020. Ms. Yang is currently a broadcast journalist and media entrepreneur with more than 30 years' experience in the industry. She is the chairperson of Sun Media Group and Sun Future Art Education Foundation. Sun Media Group is a leading media company with synthetic communication and marketing capabilities. Its business spans across media, education, art, tourism, exhibitions, and more. The group is highly regarded in the industry for its high-quality content, women's empowerment and lifestyle communities, as well as branding services to business and cities. It has played a significant role in facilitating cultural exchanges between China and the world and the promotion of sustainable development. Sun Future Art Education Foundation is a non-profit organization aiming to promote the development of children's aesthetic education. Ms. Yang obtained her bachelor's degree in English Language & Literature from Beijing Foreign Studies University, China in 1990 and her master's degree in International Affairs from Columbia University, the United States of America in 1996.

Prior to that, she was a creator, executive producer and anchor of talk show series "Yang Lan Studio" (now known as "Yang Lan One on One") which has become China's longest-running in-depth talk show with more than 1,200 interviews with movers and shapers around the world. Ms. Yang has in-depth researches, delivered documentary series and published a book on Artificial Intelligence. She is currently a global ambassador and international board member for the Special Olympics Movement. She served as the presenter for Beijing's bid for both the 2008 Olympic Games and 2022 Olympic Winter Games and the Goodwill Ambassador for 2010 Shanghai Expo. She was the Vice-Chairman of China Charity Alliance from 2013 to 2024. Ms. Yang was ranked among The World's 100 Most Powerful Women by Forbes.

Biography of directors *(continued)*

Independent non-executive directors *(continued)*

Ms. Cher Wang Hsiueh Hong, 66, has been an independent non-executive director of the Company since June 20, 2022. Ms. Wang is the co-founder and chairwoman of HTC Corporation 宏達國際電子股份有限公司 (Taiwan Stock Exchange listed) and has established a number of successful Information & Communication Technology related businesses, with over 40 years' experience in the industry. Ms. Wang obtained her bachelor's degree in Political Economy of Industrial Societies at the University of California, Berkeley in 1982.

Ms. Wang co-founded HTC Corporation in 1997, which pioneered the smartphone market and was first to market with key technologies such as the touch interface, Android integration and wireless technologies, and has expanded its vision to include cutting-edge experiences like virtual reality with the HTC VIVE systems, advanced 5G platforms and the VIVERSE immersive internet. Ms. Wang also founded VIA Technologies, Inc. 威盛電子股份有限公司 in 1992 (Taiwan Stock Exchange listed), a leading developer of computing platforms connecting businesses to advanced Artificial Intelligence (AI), Internet of Things (IoT), and computer vision technology for transportation, industrial, smart city, and data center applications. She was chairwoman and is currently a director of VIA Technologies, Inc.. Prior to these, Ms. Wang was the general manager of the PC division at First International Computer, Inc., 大眾電腦股份有限公司 and helped drive the business unit into the lucrative motherboard market.

Ms. Wang is currently a director of Formosa Plastics Corporation 台灣塑膠工業股份有限公司, Xander International Corporation 建達國際股份有限公司, VIA Labs, Inc. 威鋒電子股份有限公司 and VIA Technologies, Inc. 威盛電子股份有限公司 (all Taiwan Stock Exchange listed).

Professor Xue Lan, 65, has been an independent non-executive director of the Company since June 20, 2022. Prof. Xue is currently a professor at Tsinghua University, with teaching and research interests in Public Policy and Management, Science and Technology Policy, Crisis Management and Global Governance. He is the Dean of Schwarzman College and the Dean of Institute for AI International Governance (I-AIIG) of Tsinghua University. He also serves as a director of China Institute for Science and Technology Policy, and a co-director of Global Institute for Sustainable Development Goals at Tsinghua University. He is a co-convener of the Discipline Evaluation Group (Public Administration) of the Academic Degrees Committee of the State Council. He is also an Adjunct Professor of Engineering and Public Policy at Carnegie Mellon University, a non-resident Senior Fellow of the Brookings Institution, a board member of the Sustainable Development Solutions Network (SDSN) Association, and a member of the United Nations Committee of Experts on Public Administration (CEPA).

Prof. Xue is currently an independent non-executive director of SenseTime Group Inc. (HKSE listed) and Neusoft Corporation 東軟集團股份有限公司 (Shanghai Stock Exchange listed). He is serving as the vice chairman of the board of Chinese Association of Science and Science & Technology Policy (the CASSSP) 中國科學學與科技政策研究會, the chair of the National Expert Committee on New Generation of Artificial Intelligence Governance 國家新一代人工智能治理專業委員會 and a member of the Standing Committee of the China Association for Science and Technology.

Prof. Xue obtained his bachelor's degree in optics and fine mechanics from the Changchun Institute of Optics and Fine Mechanics 長春光學精密機械學院 (currently known as Changchun University of Science and Technology 長春理工大學) in January 1982. He obtained a Master of Science degree from the State University of New York at Stony Brook in December 1987. He further received a master of Science degree and a Ph.D. degree in engineering and public policy from Carnegie Mellon University in May 1989 and December 1991, respectively.

Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted), 63, was appointed as an independent non-executive director of the Company on February 23, 2024. Mr. Roersted is currently an independent director and a member of the Nomination Committee, the Remuneration Committee and the Energy Transition Committee (formerly known as "Environmental, Social and Governance Committee") of A.P. Møller — Mærsk A/S (Nasdaq Stock Exchange listed), and a member of the Supervisory Board and the Innovation and Finance Committee of Siemens AG (Frankfurt Stock Exchange listed).

Mr. Roersted was an executive board member and the Chief Executive Officer of adidas AG (Frankfurt Stock Exchange listed), the Chief Executive Officer of Henkel AG & Co. KGaA (Frankfurt Stock Exchange listed) and a board member of Nestlé S.A. (SIX Swiss Exchange listed) and a senior advisor to the private equity team of KKR & Co. Inc. (NYSE listed).

Mr. Roersted holds a Diploma in International Business Studies from the Niels Brock Copenhagen Business College, Denmark and completed a series of executive programs in Harvard Business School, the United States of America.

Biography of directors and senior management *(continued)*

Biography of senior management

Mr. David C. Carroll, 57, joined the Group since the acquisition of Motorola in 2014 and is currently Senior Vice President of the Group and the Chief Legal and Corporate Responsibility Officer ("CLO") responsible for the Group's legal, IP, government relations and ESG (environmental, social and governance) matters globally. Before promoting as the CLO on April 1, 2025, Mr. Carroll has served as both General Counsel for Motorola Business Group and more recently as General Counsel for the Intelligent Devices Group and Group Operations, as well as supporting Trademarks & Marketing, Data Privacy and Security, and has also run the Global Brand Licensing business. Mr. Carroll is a three-time Lenovo Excellence Award winner, earning both an individual Leadership Excellence Award and two Team Excellence Awards for his outstanding contributions to Lenovo. Before joining Lenovo, Mr. Carroll practiced in-house at Sears and the Amway Corporation, where he specialized in marketing and advertising law. Mr. Carroll holds a bachelor's degree in Philosophy from the University of Illinois and earned his law degree from Northwestern University School of Law in Chicago. Mr. Carroll is a well-known, proven, and respected leader at the Group and brings over 30 years of valuable institutional knowledge together with a focus on creativity and collaboration.

Mr. Cheng Shao-min Winston, 52, is the Senior Vice President and Chief Financial Officer of the Group. He oversees the group's global financial operations, as well as corporate development and M&A, corporate finance, and investor relations. Before joining the Group, Mr. Cheng was the Global Co-Head of Technology, Media and Telecom, Investment Banking at The Hongkong and Shanghai Banking Corporation Limited ("HSBC"). Prior to joining HSBC, he was President International and a member of the group investment committee at JD.com.

With over 20 years of experience in investment banking, Mr. Cheng has held senior leadership roles, including Managing Director and Head of Asia TMT Investment Banking at Bank of America Merrill Lynch, and Head of Asia Technology Investment Banking and the Head of Asia Consumer Retail Investment Banking at Goldman Sachs. He began his career with Salomon Brothers and spent over a decade at Citigroup. He was based in New York, Palo Alto and Hong Kong. In addition to his executive roles, Mr. Cheng has extensive global leadership experience in the technology sector having served as board director of Arizon RFID, GoTo (Formerly GoJek), Tiki.com and TCL Electronics (formerly TCL Multimedia), as well as an industry investor and advisor. Mr. Cheng holds a double Bachelor of Arts in Economics and Chinese Language from the University of California, Berkeley.

Ms. Gao Lan, 59, joined the Group in 2009 and is currently the Senior Vice President of Human Resources of the Company, responsible for human resources, organizational development, global talent, compensation and benefits, as well as nurturing the Company's culture. Prior to this, Ms. Gao held several Vice President roles leading the HR functions of many teams, including Emerging Markets Group, APLA & China Geography, People & Organization Capability Development and HR Strategy & Operations. Before joining the Group, Ms. Gao held senior positions in HR in various multinational companies. Ms. Gao holds a bachelor's degree of science from Nankai University, studied M.Phil. degree from Cambridge University in the UK, completed human resource management course at the Western Management Institute of Beijing and the Leadership Excellence for Business HR Program at Stanford University in the US.

Mr. Ashley Gorakhpurwalla, 56, joined the Group in 2024 and is currently Executive Vice President of the Group, President of the Infrastructure Solutions Group (ISG). He oversees Lenovo's global business, focused on driving intelligent transformation with AI-ready infrastructure that goes beyond the data center from edge to cloud.

Before joining the Group, he was Executive Vice President and General Manager, HDD at Western Digital Corporation. Prior to joining Western Digital Corporation, Mr. Gorakhpurwalla served as President and General Manager of Servers and Infrastructure Systems at Dell Technologies. With over 30 years of technology industry experience, Mr. Gorakhpurwalla is widely known in the enterprise data center business as a strong leader dedicated to delivering exceptional business results. Mr. Gorakhpurwalla holds a Bachelor of Science in electrical engineering from Texas A&M University — Kingsville.

Mr. He Zhiqiang, 62, joined the Group in 1986 and is currently the Senior Vice President of the Group and President of Lenovo Capital and Incubator Group. This group is responsible for driving innovation through investment in startups, spinning off new businesses and exploring new technologies. Prior to that, Mr. He held various leadership positions in the Group including the President of Cloud Services Business Group and was the Chief Technology Officer overseeing the Group's Research & Technology initiatives and systems. Mr. He holds a bachelor's degree in computer communication from Beijing University of Posts and Telecommunications and a master's degree in computer engineering from the Institute of Computing Technology of the Chinese Academy of Sciences.

Biography of senior management *(continued)*

Dr. Tolga Kurtoglu, 49, is currently Senior Vice President, Chief Technology Officer, and Lenovo Technology Committee Vice-Chair of the Group. Dr. Kurtoglu leads Lenovo's corporate technology strategy and R&D planning & governance. Additionally, he leads Lenovo Research with focuses on AI, computing for smart devices and infrastructure, wireless communications, metaverse and robotics.

Dr. Kurtoglu is a seasoned technology leader with deep expertise in business and innovation strategy. Prior to joining the Group in July 2024, he served in various roles such as chief executive officer and chief technology officer in leading organizations focusing on technology strategy, corporate innovation and incubation, and new business creation — including HP, Inc., Xerox, Palo Alto Research Center, and Dell Computer.

Dr. Kurtoglu has numerous patents and publications in the fields of automation and machine intelligence, fault tolerant system design, and 3D/digital manufacturing. He brings over two decades of tech industry experience. During this tenure, he oversaw the transition of more than 40 innovations from lab to the market through various commercialization strategies, including new product introductions, spin-offs, and partnerships with major corporations.

Dr. Kurtoglu holds a MSc in Mechanical Engineering from Carnegie Mellon; and a PhD in Mechanical Engineering, from the University of Texas-Austin.

Mr. Liu Jun, 56, joined the Group in 1993. He is currently the Executive Vice President and President of Lenovo China, responsible for leading the China business platform and sales across all three Lenovo business groups through an integrated go-to-market strategy. Prior to this position, he held various leadership roles at Lenovo, including Senior Vice President of the Group, President of the Mobile Business Group, President of the Product Group, President of the Global Consumer Group, President of Global Supply Chain, Chief Operating Officer of Lenovo China, the President of Planning and Operations Systems, President of the Consumer IT Business Group.

Mr. Liu has achieved success in many fields. He has successfully led Lenovo in multiple product innovations (such as the world's first home computer, the world's first Internet computer, and the world's first AI PC with five major features). He has continuously innovated business models (creating the Lenovo consumer business chain retail model, developing the important Lenovo model "Dual-Mode Approach" (transactional and relationship models) which has been operated to this day, and establishing an industry-leading direct-to-customer model). He has constantly pioneered new businesses (leading Lenovo's Global Consumer Group to expand from China to over 100 countries and regions worldwide, successfully completing the Motorola acquisition and leading Lenovo's smartphone business to the top three globally, and being the first to build the service business as a new growth engine, achieving the second market position in China).

Mr. Liu holds a bachelor's degree in Automation and an EMBA both from Tsinghua University. He has also completed senior executive management programs at Harvard University and Stanford University.

Ms. Qiao Jian, 57, joined the Group in 1990 and is currently the Senior Vice President, Chief Strategy Officer and Chief Marketing Officer of the Group, overseeing Lenovo's strategy and planning, global brand, marketing and communications. Before that, Ms. Qiao was Co-President of the Mobile Business Group focusing on Lenovo's Mobile business in China. Prior to that, Ms. Qiao was the Senior Vice President of Human Resources. Ms. Qiao held various senior positions in the Group including Senior Vice President of Strategy and Planning and Vice President of Human Resources — both before and after the acquisition of IBM's PC Division. Ms. Qiao has extensive experience in strategy, marketing and branding, and human resources, business management. She holds a bachelor's degree in management science from Fudan University and holds an EMBA from the China Europe International Business School.

Mr. Luca Rossi, 52, joined the Group in 2015 and is currently an Executive Vice President of the Group and the President of the Intelligent Devices Group overseeing the Group's global business in PCs, smartphones, tablets, workstations and other products including AI devices, software, and commercial solutions. Prior to this role, he served as President of the Europe Middle East Africa (EMEA) and Latin America (LATAM) geographies, leading the PC, smartphone, tablet and server businesses. Before joining Lenovo, Mr. Rossi held numerous global leadership roles in Europe including president of EMEA of Acer, leading the consumer business and the product business of Packard Bell and general manager of Asus Europe. Mr. Rossi started his career as a 19-year-old entrepreneur setting up an Italian systems integrator under the Geo Microsystems brand. Mr. Rossi holds a diploma in accounting and studied in Bocconi University.

Biography of directors and senior management *(continued)*

Biography of senior management *(continued)*

Mr. Che Min (Jammi) Tu, 53, joined the Group in 2012 and is currently the Senior Vice President and Group Operations Officer of the Group, where he is responsible for driving Lenovo's operational excellence and improving efficiency across the One Lenovo Operation by working across the numerous business groups to identify synergies and to standardize and streamline processes. Prior to this role, he was Chief Operating Officer of Lenovo's Intelligent Devices Group (IDG) — playing a crucial role in leading that organization to record performance — and Chief Financial Officer (CFO) for the Europe Middle East Africa (EMEA) region. Before joining Lenovo, Mr. Tu was the CFO of Acer Inc. (Acer) from 2009 to 2011, where he also held numerous leadership roles, including Treasury Director, CFO of EMEA, and special assistant to the Chief Executive Officer. Mr. Tu holds an MBA from the University of Manchester.

Mr. Ken Wong, 51, is the Executive Vice President of Lenovo and global President of the Group's Solutions & Services Group ("SSG"). Mr. Wong has been instrumental in spearheading the Group's transformation globally from a hardware and infrastructure only company, to a full-fledged solutions and services powerhouse. He has accelerated the Group's strategy in offering high-value offerings such as digital workplace, hybrid cloud, sustainability, and AI solutions.

In 2021, Mr. Wong was appointed to lead the newly formed SSG, a cornerstone of Lenovo's service-led transformation. Building on his success leading Lenovo's Asia Pacific PCs and Smart Devices business and his strategic leadership as Chairman of NEC Lenovo Japan Group and Fujitsu Client Computing Limited, Mr. Wong brought deep operational and global expertise to the role.

Under his leadership, SSG has grown rapidly, and evolved into a business unit that anchors Lenovo's shift from a hardware leader to a full-stack technology solutions provider. Today, he continues to drive this momentum by leading Lenovo's Hybrid AI strategy — advancing full-stack AI capabilities that help organizations overcome adoption barriers and achieve results.

An IT industry veteran, Mr. Wong has been with Lenovo for nearly two decades and has played a pivotal role in shaping Lenovo's global corporate strategy through his earlier leadership roles. In addition, he is actively serving the technology community in Hong Kong, and currently serves as a board member at the Hong Kong Cyberport Management Company, and Vice President (Greater China Affairs) on the Council of the Hong Kong Computer Society.

Mr. Wong graduated from The University of Hong Kong with a bachelor of Engineering in computer science and has an Executive MBA jointly awarded by The University of Hong Kong, Columbia University and the London Business School.

Mr. Matthew Zielinski, 46, joined the Group in 2018 and is currently an Executive Vice President of the Group and President of the International Sales Organization (ISO) of the Group, responsible for driving revenue and profit growth across all Lenovo businesses while modernizing Lenovo's go-to-market strategy to support the Group's transformation as a full stack technology solutions provider. He leads the ISO geographies, namely Asia Pacific, Japan, EMEA, Latin America and North America. Prior to that, he served as the President of the North America Intelligent Devices Group (IDG) where he was responsible for sales, daily operations, growth and profitability for the United States and Canada. Prior to joining Lenovo, he was the corporate vice president and general manager, head of worldwide OEM sales at AMD. He was responsible for leading AMD's end-to-end efforts for all strategic OEMs, as well as global responsibility for end-user sales through all consumer and commercial routes to market. Mr. Zielinski holds a bachelor of Science in Engineering degree in electrical engineering from the University of Michigan.

Directors' service contracts

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the AGM.

Directors' material interests in transactions, arrangements or contracts

No other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' indemnities and insurance

As permitted by the articles of association of the Company, a director or a former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company that attaches to such director in his or her capacity as a director of the Company, to the extent permitted by law. Such permitted indemnity provision is in force throughout the year and up to the date of this report.

The Company has also taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its directors and officers.

Directors' and chief executive's interests

As at March 31, 2025, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

Directors' and chief executive's interests *(continued)*

(i) Interests in the shares and underlying shares of the Company

Name of director	Interests in shares/ underlying shares *(Note 1)*	Capacity and number of shares/ underlying shares held: Personal interests	Corporate interests	A concert party to an agreement to buy shares described in s.317(1)(a) of SFO	Aggregate long position	Approximate percentage of interests *(Note 2)*
Mr. Yang Yuanqing	Ordinary shares	179,633,040	557,004,000 *(Note 3)*	–	736,637,040	
	Share awards	220,829,321	–	–	220,829,321	
	Warrants	–	273,200,000	4,731,098,290	5,004,298,290	
					5,961,764,651	48.06%
Mr. Zhu Linan	Ordinary shares	3,645,025	–		3,645,025	
	Share awards	451,781	–		451,781	
					4,096,806	0.03%
Mr. Zhao John Huan	Ordinary shares	3,542,767	–		3,542,767	
	Share awards	451,781	–		451,781	
					3,994,548	0.03%
Mr. John Lawson Thornton	Ordinary shares	59,171	–		59,171	
	Share awards	312,334	–		312,334	
					371,505	0.00%
Mr. Gordon Robert Halyburton Orr	Ordinary shares	3,270,726	–		3,270,726	
	Share awards	451,782	–		451,782	
					3,722,508	0.03%
Mr. Woo Chin Wan Raymond	Ordinary shares	1,234,958	–		1,234,958	
	Share awards	451,781	–		451,781	
					1,686,739	0.01%
Ms. Yang Lan	Ordinary shares	922,273	–		922,273	
	Share awards	593,805	–		593,805	
					1,516,078	0.01%
Ms. Cher Wang Hsiueh Hong	Ordinary shares	282,975	–		282,975	
	Share awards	450,660	–		450,660	
					733,635	0.01%
Professor Xue Lan	Ordinary shares	278,895	–		278,895	
	Share awards	451,781	–		451,781	
					730,676	0.01%
Mr. Kasper Bo Roersted	Ordinary shares	–	–		–	
	Share awards	243,825	–		243,825	
					243,825	0.00%

Directors' and chief executive's interests *(continued)*

(ii) Interests in shares and underlying shares of the associated corporations of the Company

Name of director	Name of associated corporations	Long position/ short position	Capacity/ nature of interests	Number and class of shares/ underlying shares/registered capital held	Approximate percentage of interests *(Note 5)*
Mr. Yang Yuanqing	SHAREit Technology Holdings Inc.	Long position	Interest of corporation controlled	4,996,633 Series A preferred shares	16.06%
	陽光雨露信息技術服務(北京)有限公司	Long position	Interest of corporation controlled	Registered capital of RMB157,500	0.32%
	北京平安聯想智慧醫療信息技術有限公司 (formerly known as 北京聯想智慧醫療信息技術有限公司)	Long position	Beneficial owner	Registered capital of RMB2,400,000	1.25%
	北京聯想雲科技有限公司	Long position	Beneficial owner	Registered capital of RMB1,199,900	5.74%
	北京聯想雲計算有限公司	Long position	Beneficial owner	Registered capital of RMB2,000,100	5.74%
	國民認證科技(重慶)有限公司 (formerly known as 國民認證科技(北京)有限公司)	Long position	Beneficial owner	Registered capital of RMB1,097,144	3.29%
	廣東聯想懂的通信有限公司	Long position	Beneficial owner	Registered capital of RMB2,584,615	2.56%
	新陽光(天津)技術服務有限公司	Long position	Beneficial owner	Registered capital of RMB157,500	0.32%
	聯想教育科技(北京)有限公司	Long position	Beneficial owner	Registered capital of RMB1,000,000	2.00%
	鼎道智聯(北京)科技有限公司	Long position	Beneficial owner	Registered capital of RMB2,100,000	1.05%
	聯晟智達(海南)供應鏈管理有限責任公司	Long position	Beneficial owner	Registered capital of RMB490,918	1.29%

Directors' and chief executive's interests *(continued)*

Notes:

1. Share awards represent underlying shares convertible into ordinary shares. Details of share awards are set out under the section headed "LTI Program" in the Compensation committee report.

2. The approximate percentage of interests is based on the shares/underlying shares comprising the interests held as a percentage of the total number of shares in issue of the Company of the same class immediately after the relevant event and as recorded in the register maintained under section 352 of the SFO.

3. The shares are held by Sureinvest in which Mr. Yang Yuanqing holds more than one-third of the voting power at its general meetings. Therefore, Mr. Yang is taken to have an interest in 557,004,000 shares under the SFO and such interest is also reported under the below section headed "Substantial shareholders' and other persons' interests".

4. Mr. Wong Wai Ming and Ms. Laura Green Quatela were appointed as non-executive directors of the Company with effect from April 1, 2025. Mr. Wong was interested in 63,517,293 shares and 32,035,270 underlying shares and Ms. Quatela was interested in 18,936,230 shares and 30,101,260 underlying shares as at April 1, 2025, as recorded in the register maintained by the Company under section 352 of the SFO.

5. The approximate percentage of interests is based on the shares comprising the interests held as a percentage of the total number of shares in issue of the associated corporation of the same class immediately after the relevant event and as recorded in the register maintained under section 352 of the SFO.

Save as disclosed above, as at March 31, 2025, none of the directors or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares or debentures

Under the long-term incentive program of the Company, the Board or the trustee of the program shall select the employees (including but not limited to the directors) of the Group for participation in the program, and determine the number of shares to be awarded.

Details of the movements in the share awards for the year ended March 31, 2025 are set out under the section headed "Long-Term Incentive Scheme" in the Compensation committee report and in the note 7 to the financial statements.

Save as disclosed in the sections headed "Directors' and chief executive's interests" of this report, and "Long-Term Incentive Program" of the Compensation committee report, at no time during the year ended March 31, 2025 was the Company or a specified undertaking of the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders' and other persons' interests

As at March 31, 2025, within the knowledge of the directors, the following corporations (other than the directors and chief executive of the Company as disclosed above) had or deemed or taken to have interests or short positions in the shares and/or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were as recorded in the register required to be kept under section 336 of the SFO:

Name	Long position/ short position	Capacity and number of shares/ underlying shares held			Aggregate long/short position	Approximate percentage of interests *(Note 1)*
		Beneficial owner	Corporate interests	A concert party to an agreement to buy shares described in s.317(1)(a) of SFO		
Legend Holdings Corporation *(Notes 2, 3 and 4)*	Long position	2,867,636,724	1,028,263,805	2,107,466,361	6,003,366,890	48.39%
Right Lane Limited	Long position	–	1,028,263,805	–	1,028,263,805	8.29%
Kind Jasper Limited	Long position	548,263,805	–	–	548,263,805	4.42%
Legion Elite Limited	Long position	480,000,000	–	–	480,000,000	3.87%
Sureinvest Holdings Limited *(Notes 4 and 5)*	Long position	830,204,000	–	5,173,162,890	6,003,366,890	48.39%
Eastern Score Limited *(Note 4)*	Long position	326,000,000	–	5,677,366,890	6,003,366,890	48.39%
Wu To Hing *(Note 4)*	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Wisdom Summit Limited	Long position	221,600,000	–	5,781,766,890	6,003,366,890	48.39%
Huntkey (Hong Kong) Enterprise Group Limited *(Note 4)*	Long position	108,600,000	–	5,894,766,890	6,003,366,890	48.39%
Asiamax Development Limited	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Luo Jiankun	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Compal Electronics, Inc. *(Note 4)*	Long position	48,900,000	–	5,954,466,890	6,003,366,890	48.39%
Wistron Corporation *(Note 4)*	Long position	48,900,000	–	5,954,466,890	6,003,366,890	48.39%
Lite-On Electronics H.K. Limited *(Note 4)*	Long position	48,000,000	–	5,955,366,890	6,003,366,890	48.39%
Lite-On Technology Corporation	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Inditeck Technology Hong Kong Limited *(Note 4)*	Long position	32,600,000	–	5,970,766,890	6,003,366,890	48.39%
Haiqin Telecom Hong Kong Limited	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Huaqin Technology Co. Ltd	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Mason Vap Investment Limited *(Note 4)*	Long position	27,500,000	–	5,975,866,890	6,003,366,890	48.39%
Huajun Wang Ltd.	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Wang Huajun	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Chicony Electronics Co., Ltd. *(Note 4)*	Long position	5,000,000	–	5,998,366,890	6,003,366,890	48.39%
Vestion Equity GmbH & Co. KG *(Note 4)*	Long position	7,000,000	–	5,996,366,890	6,003,366,890	48.39%
Vestion Verwaltungs und Beteiligungsgesellschaft mbH	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Gerhard Brachmann	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Waterwood Acquisition Corporation *(Note 4)*	Long position	2,700,000	–	6,000,666,890	6,003,366,890	48.39%
Lau Wai Kit	Long position	–	6,003,366,890	–	6,003,366,890	48.39%
Alat Technologies Company *(Note 6)*	Long position	–	1,559,181,636	–	1,559,181,636	12.57%
Public Investment Fund *(Note 6)*	Long position	–	1,559,181,636	–	1,559,181,636	12.57%
BlackRock, Inc.	Long position	–	638,822,462	–	638,822,462	5.15%
	Short position	–	8,588,000	–	8,588,000 *(Note 7)*	0.07%

Substantial shareholders' and other persons' interests *(continued)*

Notes:

1. The percentages were complied based on the 12,404,659,302 ordinary shares of the Company in issue as at March 31, 2025.

2. Kind Jasper is wholly-owned by Right Lane, which is in turn wholly-owned by Legend Holdings. By virtue of the SFO, Right Lane and Legend Holdings are deemed to be interested in the 548,263,805 ordinary shares held by Kind Jasper.

3. Legion Elite is wholly-owned by Right Lane, which is in turn wholly-owned by Legend Holdings. By virtue of the SFO, Right Lane and Legend Holdings are deemed to be interested in the 480,000,000 ordinary shares held by Legion Elite.

4. Pursuant to the terms of the warrants subscription agreement, all the warrant subscribers undertook to be subject to certain restrictions on the disposal of their respective Warrants and the underlying Warrant Shares. As such, each of the warrant subscribers became a member of a concert party group. For further details, please refer to the Company's circular dated August 19, 2024. For the avoidance of doubt, the Warrants issued by the Company do not carry any voting right until and unless the Warrant Shares are issued as a result of the exercise of Warrants.

5. Mr. Yang Yuanqing holds more than one-third of the voting power at general meetings of Sureinvest. Accordingly, Mr. Yang is deemed to have interests in those shares of the Company held by Sureinvest under the SFO.

6. On January 8, 2025, the Company issued US$2,000,000,000 zero coupon convertible bonds due 2028 to a wholly-owned subsidiary of Alat Technologies Company ("Alat Technologies"). Upon maturity and assuming full conversion of the zero-coupon convertible bonds at the initial conversion price of HK$10.02 per share, the convertible bonds can be convertible into 1,559,181,636 ordinary shares of the Company. Alat International Investments Company ("Alat International") is wholly-owned by Alat Technologies, which is in turn wholly-owned by Public Investment Fund ("PI Fund"). By virtue of the SFO, Alat Technologies and PI Fund are deemed to be interested in the 1,559,181,636 ordinary shares held by Alat International.

7. The interests include underlying shares as follows:

	Cash settled unlisted equity derivatives	
Name	**Long position**	**Short position**
BlackRock, Inc.	9,646,000	8,458,000
	Listed derivatives – Convertible instruments	
	Long position	**Short position**
	2,189,525	–

Save as disclosed above, as at March 31, 2025, no other persons (other than the directors and chief executive of the Company, whose interests are set out in the above section headed "Directors' and chief executive's interests") had any interests or short positions in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Retirement scheme arrangements

The Group contributes toward retirement income protection for its employees through the provision of defined benefit pension plans, defined contribution plans, and/or contributions to various public retirement schemes in certain jurisdictions. These benefits form an important part of the Group's total compensation and benefits program that is designed to attract and retain highly skilled and talented employees.

Defined benefit pensions plans

Chinese Mainland — Retirement Schemes

The Group participates in respective local municipal government retirement schemes in the mainland of China ("Chinese Mainland") whereby it is required to make an annual contribution of no more than 20% of three times the monthly average salaries as set out by the local municipal government each year. The local municipal governments undertake to assume the retirement benefit obligations of all retirees of the qualified employees in the Chinese Mainland. In July 2006, the Group has established a supplemental retirement program for its employees in Chinese Mainland. This is a defined contribution plan, with voluntary employee participation.

In addition to the above, the Group has defined benefit and/or defined contribution plans that cover substantially all regular employees, and supplemental retirement plans that cover certain executives. Information on the principal pension plans sponsored by the Group is summarized in this section.

Retirement scheme arrangements *(continued)*

Defined benefit pensions plans *(continued)*

United States of America ("US") — Lenovo Pension Plan

The Group provides US regular, full-time and part-time employees who were employed by IBM prior to being hired by the Group and who were members of the IBM Personal Pension Plan ("PPP") with non-contributory defined benefit pension benefits via the Lenovo Pension Plan. As of December 31, 2015, the plan was frozen.

The Lenovo Pension Plan consists of a tax-qualified plan and a non-tax-qualified (non-qualified) plan. The qualified plan is funded by the Group contributions to an irrevocable trust fund, which is held for the sole benefit of participants and beneficiaries. The non-qualified plan, which provides benefits in excess of US Internal Revenue Service limitations for tax-qualified plans, is unfunded.

Pension benefits are calculated using a five-year average final pay formula that determines benefits based on a participant's salary and years of service, including prior service with IBM. The benefit is reduced by the amount of the IBM PPP benefit accrued to May 1, 2005, which will be paid by IBM's trust.

For the year ended March 31, 2025, an amount of US$1,375,125 was charged to the consolidated income statement with respect to the qualified and non-qualified plans.

The principal results of the most recent actuarial valuation of the plan at March 31, 2025 were as follows:

- The actuarial valuation was prepared by Fidelity. The actuaries involved are fully qualified under the requirements of US law.
- The actuarial method used was the Projected Unit Credit Cost method and the principal actuarial assumptions were:

— Discount rate:	5.20%
— Expected return on plan assets:	5.10%
— Future salary increases:	N/A

- The qualified plan was 78% funded at the actuarial valuation date.
- There was a net liability of US$15,271,332 under the qualified plan for this reason at the actuarial valuation date.

Japan — Pension Plan

The Group operates a hybrid plan that consists of a defined contribution up to the annual tax-deductible limit plus a cash balance plan with contributions of 7% of pay. The plan is funded by the Group contributions to a qualified pension fund, which is held for the sole benefit of participants and beneficiaries.

For the year ended March 31, 2025, an amount of JPY828,893,375 was charged to the consolidated income statement with respect to this plan.

The principal results of the most recent actuarial valuation of the plan at March 31, 2025 were the following:

- The actuarial valuation was prepared by JP Actuary Consulting Co., Ltd.. The actuaries involved are fully qualified under the requirements of Japanese law.
- The actuarial method used was the Projected Unit Credit Cost method and the principal actuarial assumptions were:

— Discount rate:	2.30%–2.60%
— Expected return on plan assets:	2.10%
— Future salary increases:	Age-group based

- The plan was 93% funded at the actuarial valuation date.
- There was a net liability of JPY1,869,049,436 under this plan at the actuarial valuation date.

Retirement scheme arrangements *(continued)*

Defined benefit pensions plans *(continued)*

Germany — Pension Plan

The Group operates a hybrid plan that provides a defined contribution for some participants and a final pay defined benefit for other participants, depending on which former IBM plan they were in. The Group also operates a closed defined benefit plan for ex-Motorola Mobility employees.

Employees hired by IBM before January 1, 1992 have a defined benefit based on a final pay formula. Employees hired from 1992 to 1999 have a combination of a defined benefit based on a final pay formula and a defined contribution plan with employee required contributions of 7% of pay above the social security ceiling and a 100% company match.

Employees hired in or after 2000 have a combination of a cash balance plan with an employer contribution of 2.95% of pay below the social security ceiling, and a voluntary defined contribution plan where employees can contribute specific amounts through salary sacrifice. Employees of Motorola Mobility have a defined benefit based on a final pay formula.

The plan is partially funded by the Group and employee contributions to an insured support fund with DBV-Winterthur up to the maximum tax-deductible limits. In line with standard practice in Germany, the remainder is unfunded (book reserve).

For the year ended March 31, 2025, an amount of EUR4,305,914 was charged to the consolidated income statement with respect to this plan.

The principal results of the most recent actuarial valuation of the plan at March 31, 2025 were as follows:

- The actuarial valuation was prepared by Kern, Mauch & Kollegen (Motorola Mobility valuation prepared by Willis Towers Watson). The actuaries involved are fully qualified under German law.
- The actuarial method used was the Projected Unit Credit Cost method and the principal actuarial assumptions were:

— Discount rate:	3.90%
— Future salary increases:	Age-group based
— Future pension increases:	2.00%

- The plans were 41% funded at the actuarial valuation date.
- There was a net liability of EUR91,717,249 under this plan at the actuarial valuation date.

Retirement scheme arrangements *(continued)*

Defined contribution plans

US Lenovo Savings Plan

US regular, full-time and part-time employees of Lenovo (United States) Inc., including employees of Motorola Mobility LLC, are eligible to participate in the Lenovo Savings Plan, which is a tax-qualified defined contribution plan under section 401(k) of the Internal Revenue Code of the United States. The Motorola Mobility 401(k) Plan merged into the Lenovo Savings Plan effective December 31, 2015. The Group matches 100% of the employee's contribution up to the first 6% of the employee's eligible compensation. Employee contributions are voluntary. All contributions, including the Group match, are made in cash, in accordance with the participants' investment elections. The Group match is immediately vested.

US Lenovo Executive Deferred Compensation Plan

The Group also maintains an unfunded, non-qualified, defined contribution plan, the Lenovo Executive Deferred Compensation Plan, which allows eligible executives to defer compensation, and to receive the Group matching contributions, with respect to amounts in excess of Internal Revenue Service limits for tax-qualified plans. Compensation deferred under the plan, as well as the Group matching contributions are recorded as liabilities.

Deferred compensation amounts may be directed by participants into an account that replicates the return that would be received had the amounts been invested in similar Lenovo Savings Plan investment options. The Group matching contributions, are directed to participant accounts and fluctuate based on changes in the stock prices of the underlying investment portfolio.

United Kingdom ("UK") — Lenovo Stakeholders Plan

UK regular, full-time, part-time and fixed term Lenovo contract employees are eligible to participate in the Lenovo Stakeholders Plan, which is a tax-qualified defined contribution "stakeholder" plan. The Group contributes 8.7% of an employee's eligible salary to the employee's pension account each year and the employer contributions are dependent on employee contributing no less than 3% of their salary to the same fund.

Canada — Defined Contribution Pension Plan

Canadian regular, full-time and part-time employees are eligible to participate in the Defined Contribution Pension Plan, which is a tax-qualified defined contribution plan. The Group contributes 4% of the employee's eligible compensation, in addition the Group matches 50% of the employee's contribution up to the first 4% of the employee's eligible compensation. All contributions are made in cash, in accordance with the participants' investment elections. Employee contributions are voluntary.

Hong Kong S.A.R. of China — Mandatory Provident Fund

The Group operates a Mandatory Provident Fund Scheme for all qualified employees employed in Hong Kong S.A.R. of China. They are required to contribute 5% of their compensation (subject to the monthly ceiling under the requirements set out in the Mandatory Provident Fund legislation, currently HK$1,500). The employer's contribution will increase from 5% to 7.5% and 10% respectively after completion of five, five to nine years, and ten years of service by the relevant employees.

Continuing connected transactions

During the year, the Group conducted continuing connected transactions with Fujitsu Limited ("Fujitsu") and its affiliates (together, "Fujitsu Group"), being connected persons (as defined in the Listing Rules) of the Company, which are required to be disclosed pursuant to rules 14A.49 and 14A.71 of the Listing Rules.

Fujitsu Client Computing Limited ("FCCL") is a joint venture company held as to 51% by the Company (through Lenovo International Coöperatief U.A.) and 44% by Fujitsu to engage in the business of personal computers and their related products pursuant to the Joint Venture Agreement entered into between the Company and amongst others, Fujitsu dated November 2, 2017 and became effective on May 2, 2018 (the "Completion Date").

At or prior to the Completion Date, Fujitsu Group entered into various agreements (the "Fujitsu CCT Agreements") with FCCL in respect of the provision of certain services and products to or by FCCL to facilitate the operation of its personal computer business in Japan. Details of the Fujitsu CCT Agreements are set out in the announcement published by the Company on May 2, 2018.

Upon the Completion Date, FCCL has become an indirect non-wholly-owned subsidiary of the Company. Fujitsu is a connected person of the Company at the subsidiary level by virtue of Fujitsu being a substantial shareholder of FCCL, whose shareholding in FCCL increased from 44% to 49% following the acquisition of FCCL's shares from a third party in 2023. The transactions contemplated under the Fujitsu CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting requirements under the Listing Rules.

On February 21, 2020, the annual caps of the Secondment Agreement, the Manufacturing Agreement (FIT) and the Fujitsu Trademark and Brand License Agreement (all of which form part of the Fujitsu CCT Agreements), for the four financial years ended March 31, 2020, 2021, 2022 and 2023 were revised. Details of such revision of annual caps are set out in the announcement dated February 21, 2020.

On January 16, 2023, FCCL exercised its option to extend the term of the Fujitsu Trademark and Brand License Agreement to May 2, 2026 by providing a notice of extension to Fujitsu and on March 31, 2023, the annual caps of such agreement were set for the financial years ended March 31, 2024 and March 31, 2025 and the financial year ending March 31, 2026.

On March 31, 2023, the terms of Transitional Services Agreement, Secondment Agreement, the Manufacturing Agreement (FIT) and Sales and Distribution Agreement (the "Other 2023 Renewed Fujitsu CCT Agreements", together with the Fujitsu Trademark and Brand License Agreement, the "2023 Renewed Fujitsu CCT Agreements") were extended to May 2, 2024 by entering into side letters between FCCL and the respective parties to the Other 2023 Renewed Fujitsu CCT Agreements and the annual caps of the Other 2023 Renewed Fujitsu CCT Agreements were set for the financial year ended March 31, 2024. Details of the renewal of the 2023 Renewed Fujitsu CCT Agreements are set out in the announcement dated March 31, 2023.

On March 28, 2024, the terms of Other 2023 Renewed Fujitsu CCT Agreements were extended to May 2, 2025 by entering into side letters between FCCL and the respective parties to the Other 2023 Renewed Fujitsu CCT Agreements and the annual caps of the Other 2023 Renewed Fujitsu CCT Agreements were set for the financial year ended March 31, 2025. Details of the renewal of the Other 2023 Renewed Fujitsu CCT Agreements are set out in the announcement dated March 28, 2024.

On October 31, 2024, the Company entered into a new secondment agreement with Fujitsu ("New Secondment Agreement") as a de minimis transaction for a term of three years, regarding secondment of employees from members of Fujitsu Group to FCCL, on the same terms and conditions as applied to the Secondment Agreement, which expired on May 2, 2025 and was not renewed upon expiry. On February 28, 2025, the annual caps of the New Secondment Agreement were set for the financial year ended March 31, 2025, two financial years ending March 31, 2026 and March 31, 2027 and the seven months ending October 31, 2027.

On February 28, 2025, the annual caps of the Manufacturing Agreement (FIT) and the Sales and Distribution Agreement (all of which form part of the 2023 Renewed Fujitsu CCT Agreements), for the financial year ended March 31, 2025 were revised (the "Revision") in light of the strong performance of FCCL's business in FY2024/25. In addition, the terms of the Transitional Services Agreement, the Manufacturing Agreement (FIT) and Sales and Distribution Agreement (the "2025 Renewed Fujitsu CCT Agreements") were extended to May 2, 2026 by entering into side letters between FCCL and the respective parties and the annual caps of the 2025 Renewed Fujitsu CCT Agreements were set for the financial year ending March 31, 2026. Details of the Revision, renewal of the 2025 Renewed Fujitsu CCT Agreements and the New Secondment Agreement are set out in the announcement dated February 28, 2025.

Save as the revisions mentioned above, other agreements forming the remaining part of the 2023 Renewed Fujitsu CCT Agreements were not renewed.

Continuing connected transactions *(continued)*

Details of such continuing connected transactions contemplated under the 2023 Renewed Fujitsu CCT Agreements and the New Secondment Agreement conducted by the Group with Fujitsu Group during the year are set out as follows:

(i) Transitional Services Agreement

Date:	May 2, 2018 with side letters entered on March 31, 2023, March 28, 2024 and February 28, 2025 respectively
Parties:	FCCL and Fujitsu
Services provided/received:	Transitional services provided by Fujitsu to FCCL and vice versa including research and development of hardware and software, sales and marketing, information technology support, development and management, customer care support, quality control, manufacturing support, supply chain management, procurement and corporate management.
Term:	The term commenced from May 2, 2018 and expired on May 2, 2023, which was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025 respectively due to mutual development needs and goals of the Company and Fujitsu. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap:	Expenses incurred from the use of services provided by Fujitsu to FCCL: 1/4/2024 – 31/3/2025: JPY6,442 million (approximately US$42.8 million)(Note 1) 1/4/2025 – 31/3/2026: JPY6,161 million (approximately US$41.1 million)(Note 2) Incomes generated for services to Fujitsu by FCCL: 1/4/2024 – 31/3/2025: JPY514 million (approximately US$3.4 million)(Note 1) 1/4/2025 – 31/3/2026: JPY426 million (approximately US$2.8 million)(Note 2)

Continuing connected transactions *(continued)*

(ii) Secondment Agreement

Date:	May 2, 2018 with side letters entered on March 31, 2023 and March 28, 2024 respectively
Parties:	FCCL and Fujitsu
Services provided/received:	Secondment by Fujitsu to FCCL of certain employees of Fujitsu.
Term:	The term commenced from May 2, 2018 and expired on May 2, 2023, which was subsequently extended to May 2, 2024 and May 2, 2025 by entering into side letters on March 31, 2023 and March 28, 2024 respectively due to mutual development needs and goals of the Company and Fujitsu.
Annual cap:	Expenses incurred from the use of services provided by Fujitsu to FCCL: 1/4/2024 – 31/3/2025: JPY55 million (approximately US$0.4 million)[Note 1]

(iii) Manufacturing Agreement (FIT)[Note 3]

Date:	May 2, 2018 with side letters entered on March 31, 2023, March 28, 2024 and February 28, 2025 respectively
Parties:	FCCL and Fujitsu Isotec Limited ("FIT")
Services provided/received:	FIT agreed to provide manufacturing services to FCCL. FCCL agreed to provide component sourcing services to FIT.
Term:	The term commenced from May 2, 2018 and expired on May 2, 2023, which was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025 respectively due to mutual development needs and goals of the Company and Fujitsu. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap:	Expenses incurred from the use of services provided by FIT to FCCL: 1/4/2024 – 31/3/2025: Revised from JPY386 million (approximately US$2.6 million)[Note 1] to JPY470 million (approximately US$3.1 million)[Note 2] 1/4/2025 – 31/3/2026: JPY503 million (approximately US$3.4 million)[Note 2]

Continuing connected transactions *(continued)*

(iv) Sales and Distribution Agreement

Date:	May 2, 2018 with side letters entered on March 31, 2023, March 28, 2024 and February 28, 2025 respectively
Parties:	FCCL and Fujitsu
Services provided/received:	FCCL agreed to supply Fujitsu-branded products and such other products as agreed between the parties and services to Fujitsu.
Term:	The term commenced from May 2, 2018 and expired on May 2, 2023, which was subsequently extended to May 2, 2024, May 2, 2025 and May 2, 2026 by entering into side letters on March 31, 2023, March 28, 2024 and February 28, 2025 respectively due to mutual development needs and goals of the Company and Fujitsu. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap:	Incomes generated for services to Fujitsu by FCCL: 1/4/2024 – 31/3/2025: Revised from JPY151,561 million (approximately US$1,006.2 million)(Note 1) to JPY196,900 million (approximately US$1,314.1 million)(Note 2) 1/4/2025 – 31/3/2026: JPY239,980 million (approximately US$1,601.6 million)(Note 2)

(v) Fujitsu Trademark and Brand License Agreement

Date:	May 2, 2018 with a notice of extension on January 16, 2023
Parties:	FCCL and Fujitsu
Services provided/received:	Fujitsu granted FCCL licenses to use Fujitsu name and trademarks.
Term:	The term commenced from May 2, 2018 and expired on May 2, 2023, which was subsequently extended to May 2, 2026 following the exercise of option by FCCL by providing a notice of extension to Fujitsu on January 16, 2023 due to mutual development needs and goals of the Company and Fujitsu. The term may be extended under the same terms and conditions by mutual agreement between the parties.
Annual cap:	Royalty payable to Fujitsu: 1/4/2024 – 31/3/2025: JPY685 million (approximately US$5.2 million)(Note 4) 1/4/2025 – 31/3/2026: JPY639 million (approximately US$4.9 million)(Note 4)

Continuing connected transactions *(continued)*

(vi) New Secondment Agreement

Date:	October 31, 2024
Parties:	FCCL and Fujitsu
Services provided/received:	Secondment by Fujitsu to FCCL of certain employees of Fujitsu.
Term:	The term commenced from November 1, 2024 and will be expired on October 31, 2027.
Annual cap:	Expenses incurred from the use of services provided by Fujitsu to FCCL: 1/11/2024 – 31/3/2025: JPY100 million (approximately US$0.7 million)(Note 2) 1/4/2025 – 31/3/2026: JPY161 million (approximately US$1.1 million)(Note 2) 1/4/2026 – 31/3/2027: JPY162 million (approximately US$1.1 million)(Note 2) 1/4/2027 – 31/10/2027: JPY96 million (approximately US$0.6 million)(Note 2)

Notes:

1. The translation of Japanese yen into United States dollars is based on the exchange rate of JPY1.00 to US$0.006639 for information purposes only.

2. The translation of Japanese yen into United States dollars is based on the exchange rate of JPY1.00 to US$0.006674 for information purposes only.

3. FCCL ceased and did not provide any component sourcing services to FIT under the Manufacturing Agreement (FIT) for the financial year ended March 31, 2025.

4. The translation of Japanese yen into United States dollars is based on the exchange rate of JPY1.00 to US$0.007645 for information purposes only.

Full details of the above continuing connected transactions are set out in the announcements published by the Company on November 2, 2017, May 2, 2018, February 21, 2020, March 31, 2023, March 28, 2024 and February 28, 2025 and on the websites of the Group and Hong Kong Exchanges and Clearing Limited.

In accordance with rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions as mentioned above and confirmed that the transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Group as a whole.

Pursuant to rule 14A.56 of the Listing Rules, the Company's external auditor, PricewaterhouseCoopers ("PwC") was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PwC has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the paragraph above in accordance with rule 14A.56 of the Listing Rules.

Significant related party transactions

During the year, the Group entered into certain transactions with parties regarded as "related parties" under applicable accounting principles. Details of the significant related party transactions undertaken in the normal course of business are set out in note 34 to the financial statements. None of these transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

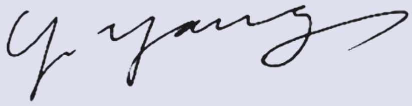
Auditor

The financial statements for the year have been audited by PwC who retire and, being eligible, offer themselves for re-appointment.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

On behalf of the Board



Yang Yuanqing
Chairman and Chief Executive Officer
May 22, 2025

Independent auditor’s report

Independent auditor’s report
To the members of Lenovo Group Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Lenovo Group Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 171 to 266, comprise:

- the consolidated balance sheet as at March 31, 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters *(continued)*

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill and other intangible assets with indefinite useful lives
- Recognition of deferred income tax assets

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible assets with indefinite useful lives Refer to note 14 to the consolidated financial statements As at March 31, 2025, the Group had goodwill and other intangible assets with indefinite useful lives totaling US$6,118 million. The Group tests at least annually whether goodwill and other intangible assets that have indefinite useful lives have suffered any impairment. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows cash generating units ("CGUs"). The recoverable amount of each CGU was determined based on value in use calculations using cash flow projections. We focused on the impairment of goodwill and other intangible assets with indefinite useful lives because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment of goodwill and other intangible assets with indefinite useful lives is considered significant due to significant management judgement to appropriately identify CGUs and to determine the key assumptions, including revenue growth rates, operating margins and discount rates. Management are of the view that there was no evidence of impairment of goodwill or other intangible assets with indefinite useful lives as at March 31, 2025.	Our procedures in relation to the Group's impairment assessment included: • Assessing the value in use calculation methodology adopted by management. • Understanding management's controls and processes for determining the recoverable amount and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Assessing management's identification of CGUs based on the Group's accounting policies and our understanding of the Group's business. • Challenging the reasonableness of key assumptions such as revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances. • Reconciling input data to supporting evidence, such as approved forecasts of future profits and strategic plans. • Considering the reasonableness of the forecasts of future profits and strategic plans by comparing them against past results achieved. • Assessing management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, might impact on the outcome of the impairment assessment of the goodwill and other intangible assets with indefinite useful lives. We found the judgements made by management in relation to the impairment assessment to be supportable based on the available evidence.

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred income tax assets Refer to note 16 to the consolidated financial statements As at March 31, 2025, the Group had deferred income tax assets of US$3,056 million. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and expected to apply when the related deferred tax income asset is realized. We focused on the recognition of deferred income tax assets because the estimation of future taxable profit is subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of deferred income tax assets is considered significant due to significant management judgement regarding the future financial performance of the entity in which the deferred income tax asset has been recognized. A number of factors are evaluated in considering whether there is evidence that it is probable the deferred income tax assets will be realized, including whether there will be sufficient taxable profits available during the utilization periods, existence of taxable temporary differences, group relief and tax planning strategies. Management has performed its assessment on the recognition of these deferred income tax assets and considers that the realization of these assets is probable as at March 31, 2025.	Our procedures in relation to the recognition of deferred income tax assets included: • Understanding management's controls and processes for the recognition of deferred income tax assets and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Evaluating management's assessment as to whether there will be sufficient taxable profits in future periods by reference to forecasts of future profits/strategic plans and future reversals of taxable temporary differences to support the recognition of deferred income tax assets. • Assessing the underlying assumptions used in management's approved forecasts of future profits such as revenue growth rates and operating margins by comparison to historical results and future strategic and tax plans and with reference to the business and industry circumstances. • Testing management's reconciliations of forecast profits to forecast taxable profits to supporting evidence on a sample basis. • Validating available tax losses, including the respective expiry periods to tax returns and tax correspondence of the relevant subsidiaries. • Testing the calculation of deferred income tax assets by reference to tax rates enacted or substantively enacted by the balance sheet date. We found the judgements made by management in relation to recognition of deferred income tax assets to be supportable based on the available evidence.

Other information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and the audit committee for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shia Yuen Yee (practising certificate number: P05129).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, May 22, 2025

Consolidated income statement

For the year ended March 31, 2025

	Note	2025 US$'000	2024 US$'000
Revenue	3	**69,076,968**	56,863,784
Cost of sales		**(57,979,358)**	(47,060,601)
Gross profit		**11,097,610**	9,803,183
Selling and distribution expenses		**(3,584,534)**	(3,308,889)
Administrative expenses		**(2,822,604)**	(2,491,839)
Research and development expenses		**(2,288,204)**	(2,027,532)
Other operating income/(expenses) — net		**(238,115)**	30,861
Operating profit	4	**2,164,153**	2,005,784
Finance income	5(a)	**109,964**	148,134
Finance costs	5(b)	**(773,269)**	(762,805)
Share of losses of associates and joint ventures	15	**(19,978)**	(25,659)
Profit before taxation		**1,480,870**	1,365,454
Taxation	6	**(18,918)**	(263,142)
Profit for the year		**1,461,952**	1,102,312
Profit attributable to:			
Equity holders of the Company		**1,384,445**	1,010,506
Other non-controlling interests		**77,507**	91,806
		1,461,952	1,102,312
Earnings per share attributable to equity holders of the Company			
Basic	9(a)	**US11.30 cents**	US8.41 cents
Diluted	9(b)	**US10.62 cents**	US8.05 cents

Consolidated statement of comprehensive income

For the year ended March 31, 2025

	Note	**2025 US$'000**	2024 US$'000
Profit for the year		**1,461,952**	1,102,312
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations, net of taxes	6, 27	**5,561**	(6,674)
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	6, 17	**(11,369)**	(7,802)
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Fair value change on cash flow hedges from foreign exchange forward contracts, net of taxes	6		
— Fair value gain, net of taxes		**80,174**	143,653
— Reclassified to consolidated income statement		**(182,314)**	(92,356)
Currency translation differences	6	**(377,729)**	(366,849)
Other comprehensive loss for the year		**(485,677)**	(330,028)
Total comprehensive income for the year		**976,275**	772,284
Total comprehensive income attributable to:			
Equity holders of the Company		**893,258**	718,173
Other non-controlling interests		**83,017**	54,111
		976,275	772,284

Consolidated balance sheet

At March 31, 2025

	Note	2025 US$'000	2024 US$'000
Non-current assets			
Property, plant and equipment	11	**2,026,280**	2,010,178
Right-of-use assets	12	**592,340**	571,305
Construction-in-progress	13	**282,309**	337,648
Intangible assets	14	**8,232,977**	8,345,407
Interests in associates and joint ventures	15	**315,704**	318,803
Deferred income tax assets	16	**3,055,905**	2,633,302
Financial assets at fair value through profit or loss	17	**1,464,384**	1,393,666
Financial assets at fair value through other comprehensive income	17	**45,382**	55,973
Other non-current assets		**311,448**	397,489
		16,326,729	16,063,771
Current assets			
Inventories	18	**7,923,804**	6,702,677
Trade and notes receivables	19(a)	**10,506,610**	8,147,695
Derivative financial assets		**53,690**	69,568
Deposits, prepayments and other receivables	19(c)	**4,223,658**	3,782,366
Income tax recoverable		**379,590**	359,491
Bank deposits	20	**88,607**	65,555
Cash and cash equivalents	20	**4,728,124**	3,559,831
		27,904,083	22,687,183
Total assets		**44,230,812**	38,750,954

Consolidated balance sheet

At March 31, 2025

	Note	2025 US$'000	2024 US$'000
Share capital	28	**3,500,987**	3,500,987
Reserves		**2,568,000**	2,081,606
Equity attributable to owners of the Company		**6,068,987**	5,582,593
Other non-controlling interests		**1,138,283**	1,045,947
Put option written on non-controlling interests	22(b)	**(547,353)**	(547,353)
Total equity		**6,659,917**	6,081,187
Non-current liabilities			
Borrowings	24	**4,337,806**	3,569,229
Warranty provision	23	**159,400**	161,261
Deferred revenue		**1,628,942**	1,436,484
Retirement benefit obligations	27	**220,784**	241,402
Deferred income tax liabilities	16	**270,268**	447,523
Derivative financial liabilities	25	**241,778**	–
Other non-current liabilities	26	**717,784**	754,705
		7,576,762	6,610,604
Current liabilities			
Trade and notes payables	21	**11,978,933**	10,505,427
Derivative financial liabilities	25	**197,196**	42,555
Other payables and accruals	22	**13,904,384**	12,751,775
Provisions	23	**852,593**	920,950
Deferred revenue		**1,565,459**	1,512,645
Income tax payable		**465,216**	275,380
Borrowings	24	**1,030,352**	50,431
		29,994,133	26,059,163
Total liabilities		**37,570,895**	32,669,767
Total equity and liabilities		**44,230,812**	38,750,954

On behalf of the Board

Yang Yuanqing
Chairman and Chief Executive Officer

Wong Wai Ming
Director

Consolidated cash flow statement

For the year ended March 31, 2025

	Note	2025 US$'000	2024 US$'000
Cash flows from operating activities			
Net cash generated from operations	31(a)	**2,312,940**	3,368,939
Interest paid		**(725,686)**	(744,049)
Tax paid		**(487,432)**	(613,899)
Net cash generated from operating activities		**1,099,822**	2,010,991
Cash flows from investing activities			
Purchase of property, plant and equipment		**(352,979)**	(275,096)
Sale of property, plant and equipment		**38,918**	28,010
Acquisition of businesses, net of cash acquired	31(c)	**(1,537)**	(135,059)
Interests acquired in associates		**(8,917)**	(12,378)
Deemed disposal of a subsidiary, net of cash disposed		**(14,272)**	–
Loans to an associate and a joint venture		**(26,564)**	(6,738)
Repayment of loans to an associate and a joint venture		**29,971**	30,563
Payment for construction-in-progress		**(313,499)**	(454,681)
Payment for intangible assets		**(484,674)**	(556,120)
Purchase of financial assets at fair value through profit or loss		**(155,775)**	(179,192)
Purchase of financial assets at fair value through other comprehensive income		**(14)**	–
Net proceeds from sale of financial assets at fair value through profit or loss		**138,041**	124,314
Net proceeds from disposal of interest in an associate		**–**	313
(Increase)/decrease in bank deposits		**(23,052)**	5,608
Dividends received		**8,114**	2,933
Interest received		**109,964**	144,073
Net cash used in investing activities		**(1,056,275)**	(1,283,450)

Consolidated cash flow statement

For the year ended March 31, 2025

	Note	2025 US$'000	2024 US$'000
Cash flows from financing activities	31(b)		
Capital contribution from other non-controlling interests		**91,783**	112,646
Distribution to other non-controlling interests		**(12,516)**	(8,868)
Purchase of shares by employee share trusts		**(252,389)**	(469,955)
Acquisition of additional interest in a subsidiary		**(12,861)**	(76,722)
Principal elements of lease payments		**(121,071)**	(134,545)
Dividends paid		**(608,351)**	(583,273)
Dividends paid to other non-controlling interests		**(59,286)**	(36,995)
Proceeds from issue of warrants		**211,652**	–
Proceeds from issue of convertible bonds		**2,000,000**	–
Issuing cost of convertible bonds		**(20,192)**	–
Proceeds from loans		**17,014,380**	11,792,697
Repayments of loans		**(17,041,262)**	(11,799,007)
Repurchase of notes		**-**	(132,083)
Net cash generated from/(used in) financing activities		**1,189,887**	(1,336,105)
Increase/(decrease) in cash and cash equivalents		**1,233,434**	(608,564)
Effect of foreign exchange rate changes		**(65,141)**	(81,690)
Cash and cash equivalents at the beginning of the year		**3,559,831**	4,250,085
Cash and cash equivalents at the end of the year	20	**4,728,124**	3,559,831

Consolidated statement of changes in equity

For the year ended March 31, 2025

	Attributable to equity holders of the Company										
	Share capital US$'000	Investment revaluation reserve US$'000	Employee share trusts US$'000	Share-based compensation reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Other non-controlling interests US$'000	Put option written on non-controlling interests US$'000	Total US$'000
At April 1, 2023	3,282,318	(60,860)	(153,385)	(344,218)	(9,154)	(2,096,441)	163,411	4,805,919	1,006,784	(547,353)	6,047,021
Profit for the year	–	–	–	–	–	–	–	1,010,506	91,806	–	1,102,312
Other comprehensive (loss)/income	–	(7,802)	–	–	51,297	(329,154)	–	(6,674)	(37,695)	–	(330,028)
Total comprehensive (loss)/income for the year	–	(7,802)	–	–	51,297	(329,154)	–	1,003,832	54,111	–	772,284
Transfer to statutory reserve	–	–	–	–	–	–	19,370	(19,370)	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	(3,462)	–	(3,462)
Vesting of shares under long-term incentive program	–	–	415,853	(579,749)	–	–	–	–	–	–	(163,896)
Deferred tax in relation to long-term incentive program	–	–	–	(6,487)	–	–	–	–	–	–	(6,487)
Settlement of bonus through long-term incentive program	–	–	–	2,445	–	–	–	–	–	–	2,445
Share-based compensation	–	–	–	277,574	–	–	–	–	–	–	277,574
Purchase of shares by employee share trusts	–	–	(469,955)	–	–	–	–	–	–	–	(469,955)
Dividends paid	–	–	–	–	–	–	–	(583,273)	–	–	(583,273)
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	(36,995)	–	(36,995)
Capital contribution from other non-controlling interests	–	–	–	–	–	–	6,844	–	106,008	–	112,852
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	(8,868)	–	(8,868)
Change of ownership of subsidiaries without loss of control	–	–	–	–	–	–	(5,091)	–	(71,631)	–	(76,722)
Conversion of convertible bonds	218,669	–	–	–	–	–	–	–	–	–	218,669
At March 31, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187

Consolidated statement of changes in equity

For the year ended March 31, 2025

	Attributable to equity holders of the Company										
	Share capital US$'000	Investment revaluation reserve US$'000	Employee share trusts US$'000	Share-based compensation reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Other non-controlling interests US$'000	Put option written on non-controlling interests US$'000	Total US$'000
At April 1, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187
Profit for the year	-	-	-	-	-	-	-	1,384,445	77,507	-	1,461,952
Other comprehensive (loss)/income	-	(11,369)	-	-	(102,140)	(383,239)	-	5,561	5,510	-	(485,677)
Total comprehensive (loss)/income for the year	-	(11,369)	-	-	(102,140)	(383,239)	-	1,390,006	83,017	-	976,275
Transfer to statutory reserve	-	-	-	-	-	-	16,895	(16,895)	-	-	-
Deemed disposal of a subsidiary	-	-	-	-	-	(13,513)	(135)	-	(718)	-	(14,366)
Transfer of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income to retained earnings	-	290	-	-	-	-	-	(290)	-	-	-
Vesting of shares under long-term incentive program	-	-	318,524	(448,422)	-	-	-	-	-	-	(129,898)
Deferred tax in relation to long-term incentive program	-	-	-	5,322	-	-	-	-	-	-	5,322
Settlement of bonus through long-term incentive program	-	-	-	561	-	-	-	-	-	-	561
Share-based compensation	-	-	-	290,245	-	-	-	-	-	-	290,245
Purchase of shares by employee share trusts	-	-	(252,389)	-	-	-	-	-	-	-	(252,389)
Dividends paid	-	-	-	-	-	-	-	(608,351)	-	-	(608,351)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(59,286)	-	(59,286)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	13,067	-	92,319	-	105,386
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(12,516)	-	(12,516)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(2,381)	-	(10,480)	-	(12,861)
Issue of convertible bonds (Note 24(c))	-	-	-	-	-	-	290,608	-	-	-	290,608
At March 31, 2025	3,500,987	(79,741)	(141,352)	(802,729)	(59,997)	(2,822,347)	502,588	5,971,578	1,138,283	(547,353)	6,659,917

1 General information and basis of preparation

Lenovo Group Limited (the "Company") and its subsidiaries (together, the "Group") develop, manufacture and market reliable, high-quality, secure and easy-to-use technology products and services. Its product lines include legendary Think-branded commercial personal computers and Idea-branded consumer personal computers, as well as servers, workstations, and a family of mobile internet devices, including tablets and smartphones.

The Company is a limited liability company incorporated in Hong Kong S.A.R. of China. The address of its registered office is 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong S.A.R. of China. The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention except that plan assets under defined benefit pension plans and certain financial assets and financial liabilities are stated at fair values, as explained in the material accounting policies set out in relevant notes to the consolidated financial statements.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in relevant notes to the consolidated financial statements.

Changes in accounting policies and disclosures

Interpretation and amendments to existing standards adopted by the Group

The following interpretation and amendments to existing standards became applicable for the current year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these interpretation and amendments to existing standards.

— Hong Kong Interpretation 5 (Revised), Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

— Amendments to HKAS 1, Classification of liabilities as current or non-current

— Amendments to HKAS 1, Non-current liabilities with covenants

— Amendments to HKFRS 16, Lease liability in a sale and leaseback

— Amendments to HKAS 7 and HKFRS 7, Supplier finance arrangements

1 General information and basis of preparation *(continued)*

Changes in accounting policies and disclosures *(continued)*

New and amendments to standards in issue not yet effective

The following new standards, amendments and improvements to standards, which may be applicable to the Group, have been issued but are not effective for the year ended March 31, 2025 and have not been early adopted:

	Effective for annual periods beginning on or after
Amendments to HKAS 21, Lack of exchangeability	April 1, 2025
Amendments to HKFRS 9 and HKFRS 7, Amendments to the classification and measurement of financial instruments	April 1, 2026
Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature-dependent electricity	April 1, 2026
Annual improvements to HKFRS accounting standards — Volume 11	April 1, 2026
HKFRS 18, Presentation and disclosure in financial statements	April 1, 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	Date to be determined

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive. The Group will apply the new standard from its mandatory effective date of April 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending March 31, 2027 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, the application of new and amendments to standards is not expected to have a material impact on the consolidated financial statements of the Group.

2 Material accounting policies

Other than the material accounting policies included in corresponding notes to the consolidated financial statements, the material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group operates certain businesses in the Mainland of China (“Chinese Mainland”) through the variable interest entities (“VIE”), whose equity interests are held by certain key management personnel of the Group. The Group obtained control over these VIEs by entering into a series of contractual arrangement with the legal shareholders who are also referred to as nominee shareholders. These nominee shareholders are the legal owners of the VIEs. However, the rights of those nominee shareholders have been transferred to the Group through the contractual arrangements.

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(i) Subsidiaries *(continued)*

The contractual arrangements that are used to control the VIEs include loan agreements, powers of attorney, exclusive consultation service agreements, exclusive business cooperation agreement, equity pledge agreements and exclusive option agreements. Management concluded that the Group, through the contractual arrangements, has the power to direct the activities that most significantly impact the VIEs' economic performance, bears the risks of and enjoys the rewards normally associated with the ownership of the VIEs, and therefore the Group is the ultimate primary beneficiary of these VIEs. Consequently, the financial results of the VIEs were included in the Group's consolidated financial statements accordingly.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Adjustments have been made to the financial statements of subsidiaries when necessary to align their accounting policies to ensure consistency with the policies adopted by the Group.

For subsidiaries which adopted December 31 as their financial year end date for statutory reporting purposes, their financial statements for the years ended March 31, 2025 and 2024 have been used for the preparation of the Group's consolidated financial statements.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, amount of any non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed (Note 14). If it is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

Critical accounting estimates and judgments

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Separate financial statements

Investments in subsidiaries in the Company's balance sheet are accounted for at cost less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(v) Associates and joint arrangements

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

(A) Associates and joint ventures

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The Group's interests in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income or loss is recognized in other comprehensive income or loss with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or the joint venture including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(v) Associates and joint arrangements *(continued)*

(A) Associates and joint ventures (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount adjacent to share of profit/(loss) of associates and joint ventures in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates or joint ventures are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates or the joint ventures. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

For associates and joint ventures which adopted December 31 as their financial year end date for statutory reporting purposes, their financial statements for the years ended March 31, 2025 and 2024 have been used for the preparation of the Group's consolidated financial statements.

(B) Joint operation

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(b) Translation of foreign currencies

(i) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company and of the Group are presented in United States dollars, which is the Company's functional and the Group's presentation currency.

(ii) Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated income statement. They are deferred in equity if they are related to qualifying cash flow hedges.

All foreign exchange gains and losses that relate to monetary assets and liabilities denominated in foreign currency are presented in the consolidated income statement within "Other operating income/(expenses) — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on financial assets and liabilities carried at fair value are as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognized in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognized in other comprehensive income or loss.

2 Material accounting policies *(continued)*

(b) Translation of foreign currencies *(continued)*

(iii) The results and financial position of all the group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income or loss and included in the exchange reserve in equity.

(iv) On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary, loss of joint control of a joint venture, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of the accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in an associate or a joint venture that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

3 Segment information

Accounting policy

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Lenovo Executive Committee (the "LEC") that makes strategic decisions.

(b) Sale of goods and provision of services

Revenue from sale of hardware, software, peripherals and mobile devices and the provision of services is recognized when control over such products or services is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax, an allowance for estimated returns, rebates and discounts.

The Group enters into different shipping terms with customers. Control of hardware, software, peripherals and mobile devices is transferred when delivery has occurred. Delivery is generally considered as occurred once the goods are shipped. For certain transactions that the Group retains control during the course of shipment, the Group defers the recognition of revenue and cost of such products until they are delivered to the designated locations. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

Control of systems integration service, information technology technical service and extended warranty service is transferred over time during the contract period or when services are rendered.

The Group recognizes revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction.

No element of financing is deemed present as the sales are made with a credit term of 0 – 120 days, which is consistent with market practice. A receivable is recognized when the goods or services are delivered and consideration is unconditional because only the passage of time is required before the payment is due.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Lease revenue

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

On commencement of finance leases, the Group recognizes profit up-front, and amounts due from the customer under the lease contract are recognized as finance lease receivables on the consolidated balance sheet. Interest income is recognized over the term of the lease based on the effective interest method.

Lease revenue under operating leases is recognized in equal instalments over the periods covered by the lease term. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognized as lease revenue in the accounting period in which they are earned.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

The equipment held for lease are presented within "Property, plant and equipment" in the consolidated balance sheet in accordance with Note 11.

3 Segment information *(continued)*

Critical accounting estimates and judgments

Application of various accounting principles related to the measurement and recognition of revenue requires the Group to make judgments and estimates. Specifically, complex arrangements with non-standard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including whether the deliverables specified in a multiple element arrangement should be treated as separate performance obligations. Other significant judgments include determining whether the Group or a reseller is acting as the principal in a transaction and whether separate contracts are considered part of one arrangement.

The Group sells products to channels. Sales through channels are primarily made under agreements allowing for volume discounts, price protection and rebates, and marketing development funds. The Group monitors the channel inventory level with reference to historical data. Revenue recognition is also impacted by the Group's ability to estimate volume discounts, price protection and rebates, and marketing development funds. The Group considers various factors, including review of specific transactions, historical experience, market and economic conditions and channel inventory level when calculating these provisions and allowances (Note 22). Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

Revenue from sale of goods is recognized when the control of the goods is transferred to customers, which are generally occurred upon shipment. For certain transactions that the Group retains control during the course of shipment, the Group defers the recognition of revenue and cost of such products until they are delivered to the designated locations.

Management has determined the operating segments based on the reports reviewed by the LEC, that are used to make strategic decisions. Segments by business group comprise Intelligent Devices Group ("IDG"), Infrastructure Solutions Group ("ISG") and Solutions and Services Group ("SSG").

The LEC assesses the performance of the operating segments based on a measure of operating profit/loss. This measurement basis excludes the effects of non-cash merger and acquisition related accounting charges and non-recurring expenses such as restructuring costs from the business groups. The measurement basis also excludes the effects of allocation from headquarters certain income and expenses such as fair value change of financial instruments and disposal gain/loss of property, plant and equipment that are from activities driven by headquarters and centralized functions. Certain finance income and costs are allocated to business groups when they are directly attributed to their business activities.

3 Segment information *(continued)*

(a) Revenue and operating profit/(loss) for reportable segments

	2025		2024	
	Revenue US$'000	**Operating profit/(loss) US$'000**	Revenue US$'000	Operating profit/(loss) US$'000
IDG	**50,534,350**	**3,622,559**	44,599,450	3,180,761
ISG	**14,523,268**	**(68,501)**	8,921,929	(248,260)
SSG	**8,457,084**	**1,784,832**	7,472,310	1,545,465
Total	**73,514,702**	**5,338,890**	60,993,689	4,477,966
Eliminations	**(4,437,734)**	**(1,421,467)**	(4,129,905)	(1,314,362)
	69,076,968	**3,917,423**	56,863,784	3,163,604
Unallocated:				
Headquarters and corporate income/ (expenses) — net		**(1,733,060)**		(1,339,370)
Restructuring costs		**-**		(46,000)
Depreciation and amortization		**(437,179)**		(449,551)
Impairment and write-off of property, plant and equipment		**-**		(10,474)
Impairment and write-off of intangible assets		**(114,478)**		(24,723)
Finance income		**85,306**		132,183
Finance costs		**(181,502)**		(323,141)
Share of losses of associates and joint ventures		**(22,242)**		(27,822)
(Loss)/gain on disposal of property, plant and equipment		**(4,108)**		550
Fair value gain on financial assets at FVPL		**58,777**		150,681
Fair value loss on derivative financial liabilities relating to warrants		**(118,275)**		–
Gain on remeasurement of a written put option liability		**-**		143,430
Gain on deemed disposal of a subsidiary		**22,627**		–
Impairment of interest in an associate		**-**		(6,690)
Dividend income		**7,581**		2,777
Consolidated profit before taxation		**1,480,870**		1,365,454

3 Segment information *(continued)*

(b) Analysis of revenue by geography

	2025 US$'000	2024 US$'000
China	**15,901,218**	12,578,275
Asia Pacific ("AP")	**12,942,052**	10,028,732
Europe-Middle East-Africa ("EMEA")	**16,936,250**	14,640,785
Americas ("AG")	**23,297,448**	19,615,992
	69,076,968	56,863,784

(c) Analysis of revenue by timing of revenue recognition

	2025 US$'000	2024 US$'000
Point in time	**66,028,793**	53,802,468
Over time	**2,779,104**	2,897,504
Lease revenue	**269,071**	163,812
	69,076,968	56,863,784

(d) Revenue recognized in relation to deferred revenue and receipt in advance

Deferred revenue and receipt in advance (included in "Other payables and accruals") amounting to US$3,580,044,000 (2024: US$3,145,851,000) mainly relate to the Group's unfulfilled performance obligations for extended warranty service for which consideration has been received at the reporting date. Revenue is recognized in the period when the performance obligations are fulfilled. US$1,709,367,000 (2024: US$1,780,441,000) was recognized as revenue during the year that was included in such balance at the beginning of the year.

(e) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future mainly related to performance obligations for extended warranty service that are unsatisfied or partially unsatisfied at the reporting date.

	2025 US$'000	2024 US$'000
Within one year	**2,166,337**	1,919,190
More than one year	**2,371,060**	2,019,627
	4,537,397	3,938,817

(f) Other segment information

	IDG		ISG		SSG		Total	
	2025 US$'000	2024 US$'000	2025 US$'000	2024 US$'000	2025 US$'000	2024 US$'000	2025 US$'000	2024 US$'000
Depreciation and amortization	**716,066**	737,499	**248,622**	206,034	**17,268**	20,069	**981,956**	963,602
Finance income	**19,735**	12,184	**3,059**	2,814	**1,864**	953	**24,658**	15,951
Finance costs	**334,089**	293,499	**254,816**	144,083	**2,862**	2,082	**591,767**	439,664

The total of non-current assets other than financial instruments, deferred income tax assets and post-employment benefit assets (there are no rights arising under insurance contracts) located in the Chinese Mainland and other countries is US$4,999,355,000 (2024: US$5,327,891,000) and US$6,761,703,000 (2024: US$6,652,939,000) respectively.

4 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2025 US$'000	2024 US$'000
Depreciation of property, plant and equipment (Note 11)	**453,861**	428,472
Depreciation of right-of-use assets (Note 12)	**115,965**	151,899
Amortization of intangible assets (Note 14)	**849,309**	832,782
Impairment and write-off of property, plant and equipment (Note 11)	**-**	10,474
Impairment and write-off of intangible assets (Note 14)	**123,140**	29,745
Employee benefit costs (Note 7)	**6,220,476**	5,571,043
Cost of inventories sold	**54,802,676**	43,877,276
(Reversal of allowance)/allowance for inventories included in cost of sales	**(62,123)**	114,569
Auditor's remuneration (Note)		
— Audit services	**12,848**	11,991
— Non-audit services	**480**	669
Rental expenses	**15,816**	11,641
Government grants (Note 26(b))	**(98,578)**	(93,338)
Net foreign exchange loss	**21,467**	73,915
Net gain on foreign exchange forward contracts for cash flow hedges reclassified from equity	**(182,314)**	(92,356)
Increase in loss allowance of trade receivables (Note 19(a))	**106,576**	105,644
Unused amounts of loss allowance of trade receivables reversed (Note 19(a))	**(57,623)**	(39,040)
Loss on disposal of property, plant and equipment	**3,596**	3,479
Loss on disposal of intangible assets	**2,954**	25
Loss on disposal of construction-in-progress	**535**	13,827
Fair value gain on financial assets at FVPL	**(59,552)**	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	**118,275**	–
Gain on remeasurement of a written put option liability (Note 22(b))	**-**	(143,430)
Gain on deemed disposal of a subsidiary	**(22,627)**	–
Gain on disposal of interest in associates	**-**	(12)
Impairment of interest in an associate	**-**	6,690

Note: Included in the above audit services fee, US$10,940,000 (2024: US$9,900,000) is paid or payable to the Company's auditor.

5 Finance income and costs

(a) Finance income

Accounting policy

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

	2025 US$'000	2024 US$'000
Interest on bank deposits	**83,997**	112,274
Net gain on repayment of notes	**-**	4,061
Interest on money market funds	**8,625**	22,410
Interest income on finance lease	**17,342**	9,389
	109,964	148,134

(b) Finance costs

Accounting policy

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

	2025 US$'000	2024 US$'000
Interest on bank loans and overdrafts	**57,730**	49,263
Interest on convertible bonds	**58,580**	42,914
Interest on notes	**161,678**	165,957
Interest on lease liabilities	**13,953**	14,627
Factoring costs	**476,525**	484,802
Interest on written put option liabilities	**1,654**	2,442
Others	**3,149**	2,800
	773,269	762,805

6 Taxation

Accounting policy

The tax expense for the year comprises current and deferred income tax (Note 16).

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Critical accounting estimates and judgments

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The tax liabilities recognized are based on management's assessment of the likely outcome taking into consideration precedent tax ruling in the relevant jurisdiction.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

The amount of taxation in the consolidated income statement represents:

	2025 US$'000	2024 US$'000
Current tax		
— Profits tax in Hong Kong S.A.R. of China	**33,093**	61,752
— Taxation outside Hong Kong S.A.R. of China	**584,217**	391,787
Deferred tax (Note 16)		
Credit for the year	**(598,392)**	(190,397)
	18,918	263,142

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. Taxation outside Hong Kong S.A.R. of China represents income and irrecoverable withholding taxes of subsidiaries operating in the Chinese Mainland and overseas, calculated at rates applicable in the respective jurisdictions.

The Group has been granted certain tax concessions by tax authorities in the Chinese Mainland and overseas whereby the subsidiaries operating in the respective jurisdictions are entitled to tax concessions.

6 Taxation *(continued)*

The differences between the Group's expected tax charge, calculated at the domestic rates applicable to the countries concerned, and the Group's tax charge for the year are as follows:

	2025 US$'000	2024 US$'000
Profit before taxation	**1,480,870**	1,365,454
Tax calculated at domestic rates applicable in countries concerned	**354,212**	273,509
Income not subject to taxation	**(431,278)**	(333,945)
Expenses not deductible for taxation purposes	**258,211**	258,051
Recognition/utilization of previously unrecognized temporary differences/tax losses	**(75,366)**	(76,434)
Deferred income tax assets not recognized	**185,207**	190,700
Tax impact of reorganization (Note)	**(282,000)**	–
Under/(over)-provision in prior years	**9,932**	(48,739)
	18,918	263,142

Note: During the year ended March 31, 2025, some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit of US$282 million, primarily derived from deferred tax credit.

The weighted average applicable tax rate for the year was 23.9% (2024: 20.0%). The increase is caused by changes in tax concessions and profitability of the Group's subsidiaries in respective countries they are operating.

Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in some jurisdictions in which some subsidiaries of the Group are incorporated, and have come into effect from January 1, 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal effective tax rate for each jurisdiction and the 15% minimum rate pursuant to the Charging Provisions of Pillar Two Rules.

The Group has conducted an impact assessment of the Pillar Two transitional safe harbour rules and the full Pillar Two rules and made necessary tax provisions to reflect the impact of Pillar Two legislation.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

6 Taxation *(continued)*

The tax charge relating to components of other comprehensive income is as follows:

	2025			2024		
	Before tax US$'000	**Tax charge US$'000**	**After tax US$'000**	Before tax US$'000	Tax charge US$'000	After tax US$'000
Fair value change on financial assets at FVOCI	**(11,360)**	**(9)**	**(11,369)**	(7,712)	(90)	(7,802)
Fair value change on cash flow hedges	**(102,140)**	**-**	**(102,140)**	51,297	-	51,297
Remeasurements of post-employment benefit obligations (Note 27)	**5,561**	**-**	**5,561**	(6,674)	-	(6,674)
Currency translation differences	**(377,729)**	**-**	**(377,729)**	(366,849)	-	(366,849)
Other comprehensive loss	**(485,668)**	**(9)**	**(485,677)**	(329,938)	(90)	(330,028)
Deferred tax (Note 16)		**(9)**			(90)	

7 Employee benefit costs

Accounting policy

(a) Pension schemes

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit plans (Note 27) and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due and are reduced by employer's portion of voluntary contributions forfeited by those employees who leave the scheme prior to vesting fully. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's contributions to local municipal government retirement schemes in connection with retirement benefit schemes in the Chinese Mainland are expensed as incurred. The local municipal governments in the Chinese Mainland assume the retirement benefit obligations of the qualified employees.

(b) Long-term incentive program

The Group operates a long-term incentive program to recognize employees' individual and collective contributions, and includes two types of awards, namely share appreciation rights and restricted share units ("Long-term Incentive Awards"). The Company reserves the right, at its discretion, to pay the award in cash or ordinary shares of the Company. The fair value of the employee services received in exchange for the grant of the Long-term Incentive Awards is recognized as employee benefit expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the Long-term Incentive Awards granted, including any market performance conditions (for example, an entity's share price); excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets); and including the impact of non-vesting conditions. Non-market performance and service conditions are included in assumptions about the number of Long-term Incentive Awards that are expected to become exercisable/vested. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

7 Employee benefit costs *(continued)*

Accounting policy *(continued)*

(b) Long-term incentive program *(continued)*

At each balance sheet date, the Group revises its estimates of the number of Long-term Incentive Awards that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to share-based compensation reserve under equity.

Employee share trusts are established for the purposes of awarding shares to eligible employees under the long-term incentive program. The employee share trusts are administered by independent trustees and are funded by the Group's cash contributions and recorded as purchase of shares by employee share trusts, an equity component. The administrator of the employee share trusts buys the Company's shares in the open market for award to employees upon vesting.

Upon vesting, the corresponding amounts in the share-based compensation reserve will be transferred to share capital for new allotment of shares to employees, or to the employee share trusts for shares awarded to employees by the employee share trusts.

(c) Termination benefit

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

	2025 US$'000	2024 US$'000
Wages and salaries, including severance and related costs of US$21,541,000 (2024: US$54,991,000)	**4,837,355**	4,281,038
Long-term incentive awards granted	**290,245**	277,574
Social security costs	**400,146**	391,171
Pension costs		
— Defined contribution plans	**332,317**	319,272
— Defined benefit plans (Note 27)	**18,372**	23,059
Others	**342,041**	278,929
	6,220,476	5,571,043

The Group contributes to respective local municipal government retirement schemes which are available to all qualified employees in the Chinese Mainland. Contributions to these schemes are calculated with reference to the monthly average salaries as set out by the local municipal government.

The Group participates in various defined contribution schemes, either voluntary or mandatory, for all qualified employees. The assets of those defined contribution schemes are held separately from those of the Group in independently administered funds.

The Group also contributes to certain defined benefit pension schemes, details of which are set out in Note 27.

7 Employee benefit costs *(continued)*

Long-term incentive program

A performance-related long-term incentive program was approved on May 26, 2005 for the purpose of rewarding and motivating directors, executives and top-performing employees of the Company and its subsidiaries (the "Participants"). The long-term incentive program is designed to enable the Company to attract and retain the best available personnel, and encourage and motivate Participants to work towards enhancing the value of the Company and its shares by aligning their interests with those of the shareholders of the Company.

The Company also approved a share-based compensation package for non-executive directors.

Under the long-term incentive program, the Company may grant awards, at its discretion, using any of the two types of equity-based compensation: (a) share appreciation rights and (b) restricted share units, which are described below:

(a) Share appreciation rights ("SARs")

An SAR entitles the holder to receive the appreciation in value of the Company's share price above a predetermined level.

(b) Restricted share units ("RSUs")

An RSU equals to the value of one ordinary share of the Company. Once vested, an RSU is converted to an ordinary share.

Under the two types of compensation, the Company reserves the right, at its discretion, to settle the award in cash or ordinary shares of the Company.

Movements in the number of units of award granted during the year and their related weighted average fair values are as follows:

	Number of units	
	SARs	RSUs
Outstanding at April 1, 2023	406,548,313	466,579,356
Granted during the year	100,422,928	247,119,181
Vested during the year	(257,053,733)	(301,023,379)
Cancelled during the year	(9,454,907)	(16,705,054)
Outstanding at March 31, 2024	**240,462,601**	**395,970,104**
Granted during the year	**72,476,952**	**194,141,722**
Vested during the year	**(169,276,272)**	**(256,409,652)**
Cancelled during the year	**(11,523,350)**	**(17,649,103)**
Outstanding at March 31, 2025	**132,139,931**	**316,053,071**
Average fair value at grant date per unit (HK$)		
— At March 31, 2024	1.84	7.69
— At March 31, 2025	**2.57**	**9.58**

The fair values of the SARs awarded under the long-term incentive program were calculated by applying a Black-Scholes pricing model. For the year ended March 31, 2025, the model inputs were the fair value (i.e. market value) of the Company's shares at the grant date, taking into account the expected volatility of 42.91 to 43.05 percent (2024: 40.30 percent), expected dividends during the vesting periods of 3.35 percent (2024: 5.10 percent), contractual life of 3.90 to 4.40 years (2024: 4.40 years), and a risk-free interest rate of 3.68 to 3.77 percent (2024: 3.47 percent).

The remaining vesting periods of the awards under the long-term incentive program at March 31, 2025 ranged from 0.15 to 2.92 years (2024: 0.14 to 2.92 years).

8 Emoluments of directors and highest paid individuals

(a) Directors' and senior management's emoluments

Directors' emoluments comprise payments by the Group to directors of the Company in connection with the management of the affairs of the Company and its subsidiaries. The remuneration of each director and the chief executive who is also a director, for the years ended March 31, 2025 and 2024 is set out below:

	2025						
Name of director	Fees US$'000	Salaries US$'000	Discretionary bonuses (i) US$'000	Long-term incentive awards (ii) US$'000	Retirement payments and employer's contribution to pension schemes US$'000	Other benefits in-kind US$'000	Total US$'000
Executive director							
Mr. Yang Yuanqing (CEO)	-	1,331	5,904	14,598	56	497	22,386
Non-executive directors							
Mr. Zhu Linan	100	-	-	232	-	-	332
Mr. Zhao John Huan	111	-	-	232	-	-	343
Independent non-executive directors							
Mr. William O. Grabe	145	-	-	489	-	-	634
Mr. William Tudor Brown	156	-	-	489	-	-	645
Mr. Gordon Robert Halyburton Orr	123	-	-	232	-	-	355
Mr. Woo Chin Wan Raymond	135	-	-	232	-	-	367
Ms. Yang Lan	109	-	-	300	-	-	409
Professor Xue Lan	115	-	-	221	-	-	336
Ms. Cher Wang Hsiueh Hong	100	-	-	227	-	-	327
Mr. John Lawson Thornton	109	-	-	146	-	-	255
Mr. Kasper Bo Roersted	108	-	-	76	-	-	184
	1,311	1,331	5,904	17,474	56	497	26,573

8 Emoluments of directors and highest paid individuals *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

	2024						
Name of director	Fees US$'000	Salaries US$'000	Discretionary bonuses (i) US$'000	Long-term incentive awards (ii) US$'000	Retirement payments and employer's contribution to pension schemes US$'000	Other benefits in-kind US$'000	Total US$'000
Executive director							
Mr. Yang Yuanqing (CEO)	–	1,332	5,148	11,950	133	854	19,417
Non-executive directors							
Mr. Zhu Linan	100	–	–	224	–	–	324
Mr. Zhao John Huan	100	–	–	224	–	–	324
Independent non-executive directors							
Mr. William O. Grabe	135	–	–	224	–	–	359
Mr. William Tudor Brown	125	–	–	224	–	–	349
Mr. Yang Chih-Yuan Jerry	88	–	–	473	–	–	561
Mr. Gordon Robert Halyburton Orr	100	–	–	224	–	–	324
Mr. Woo Chin Wan Raymond	135	–	–	224	–	–	359
Ms. Yang Lan	100	–	–	281	–	–	381
Professor Xue Lan	100	–	–	168	–	–	268
Ms. Cher Wang Hsiueh Hong	100	–	–	181	–	–	281
Mr. John Lawson Thornton	37	–	–	46	–	–	83
Mr. Kasper Bo Roersted	–	–	–	–	–	–	–
	1,120	1,332	5,148	14,443	133	854	23,030

8 Emoluments of directors and highest paid individuals *(continued)*

(a) Directors' and senior management's emoluments *(continued)*

Notes:

(i) Figures shown in the table above represent discretionary bonuses receivable at March 31, 2025 and 2024 in connection with the performance bonuses for the respective two financial years then ended.

(ii) Details of the long-term incentive program of the Company are set out in Note 7. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognized as an expense. The total amount to be amortized over the vesting period is determined by reference to the fair value of the long-term incentive awards at the date of grant. The amounts disclosed above represent the amortized amounts for the years ended March 31, 2025 and 2024.

(iii) Mr. William O. Grabe has elected to defer his receipt of the cash of director's fee into fully vested share units under the long-term incentive program (Note 7) for the first half of the year ended March 31, 2025 and for the year ended March 31, 2024.

(iv) During the years ended March 31, 2025 and 2024, annual pension payment of US$1.5 million was made to Mr. Liu Chuanzhi, a retired director.

(v) Mr. William O. Grabe and Mr. William Tudor Brown were resigned as independent non-executive directors on February 21, 2025.

(vi) Mr. John Lawson Thornton was appointed as an independent non-executive director on August 18, 2023.

(vii) Mr. Yang Chih-Yuan Jerry was resigned as an independent non-executive director on November 16, 2023.

(viii) Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted) was appointed as an independent non-executive director on February 23, 2024.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor any are payable (2024: nil). No consideration was provided to or receivable by third parties for making available directors' service (2024: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2024: nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2024: nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2024: one) director, who is the CEO of the Group, whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2024: four) individuals during the year are as follows:

	2025 US$'000	2024 US$'000
Basic salaries, allowances, and other benefits-in-kind (i)	**7,000**	5,797
Discretionary bonuses (ii)	**9,146**	6,205
Long-term incentive awards (iii)	**13,293**	19,085
Retirement payments and employer's contribution to pension schemes	**478**	459
	29,917	31,546

Notes:

(i) Basic salaries, allowances, and other benefits-in-kind include an inducement fee of US$2.8 million for the year ended March 31, 2025. This fee is subject to a claw-back, which may be up to 100%, depending on certain conditions within the first two years of employment.

(ii) Figures shown in the table above represent discretionary bonuses receivable at March 31, 2025 and 2024 in connection with the performance bonuses for the respective two financial years then ended.

(iii) Details of the long-term incentive program of the Company are set out in Note 7. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognized as an expense. The total amount to be amortized over the vesting period is determined by reference to the fair value of the long-term incentive awards at the date of grant. The amounts disclosed above represent the amortized amounts for the years ended March 31, 2025 and 2024.

8 Emoluments of directors and highest paid individuals *(continued)*

(b) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
US$6,416,234 — US$6,480,395	**1**	–
US$7,122,020 — US$7,186,181	**1**	–
US$7,186,182 — US$7,250,343	**–**	1
US$7,571,156 — US$7,635,317	**–**	1
US$7,891,968 — US$7,956,129	**–**	1
US$8,020,292 — US$8,084,454	**1**	–
US$8,212,779 — US$8,276,941	**1**	–
US$8,790,240 — US$8,854,402	**–**	1

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year after adjusting shares held by the employee share trusts for the purposes of awarding shares to eligible employees under the long-term incentive program.

	2025	2024
Weighted average number of ordinary shares in issue	**12,404,659,302**	12,214,994,626
Adjustment for shares held by employee share trusts	**(150,624,455)**	(192,498,286)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**12,254,034,847**	12,022,496,340

	2025 US$'000	2024 US$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**1,384,445**	1,010,506

9 Earnings per share *(continued)*

(b) Diluted

The calculation of the diluted earnings per share is based on the profit attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted earnings per share is the weighted average number of ordinary shares, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group has four (2024: three) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2024: long-term incentive awards, put option written on non-controlling interests and convertible bonds). Long-term incentive awards and convertible bonds were dilutive for the years ended March 31, 2025 and 2024. Warrants were anti-dilutive for the year ended March 31, 2025. Put option written on non-controlling interests were anti-dilutive for the years ended March 31, 2025 and 2024.

	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**12,254,034,847**	12,022,496,340
Adjustment for long-term incentive awards	**409,681,272**	232,535,133
Adjustment for convertible bonds	**928,245,369**	739,193,667
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**13,591,961,488**	12,994,225,140

	2025 US$'000	2024 US$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**1,384,445**	1,010,506
Adjustment for interest on convertible bonds, net of tax	**58,580**	35,833
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**1,443,025**	1,046,339

10 Dividends

Accounting policy

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders in case of final dividend and by the Company's directors in case of interim dividend.

	2025 US$'000	2024 US$'000
Interim dividend of HK8.5 cents (2024: HK8 cents) per ordinary share, paid on December 12, 2024	**135,518**	124,319
Proposed final dividend — HK30.5 cents (2024: HK30 cents) per ordinary share	**483,338**	476,821
	618,856	601,140

11 Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Investment properties are shown within "Property, plant and equipment" for the building portion and "Right-of-use assets" for the leasehold land portion (Note 12) on the consolidated balance sheet. Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at historical cost less accumulated depreciation. All freehold lands are located outside Hong Kong S.A.R. of China and are not depreciated.

Depreciation on property, plant and equipment and investment properties are calculated using the straight-line method to allocate their costs to their estimated residual values over the shorter of unexpired periods of the leases or their estimated useful lives to the Group. The principal annual rates used for this purpose are:

Buildings, buildings related equipment and leasehold improvements	2% – 10%
Plant and machinery	
Tooling equipment	50% – 100%
Other machinery	14% – 20%
Furniture and fixtures	20% – 25%
Office equipment	20% – 33%
Equipment held for lease	Over the lease term
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal of the asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

11 Property, plant and equipment *(continued)*

	Freehold land and buildings US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Furniture and fixtures US$'000	Office equipment US$'000	Equipment held for lease US$'000	Motor vehicles US$'000	Total US$'000
At April 1, 2023								
Cost	1,202,352	570,169	1,148,567	167,324	837,246	159,932	13,843	4,099,433
Accumulated depreciation and impairment losses	206,412	393,821	817,124	111,312	532,644	26,056	5,607	2,092,976
Net book amount	995,940	176,348	331,443	56,012	304,602	133,876	8,236	2,006,457
Year ended March 31, 2024								
Opening net book amount	995,940	176,348	331,443	56,012	304,602	133,876	8,236	2,006,457
Exchange adjustment	(41,355)	(6,204)	(5,709)	(2,877)	(20,702)	(3,656)	(522)	(81,025)
Acquisition of businesses	8,092	–	2,443	430	424	67,721	–	79,110
Additions	8,783	26,933	100,543	3,711	79,667	88,443	4,175	312,255
Transfers	82,118	33,781	36,843	2,245	8,807	–	22	163,816
Disposals	(1,276)	(521)	(3,699)	(941)	(10,136)	(14,637)	(279)	(31,489)
Depreciation	(38,020)	(48,967)	(134,599)	(26,362)	(101,375)	(76,521)	(2,628)	(428,472)
Impairment and write-off	–	–	(8,623)	–	(1,851)	–	–	(10,474)
Closing net book amount	1,014,282	181,370	318,642	32,218	259,436	195,226	9,004	2,010,178
At March 31, 2024								
Cost	1,246,851	615,987	1,245,921	147,112	818,629	284,758	15,444	4,374,702
Accumulated depreciation and impairment losses	232,569	434,617	927,279	114,894	559,193	89,532	6,440	2,364,524
Net book amount	1,014,282	181,370	318,642	32,218	259,436	195,226	9,004	2,010,178
Year ended March 31, 2025								
Opening net book amount	**1,014,282**	**181,370**	**318,642**	**32,218**	**259,436**	**195,226**	**9,004**	**2,010,178**
Exchange adjustment	**(6,871)**	**(844)**	**(773)**	**(187)**	**(1,253)**	**(599)**	**(888)**	**(11,415)**
Deemed disposal of a subsidiary	**-**	**-**	**(1)**	**(1)**	**(81)**	**-**	**-**	**(83)**
Additions	**20,470**	**21,738**	**106,141**	**2,282**	**116,661**	**155,167**	**4,181**	**426,640**
Transfers	**22,039**	**12,905**	**47,961**	**3,457**	**10,900**	**-**	**73**	**97,335**
Disposals	**(2,697)**	**(2,073)**	**(23,047)**	**(469)**	**(6,681)**	**(7,237)**	**(310)**	**(42,514)**
Depreciation	**(36,198)**	**(51,808)**	**(138,082)**	**(8,644)**	**(110,988)**	**(105,282)**	**(2,859)**	**(453,861)**
Closing net book amount	**1,011,025**	**161,288**	**310,841**	**28,656**	**267,994**	**237,275**	**9,201**	**2,026,280**
At March 31, 2025								
Cost	**1,278,093**	**634,513**	**1,226,414**	**145,104**	**854,152**	**410,302**	**17,232**	**4,565,810**
Accumulated depreciation and impairment losses	**267,068**	**473,225**	**915,573**	**116,448**	**586,158**	**173,027**	**8,031**	**2,539,530**
Net book amount	**1,011,025**	**161,288**	**310,841**	**28,656**	**267,994**	**237,275**	**9,201**	**2,026,280**

Note: At March 31, 2025, included in "Freehold land and buildings" are the building portion of the investment properties of US$95,578,000 (2024: US$107,766,000) where the right-of-use assets for the leasehold land portion of US$96,255,000 (2024: US$117,087,000) are included in "Right-of-use assets" (Note 12). The fair value of the investment properties at March 31, 2025 is US$277,449,000 (2024: US$335,395,000).

12 Right-of-use assets

Accounting policy

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable;

— variable lease payments that are based on an index or a rate;

— amounts expected to be payable by the lessee under residual value guarantees;

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

— payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Some property leases contain variable payment terms that are linked to sales generated from stores. There is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized as a profit or loss in the period in which the event or condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liabilities;

— any lease payments made at or before the commencement date less any lease incentives received;

— any initial direct costs; and

— restoration costs.

Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated income statement. Low-value assets mainly comprise office equipment.

The Group's right-of-use assets include interest in leasehold land and building and prepaid lease payments for leasehold land. Prepaid lease payments represent the payments for land use rights held by the Group in the Chinese Mainland under term leases between 10 to 50 years. Rental contracts for leasehold land and building are typically made for fixed periods of 1 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease liabilities are presented within "Other payables and accruals" (for current portion) and "Other non-current liabilities" (for non-current portion) in the consolidated balance sheet.

	2025 US$'000	2024 US$'000
At the beginning of the year	**571,305**	659,360
Exchange adjustment	**(5,430)**	(20,266)
Acquisition of businesses	**–**	1,440
Deemed disposal of a subsidiary	**(305)**	–
Additions	**180,908**	102,835
Disposals	**(38,173)**	(20,165)
Depreciation	**(115,965)**	(151,899)
At the end of the year	**592,340**	571,305

13 Construction-in-progress

Accounting policy

Construction-in-progress represents buildings, plant and machinery and internal use software under construction and pending installation and is stated at historical cost, less any accumulated impairment losses. Historical cost comprises all direct and indirect costs of acquisition or construction or installation of buildings, plant and machinery or internal use software as well as interest expenses and exchange differences on the related funds borrowed during the construction, installation and testing periods and prior to the date when the assets were available for use. Assets that are not yet available for use are not subject to depreciation or amortization and are tested annually for impairment. On completion, the carrying values of the buildings, plant and machinery or internal use software are transferred from construction-in-progress to property, plant and equipment or intangible assets.

The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Gain or loss on disposal of construction-in-progress is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

	Property, plant and equipment		Intangible assets		Total	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000	**2025 US$'000**	2024 US$'000
At the beginning of the year	**80,042**	103,372	**257,606**	534,675	**337,648**	638,047
Exchange adjustment	**(110)**	(7,314)	**(1,039)**	(15,477)	**(1,149)**	(22,791)
Disposals	**(465)**	(26)	**(70)**	(13,801)	**(535)**	(13,827)
Additions	**85,607**	147,826	**227,892**	306,855	**313,499**	454,681
Transfers	**(97,335)**	(163,816)	**(269,819)**	(554,646)	**(367,154)**	(718,462)
At the end of the year	**67,739**	80,042	**214,570**	257,606	**282,309**	337,648

14 Intangible assets

Accounting policy

(a) Goodwill

Goodwill represents the excess of the consideration of an acquisition transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the Group's interests in the fair value of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in interests in associates and joint ventures.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Trademarks and trade names

Separately acquired trademarks and trade names are shown at historical cost. Trademarks and trade names acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks and trade names that have an indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses. They are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Trademarks and trade names that have a definite useful life are carried at cost less accumulated amortization.

(c) Internal use software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognized as intangible assets when the following criteria are met:

— it is technically feasible to complete the software so that it will be available for use;

— management intends to complete the software and use or sell it;

— there is an ability to use or sell the software;

— it can be demonstrated how the software will generate probable future economic benefits;

— adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

— the expenditure attributable to the software during its development can be reliably measured.

Development costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Costs associated with maintaining computer software are recognized as an expense as incurred.

Acquired computer software licenses costs and computer software development costs are carried at cost less accumulated amortization.

14 Intangible assets *(continued)*

Accounting policy *(continued)*

(d) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a definite useful life and are carried at cost less accumulated amortization.

(e) Patents and technology

Expenditure on acquired patents and technology is capitalized at historical cost upon acquisition and is carried at cost less accumulated amortization.

(f) Exclusive rights

An exclusive right acquired in a business combination is recognized at fair value at the acquisition date. An exclusive right has a definite useful life and is carried at cost less accumulated amortization.

The Group amortizes intangible assets with definite useful lives using the straight-line method over the following periods:

Trademarks and trade names	not more than 10 years
Internal use software	not more than 8 years
Customer relationships	not more than 15 years
Patents and technology	not more than 10 years
Exclusive rights	not more than 15 years

Impairment of intangible assets with definite useful lives

Intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

14 Intangible assets *(continued)*

(a)

	Goodwill (b) US$'000	Trademarks and trade names (b) US$'000	Internal use software US$'000	Customer relationships US$'000	Patents and technology (c) US$'000	Exclusive rights US$'000	Total US$'000
At April 1, 2023							
Cost	4,997,218	1,323,642	2,060,132	1,563,650	3,755,488	53,426	13,753,556
Accumulated amortization and impairment losses	–	39,012	1,637,493	1,115,035	2,680,450	14,452	5,486,442
Net book amount	4,997,218	1,284,630	422,639	448,615	1,075,038	38,974	8,267,114
Year ended March 31, 2024							
Opening net book amount	4,997,218	1,284,630	422,639	448,615	1,075,038	38,974	8,267,114
Exchange adjustment	(125,451)	(558)	(9,664)	(2,881)	(4,097)	(475)	(143,126)
Acquisition of businesses	32,508	9,700	2,342	–	4,100	–	48,650
Additions	–	–	23,962	–	456,713	–	480,675
Transfers	–	–	401,178	–	153,468	–	554,646
Disposals	–	–	(25)	–	–	–	(25)
Amortization	–	(4,493)	(227,444)	(145,986)	(451,630)	(3,229)	(832,782)
Impairment and write-off (Note)	–	–	(5,231)	–	(24,514)	–	(29,745)
Closing net book amount	4,904,275	1,289,279	607,757	299,748	1,209,078	35,270	8,345,407
At March 31, 2024							
Cost	4,904,275	1,332,817	2,411,980	1,538,011	4,337,870	52,741	14,577,694
Accumulated amortization and impairment losses	–	43,538	1,804,223	1,238,263	3,128,792	17,471	6,232,287
Net book amount	4,904,275	1,289,279	607,757	299,748	1,209,078	35,270	8,345,407
Year ended March 31, 2025							
Opening net book amount	**4,904,275**	**1,289,279**	**607,757**	**299,748**	**1,209,078**	**35,270**	**8,345,407**
Exchange adjustment	**(57,137)**	**(470)**	**(154)**	**(350)**	**(176)**	**(135)**	**(58,422)**
Acquisition of businesses	**4,034**	**-**	**-**	**-**	**-**	**-**	**4,034**
Additions	**-**	**-**	**13,009**	**-**	**634,533**	**-**	**647,542**
Transfers	**-**	**-**	**216,434**	**-**	**53,385**	**-**	**269,819**
Disposals	**-**	**-**	**(2,555)**	**-**	**(399)**	**-**	**(2,954)**
Amortization	**-**	**(4,201)**	**(250,329)**	**(110,912)**	**(480,156)**	**(3,711)**	**(849,309)**
Impairment and write-off (Note)	**-**	**-**	**-**	**-**	**(123,140)**	**-**	**(123,140)**
Closing net book amount	**4,851,172**	**1,284,608**	**584,162**	**188,486**	**1,293,125**	**31,424**	**8,232,977**
At March 31, 2025							
Cost	**4,851,172**	**1,332,603**	**2,609,841**	**1,529,956**	**4,979,273**	**52,502**	**15,355,347**
Accumulated amortization and impairment losses	**-**	**47,995**	**2,025,679**	**1,341,470**	**3,686,148**	**21,078**	**7,122,370**
Net book amount	**4,851,172**	**1,284,608**	**584,162**	**188,486**	**1,293,125**	**31,424**	**8,232,977**

Note: During the year ended March 31, 2025, impairment and write-off of intangible assets of US$123,140,000 (2024: US$29,745,000) is recognized as the carrying amount of the assets exceeds the value in use.

14 Intangible assets *(continued)*

(a) *(continued)*

Amortization of US$457,648,000 (2024: US$424,000,000), US$6,089,000 (2024: US$6,163,000), US$322,368,000 (2024: US$333,697,000) and US$63,204,000 (2024: US$68,922,000) are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in the consolidated income statement respectively.

The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

	China US$ million	AP US$ million	EMEA US$ million	AG US$ million	Total US$ million
At March 31, 2025					
Goodwill					
— IDG	**905**	**493**	**286**	**1,558**	**3,242**
— ISG	**468**	**132**	**59**	**344**	**1,003**
— SSG (Note)	**N/A**	**N/A**	**N/A**	**N/A**	**606**
Trademarks and trade names with indefinite useful lives					
— IDG	**182**	**55**	**122**	**480**	**839**
— ISG	**162**	**54**	**31**	**123**	**370**
— SSG (Note)	**N/A**	**N/A**	**N/A**	**N/A**	**58**
At March 31, 2024					
Goodwill					
— IDG	911	488	287	1,611	3,297
— ISG	472	132	59	341	1,004
— SSG (Note)	N/A	N/A	N/A	N/A	603
Trademarks and trade names with indefinite useful lives					
— IDG	182	54	121	480	837
— ISG	162	54	31	123	370
— SSG (Note)	N/A	N/A	N/A	N/A	58

Note: SSG is monitored as a whole and there is no allocation to geography or market.

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives

Accounting policy

Assets that have an indefinite useful life are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs).

14 Intangible assets *(continued)*

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives *(continued)*

Critical accounting estimates and judgments

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. The recoverable amounts of an asset or a CGU have been determined based on value-in-use calculations. These calculations require the use of estimates.

The value-in-use calculations use cash flow projection based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows extrapolated using constant projection of cash flows beyond the five-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances.

Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

The Group completed its annual impairment test for goodwill allocated to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts at the reporting date. The recoverable amount of a CGU is determined based on value in use. These assessments use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flow of the CGU extrapolated using constant projection of cash flows beyond the five-year period. The estimated growth rates adopted do not exceed the long-term average growth rates for the businesses in which the CGU operates.

Future cash flows are discounted at the pre-tax rate of 13% to 14%, 14% to 17% and 18% for IDG, ISG and SSG respectively (2024: 13% to 14%, 14% to 18% and 18% respectively). The estimated compound annual growth rates of revenue used for value-in-use calculations under the five-year financial budgets period are as follows:

	2025			2024		
	IDG	**ISG**	**SSG**	IDG	ISG	SSG
China	**3%**	**13%**	**N/A**	7%	20%	N/A
AP	**2%**	**15%**	**N/A**	1%	22%	N/A
EMEA	**4%**	**8%**	**N/A**	4%	11%	N/A
AG	**3%**	**13%**	**N/A**	5%	16%	N/A
SSG	**N/A**	**N/A**	**9%**	N/A	N/A	11%

14 Intangible assets *(continued)*

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives *(continued)*

Management determined budgeted gross margins based on past performance and its expectations for the market development. Key assumptions include the revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances for the purpose of goodwill impairment test. The discount rates are pre-tax and reflect specific risks relating to the relevant segments.

The directors are of the view that there was no impairment of goodwill and trademarks and trade names with indefinite useful lives based on impairment tests performed at March 31, 2025 (2024: nil).

The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. Except for ISG's China and ISG's AP, a reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any CGU's carrying amount to exceed its respective recoverable amount. At March 31, 2025, the recoverable amount for ISG's China and ISG's AP (calculated based on value in use) exceeded carrying value by US$275 million (2024: US$209 million) and US$78 million (2024: US$96 million) respectively. Had the forecasted compound annual growth rate of ISG's China and ISG's AP been 4.7 percentage point lower (2024: 3.5 percentage point lower) and 4.0 percentage point lower (2024: 4.6 percentage point lower) than management's estimates, its remaining headroom would be removed respectively.

(c) At March 31, 2025, patents and technology of US$234,795,000 (2024: US$245,291,000) is under development.

15 Interests in associates and joint ventures

	2025 US$'000	2024 US$'000
Share of net assets		
— Associates	**208,737**	181,031
— Joint ventures	**62,945**	93,551
	271,682	274,582
Loans to		
— A joint venture (a)	**44,022**	44,221
	44,022	44,221
Interests in associates and joint ventures (b)	**315,704**	318,803

Notes:

(a) The loan forms an integral part of the Group's equity investment in the joint venture and is recognized as such.

(b) At March 31, 2025 and 2024, there is no unrecognized share of losses, commitments and contingent liabilities.

15 Interests in associates and joint ventures *(continued)*

The following is a list of the principal associates and joint ventures:

Company name	Place of incorporation/ establishment	Interest held 2025	Interest held 2024	Principal activities
Associates				
北京閃聯雲視信息技術有限公司 (Beijing Tivicloud Technologies Ltd.) (ii)	Chinese Mainland	**23.7%**	23.7%	Distribution and development of IT technology
茄子技術控股有限公司 (SHAREit Technology Holdings Inc.) (ii)	Cayman Islands	**37.3%**	37.3%	Software development
北京平安聯想智慧醫療信息技術有限公司 (Beijing Pingan Lenovo Healthcare Information Technology Limited) (ii)	Chinese Mainland	**25.4%**	25.4%	Development of hospital and regional healthcare information system
北京聯想協同科技有限公司 (Beijing Lenovo Collaboration Technologies Company. Ltd) (ii)	Chinese Mainland	**33.0%**	33.0%	Distribution and development of IT technology
天津聯博基業科技發展有限公司 (Tianjin Lianbo Foundation Technology Development Co., Limited) (ii)	Chinese Mainland	**39.0%**	39.0%	Distribution and development of IT technology
PCCW Network Services Limited	British Virgin Islands	**20.0%**	20.0%	Investment holding
鼎道智聯(北京)科技有限公司 (Ding (Beijing) Intelligent Technology Co. Ltd) (ii), (iii)	Chinese Mainland	**40.0%**	53.3%	Distribution and development of IT technology, services and software
AleveR Robotics Limited	Cayman Islands	**11.6%**	N/A	Distribution and development of IT technology
Joint Ventures				
聯想新視界(北京)科技有限公司 (Lenovo New Vision (Beijing) Technology Co., Limited) (ii)	Chinese Mainland	**37.7%**	37.7%	Software development
深圳市浦瑞置業有限公司 (Shenzhen Purui Real Estate Co., Limited) (ii)	Chinese Mainland	**50.0%**	50.0%	Commercial property operation and management

Notes:

(i) Majority of the above associates and joint ventures operate principally in their respective places of incorporation or establishment.

(ii) The English name of the company is a direct translation or transliteration of its Chinese registered name.

(iii) The company was reclassified from a subsidiary to an associate upon deemed disposal during the year.

The following sets out the aggregate amount of the Group's share of associates and joint ventures:

	2025 US$'000	2024 US$'000
Share of losses of associates	**3,264**	10,035
Share of losses of joint ventures	**16,714**	15,624
	19,978	25,659

16 Deferred income tax assets and liabilities

Accounting policy

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Critical accounting estimates and judgments

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred income tax assets are mainly recognized for temporary differences such as warranty provision, accrued sales rebates, bonus accruals, and other accrued expenses, and unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognized. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated income statement.

16 Deferred income tax assets and liabilities *(continued)*

Deferred income tax is calculated in full on temporary differences under the liability method using the rates applicable in the respective jurisdictions.

Deferred income tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated balance sheet:

	2025 US$'000	2024 US$'000
Deferred income tax assets:		
Recoverable within 12 months	**1,419,303**	1,135,149
Recoverable after 12 months	**1,636,602**	1,498,153
	3,055,905	2,633,302
Deferred income tax liabilities:		
Settled after 12 months	**(270,268)**	(447,523)
Net deferred income tax assets	**2,785,637**	2,185,779

The movements in the net deferred income tax assets are as follows:

	2025 US$'000	2024 US$'000
At the beginning of the year	**2,185,779**	2,035,593
Reclassification and exchange adjustment	**(3,847)**	(28,547)
Credited to consolidated income statement (Note 6)	**598,392**	190,397
Charged to other comprehensive income (Note 6)	**(9)**	(90)
Credited/(charged) to share-based compensation reserve	**5,322**	(6,487)
Acquisition of businesses	**-**	(5,087)
At the end of the year	**2,785,637**	2,185,779

16 Deferred income tax assets and liabilities *(continued)*

(a) The movements in deferred income tax assets (prior to offsetting of balances within the same tax jurisdiction), analyzed by major component, during the year are as follows:

	Provisions and accruals US$'000	Tax losses US$'000	Tax depreciation allowance US$'000	Deferred revenue US$'000	Share-based payment US$'000	Lease liabilities US$'000	Total US$'000
At April 1, 2023	677,842	1,396,232	134,478	222,769	46,640	59,406	2,537,367
Reclassification and exchange adjustment	(7,320)	7,299	(15,636)	(2,932)	(93)	(3,430)	(22,112)
(Charged)/credited to consolidated income statement	(65,629)	34,299	170,342	20,933	(4,891)	6,573	161,627
Charged to share-based compensation reserve	–	–	–	–	(6,487)	–	(6,487)
Acquisition of businesses	10,519	–	–	–	–	–	10,519
At March 31, 2024	**615,412**	**1,437,830**	**289,184**	**240,770**	**35,169**	**62,549**	**2,680,914**
Reclassification and exchange adjustment	**37,432**	**(27,413)**	**(19,350)**	**(2,938)**	**(2,605)**	**9,172**	**(5,702)**
Credited/(charged) to consolidated income statement	**136,508**	**(370,180)**	**907,917**	**13,747**	**(3,590)**	**(10,810)**	**673,592**
Credited to share-based compensation reserve	**-**	**-**	**-**	**-**	**5,322**	**-**	**5,322**
At March 31, 2025	**789,352**	**1,040,237**	**1,177,751**	**251,579**	**34,296**	**60,911**	**3,354,126**

Deferred income tax assets are recognized for deductible temporary differences and tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable.

At March 31, 2025, the Group did not recognize deferred income tax assets in respect of deductible temporary differences of US$2,777,429,000 (2024: US$2,618,834,000) and tax losses of US$3,229,464,000 (2024: US$2,810,140,000) that can be carried forward against future taxable income, of which, tax losses of US$1,959,261,000 (2024: US$1,748,044,000) can be carried forward indefinitely. The remaining balances of tax losses will expire as follows:

	2025 US$'000	2024 US$'000
Expiring in		
— 2024	**-**	170,627
— 2025	**60,135**	61,724
— 2026	**37,580**	51,646
— 2027	**166,810**	146,096
— 2028	**294,189**	306,294
— 2029	**213,267**	298,117
— 2030	**431,924**	-
— 2032	**2,712**	6,763
— 2033	**581**	1,566
— 2034 and thereafter	**63,005**	19,263
	1,270,203	1,062,096

16 Deferred income tax assets and liabilities *(continued)*

(b) The movements in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction), analyzed by major component, during the year are as follows:

	Intangible valuation US$'000	**Undistributed earnings** US$'000	**Property valuation** US$'000	**Accelerated tax depreciation** US$'000	**Right-of-use assets** US$'000	**Others** US$'000	**Total** US$'000
At April 1, 2023	81,665	117,878	2,843	184,535	57,240	57,613	501,774
Reclassification and exchange adjustment	(1,116)	(658)	(199)	8,269	(1,110)	1,249	6,435
(Credited)/charged to consolidated income statement	(22,608)	1,325	1,198	(18,998)	8,810	1,503	(28,770)
Charged to other comprehensive income	–	–	–	–	–	90	90
Acquisition of businesses	4,775	–	–	10,831	–	–	15,606
At March 31, 2024	**62,716**	**118,545**	**3,842**	**184,637**	**64,940**	**60,455**	**495,135**
Reclassification and exchange adjustment	**(2,839)**	**300**	**(2,050)**	**(5,983)**	**9,293**	**(576)**	**(1,855)**
(Credited)/charged to consolidated income statement	**(10,858)**	**682**	**-**	**103,578**	**(15,117)**	**(3,085)**	**75,200**
Charged to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**9**	**9**
At March 31, 2025	**49,019**	**119,527**	**1,792**	**282,232**	**59,116**	**56,803**	**568,489**

17 Financial assets

(a) Financial assets at FVPL

	2025 US$'000	2024 US$'000
At the beginning of the year	**1,393,666**	1,233,969
Exchange adjustment	**(6,568)**	(48,294)
Fair value change recognized in profit or loss	**59,552**	153,113
Additions	**155,775**	179,192
Disposals	**(138,041)**	(124,314)
At the end of the year	**1,464,384**	1,393,666
Listed equity securities:		
— In Hong Kong S.A.R. of China	**26,910**	24,874
— Outside Hong Kong S.A.R. of China	**236,885**	241,992
	263,795	266,866
Unlisted equity securities	**1,200,589**	1,126,800
	1,464,384	1,393,666

(b) Financial assets at FVOCI

	2025 US$'000	2024 US$'000
At the beginning of the year	**55,973**	66,178
Exchange adjustment	**755**	(2,493)
Fair value change recognized in other comprehensive income	**(11,360)**	(7,712)
Additions	**14**	–
At the end of the year	**45,382**	55,973
Listed equity securities:		
— In Hong Kong S.A.R. of China	**5,389**	8,931
— Outside Hong Kong S.A.R. of China	**25,724**	28,814
	31,113	37,745
Unlisted equity securities	**14,269**	18,228
	45,382	55,973

18 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. The cost of finished goods (except for trading products) and work-in-progress comprises direct materials, direct labour and an attributable proportion of production overheads. For trading products, cost represents invoiced value on purchases, less purchase returns and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	2025 US$'000	2024 US$'000
Raw materials and work-in-progress	**3,995,173**	3,857,581
Finished goods	**3,320,441**	2,265,554
Service parts	**608,190**	579,542
	7,923,804	6,702,677

19 Receivables

Accounting policy

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Majority of other receivables are amounts due from subcontractors for components sold in the ordinary course of business. Trade receivables are recognized initially at transaction price that is unconditional unless they contain significant financing components, when they are recognized at fair value, and subsequently measured at FVOCI, less loss allowance.

For trade receivables, the Group applies the simplified approach required by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Impairment losses on trade receivables are recognized in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(a) Details of trade and notes receivables are as follows:

	2025 US$'000	2024 US$'000
Trade receivables	**10,446,068**	8,130,697
Notes receivable	**60,542**	16,998
	10,506,610	8,147,695

19 Receivables *(continued)*

(a) *(continued)*

Customers are generally granted credit terms ranging from 0 to 120 days. Ageing analysis of trade receivables of the Group at the balance sheet date, based on invoice date, is as follows:

	2025 US$'000	2024 US$'000
0 – 30 days	7,832,619	6,185,814
31 – 60 days	1,542,382	1,080,594
61 – 90 days	398,285	235,405
Over 90 days	839,886	761,651
	10,613,172	8,263,464
Less: loss allowance	(167,104)	(132,767)
Trade receivables — net	10,446,068	8,130,697

At March 31, 2025, trade receivables, net of loss allowance, of US$879,681,000 (2024: US$915,714,000) were past due. The ageing of these receivables, based on due date, is as follows:

	2025 US$'000	2024 US$'000
Within 30 days	445,354	486,984
31 – 60 days	189,241	178,430
61 – 90 days	83,515	61,662
Over 90 days	161,571	188,638
	879,681	915,714

Movements in the loss allowance of trade receivables are as follows:

	2025 US$'000	2024 US$'000
At the beginning of the year	132,767	104,823
Exchange adjustment	161	(3,171)
Increase in loss allowance recognized in profit or loss	106,576	105,644
Uncollectible receivables written off	(14,777)	(35,489)
Unused amounts reversed in profit or loss	(57,623)	(39,040)
At the end of the year	167,104	132,767

(b) Notes receivable of the Group are bank accepted notes mainly with maturity dates within six months.

19 Receivables *(continued)*

(c) Details of deposits, prepayments and other receivables are as follows:

	2025 US$'000	2024 US$'000
Deposits	**26,779**	52,852
Other receivables	**2,874,521**	2,429,511
Prepayments	**1,322,358**	1,300,003
	4,223,658	3,782,366

Note: Other receivables mainly comprise amounts due from subcontractors for components delivered in the ordinary course of business.

(d) The carrying amounts of trade and notes receivables, deposits and other receivables approximate their fair values. The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable mentioned above.

20 Bank deposits and cash and cash equivalents

Accounting policy

For the purposes of the consolidated cash flow statement, cash and cash equivalents mainly comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

Bank balances subjected to restrictions that result in such balances would no longer meet the definition of cash are presented as restricted bank balances in the consolidated balance sheet.

	2025 US$'000	2024 US$'000
Bank deposits		
— original maturity between three to twelve months	**31,461**	7,571
— restricted bank balances	**57,146**	57,984
	88,607	65,555
Cash and cash equivalents		
— cash at bank and in hand	**3,234,351**	3,206,279
— money market funds	**1,493,773**	353,552
	4,728,124	3,559,831
	4,816,731	3,625,386
Maximum exposure to credit risk	**4,816,731**	3,625,386
Effective annual interest rates	**0%–14.25%**	0%–10.75%

21 Trade and notes payables

Accounting policy

Trade and notes payables are obligations to pay for components or services that have been acquired in the ordinary course of business from suppliers. Trade and notes payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade and notes payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The Group has established supplier finance arrangements with several financial institutions, in collaboration with its suppliers, to facilitate efficient payment processing of supplier invoices. These arrangements enable suppliers and subcontractors to receive either on-time or early payment from the related invoice due date, providing them with improved liquidity and cash flow management. At the same time, the Group benefits from a higher degree of flexibility in managing its liquidity. In determining whether the liabilities to the financial institutions under these arrangements are presented separately from trade and notes payables, and other payables (Note 22) in the consolidated balance sheet, management considers whether the nature and function of these liabilities are substantially different from trade and notes payables, and other payables. The Group classifies financial liabilities that arise from supplier finance arrangements within trade and notes payables, and other payables in the consolidated balance sheet. For the purpose of presenting consolidated cash flow statement, cash flow related to the liabilities arising from supplier finance arrangements that are classified as trade and notes payables, and other payables are still part of the working capital used in the Group's principal revenue generating activities and presented as arising from operating activities.

(a) Details of trade and notes payables are as follows:

	2025 US$'000	2024 US$'000
Trade payables	**8,561,393**	8,473,990
Notes payable	**3,417,540**	2,031,437
	11,978,933	10,505,427

Ageing analysis of trade payables of the Group at the balance sheet date, based on invoice date, is as follows:

	2025 US$'000	2024 US$'000
0 – 30 days	**4,527,503**	5,201,965
31 – 60 days	**2,465,757**	2,002,588
61 – 90 days	**898,452**	643,980
Over 90 days	**669,681**	625,457
	8,561,393	8,473,990

(b) At March 31, 2025, certain balances amounted to US$111,331,000 and US$3,275,421,000 (2024: nil and US$1,913,114,000) are under supplier finance arrangements and included in trade payables and notes payable, respectively, of which suppliers have already received payment from the relevant financial institutions. The range of payment due dates for such supplier finance arrangements are 60 to 145 days after the invoice date, which is similar with the range of payment due dates for comparable trade and notes payables that are not part of the supplier finance arrangements.

(c) Notes payable of the Group are mainly repayable within three months.

(d) The carrying amounts of trade and notes payables approximate their fair values.

22 Other payables and accruals

Accounting policy

Other payables and accruals mainly comprise the obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors.

Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns, details of which are set out in Note 3.

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognized at present value of redemption amount as a written put option liability with a corresponding charge directly to equity. A written put option liability is subsequently re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. In the event that the option expires unexercised, the written put option liability is derecognized with a corresponding adjustment to equity.

Details of other payables and accruals are as follows:

	2025 US$'000	2024 US$'000
Accruals	**4,391,239**	3,327,359
Allowance for billing adjustments	**2,152,336**	2,277,947
Written put option liabilities (b)	**303,099**	253,482
Other payables (c)	**6,962,738**	6,791,407
Lease liabilities	**94,972**	101,580
	13,904,384	12,751,775

Notes:

(a) The carrying amounts of other payables and accruals approximate their fair values.

(b) (i) Pursuant to the joint venture agreement entered into between the Company and Fujitsu Limited ("Fujitsu"), the Company and Fujitsu are respectively granted call and put options which entitle the Company to purchase from Fujitsu and Development Bank of Japan ("DBJ"), or Fujitsu and DBJ to sell to the Company, the 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together "FCCL"). Both options are exercisable at March 31, 2025 and 2024. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

(ii) During the year ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd ("ZJSB") acquired the 49% interest in a joint venture company ("JV Co") from Compal Electronics, Inc. The Company and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of the Group and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia"), which holds 99.31% interest in ZJSB, the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB.

During the option exercise period, Yuan Jia notified the Group of its intention to exercise its put option. On December 28, 2021, ZJSB, Yuan Jia and the Group entered into an agreement pursuant to which ZJSB transferred 39% interest in the JV Co to the Group at an exercise price of RMB1,895 million (approximately US$297 million). Upon completion on January 10, 2022, the Company and ZJSB respectively owns 90% and 10% of the interest in the JV Co.

Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement entered into on January 11, 2022 whereby the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately US$69 million). At March 31, 2025, the written put option liabilities to Yuan Jia has been reclassified to current liabilities as the written put option will be exercisable within the next twelve months.

The financial liability that may become payable under the put option is initially recognized at present value of redemption amount within "Other non-current liabilities" with a corresponding charge directly to equity, as a put option written on non-controlling interest.

22 Other payables and accruals *(continued)*

Notes: *(continued)*

(b) *(continued)*

The put option liability shall be re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement (Note 4). In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

(c) At March 31, 2025, certain balances amounted to US$1,180,060,000 (2024: US$1,533,201,000) are under supplier finance arrangements and included in other payables, of which subcontractors have already received payment from the relevant financial institutions. The range of payment due dates for such supplier finance arrangements are 60 to 145 days after the invoice date, which is similar with the range of payment due dates for comparable other payables that are not part of the supplier finance arrangements.

23 Provisions

Accounting policy

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(a) Warranty provision

The Group records warranty liabilities at the time of sale for the estimated costs that will be incurred under its basic limited warranty. The specific warranty terms and conditions vary depending upon the product and the country in which it was sold, but generally includes technical support, repair parts and labor associated with warranty repair and service actions. The period ranges from one to three years. The Group reevaluates its estimates on a quarterly basis to assess the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

(b) Other provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring costs provision comprises lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Critical accounting estimates and judgments

Warranty provision is based on the estimated cost of product warranties when revenue is recognized. Factors that affect the Group's warranty liability include the number of sold units currently under warranty, historical and anticipated rates of warranty claims on those units, and cost per claim to satisfy our warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with the suppliers. These amounts are recognized as a separate asset, to the extent of the amount of the provision made, when it is virtually certain that reimbursement will be received if the Group settles the obligation.

23 Provisions *(continued)*

The components of provisions of the Group are as follows:

	Warranty US$'000	Environmental restoration US$'000	Restructuring US$'000	Total US$'000
Year ended March 31, 2024				
At the beginning of the year	1,051,839	26,084	162,577	1,240,500
Exchange adjustment	(25,797)	(2,703)	(521)	(29,021)
Provisions made	660,534	18,051	54,991	733,576
Amounts utilized	(716,985)	(16,096)	(108,108)	(841,189)
	969,591	25,336	108,939	1,103,866
Long-term portion classified as non-current liabilities	(161,261)	(21,655)	–	(182,916)
At the end of the year	808,330	3,681	108,939	920,950
Year ended March 31, 2025				
At the beginning of the year	**969,591**	**25,336**	**108,939**	**1,103,866**
Exchange adjustment	**(6,690)**	**(313)**	**546**	**(6,457)**
Provisions made	**725,885**	**16,443**	**–**	**742,328**
Amounts utilized	**(718,097)**	**(14,935)**	**(71,553)**	**(804,585)**
	970,689	**26,531**	**37,932**	**1,035,152**
Long-term portion classified as non-current liabilities	**(159,400)**	**(23,159)**	**–**	**(182,559)**
At the end of the year	**811,289**	**3,372**	**37,932**	**852,593**

The Group records its warranty liability at the time of sales based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty accrual is reviewed quarterly to verify it properly reflects the outstanding obligation over the warranty period. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with them.

The Group records its environmental restoration provision at the time of sales based on estimated costs of environmentally-sound disposal of waste electrical and electronic equipment upon return from end-customers and with reference to the historical or projected future return rate. The environmental restoration provision is reviewed at least annually to assess its adequacy to meet the Group's obligation.

Restructuring costs provision mainly comprises employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency. The Group records its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

24 Borrowings

Accounting policy

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability 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. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless, at the balance sheet date, the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2025 US$'000	2024 US$'000
Current liabilities		
Short-term loans (a)	**65,364**	50,431
Notes (b)	**964,988**	–
	1,030,352	50,431
Non-current liabilities		
Notes (b)	**2,050,271**	3,012,637
Convertible bonds (c)	**2,287,535**	556,592
	4,337,806	3,569,229
	5,368,158	3,619,660

Notes:

(a) Majority of the short-term loans are denominated in United States dollars. At March 31, 2025, the Group has total revolving and short-term loan facilities of US$6,044 million (2024: US$5,426 million) which has been utilized to the extent of US$62 million (2024: US$41 million).

24 Borrowings *(continued)*

Notes: *(continued)*

(b) Details of the outstanding notes are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US$'000	2024 US$'000
April 24, 2020 and May 12, 2020	US$965 million	5 years	5.875%	April 2025	**964,988**	964,798
November 2, 2020	US$900 million	10 years	3.421%	November 2030	**895,032**	894,145
July 27, 2022	US$600 million	5.5 years	5.831%	January 2028	**596,607**	595,587
July 27, 2022	US$563 million	10 years	6.536%	July 2032	**558,632**	558,107
					3,015,259	3,012,637

(c) Details of the outstanding convertible bonds are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US$'000	2024 US$'000
August 26, 2022 (i)	US$675 million	7 years	2.5%	August 2029	**576,812**	556,592
January 8, 2025 (ii)	US$2,000 million	3 years	0%	January 2028	**1,710,723**	–
					2,287,535	556,592

(i) On August 26, 2022, the Company completed the issuance of 7-Year US$675 million convertible bonds bearing annual interest at 2.5% due in August 2029 ("the 2029 Convertible Bonds") to the bondholders. The proceeds were used to repay previous convertible bonds and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$9.94 per share, subject to adjustments. The conversion price was adjusted to HK$8.95 per share effective on January 8, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK$8.95 per share, the 2029 Convertible Bonds will be convertible into 591,171,787 shares.

The outstanding principal amount of the 2029 Convertible Bonds is repayable by the Company upon the maturity of the 2029 Convertible Bonds on August 26, 2029 if not previously redeemed, converted or purchased and cancelled. On August 26, 2026, the bondholders will have the right, at the bondholders' option, to require the Company to redeem part or all of the 2029 Convertible Bonds at their principal amount.

At any time after September 9, 2026 and prior to August 26, 2029, the Company will have the right to redeem in whole, but not in part, the 2029 Convertible Bonds for the time being outstanding at their principal amount upon occurrence of certain specified conditions.

24 Borrowings *(continued)*

Notes: *(continued)*

(c) *(continued)*

(ii) On January 8, 2025, the Company completed the issuance of 3-Year US$2,000 million zero-coupon convertible bonds due in January 2028 ("the 2028 Convertible Bonds") to the bondholder, subject to three months extension upon occurrence of specified condition. The proceeds were used to repay the existing debts and for general corporate purposes. The bondholder has the right, at any time up to 15 calendar days prior to the maturity date, to convert part or all of the outstanding principal amount of the 2028 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$10.02 per share, subject to adjustments. The conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK$10.02 per share, the 2028 Convertible Bonds will be convertible into 1,559,181,636 shares.

The liability and equity components of the 2028 Convertible Bonds on initial recognition are presented as follows:

	US$'000
Face value of the convertible bonds on the issue date	2,000,000
Less: transaction costs	(20,192)
Net proceeds	1,979,808
Less: equity component	(290,608)
Liability component on initial recognition	1,689,200

The outstanding principal amount of the 2028 Convertible Bonds is repayable by the Company upon the maturity of the 2028 Convertible Bonds on January 8, 2028 if not previously redeemed or converted. At any time prior to the maturity date, the bondholder will have the right to require the Company to redeem all of the 2028 Convertible Bonds at their principal amount or plus interest of 4.5% per annum upon occurrence of certain specified conditions.

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, redemption or maturity of the bonds. The remainder of the proceeds was allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

The Group expects that it will be able to meet its redemption obligations based on the financial position of the Group had conversion of the 2029 Convertible Bonds and 2028 Convertible Bonds not exercised on maturity.

24 Borrowings *(continued)*

At March 31, 2025 and 2024, the Group's borrowings were repayable as follows:

	2025 US$'000	2024 US$'000
Within 1 year	**1,030,352**	50,431
Over 1 to 2 years	**–**	964,798
Over 2 to 5 years	**2,884,142**	595,587
Over 5 years	**1,453,664**	2,008,844
	5,368,158	3,619,660

The fair values of the notes and convertible bonds at March 31, 2025 were US$3,013 million and US$2,681 million respectively (2024: US$2,954 million and US$827 million respectively). The carrying amounts of other borrowings are either at fair value or approximate their fair values as the impact of discounting is not significant.

Total bank facilities of the Group at March 31, 2025 and 2024 are as follows:

	Total available amounts		Utilized amounts	
	2025 US$'000	2024 US$'000	2025 US$'000	2024 US$'000
Revolving loans	**2,850,000**	3,500,000	**–**	–
Short-term money market facilities	**3,193,522**	1,925,683	**62,433**	41,300
Forward foreign exchange contracts	**16,008,524**	11,587,905	**15,982,263**	11,554,595
Trade lines	**6,199,943**	4,676,387	**4,369,806**	2,861,146
	28,251,989	21,689,975	**20,414,502**	14,457,041

All borrowings are unsecured and the effective annual interest rates at March 31, 2025 and 2024 are as follows:

	United States dollar	
	2025	2024
Short-term loans and notes	**0.99%-6.63%**	3.29%–10.02%
Convertible bonds	**5.65%-6.07%**	6.07%

25 Derivative financial liabilities

Accounting policy

Derivative financial liabilities include derivatives relate to foreign currency forward contracts (see Note 29 for accounting policy) and warrants issued by the Company.

Warrants issued by the Company are classified as financial liabilities at fair value through profit or loss as the warrants give the Company a choice over how it is settled upon the exercise of subscription right of the warrants. The warrants are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. When determining the classification of warrants as current or non-current, the Group considers the date at which the holders could demand settlement. Warrants that can be exercised within 12 months after the balance sheet date are classified as current at balance sheet date.

On January 8, 2025, an aggregate of 1,150,000,000 warrants have been fully subscribed and issued with gross proceeds of HK$1,645 million (approximately US$212 million).

Subject to the terms of the warrants, including the transfer and exercise limit in respect of each 12-month period from the issue date, the warrants holders have the right, at any time up to January 8, 2028, which may be extended by three months, to subscribe for the Company's shares at an initial subscription price of HK$12.31 per share, subject to adjustments. The Company has the option to satisfy such exercise rights by allotment and issue of the Company's shares, or through cash payments, which is determined with reference to the market price of the Company's shares.

The warrants issued by the Company are initially recognized as financial liabilities at FVPL and are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized as "other operating income/(expenses) — net" in the consolidated income statement. The valuation methodology and inputs used are disclosed in Note 30(d).

At March 31, 2025, the current and non-current derivative financial liabilities relating to warrants amounted to US$87,919,000 and US$241,778,000, respectively.

Details of derivatives relate to foreign currency forward contracts (included in derivative financial instruments) are disclosed in Note 29 and Note 30.

26 Other non-current liabilities

Accounting policy

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized within "Other operating income/(expenses) — net" in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in "Other non-current liabilities" as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

Details of other non-current liabilities are as follows:

	2025 US$'000	2024 US$'000
Deferred consideration (a)	**25,072**	25,072
Written put option liability (Note 22(b)(ii))	**-**	44,251
Lease liabilities	**269,828**	240,449
Environmental restoration (Note 23)	**23,159**	21,655
Government incentives and grants received in advance (b)	**98,350**	101,095
Others	**301,375**	322,183
	717,784	754,705

Notes:

(a) Pursuant to the joint venture agreement entered into with NEC Corporation, the Group is required to pay in cash to NEC Corporation deferred consideration. At March 31, 2025, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US$25 million (2024: US$25 million).

(b) Government incentives and grants received in advance by certain group companies included in "Other non-current liabilities" mainly relate to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfill certain conditions under the terms of the government incentives and grants. The government incentives and grants, upon fulfillment of those conditions, are credited to the consolidated income statement immediately or recognized on a straight-line basis over the expected life of the related assets.

27 Retirement benefit obligations

Accounting policy

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Significant portion of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income or loss in the year in which they arise. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group. Contributions from employees are linked to service and hence, the contributions reduce service cost. The Group attributes the contributions from employees to periods of service on a straight-line basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, the largest being in the United States. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income or loss in the year in which they arise. The obligations of these schemes in the United States are valued annually by independent qualified actuaries.

Critical accounting estimates and judgments

Pension and other post-retirement benefit costs and obligations are dependent on various assumptions. The Group's major assumptions primarily relate to discount rate, expected return on assets, and salary growth. In determining the discount rate, the Group references market yields at the balance sheet date on high quality corporate bonds. The currency and term of the bonds are consistent with the currency and estimated term of the benefit obligations being valued. The expected return on plan assets is based on market expectations for returns over the life of the related assets and obligations. The salary growth assumptions reflect the Group's long-term actual experience and future and near-term outlook. Actual results that differ from the assumptions are generally recognized in the year they occur.

27 Retirement benefit obligations *(continued)*

	2025 US$'000	2024 US$'000
Pension obligation included in non-current liabilities		
Pension benefits	**191,561**	212,841
Post-employment medical benefits	**29,223**	28,561
	220,784	241,402
Expensed in consolidated income statement		
Pension benefits (Note 7)	**18,372**	23,059
Post-employment medical benefits	**1,562**	1,498
	19,934	24,557
Remeasurements for:		
Defined pension benefits	**(5,922)**	5,740
Post-employment medical benefits	**361**	934
	(5,561)	6,674

The Group's largest pension liabilities are now in Germany. The Group operates a sectionalized plan that has both defined contribution and defined benefit features in Germany, including benefits based on a final pay formula. This plan is closed to new entrants. The defined benefit plan for Motorola Mobility in Germany does not have employees, but a large number of retirees and former employees with benefits fully vested but have yet to reach retirement age.

The Group continues to maintain significant pension liabilities in Japan, where a cash balance benefit is provided for substantially all employees.

In the US, the defined benefit plan is closed to new entrants, and now covers only less than 1% of employees. There is also a supplemental defined benefit plan that covers certain executives.

The Group also operates final salary defined benefit plans in a number of countries as a result of past acquisitions.

The Group's plans are valued by qualified actuaries annually using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise.

(a) Pension benefits

The amounts recognized in the consolidated balance sheet are determined as follows:

	2025 US$'000	2024 US$'000
Present value of funded obligations	**444,455**	451,205
Fair value of plan assets	**(383,508)**	(373,512)
Deficit of funded plans	**60,947**	77,693
Present value of unfunded obligations	**130,614**	135,148
Liability in the consolidated balance sheet	**191,561**	212,841
Representing:		
Pension benefits obligation	**191,561**	212,841

27 Retirement benefit obligations *(continued)*

(a) Pension benefits *(continued)*

The principal actuarial assumptions used are as follows:

	2025	2024
Discount rate	**1.1%-5.2%**	1.5%–5.1%
Future salary increases	**0%-3.5%**	0%–5.4%
Future pension increases	**0%-2.0%**	0%–2.5%
Life expectancy for male aged 60	**26**	25
Life expectancy for female aged 60	**29**	29

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
2025	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**0.5%**	**Decrease by 5.4%**	**Increase by 5.9%**
Salary growth rate	**0.5%**	**Increase by 0.8%**	**Decrease by 0.8%**
Pension growth rate	**0.5%**	**Increase by 3.5%**	**Decrease by 3.3%**
Life expectancy	**1 year**	**Increase by 1.1%**	**Decrease by 1.4%**

		Impact on defined benefit obligation	
2024	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.6%	Increase by 6.2%
Salary growth rate	0.5%	Increase by 1.0%	Decrease by 0.9%
Pension growth rate	0.5%	Increase by 3.7%	Decrease by 3.5%
Life expectancy	1 year	Increase by 1.4%	Decrease by 1.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the balance sheet date) has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

27 Retirement benefit obligations *(continued)*

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes.

The US plan (Lenovo Future Health Account Plan) is currently an unfunded plan, and benefits to eligible retirees and dependents will be made through general assets.

As post-employment medical benefits plan made no agreements on future benefit level changes, the changes in future medical cost trend rates have no effect on the liabilities for post-employment medical benefits.

The liability recognized in the consolidated balance sheet of US$29,223,000 (2024: US$28,561,000) represents the present value of unfunded obligations.

(c) Additional information on post-employment benefits (pension and medical)

Plan assets of the Group comprise:

	2025			2024		
	Quoted US$'000	**Unquoted US$'000**	**Total US$'000**	Quoted US$'000	Unquoted US$'000	Total US$'000
Pension plan						
Equity instruments						
Information technology	**1,324**	**-**	**1,324**	1,429	–	1,429
Energy	**254**	**-**	**254**	234	–	234
Manufacturing	**3,467**	**-**	**3,467**	2,026	–	2,026
Others	**11,708**	**-**	**11,708**	10,420	–	10,420
	16,753	**-**	**16,753**	14,109	–	14,109
Debt instruments						
Government	**56,632**	**-**	**56,632**	58,423	–	58,423
Corporate bonds (investment grade)	**63,660**	**-**	**63,660**	61,439	–	61,439
Corporate bonds (Non-investment grade)	**57,756**	**-**	**57,756**	57,916	–	57,916
	178,048	**-**	**178,048**	177,778	–	177,778
Others						
Property	**-**	**29,313**	**29,313**	–	23,449	23,449
Qualifying insurance policies	**-**	**44,529**	**44,529**	–	49,951	49,951
Cash and cash equivalents	**10,410**	**-**	**10,410**	7,048	–	7,048
Investment funds	**-**	**83,317**	**83,317**	–	77,328	77,328
Structured bonds	**-**	**16,990**	**16,990**	–	19,519	19,519
Others	**-**	**4,148**	**4,148**	–	4,330	4,330
	10,410	**178,297**	**188,707**	7,048	174,577	181,625
	205,211	**178,297**	**383,508**	198,935	174,577	373,512

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership, liability profile and the liquidity requirements of the plans.

The weighted average duration of the defined benefit obligation is 11.62 years (2024: 12.04 years).

27 Retirement benefit obligations *(continued)*

(c) Additional information on post-employment benefits (pension and medical) *(continued)*

Expected maturity analysis of undiscounted pension and post-employments medical benefits:

	Less than a year US$'000	**Between 1–2 years** US$'000	**Between 2–5 years** US$'000	**Over 5 years** US$'000	**Total** US$'000
At March 31, 2025					
Pension benefits	**29,351**	**32,673**	**97,487**	**731,011**	**890,522**
Post-employment medical benefits	**1,718**	**1,925**	**6,887**	**37,644**	**48,174**
Total	**31,069**	**34,598**	**104,374**	**768,655**	**938,696**
At March 31, 2024					
Pension benefits	28,815	28,610	94,889	741,916	894,230
Post-employment medical benefits	1,555	1,747	14,200	38,671	56,173
Total	30,370	30,357	109,089	780,587	950,403

Pension and medical plan assets do not include any of the Company's ordinary shares or US real estate occupied by the Group (2024: nil).

Reconciliation of fair value of plan assets of the Group:

	Pension		**Medical**	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Opening fair value	**373,512**	367,224	**–**	–
Exchange adjustment	**(459)**	(20,973)	**(15)**	16
Interest income	**13,231**	11,371	**38**	17
Remeasurements:				
Experience (loss)/gain	**(11,125)**	3,764	**–**	–
Contributions by the employer	**26,285**	31,329	**1,276**	1,110
Contributions by plan participants	**1,956**	1,349	**–**	–
Benefits paid	**(19,892)**	(20,552)	**(1,299)**	(1,143)
Closing fair value	**383,508**	373,512	**–**	–
Actual return on plan assets	**2,106**	15,135	**38**	17

Contributions of US$17,701,000 are estimated to be made for the year ending March 31, 2026.

27 Retirement benefit obligations *(continued)*

(c) Additional information on post-employment benefits (pension and medical) *(continued)*

Reconciliation of movements in present value of defined benefit obligation of the Group:

	Pension		Medical	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Opening defined benefit obligation	**586,353**	597,181	**28,561**	27,287
Exchange adjustment	**(3,815)**	(30,959)	**-**	(32)
Current service cost	**12,218**	15,007	**178**	226
Past service cost	**337**	1,231	**-**	–
Interest cost	**19,254**	18,427	**1,422**	1,289
Remeasurements:				
(Gain)/loss from changes in demographic assumptions	**(33)**	(326)	**(55)**	3
(Gain)/loss changes in financial assumptions	**(21,455)**	405	**84**	(1,107)
Experience loss	**4,441**	9,425	**332**	2,038
Contributions by plan participants	**1,415**	1,337	**-**	–
Benefits paid	**(23,440)**	(25,140)	**(1,299)**	(1,143)
Curtailment gain	**(206)**	(235)	**-**	–
Closing defined benefit obligation	**575,069**	586,353	**29,223**	28,561

During the year, benefits of US$3,548,000 were settled directly by the Group (2024: US$4,588,000).

Summary of pensions and post-retirement medical benefits of the Group:

	2025 US$'000	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000
Present value of defined benefit obligation	**604,292**	614,914	624,468	750,069	876,077
Fair value of plan assets	**383,508**	373,512	367,224	409,527	444,172
Deficit	**220,784**	241,402	257,244	340,542	431,905
Actuarial losses/(gains) arising on plan assets	**11,125**	(3,764)	35,788	17,780	(6,196)
Actuarial (gains)/losses arising on plan liabilities	**(16,686)**	10,438	(94,312)	(75,974)	(29,539)
	(5,561)	6,674	(58,524)	(58,194)	(35,735)

27 Retirement benefit obligations *(continued)*

(c) Additional information on post-employment benefits (pension and medical) *(continued)*

The amounts recognized in the consolidated income statement are as follows:

	Pension		Medical	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Current service cost	**12,218**	15,007	**178**	226
Past service cost	**337**	1,231	**-**	–
Interest cost	**19,254**	18,427	**1,422**	1,289
Interest income	**(13,231)**	(11,371)	**(38)**	(17)
Curtailment gain	**(206)**	(235)	**-**	–
Total expense recognized in the consolidated income statement	**18,372**	23,059	**1,562**	1,498

28 Share capital

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

	2025		2024	
	Number of shares	**US$'000**	Number of shares	US$'000
Issued and fully paid:				
Voting ordinary shares:				
At the beginning of the year	**12,404,659,302**	**3,500,987**	12,128,130,291	3,282,318
Conversion of convertible bonds	**-**	**-**	276,529,011	218,669
At the end of the year	**12,404,659,302**	**3,500,987**	12,404,659,302	3,500,987

29 Financial instruments by category

Accounting policy

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

— those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Group classifies its debt instruments:

— Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

— FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

— FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

29 Financial instruments by category *(continued)*

Accounting policy *(continued)*

Financial assets *(continued)*

(c) Measurement (continued)

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established. On disposal of these equity investments, any related balance within the investment revaluation reserve is reclassified to retained earnings. Changes in the fair value of financial assets at FVPL are recognized in profit or loss as applicable.

Financial assets at FVOCI comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

Financial assets at FVPL comprise equity investments which are held for trading, and which the Group has not elected to recognize fair value gains and losses through other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 30(d).

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values at each balance sheet date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge) or (ii) hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Accounting policy *(continued)*

Derivative financial instruments and hedging activities *(continued)*

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income or loss. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale or purchase that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the consolidated income statement within "Finance costs". The gain or loss relating to the ineffective portion is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gains or losses on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to the consolidated income statement immediately.

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated income statement.

Critical accounting estimates and judgments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

29 Financial instruments by category *(continued)*

	Financial assets at amortized cost US$'000	Financial assets at FVPL US$'000	Derivatives used for hedging US$'000	Financial assets at FVOCI (non-recycling) US$'000	Other financial assets at FVOCI (recycling) US$'000	Total US$'000
Assets						
At March 31, 2025						
Financial assets at FVPL	**-**	**1,464,384**	**-**	**-**	**-**	**1,464,384**
Financial assets at FVOCI	**-**	**-**	**-**	**45,382**	**-**	**45,382**
Other non-current assets	**248,777**	**-**	**-**	**-**	**-**	**248,777**
Trade and notes receivables	**60,542**	**-**	**-**	**-**	**10,446,068**	**10,506,610**
Derivative financial assets	**-**	**-**	**53,690**	**-**	**-**	**53,690**
Deposits and other receivables	**2,746,721**	**-**	**-**	**-**	**-**	**2,746,721**
Bank deposits	**88,607**	**-**	**-**	**-**	**-**	**88,607**
Cash and cash equivalents	**4,728,124**	**-**	**-**	**-**	**-**	**4,728,124**
	7,872,771	**1,464,384**	**53,690**	**45,382**	**10,446,068**	**19,882,295**
At March 31, 2024						
Financial assets at FVPL	–	1,393,666	–	–	–	1,393,666
Financial assets at FVOCI	–	–	–	55,973	–	55,973
Other non-current assets	365,640	–	–	–	–	365,640
Trade and notes receivables	16,998	–	–	–	8,130,697	8,147,695
Derivative financial assets	–	–	69,568	–	–	69,568
Deposits and other receivables	2,347,121	–	–	–	–	2,347,121
Bank deposits	65,555	–	–	–	–	65,555
Cash and cash equivalents	3,559,831	–	–	–	–	3,559,831
	6,355,145	1,393,666	69,568	55,973	8,130,697	16,005,049

29 Financial instruments by category *(continued)*

	Financial liabilities at amortized cost US$'000	**Derivatives used for hedging** US$'000	**Derivatives at FVPL** US$'000	**Total** US$'000
Liabilities				
At March 31, 2025				
Trade and notes payables	**11,978,933**	**–**	**–**	**11,978,933**
Derivative financial liabilities	**–**	**109,277**	**329,697**	**438,974**
Other payables and accruals	**10,503,181**	**–**	**–**	**10,503,181**
Lease liabilities	**364,800**	**–**	**–**	**364,800**
Borrowings	**5,368,158**	**–**	**–**	**5,368,158**
Deferred consideration	**25,072**	**–**	**–**	**25,072**
Written put option liabilities	**303,099**	**–**	**–**	**303,099**
Others	**301,375**	**–**	**–**	**301,375**
	28,844,618	**109,277**	**329,697**	**29,283,592**
At March 31, 2024				
Trade and notes payables	10,505,427	–	–	10,505,427
Derivative financial liabilities	–	42,555	–	42,555
Other payables and accruals	9,552,604	–	–	9,552,604
Lease liabilities	342,029	–	–	342,029
Borrowings	3,619,660	–	–	3,619,660
Deferred consideration	25,072	–	–	25,072
Written put option liabilities	297,733	–	–	297,733
Others	322,183	–	–	322,183
	24,664,708	42,555	–	24,707,263

30 Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign currency risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is carried out by the centralized treasury department ("Group Treasury").

(a) Financial risk factors

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to United States dollar, Renminbi and Euro. Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investment in foreign operations denominated in a currency that is not the group companies' functional currency.

Management has set up a policy to require group companies to manage their foreign currency risk against their functional currency. The Group's 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.

For segment reporting purposes, external hedge contracts on assets, liabilities or future transactions are designated to each operating segment, as appropriate.

The following tables detail the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate, except for the currency risk between United States dollar and Hong Kong dollar given the two currencies are under the linked exchange rate system. For presentation purposes, the amounts of the exposure are shown in United States dollar, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2025			2024		
	United States dollar US$'000	Renminbi US$'000	Euro US$'000	United States dollar US$'000	Renminbi US$'000	Euro US$'000
Trade and other receivables	716,915	20,488	182,482	725,286	9,155	164,159
Bank deposits and cash and cash equivalents	51,284	51,879	106,073	108,167	87,364	171,657
Trade and other payables	(590,815)	(73,663)	(107,042)	(479,478)	(9,851)	(92,222)
Intercompany balances before elimination	1,838,813	4,611,989	(401,751)	1,297,061	3,250,149	(696,053)
Gross exposure	2,016,197	4,610,693	(220,238)	1,651,036	3,336,817	(452,459)
Notional amounts of forward exchange contracts used as economic hedges	2,645,733	263,551	291,687	2,079,772	597,298	523,050
Net exposure	4,661,930	4,874,244	71,449	3,730,808	3,934,115	70,591

30 Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(ii) Cash flow interest rate risk

The Group's interest rate risk generally arises from short-term and long-term borrowings denominated in United States dollar. It is the Group's policy to mitigate interest rate risk through the use of appropriate interest rate hedging instruments when necessary. Generally, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees 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).

The Group participates in various trade financing programs. The Group is exposed to fluctuation of interest rates of all the currencies covered by those programs.

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet either as financial assets at FVPL (Note 17(a)) or FVOCI (Note 17(b)).

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's listed equity investments are determined based on respective quoted market prices. The fair value of unlisted equity investments is determined based on valuation techniques, please refer to Note 30(d) for details.

(iv) Credit risk

Credit risk is managed 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, the Group controls its credit risk through monitoring their credit rating and setting approved counterparty credit limits that are regularly reviewed.

The Group has no significant concentration of customer credit risk. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis. No credit limits were exceeded by any customers and subcontractors during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

Except for trade receivables, the Group measures the loss allowance equal to 12 months expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime expected credit loss. The expected credit loss was minimal.

30 Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(iv) Credit risk *(continued)*

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and days past due. The gross carrying amount of the trade receivables and the loss allowance analyzed by ageing band are set out below:

	Gross carrying amount US$'000	Loss allowance US$'000	Expected credit loss rate
At March 31, 2025			
Not past due	**9,583,585**	**(17,198)**	**0%**
Past due less than 31 days	**445,630**	**(276)**	**0%**
Past due within 31 to 60 days	**189,349**	**(108)**	**0%**
Past due within 61 to 90 days	**83,704**	**(189)**	**0%**
Past due over 90 days	**310,904**	**(149,333)**	**48%**
	10,613,172	**(167,104)**	
At March 31, 2024			
Not past due	7,246,766	(31,783)	0%
Past due less than 31 days	487,343	(359)	0%
Past due within 31 to 60 days	178,547	(117)	0%
Past due within 61 to 90 days	62,326	(664)	1%
Past due over 90 days	288,482	(99,844)	35%
	8,263,464	(132,767)	

(v) Liquidity risk

Cash flow forecasting at least for next twelve months of the Group is performed by Group Treasury. It monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational, financing and investing needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 24) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, net current liabilities position, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities over and above balances required for working capital management are transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the balance sheet date, the Group held money market funds of US$1,493,773,000 (2024: US$353,552,000) (Note 20).

As detailed in Notes 21 and 22, the Group utilizes supplier finance arrangements as part of its working capital strategy to enhance operational flexibility. These arrangements are established with multiple financial institutions, all of which are in sound financial health. This arrangement enables the Group to centralize the payment of trade and notes payables, as well as other payables, to the financial institutions instead of making individual payments to each supplier and subcontractor. Since the amounts involved are distributed across various financial institutions, management has determined that the likelihood of these arrangements becoming unavailable is remote and the current structure does not represent a material concentration of liquidity risk to the Group.

30 Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(v) Liquidity risk *(continued)*

The tables below analyze the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the tables are the contractual undiscounted cash outflows/(inflows).

	Repayable on demand or 3 months or less US$'000	Over 3 months to 1 year US$'000	Over 1 to 3 years US$'000	Over 3 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At March 31, 2025						
Borrowings	**1,036,424**	**119,038**	**2,835,236**	**835,657**	**1,567,701**	**6,394,056**
Trade, notes and other payables and accruals	**21,167,447**	**1,314,667**	**-**	**-**	**-**	**22,482,114**
Deferred consideration	**-**	**-**	**25,072**	**-**	**-**	**25,072**
Written put option liabilities	**256,852**	**49,221**	**-**	**-**	**-**	**306,073**
Lease liabilities	**31,920**	**88,342**	**183,072**	**70,264**	**36,466**	**410,064**
Others	**-**	**-**	**229,022**	**20,998**	**51,355**	**301,375**
Derivatives settled in net:						
Forward foreign exchange contracts	**707**	**-**	**-**	**-**	**-**	**707**
Derivatives settled in gross:						
Forward foreign exchange contracts						
— outflow	**12,343,419**	**1,514,555**	**-**	**-**	**-**	**13,857,974**
— inflow	**(12,282,766)**	**(1,520,618)**	**-**	**-**	**-**	**(13,803,384)**
At March 31, 2024						
Borrowings	21,187	210,657	1,210,193	805,524	2,335,798	4,583,359
Trade, notes and other payables and accruals	18,168,239	1,889,792	–	–	–	20,058,031
Deferred consideration	–	–	25,072	–	–	25,072
Written put option liabilities	253,482	–	49,452	–	–	302,934
Lease liabilities	36,013	96,358	166,189	78,986	32,302	409,848
Others	-	–	224,297	87,095	10,791	322,183
Derivatives settled in gross:						
Forward foreign exchange contracts						
— outflow	9,217,616	603,633	–	–	–	9,821,249
— inflow	(9,229,714)	(612,837)	–	–	–	(9,842,551)

30 Financial risk management *(continued)*

(b) Market risk sensitivity analysis

HKFRS 7 "Financial instruments: Disclosures" requires the disclosure of a sensitivity analysis for market risks that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed to at the balance sheet date on profit or loss and total equity.

The sensitivity analysis for each type of market risks does not reflect inter-dependencies between risk variables. The sensitivity analysis assumes that a hypothetical change of the relevant risk variable had occurred at the balance sheet date and had been applied to the relevant risk variable in existence on that date. The bases and assumptions adopted in the preparation of the analyses will by definition, seldom equal to the related actual results.

The disclosure of the sensitivity analysis on market risks is solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments, and are for illustration purposes only; and it should be noted that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses of the Group.

(i) Foreign currency exchange rate sensitivity analysis

At March 31, 2025, if United States dollar had weakened/strengthened by one percent against the major currencies with all other variables held constant, pre-tax profit for the year would have been US$2.8 million higher/lower (2024: US$2.7 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of unhedged portion of receivable and payable balances.

The analysis above is based on the assumption that United States dollar weakened or strengthened against all other currencies in the same direction and magnitude, but it may not be necessarily true in reality.

(ii) Interest rate sensitivity analysis

At March 31, 2025, the Group's short term borrowings at variable rate do not have significant impact on pre-tax profit for the year if interest rate on borrowings had been 25 basis points higher/lower with all other variable held constant (2024: do not have significant impact).

(iii) Price risk sensitivity analysis

The table below summarizes the impact of increase/decrease of the quoted market prices of listed equity investments and the prices of unlisted equity investments on the Group's pre-tax profit and equity for the year. The analysis is based on the assumption that the fair value of the equity investments had increased/decreased by 5% with all other variables held constant.

	Impact on pre-tax profit		Pre-tax impact on other components of equity	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Increase by 5%	**73,219**	69,683	**2,269**	2,799
Decrease by 5%	**(73,219)**	(69,683)	**(2,269)**	(2,799)

30 Financial risk management *(continued)*

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings) divided by total equity. The Group's strategy remains unchanged and the gearing ratios and net (debt)/cash position of the Group at March 31, 2025 and 2024 are as follows:

	2025 **US$ million**	2024 US$ million
Bank deposits and cash and cash equivalents	**4,817**	3,626
Less: total borrowings	**(5,368)**	(3,620)
Net (debt)/cash position	**(551)**	6
Total equity	**6,660**	6,081
Gearing ratio	**0.81**	0.60

(d) Fair value estimation

The table below analyzes financial instruments carried at fair value defined under different levels as follows:

— Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

— Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to environmental, social and governance risk ("ESG risk"). These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

30 Financial risk management *(continued)*

(d) Fair value estimation *(continued)*

Specific valuation techniques used to value financial instruments include:

— The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

— The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

— Other techniques, such as estimated discounted cash flows and recent transaction for similar instruments, are used to determine fair value for the remaining financial instruments.

The following table presents the assets and liabilities that are measured at fair value at March 31, 2025 and 2024.

	2025				2024			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets								
Financial assets at FVPL								
Listed equity investments	156,001	-	107,794	263,795	110,573	–	156,293	266,866
Unlisted equity investments	-	-	1,200,589	1,200,589	–	–	1,126,800	1,126,800
Financial assets at FVOCI								
Listed equity investments	31,113	-	-	31,113	37,745	–	–	37,745
Unlisted equity investments	-	-	14,269	14,269	–	–	18,228	18,228
Trade receivables	-	10,446,068	-	10,446,068	–	8,130,697	–	8,130,697
Derivative financial assets	-	53,690	-	53,690	–	69,568	–	69,568
	187,114	10,499,758	1,322,652	12,009,524	148,318	8,200,265	1,301,321	9,649,904
Liabilities								
Derivative financial liabilities	-	109,277	329,697	438,974	–	42,555	–	42,555
	-	109,277	329,697	438,974	–	42,555	–	42,555

(d) Fair value estimation *(continued)*

The movements in the financial assets and liabilities included in Level 3 fair value hierarchy for the years ended March 31, 2025 and 2024 are as follows:

Equity securities

	Financial assets at FVPL		Financial assets at FVOCI	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
At the beginning of the year	**1,283,093**	1,053,541	**18,228**	21,152
Exchange adjustment	**(6,834)**	(42,544)	**(43)**	(448)
Fair value change recognized in other comprehensive income	**-**	–	**(3,930)**	(2,476)
Fair value change recognized in profit or loss	**(49,853)**	167,267	**-**	–
Transfer to Level 1	**(51,765)**	(53,512)	**-**	–
Additions	**155,775**	179,192	**14**	–
Disposals	**(22,033)**	(20,851)	**-**	–
At the end of the year	**1,308,383**	1,283,093	**14,269**	18,228

The Level 3 equity securities are valued primarily based on the latest available financial statements. The Group may make adjustments to the value based on considerations such as the value date of the net assets value provided, cash flows since the latest value date, geographic and sector exposures, market movements and the basis of accounting of the underlying equity securities. A reasonable possible change in key assumptions used in the fair value measurement of equity securities would not result in any significant potential financial impact.

During the year ended March 31, 2025, four (2024: three) investments which were categorized as Level 3 have listed their equity shares on the exchanges or removed certain sales restrictions. With the published price quotations in active markets, related fair value measurement was transferred from Level 3 to Level 1.

Derivative financial liabilities relating to warrants

	2025 US$'000	2024 US$'000
At the beginning of the year	**-**	–
Exchange adjustment	**(230)**	–
Additions	**211,652**	–
Fair value change recognized in profit or loss	**118,275**	–
At the end of the year	**329,697**	–

Valuations of warrants that do not have a quoted price are performed using Black-Scholes model with unobservable inputs including risk-free interest rate of 3.3% and expected volatility of 36.7%. If the risk-free interest rate increased/decreased by 0.5%, the fair value of warrants would have been increased/decreased by approximately US$9 million and US$7 million respectively, while if the expected volatility increased/decreased by 0.5%, the fair value of warrants would have been increased/decreased by approximately US$6 million and US$4 million respectively, with the corresponding loss/gain recognized in the consolidated income statement.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

31 Note to the consolidated cash flow statement

(a) Reconciliation of profit before taxation to net cash generated from operations

	2025 US$'000	2024 US$'000
Profit before taxation	**1,480,870**	1,365,454
Share of losses of associates and joint ventures	**19,978**	25,659
Finance income	**(109,964)**	(148,134)
Finance costs	**773,269**	762,805
Depreciation of property, plant and equipment	**453,861**	428,472
Depreciation of right-of-use assets	**115,965**	151,899
Amortization of intangible assets	**849,309**	832,782
Impairment and write-off of property, plant and equipment	**-**	10,474
Impairment and write-off of intangible assets	**123,140**	29,745
Impairment of interest in an associate	**-**	6,690
Share-based compensation	**290,245**	277,574
Loss on disposal of property, plant and equipment	**3,596**	3,479
Loss on disposal of intangible assets	**2,954**	25
Loss on disposal of construction-in-progress	**535**	13,827
Gain on disposal of interest in associates	**-**	(12)
Gain on deemed disposal of a subsidiary	**(22,627)**	-
Fair value change on financial instruments	**(19,541)**	(755)
Fair value change on financial assets at FVPL	**(59,552)**	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	**118,275**	-
Gain on remeasurement of a written put option liability	**-**	(143,430)
Dividend income	**(8,114)**	(2,933)
Increase in inventories	**(1,356,853)**	(360,686)
Increase in trade and notes receivables, deposits, prepayments and other receivables	**(2,952,138)**	(190,928)
Increase in trade and notes payables, provisions, other payables and accruals	**2,562,146**	401,076
Effect of foreign exchange rate changes	**47,586**	58,969
Net cash generated from operations	**2,312,940**	3,368,939

31 Note to the consolidated cash flow statement *(continued)*

(b) Reconciliation of financing liabilities

This section sets out an analysis of financing liabilities and the movements in financing liabilities for the years presented.

Financing liabilities	2025 US$'000	2024 US$'000
Short-term loans — current	**65,364**	50,431
Notes — current	**964,988**	–
Notes — non-current	**2,050,271**	3,012,637
Convertible bonds — non-current	**2,287,535**	556,592
Derivative financial liabilities relating to warrants — current	**87,919**	–
Derivative financial liabilities relating to warrants — non-current	**241,778**	–
Lease liabilities — current	**94,972**	101,580
Lease liabilities — non-current	**269,828**	240,449
	6,062,655	3,961,689
Short-term loans — variable interest rates	**36,415**	43,423
Short-term loans — fixed interest rates	**28,949**	7,008
Notes — fixed interest rates	**3,015,259**	3,012,637
Convertible bonds — fixed interest rates	**2,287,535**	556,592
Derivative financial liabilities relating to warrants — non-interest bearing	**329,697**	–
Lease liabilities — fixed interest rates	**364,800**	342,029
	6,062,655	3,961,689

31 Note to the consolidated cash flow statement *(continued)*

(b) Reconciliation of financing liabilities *(continued)*

	Short-term loans current US$'000	Notes current US$'000	Notes non-current US$'000	Convertible bonds current US$'000	Convertible bonds non-current US$'000	Derivative financial liabilities relating to warrants current US$'000	Derivative financial liabilities relating to warrants non-current US$'000	Lease liabilities current US$'000	Lease liabilities non-current US$'000	Total US$'000
Financing liabilities at April 1, 2023	57,032	–	3,146,148	214,584	537,030	–	–	123,719	280,837	4,359,350
Proceeds from borrowings	11,792,697	–	–	–	–	–	–	–	–	11,792,697
Repayments/repurchase of borrowings	(11,799,007)	–	(132,083)	–	–	–	–	–	–	(11,931,090)
Conversion of convertible bonds	–	–	–	(218,669)	–	–	–	–	–	(218,669)
Reclassification	–	–	–	–	–	–	–	96,859	(96,859)	–
Principal elements of lease payments	–	–	–	–	–	–	–	(134,545)	–	(134,545)
Foreign exchange adjustments	(295)	–	–	–	–	–	–	(1,465)	(7,039)	(8,799)
Other non-cash movements	4	–	(1,428)	4,085	19,562	–	–	17,012	63,510	102,745
Financing liabilities at March 31, 2024	**50,431**	**-**	**3,012,637**	**-**	**556,592**	**-**	**-**	**101,580**	**240,449**	**3,961,689**
Proceeds from borrowings	**17,014,380**	**-**	**-**	**-**	**2,000,000**	**-**	**-**	**-**	**-**	**19,014,380**
Proceeds from issue of warrants	**-**	**-**	**-**	**-**	**-**	**56,440**	**155,212**	**-**	**-**	**211,652**
Repayments of borrowings	**(17,041,262)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,041,262)**
Issuing cost of borrowings	**-**	**-**	**-**	**-**	**(20,192)**	**-**	**-**	**-**	**-**	**(20,192)**
Reclassification	**-**	**964,814**	**(964,814)**	**-**	**-**	**-**	**-**	**92,620**	**(92,620)**	**-**
Principal elements of lease payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(121,071)**	**-**	**(121,071)**
Foreign exchange adjustments	**41,815**	**-**	**-**	**-**	**-**	**(61)**	**(169)**	**(1,044)**	**(7,863)**	**32,678**
Equity component for issue of convertible bonds	**-**	**-**	**-**	**-**	**(290,608)**	**-**	**-**	**-**	**-**	**(290,608)**
Other non-cash movements	**-**	**174**	**2,448**	**-**	**41,743**	**31,540**	**86,735**	**22,887**	**129,862**	**315,389**
Financing liabilities at March 31, 2025	**65,364**	**964,988**	**2,050,271**	**-**	**2,287,535**	**87,919**	**241,778**	**94,972**	**269,828**	**6,062,655**

(c) Cash outflow to acquire businesses, net of cash acquired

	2025 US$'000	2024 US$'000
Cash consideration paid	**1,537**	151,870
Less: cash and cash equivalents acquired	**-**	(16,811)
Net cash outflow — investing activities	**1,537**	135,059

32 Capital commitments

Apart from disclosed elsewhere in these financial statements, on March 31, 2025 and 2024, the Group had the following other capital commitments:

	2025 US$'000	2024 US$'000
Contracted but not provided for:		
— Property, plant and equipment	**89,648**	151,716
— Intangible assets	**1,298**	3,216
— Investment in financial assets	**17,951**	17,454
	108,897	172,386

33 Contingent liabilities

Accounting policy

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

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

34 Significant related party transactions

Accounting policy

A related party transaction is a transfer of resources, services or obligations between the Group and a related party of the Group, regardless of whether a price is charged.

(a) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third party.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- The entity is controlled or jointly controlled by a person identified in (a) above.
- A person, or a close member of that person's family, who has control or joint control over the Group, has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

34 Significant related party transactions *(continued)*

(a) The Group had the following significant related party transactions in the normal course of business during the year:

	2025 US$'000	2024 US$'000
閃聯信息技術工程中心有限公司 (IGRS Engineering Lab Limited) (an associate) (i)		
— Purchase of goods	**3,217**	7,219
異能者(南京)電子科技有限公司		
(Superman (Nanjing) Electronic Technology Limited) (an associate) (i)		
— Purchase of goods	**-**	7,260
— Sale of goods	**-**	482
浙江恆雲智聯數字科技有限公司		
(Zhejiang Hengyun Zhilian Digital Technology Co., Ltd.) (a former associate, equity interest was sold to a third party on December 28, 2023) (i)		
— Purchase of goods	**-**	18,975
— Sale of goods	**-**	65
PCCW Solutions Limited (a subsidiary of an associate)		
— Provision of services	**75,270**	84,220
— Services received	**1,423**	4,162
天津聯博基業科技發展有限公司		
(Tianjin Lianbo Foundation Technology Development Co., Limited) (an associate and its subsidiary) (i)		
— Loans granted	**77,612**	85,455

Note:

(i) The English name of the company is a direct translation or transliteration of its Chinese registered name.

(b) Key management compensation

Details on key management compensation are set out below. The emoluments shown below include one (2024: one) director and twelve (2024: twelve) senior management during the year.

	2025 US$'000	2024 US$'000
Basic salaries, allowances, and other benefits-in-kind	**15,542**	13,372
Discretionary bonuses	**26,760**	19,490
Long-term incentive awards	**45,100**	49,644
Retirement payments and employer's contribution to pension schemes	**1,061**	1,292
	88,463	83,798

35 Balance sheet and movement of reserves of the Company

(a) Balance sheet of the Company

	At March 31, 2025 US$'000	At March 31, 2024 US$'000
Non-current assets		
Property, plant and equipment	**156**	200
Right-of-use assets	**2,800**	619
Intangible assets	**4**	14
Interest in an associate	**103,851**	103,851
Investments in subsidiaries	**14,881,038**	14,389,781
Financial assets at FVPL	**43,253**	40,286
Financial assets at FVOCI	**7,259**	16,219
Other non-current assets	**669**	664
	15,039,030	14,551,634
Current assets		
Derivative financial assets	**295**	–
Deposits, prepayments and other receivables	**216,389**	216,685
Amounts due from subsidiaries	**8,951,173**	8,010,112
Income tax recoverable	**4,564**	4,564
Cash and cash equivalents	**15,107**	30,994
	9,187,528	8,262,355
Total assets	**24,226,558**	22,813,989

35 Balance sheet and movement of reserves of the Company *(continued)*

(a) Balance sheet of the Company *(continued)*

	At March 31,	
	2025 **US$'000**	2024 US$'000
Share capital	**3,500,987**	3,500,987
Reserves (Note 35(b))	**1,365,282**	1,278,676
Total equity	**4,866,269**	4,779,663
Non-current liabilities		
Derivative financial liabilities	**241,778**	–
Borrowings	**4,337,806**	3,569,229
Deferred income tax liabilities	**1,266**	1,669
Other non-current liabilities	**27,298**	25,576
	4,608,148	3,596,474
Current liabilities		
Derivative financial liabilities	**87,919**	43
Other payables and accruals	**107,103**	104,204
Borrowings	**964,988**	–
Amounts due to subsidiaries	**13,592,131**	14,333,605
	14,752,141	14,437,852
Total liabilities	**19,360,289**	18,034,326
Total equity and liabilities	**24,226,558**	22,813,989

On behalf of the Board

Yang Yuanqing
Chairman and Chief Executive Officer

Wong Wai Ming
Director

35 Balance sheet and movement of reserves of the Company *(continued)*

(b) Movement of reserves of the Company

The changes in the reserves of the Company during the years ended March 31, 2025 and 2024 are as follows:

	Investment revaluation reserve US$'000	Share-based compensation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000
At April 1, 2023	(18,496)	(355,383)	10,204	165,608	1,659,991	1,461,924
Profit for the year	–	–	–	–	716,142	716,142
Other comprehensive loss	(8,067)	–	–	–	–	(8,067)
Total comprehensive (loss)/ income for the year	(8,067)	–	–	–	716,142	708,075
Vesting of shares under long-term incentive program	–	(579,749)	–	–	–	(579,749)
Settlement of bonus through long-term incentive program	–	2,445	–	–	–	2,445
Share-based compensation	–	277,574	–	–	–	277,574
Dividends paid	–	–	–	–	(591,593)	(591,593)
At March 31, 2024	**(26,563)**	**(655,113)**	**10,204**	**165,608**	**1,784,540**	**1,278,676**
Profit for the year	**-**	**-**	**-**	**-**	**575,795**	**575,795**
Other comprehensive loss	**(9,012)**	**-**	**-**	**-**	**-**	**(9,012)**
Total comprehensive (loss)/ income for the year	**(9,012)**	**-**	**-**	**-**	**575,795**	**566,783**
Vesting of shares under long-term incentive program	**-**	**(448,422)**	**-**	**-**	**-**	**(448,422)**
Settlement of bonus through long-term incentive program	**-**	**561**	**-**	**-**	**-**	**561**
Share-based compensation	**-**	**290,245**	**-**	**-**	**-**	**290,245**
Issue of convertible bonds	**-**	**-**	**-**	**290,608**	**-**	**290,608**
Dividends paid	**-**	**-**	**-**	**-**	**(613,169)**	**(613,169)**
At March 31, 2025	**(35,575)**	**(812,729)**	**10,204**	**456,216**	**1,747,166**	**1,365,282**

36 Principal subsidiaries

The following includes the principal subsidiaries directly or indirectly held by the Company and, in the opinion of the directors, are significant to the results of the year or form a substantial portion of the net assets of the Group. The directors consider that giving details of other subsidiaries would result in particulars of excessive length.

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
Held directly:					
聯想(北京)有限公司 (Lenovo (Beijing) Limited)[1] (wholly foreign-owned enterprise)	Chinese Mainland	HK$5,650,000,000	**100%**	100%	Manufacturing and distribution of IT products and provision of IT services
聯想(上海)有限公司 (Lenovo (Shanghai) Co., Ltd.)[1] (wholly foreign-owned enterprise)	Chinese Mainland	HK$1,546,000,000	**100%**	100%	Distribution of IT products and provision of IT services
Held indirectly:					
Fujitsu Client Computing Limited	Japan	JPY400,000,000	**51%**	51%	Manufacturing and distribution of IT products
聯寶(合肥)電子科技有限公司 (LCFC (Hefei) Electronics Technology Co., Ltd.)[1] (wholly foreign-owned enterprise)	Chinese Mainland	US$265,000,000	**90%**	90%	Manufacturing and distribution of IT products
Lenovo (Asia Pacific) Limited	Hong Kong S.A.R. of China	HK$3,045,209,504.92	**100%**	100%	Investment holding and distribution of IT products
北京聯想軟件有限公司 (Beijing Lenovo Software Limited)[1] (wholly foreign-owned enterprise)	Chinese Mainland	HK$5,000,000	**100%**	100%	Provision of IT services and distribution of IT products
Lenovo (Australia & New Zealand) Pty Limited	Australia	AUD45,860,993.40	**100%**	100%	Distribution of IT products
Lenovo (Belgium) BV	Belgium	EUR639,099.20	**100%**	100%	Investment holding and distribution of IT products

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
聯想(北京)信息技術有限公司 (Lenovo (Beijing) Information Technology Limited)[1] (wholly foreign-owned enterprise)	Chinese Mainland	US$272,300,000	**100%**	100%	Investment holding and distribution of IT products
聯想(北京)電子科技有限公司 (Lenovo (Beijing) Electronic Technology Limited)[1]	Chinese Mainland	RMB150,000,000	**100%**	100%	Distribution of IT products and provision of IT services
Lenovo (Canada) Inc.	Canada	CAD100	**100%**	100%	Distribution of IT products
Lenovo Computer Limited	Hong Kong S.A.R. of China	HK$2	**100%**	100%	Procurement agency and distribution of IT products
Lenovo (Danmark) ApS	Denmark	DKK126,000	**100%**	100%	Distribution of IT products
Lenovo (Deutschland) GmbH	Germany	EUR25,100	**100%**	100%	Distribution of IT products
Lenovo Enterprise Solutions (Singapore) Pte. Ltd.	Singapore	SGD55,958,592	**100%**	100%	Manufacturing and wholesaling of computers, computer hardware and peripheral equipment
Lenovo Enterprise Solutions LLC	Japan	JPY50,000,000	**100%**	100%	Distribution of IT products
Lenovo Enterprise Technology Company Limited	Hong Kong S.A.R. of China	US$1,499,999,496	**100%**	100%	Investment holding and distribution of IT products and data management solution
Lenovo (France) SAS	France	EUR1,837,000	**100%**	100%	Distribution of IT products
Lenovo HK Services Limited	Hong Kong S.A.R. of China	HK$2	**100%**	100%	Provision of business planning, management, global supply chain, finance and accounting, and administration support services

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
Lenovo Global Technology (Asia Pacific) Limited	Hong Kong S.A.R. of China	US$2,128,924.89	**100%**	100%	Investment holding and distribution of IT products
Lenovo Global Technology HK Limited	Hong Kong S.A.R. of China	US$10,000,001	**100%**	100%	Procurement agency and distribution of IT products
Lenovo Global Technology (Hong Kong) Distribution Limited	Hong Kong S.A.R. of China	US$1	**100%**	100%	Distribution of IT products
Lenovo Global Technologies International Limited	Hong Kong S.A.R. of China	US$1,342,072,637	**100%**	100%	Investment holding and intellectual properties
Lenovo Global Technology (United States) Inc.	United States	US$10	**100%**	100%	Distribution of IT products and provision of IT services
Lenovo (Hong Kong) Limited	Hong Kong S.A.R. of China	HK$74,256,023	**100%**	100%	Distribution of IT products
惠陽聯想電子工業有限公司 (Lenovo (Huiyang) Electronic Industrial Co., Ltd.)[1] (wholly foreign-owned enterprise)	Chinese Mainland	HK$31,955,500	**100%**	100%	Manufacturing and distribution of IT products
Lenovo (India) Private Limited	India	INR8,607,471,514	**100%**	100%	Manufacturing and distribution of IT products
聯想信息產品(深圳)有限公司 (Lenovo Information Products (Shenzhen) Co. Ltd.)[1] (limited liability company (wholly-owned entity))	Chinese Mainland	RMB643,966,800	**100%**	100%	Manufacturing and distribution of IT products
Lenovo (Israel) Ltd.	Israel	ILS132,853.12	**100%**	100%	Distribution of IT products
Lenovo (Italy) S.r.l	Italy	EUR100,000	**100%**	100%	Distribution of IT products
Lenovo Japan LLC	Japan	JPY100,000,000	**95.10% (iv)**	95.10% (iv)	Distribution of IT products

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
Lenovo Korea LLC	Korea	KRW3,580,940,000	**100%**	100%	Wholesale and retail trade of computer, peripheral equipment and software
Lenovo Mexico, S. de R.L. de C.V.	Mexico	MXN3,426,638,114	**100%**	100%	Distribution of IT products
摩托羅拉移動通信技術有限公司 (Motorola Mobile Communication Technology Ltd.)[1] (foreign-investment enterprise wholly-owned entity)	Chinese Mainland	RMB187,500,000	**100%**	100%	Manufacturing and distribution of IT products and provision of IT services
摩托羅拉(武漢)移動技術通信有限公司 (Motorola (Wuhan) Mobility Technologies Communication Company Limited)[1] (foreign-investment enterprise wholly-owned entity)	Chinese Mainland	RMB60,000,000	**100%**	100%	Manufacturing of mobile products
聯想凌拓科技有限公司 (Lenovo NetApp Technology Limited)[1] (Chinese-foreign equity joint venture)	Chinese Mainland	US$10,000,000	**51%**	51%	Delivering IT products and data management solution
Lenovo PC HK Limited	Hong Kong S.A.R. of China	HK$2,377,934,829.50 (ordinary shares) and HK$1,000,000 (non-voting deferred shares)	**100%**	100%	Procurement agency and distribution of IT products
Lenovo PC International Limited	Hong Kong S.A.R. of China	HK$4,758,857,785	**100%**	100%	Intellectual properties
Lenovo (Schweiz) GmbH	Switzerland	CHF2,000,000	**100%**	100%	Manufacturing and distribution of IT products
Lenovo (Singapore) Pte. Ltd.	Singapore	SGD5,855,010,233.74	**100%**	100%	Manufacturing and wholesaling of computers, computer hardware and peripheral equipment

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
Lenovo (South Africa) (Pty) Ltd	South Africa	ZAR177,500	**100%**	100%	Distribution and marketing of IT products
Lenovo (Spain), S.L.U.	Spain	EUR37,475,456.40	**100%**	100%	Distribution of IT products
Lenovo (Sweden) AB	Sweden	SEK200,000	**100%**	100%	Distribution of IT products
聯想系統集成(深圳)有限公司 (Lenovo Systems Technology Company Limited)[1] (limited liability company (wholly-owned entity))	Chinese Mainland	RMB263,407,660	**100%**	100%	Manufacturing and distribution of IT products
Lenovo Technology (United Kingdom) Limited	United Kingdom	GBP8,629,511	**100%**	100%	Distribution of IT products
Lenovo Technology B.V.	Netherlands	EUR20,000	**100%**	100%	Investment holding
Lenovo Technology Sdn. Bhd.	Malaysia	MYR1,000,000	**100%**	100%	Retail sale of computers, computer equipment and supplies
Lenovo Tecnologia (Brasil) Ltda	Brazil	BRL7,650,940,307	**100%**	100%	Manufacturing and distribution of IT products
Lenovo (Thailand) Limited	Thailand	THB252,000,000	**100%**	100%	Distribution of IT products as well as mobile phone, smartphone and tablet, server and storage
Lenovo (United States) Inc.	United States	US$1	**100%**	100%	Distribution of IT products
Lenovo (Venezuela), SA	Venezuela	VEB0	**100%**	100%	Distribution of IT products

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held 2025	2024	Principal activities
聯想(西安)有限公司 (Lenovo (Xian) Limited)[1] (Chinese-foreign equity joint venture)	Chinese Mainland	RMB10,000,000	**100%**	100%	Distribution of IT products and provision of IT services
Medion AG	Germany	EUR48,418,400	**100% (iii)**	90.50% (iii)	Retail and service business for consumer electronic products and complementary digital services
Motorola Mobility Comércio de Produtos Eletronicos Ltda.	Brazil	BRL756,663,401	**100%**	100%	Distribution of communication products, developer, owner, licensor and seller of communications hardware and software
Motorola Mobility International Sales LLC	United States	–	**100%**	100%	Holding company
Motorola Mobility LLC	United States	–	**100%**	100%	Developer, owner, licensor and seller of communications hardware and software
NEC Personal Computers, Ltd.	Japan	JPY500,000,000	**95.10% (iv)**	95.10% (iv)	Manufacturing and distribution of IT products
深圳聯想海外控股有限公司 (Shenzhen Lenovo Overseas Holdings Limited)[1] (wholly-foreign owned enterprise)	Chinese Mainland	US$804,020,300	**100%**	100%	Investment management
Shimane Fujitsu Limited	Japan	JPY450,000,000	**51%**	51%	Manufacturing and distribution of IT products
Stoneware, Inc.	United States	US$0.1	**100%**	100%	Development and distribution of IT products

36 Principal subsidiaries *(continued)*

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
陽光雨露信息技術服務(北京)有限公司 (Sunny Information Technology Service, Inc.)[1] (Chinese-foreign equity joint venture)	Chinese Mainland	RMB50,000,000	**47.25%**	47.25%	Maintenance of electronic equipment (including repair services for computer hardware and software systems), and provision of IT outsourcing and systems integration services
Edgebricks Pte. Limited	Singapore	SGD10	**87%**	90%	Development of software and applications

Notes:

(i) All the above subsidiaries operate principally in their respective places of incorporation or establishment.

(ii) All the Chinese Mainland subsidiaries are limited liability companies. They have adopted December 31 as their financial year end date for statutory reporting purposes. For the preparation of the consolidated financial statements, financial statements of these Chinese Mainland subsidiaries for the years ended March 31, 2025 and 2024 have been used.

(iii) Medion AG was a publicly traded German stock corporation listed on the Frankfurt am Main stock exchange and has been delisted in January 2025. The percentage of issued capital held is equivalent to 100% (2024: approximately 98.21%) including treasury shares.

(iv) At March 31, 2025 and 2024, the Group held 95.10% in the ordinary shares of Lenovo NEC Holdings B.V., the immediate holding company of Lenovo Japan LLC and NEC Personal Computers, Ltd., while the remaining 4.90% ordinary shares and 42,700 deferred shares of Lenovo NEC Holdings B.V. were held by NEC Corporation.

(v) The company whose English name ends with a "1" is a direct transliteration of its Chinese registered name.

Notes to the financial statements

For the year ended March 31, 2025

36 Principal subsidiaries *(continued)*

Material non-controlling interests

Set out below is the summarized financial information of FCCL and its subsidiaries. The amounts disclosed are before inter-company eliminations with other companies of the Group.

	2025 US$'000	2024 US$'000
Revenue	**1,660,459**	1,766,130
Profit for the year	**115,095**	116,981
Other comprehensive income/(loss)	**7,491**	(68,638)
Total comprehensive income	**122,586**	48,343
Net assets		
Non-current assets	**134,474**	145,675
Current assets	**880,597**	888,486
Current liabilities	**(298,594)**	(390,328)
Non-current liabilities	**(48,353)**	(49,691)
	668,124	594,142
Cash flows		
Net cash generated from operating activities	**72,669**	134,785
Net cash used in investing activities	**(14,202)**	(29,284)
Net cash used in financing activities	**(4,522)**	(4,822)
Effect of foreign exchange rate changes	**5,094**	(31,599)
Cash and cash equivalents at the beginning of the year	**301,889**	232,809
Cash and cash equivalents at the end of the year	**360,928**	301,889

37 Approval of financial statements

The financial statements were approved by the board of directors on May 22, 2025.

Five-year financial summary

Condensed consolidated income statement

	2025 US$'000	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000
Revenue	**69,076,968**	56,863,784	61,946,854	71,618,216	60,742,312
Profit before taxation	**1,480,870**	1,365,454	2,135,987	2,767,731	1,774,198
Taxation	**(18,918)**	(263,142)	(455,156)	(622,399)	(461,199)
Profit for the year	**1,461,952**	1,102,312	1,680,831	2,145,332	1,312,999
Profit attributable to:					
Equity holders of the Company	**1,384,445**	1,010,506	1,607,722	2,029,818	1,178,307
Perpetual securities holders	**–**	–	–	–	32,532
Other non-controlling interests	**77,507**	91,806	73,109	115,514	102,160
	1,461,952	1,102,312	1,680,831	2,145,332	1,312,999
Earnings per share attributable to equity holders of the Company (US cents)					
Basic	**11.30**	8.41	13.50	17.45	9.54
Diluted	**10.62**	8.05	12.74	15.77	8.91

Condensed consolidated balance sheet

	2025 US$'000	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000
Non-current assets	**16,326,729**	16,063,771	15,979,204	15,513,581	14,655,279
Current assets	**27,904,083**	22,687,183	22,940,853	28,996,863	23,335,352
Total assets	**44,230,812**	38,750,954	38,920,057	44,510,444	37,990,631
Non-current liabilities	**7,576,762**	6,610,604	6,779,679	6,357,008	7,008,461
Current liabilities	**29,994,133**	26,059,163	26,093,357	32,758,735	27,371,637
Total liabilities	**37,570,895**	32,669,767	32,873,036	39,115,743	34,380,098
Net assets	**6,659,917**	6,081,187	6,047,021	5,394,701	3,610,533

Corporate information

Honorary Chairman

Mr. Liu Chuanzhi

Board of Directors

Chairman and executive director

Mr. Yang Yuanqing

Non-executive directors

Mr. Zhu Linan
Mr. Zhao John Huan
Mr. Wong Wai Ming
Ms. Laura Green Quatela

Independent non-executive directors

Mr. John Lawson Thornton
Mr. Gordon Robert Halyburton Orr
Mr. Woo Chin Wan Raymond
Ms. Yang Lan
Ms. Cher Wang Hsiueh Hong
Professor Xue Lan
Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted)

Chief Financial Officer

Mr. Wong Wai Ming
(retired on March 31, 2025)
Mr. Cheng Shao-min Winston
(appointed on April 1, 2025)

Company Secretary

Ms. Lam Ngan Ling

Registered Office

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

Principal Bankers

Bank of China
BNP Paribas
Citibank, N.A.
DBS Bank Ltd.

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central, Hong Kong

Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

American Depositary Receipts

(Depositary and Registrar)
Citibank, N.A.
26th Floor, 388 Greenwich Street
New York, NY 10013, USA

Stock Codes

Hong Kong Stock Exchange:	
— HKD Counter	992
— RMB Counter	80992
American Depositary Receipts:	LNVGY

Website

www.lenovo.com

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