

HKD COUNTER STOCK CODE 992  
RMB COUNTER STOCK CODE 80992

Lenovo Group Limited 2024/25 Interim Report

Smarter  
technology  
for all

Lenovo

# Smarter uses AI to create new ways to communicate.

At CES 2024, global technology leader Lenovo<sup>1</sup>, assistive technology non-profit the Scott-Morgan Foundation, and AI-generated video innovator DeepBrain AI revealed a hyper-realistic AI avatar dedicated to preserving the voice, personality, and physical mannerisms of someone with a degenerative disease. The groundbreaking avatar, created with DeepBrain AI technology and spearheaded by Lenovo, opens new pathways for applying generative AI to accessibility challenges and helps advance Lenovo's vision of AI for all.

As part of an ongoing collaboration with the Scott-Morgan Foundation, Lenovo proposed developing an AI-powered avatar to leap past traditional voice synthesis and transform communication and connection for people with severe disabilities. The Foundation invited Erin Taylor, a 24-year-old woman recently diagnosed with amyotrophic lateral sclerosis (ALS), a neurodegenerative disorder that typically leads to full-body paralysis, to participate and help pilot a proof of concept for assistive communication.

Lenovo then approached DeepBrain AI, a leader in next-gen avatars and a Lenovo AI Innovator partner, to use its generative AI technology. Sponsored by Lenovo, the DeepBrain AI team captured a detailed full-body video of Taylor in its California studio. The video became the foundational data for her new AI avatar, debuted at CES 2024, and offering 96 percent true-to-life accuracy.



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.



LUCI

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# Lenovo uses AI and machine learning to build an ultra-resilient supply chain.

Sudden global events such as the COVID-19 pandemic and the 2021 Suez Canal obstruction have shown just how vulnerable supply chains can be to disruption.

To preempt and mitigate supply chain risks in global markets, Lenovo created Supply Chain Intelligence (SCI)—an AI-powered solution that continuously analyzes supply chain data to identify potential issues and resolve them in real time.

Using AI and machine learning technology, SCI continuously analyzes supply chain data to identify potential issues and propose solutions in real time. To date, we have integrated more than 800 individual data sources with SCI, which comprises almost 80% of all the data inputs that make up the Lenovo supply chain. Each day, SCI performs over 1,500 data-related tasks—revealing hidden insights that would be practically impossible for a human to uncover.

“SCI helps me to drive quick, effective, and smart decisions by consolidating all the supply chain data into one platform.”

Helen Li, Executive Director, PC Commodity Supply, Planning, Inventory Management and Strategic Planning, Global Supply Chain, Lenovo.

When Lenovo customers order online, integration with SCI provides real-time delivery estimates based on the availability of components. SCI also surfaces smart logistics insights, providing accurate visibility into the status and location of orders in the logistics network.

SCI has contributed to a 4.8% revenue increase and boosted on-time-in-full delivery performance by 5%. In fact, SCI has helped Lenovo to reduce manufacturing and logistics costs by around 20% while simultaneously boosting service levels in these areas.

Using AI-powered innovations such as SCI, Lenovo is shaping an advanced approach to supply chain management—and by deploying the solution in your organization, you can transform your approach too.



# Consolidated income statement

	Note	3 months ended September 30, 2024 (unaudited) US\$'000	6 months ended September 30, 2024 (unaudited) US\$'000	3 months ended September 30, 2023 (unaudited) US\$'000	6 months ended September 30, 2023 (unaudited) US\$'000
Revenue	2	17,850,094	33,297,150	14,409,786	27,309,713
Cost of sales		(15,054,344)	(27,941,551)	(11,888,026)	(22,536,048)
Gross profit		2,795,750	5,355,599	2,521,760	4,773,665
Selling and distribution expenses		(867,707)	(1,703,318)	(791,923)	(1,591,084)
Administrative expenses		(747,000)	(1,397,457)	(637,704)	(1,234,613)
Research and development expenses		(547,528)	(1,023,523)	(498,211)	(949,242)
Other operating income/(expenses) - net		17,084	(86,233)	(79,922)	(94,651)
Operating profit	3	650,599	1,145,068	514,000	904,075
Finance income	4(a)	28,745	55,150	42,323	82,496
Finance costs	4(b)	(199,130)	(399,507)	(190,378)	(387,804)
Share of losses of associates and joint ventures		(7,028)	(14,530)	(8,326)	(13,021)
Profit before taxation		473,186	786,181	357,619	585,746
Taxation	5	(89,910)	(149,410)	(68,566)	(113,279)
Profit for the period		383,276	636,771	289,053	472,467
Profit attributable to:					
Equity holders of the Company		358,532	601,897	249,240	425,766
Other non-controlling interests		24,744	34,874	39,813	46,701
		383,276	636,771	289,053	472,467
Earnings per share attributable to equity holders of the Company					
Basic	6(a)	US2.92 cents	US4.91 cents	US2.09 cents	US3.57 cents
Diluted	6(b)	US2.78 cents	US4.71 cents	US1.99 cents	US3.43 cents
Dividend	7		135,518		124,319

# Consolidated statement of comprehensive income

	3 months ended September 30, 2024 (unaudited) US\$'000	6 months ended September 30, 2024 (unaudited) US\$'000	3 months ended September 30, 2023 (unaudited) US\$'000	6 months ended September 30, 2023 (unaudited) US\$'000
Profit for the period	<b>383,276</b>	<b>636,771</b>	289,053	472,467
Other comprehensive income/(loss):				
<u>Items that will not be reclassified to profit or loss</u>				
Remeasurements of post-employment benefit obligations, net of taxes	-	<b>47</b>	-	97
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	<b>(3,201)</b>	<b>(5,342)</b>	(1,187)	(24)
<u>Items that have been reclassified or may be subsequently reclassified to profit or loss</u>				
Fair value change on cash flow hedges from foreign exchange forward contracts, net of taxes				
- Fair value (loss)/gain, net of taxes	<b>(206,895)</b>	<b>(124,120)</b>	96,225	152,735
- Reclassified to consolidated income statement	<b>60,775</b>	<b>(5,128)</b>	(57,084)	(65,875)
Currency translation differences	<b>321,213</b>	<b>912</b>	(92,172)	(329,993)
Other comprehensive income/(loss) for the period	<b>171,892</b>	<b>(133,631)</b>	(54,218)	(243,060)
Total comprehensive income for the period	<b>555,168</b>	<b>503,140</b>	234,835	229,407
Total comprehensive income attributable to:				
Equity holders of the Company	<b>493,387</b>	<b>447,439</b>	204,116	215,934
Other non-controlling interests	<b>61,781</b>	<b>55,701</b>	30,719	13,473
	<b>555,168</b>	<b>503,140</b>	234,835	229,407

# Consolidated balance sheet

	Note	September 30, 2024 (unaudited) US\$'000	March 31, 2024 (audited) US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>2,020,333</b>	2,010,178
Right-of-use assets		<b>540,354</b>	571,305
Construction-in-progress		<b>332,460</b>	337,648
Intangible assets	8	<b>8,257,733</b>	8,345,407
Interests in associates and joint ventures		<b>319,557</b>	318,803
Deferred income tax assets	8	<b>2,796,603</b>	2,633,302
Financial assets at fair value through profit or loss		<b>1,470,597</b>	1,393,666
Financial assets at fair value through other comprehensive income		<b>52,899</b>	55,973
Other non-current assets		<b>467,297</b>	397,489
		<b>16,257,833</b>	16,063,771
<b>Current assets</b>			
Inventories	9	<b>9,118,816</b>	6,702,677
Trade and notes receivables	10(a)	<b>9,476,319</b>	8,147,695
Derivative financial assets		<b>29,893</b>	69,568
Deposits, prepayments and other receivables	11	<b>4,901,236</b>	3,782,366
Income tax recoverable		<b>441,038</b>	359,491
Bank deposits		<b>60,234</b>	65,555
Cash and cash equivalents		<b>4,178,915</b>	3,559,831
		<b>28,206,451</b>	22,687,183
<b>Total assets</b>		<b>44,464,284</b>	38,750,954

# Consolidated balance sheet

	Note	September 30, 2024 (unaudited) US\$'000	March 31, 2024 (audited) US\$'000
Share capital	15	<b>3,500,987</b>	3,500,987
Reserves		<b>1,976,365</b>	2,081,606
Equity attributable to owners of the Company		<b>5,477,352</b>	5,582,593
Other non-controlling interests		<b>1,161,518</b>	1,045,947
Put option written on non-controlling interests	12(a), 13(b)	<b>(547,353)</b>	(547,353)
<b>Total equity</b>		<b>6,091,517</b>	6,081,187
<b>Non-current liabilities</b>			
Borrowings	14	<b>2,615,696</b>	3,569,229
Warranty provision	12(b)	<b>157,005</b>	161,261
Deferred revenue		<b>1,556,971</b>	1,436,484
Retirement benefit obligations		<b>246,951</b>	241,402
Deferred income tax liabilities		<b>453,053</b>	447,523
Other non-current liabilities	13	<b>661,040</b>	754,705
		<b>5,690,716</b>	6,610,604
<b>Current liabilities</b>			
Trade and notes payables	10(b)	<b>14,229,350</b>	10,505,427
Derivative financial liabilities		<b>130,022</b>	42,555
Other payables and accruals	12(a)	<b>14,385,688</b>	12,751,775
Provisions	12(b)	<b>870,977</b>	920,950
Deferred revenue		<b>1,556,470</b>	1,512,645
Income tax payable		<b>481,649</b>	275,380
Borrowings	14	<b>1,027,895</b>	50,431
		<b>32,682,051</b>	26,059,163
<b>Total liabilities</b>		<b>38,372,767</b>	32,669,767
<b>Total equity and liabilities</b>		<b>44,464,284</b>	38,750,954

# Consolidated cash flow statement

		<b>6 months ended September 30, 2024 (unaudited) US\$'000</b>	6 months ended September 30, 2023 (unaudited) US\$'000
	Note		
Cash flows from operating activities			
Net cash generated from operations	16(a)	<b>2,322,711</b>	1,811,768
Interest paid		<b>(384,652)</b>	(378,370)
Tax paid		<b>(159,973)</b>	(329,847)
Net cash generated from operating activities		<b>1,778,086</b>	1,103,551
Cash flows from investing activities			
Purchase of property, plant and equipment		<b>(167,551)</b>	(129,091)
Sale of property, plant and equipment		<b>12,569</b>	19,122
Acquisition of businesses, net of cash acquired		<b>(1,537)</b>	(122,367)
Interest acquired in associates		<b>(6,435)</b>	(12,324)
Deemed disposal of a subsidiary, net of cash disposed		<b>(14,272)</b>	-
Loan to an associate and a joint venture		<b>(9,984)</b>	(1,093)
Repayment of loan to an associate and a joint venture		<b>15,562</b>	30,563
Payment for construction-in-progress		<b>(139,216)</b>	(237,371)
Payment for intangible assets		<b>(243,546)</b>	(310,243)
Purchase of financial assets at fair value through profit or loss		<b>(65,415)</b>	(94,618)
Net proceeds from sale of financial assets at fair value through profit or loss		<b>32,698</b>	100,316
Decrease in bank deposits		<b>5,321</b>	9,184
Dividends received		<b>1,960</b>	745
Interest received		<b>55,150</b>	78,435
Net cash used in investing activities		<b>(524,696)</b>	(668,742)

# Consolidated cash flow statement

	Note	6 months ended September 30, 2024 (unaudited) US\$'000	6 months ended September 30, 2023 (unaudited) US\$'000
Cash flows from financing activities	16(b)		
Capital contribution from other non-controlling interests		<b>77,755</b>	76,471
Distribution to other non-controlling interests		<b>(4,250)</b>	(5,319)
Contribution to employee share trusts		<b>(167,398)</b>	(291,670)
Acquisition of additional interest in a subsidiary		-	(76,722)
Principal elements of lease payments		<b>(62,258)</b>	(61,797)
Dividends paid		<b>(474,331)</b>	(458,771)
Dividends paid to other non-controlling interests		<b>(12,917)</b>	(10,528)
Proceeds from loans		<b>6,609,053</b>	2,516,056
Repayments of loans		<b>(6,639,913)</b>	(2,494,689)
Repurchase of notes		-	(51,277)
Net cash used in financing activities		<b>(674,259)</b>	(858,246)
Increase/(decrease) in cash and cash equivalents		<b>579,131</b>	(423,437)
Effect of foreign exchange rate changes		<b>39,953</b>	(89,664)
Cash and cash equivalents at the beginning of the period		<b>3,559,831</b>	4,250,085
Cash and cash equivalents at the end of the period		<b>4,178,915</b>	3,736,984

# Consolidated statement of changes in equity

	Attributable to equity holders of the Company										
	Share capital	Investment revaluation reserve	Employee share trusts	Share-based compensation reserve	Hedging reserve	Exchange reserve	Other reserves	Retained earnings	Other non-controlling interests	Put option written on non-controlling interests	Total
	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) US\$'000	(unaudited) 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 period	-	-	-	-	-	-	-	601,897	34,874	-	636,771
Other comprehensive (loss)/income	-	(5,342)	-	-	(129,248)	(19,915)	-	47	20,827	-	(133,651)
Total comprehensive (loss)/income for the period	-	(5,342)	-	-	(129,248)	(19,915)	-	601,944	55,701	-	503,140
Transfer to statutory reserve	-	-	-	-	-	-	15,476	(15,476)	-	-	-
Deemed disposal of a subsidiary	-	-	-	-	-	15,219	(135)	-	(718)	-	14,366
Vesting of shares under long-term incentive program	-	-	190,670	(267,454)	-	-	-	-	-	-	(76,784)
Deferred tax in relation to long-term incentive program	-	-	-	11,470	-	-	-	-	-	-	11,470
Settlement of bonus through long-term incentive program	-	-	-	561	-	-	-	-	-	-	561
Share-based compensation	-	-	-	138,742	-	-	-	-	-	-	138,742
Contribution to employee share trusts	-	-	(167,398)	-	-	-	-	-	-	-	(167,398)
Dividends paid	-	-	-	-	-	-	-	(474,331)	-	-	(474,331)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(12,917)	-	(12,917)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	(24)	-	77,755	-	77,731
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(4,250)	-	(4,250)
At September 30, 2024	3,500,987	(74,004)	(184,215)	(767,116)	(87,105)	(2,430,291)	199,851	5,319,245	1,161,518	(547,353)	6,091,517
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 period	-	-	-	-	-	-	-	425,766	46,701	-	472,467
Other comprehensive (loss)/income	-	(24)	-	-	86,860	(296,765)	-	97	(33,228)	-	(243,060)
Total comprehensive (loss)/income for the period	-	(24)	-	-	86,860	(296,765)	-	425,863	13,473	-	229,407
Transfer to statutory reserve	-	-	-	-	-	-	19,370	(19,370)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(2,285)	-	(2,285)
Vesting of shares under long-term incentive program	-	-	236,824	(321,923)	-	-	-	-	-	-	(85,099)
Deferred tax in relation to long-term incentive program	-	-	-	4,443	-	-	-	-	-	-	4,443
Settlement of bonus through long-term incentive program	-	-	-	2,445	-	-	-	-	-	-	2,445
Share-based compensation	-	-	-	149,089	-	-	-	-	-	-	149,089
Contribution to employee share trusts	-	-	(291,670)	-	-	-	-	-	-	-	(291,670)
Dividends paid	-	-	-	-	-	-	-	(458,771)	-	-	(458,771)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(10,528)	-	(10,528)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	8,315	-	68,156	-	76,471
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(5,319)	-	(5,319)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(5,091)	-	(71,631)	-	(76,722)
At September 30, 2023	3,282,318	(60,884)	(208,231)	(510,164)	77,706	(2,393,206)	186,005	4,753,641	998,650	(547,353)	5,578,482

# Notes

## 1 GENERAL INFORMATION AND BASIS OF PREPARATION

The financial information relating to the year ended March 31, 2024 included in the FY2024/25 interim report does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended March 31, 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements of the Group. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. 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.

The accounting policies adopted are consistent with those of the previous financial year. The following interpretation and amendments to existing standards became applicable for the current reporting period. 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

## 2 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Lenovo Executive Committee (the "LEC"), the chief operating decision-maker, 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").

## 2 SEGMENT INFORMATION *(continued)*

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.

### (a) Revenue and operating profit/(loss) for reportable segments

	6 months ended September 30, 2024		6 months ended September 30, 2023	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	<b>24,935,700</b>	<b>1,818,363</b>	21,775,171	1,496,550
ISG	<b>6,465,167</b>	<b>(73,002)</b>	3,915,525	(113,855)
SSG	<b>4,049,892</b>	<b>838,319</b>	3,631,308	744,511
Total	<b>35,450,759</b>	<b>2,583,680</b>	29,322,004	2,127,206
Eliminations	<b>(2,153,609)</b>	<b>(677,006)</b>	(2,012,291)	(629,201)
	<b>33,297,150</b>	<b>1,906,674</b>	27,309,713	1,498,005
Unallocated:				
Headquarters and corporate income/(expenses) – net		<b>(739,413)</b>		(679,684)
Depreciation and amortization		<b>(233,681)</b>		(214,778)
Impairment and write-off of intangible assets		<b>(67,052)</b>		–
Finance income		<b>45,538</b>		77,055
Finance costs		<b>(143,057)</b>		(157,137)
Share of losses of associates and joint ventures		<b>(14,256)</b>		(14,522)
Loss on disposal of property, plant and equipment		<b>(386)</b>		(577)
Fair value gain on financial assets at fair value through profit or loss		<b>7,680</b>		76,784
Gain on deemed disposal of a subsidiary		<b>22,627</b>		–
Dividend income		<b>1,507</b>		600
Consolidated profit before taxation		<b>786,181</b>		585,746

# Notes

## 2 SEGMENT INFORMATION *(continued)*

### (b) Analysis of revenue by geography

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
China	<b>7,728,326</b>	6,148,651
Asia Pacific ("AP")	<b>6,095,125</b>	4,768,515
Europe-Middle East-Africa ("EMEA")	<b>8,110,057</b>	6,627,738
Americas ("AG")	<b>11,363,642</b>	9,764,809
	<b>33,297,150</b>	27,309,713

### (c) Analysis of revenue by timing of revenue recognition

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
Point in time	<b>31,897,447</b>	25,865,372
Over time	<b>1,399,703</b>	1,444,341
	<b>33,297,150</b>	27,309,713

### (d) Other segment information

	IDG		ISG		SSG		Total	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
For the six months ended September 30								
Depreciation and amortization	<b>339,727</b>	363,048	<b>120,266</b>	98,651	<b>7,862</b>	10,854	<b>467,855</b>	472,553
Finance income	<b>8,347</b>	3,430	<b>1,209</b>	1,283	<b>56</b>	728	<b>9,612</b>	5,441
Finance costs	<b>147,819</b>	159,560	<b>107,823</b>	70,275	<b>808</b>	832	<b>256,450</b>	230,667

## 2 SEGMENT INFORMATION *(continued)*

- (e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US\$6,238 million (March 31, 2024: US\$6,169 million). The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

### At September 30, 2024

	China US\$ million	AP US\$ million	EMEA US\$ million	AG US\$ million	Total US\$ million
Goodwill					
– IDG	931	514	296	1,588	3,329
– ISG	482	136	68	341	1,027
– SSG (Note)	N/A	N/A	N/A	N/A	613
Trademarks and trade names with indefinite useful lives					
– IDG	182	54	124	480	840
– ISG	162	54	31	123	370
– SSG (Note)	N/A	N/A	N/A	N/A	59

### At March 31, 2024

	China US\$ million	AP US\$ million	EMEA US\$ million	AG US\$ million	Total US\$ million
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.

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 September 30, 2024 (March 31, 2024: nil).

# Notes

## 3 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Depreciation of property, plant and equipment	114,240	221,563	101,344	203,245
Depreciation of right-of-use assets	27,367	56,289	39,283	80,400
Amortization of intangible assets	213,572	423,684	207,109	403,686
Impairment and write-off of intangible assets	20,000	67,052	-	-
Employee benefit costs, including - long-term incentive awards	1,571,475 76,873	2,982,504 138,742	1,356,914 80,456	2,765,976 149,089
Rental expenses	5,719	9,803	5,642	7,662
(Gain)/loss on disposal of property, plant and equipment	(177)	(1,141)	1,685	1,117
Loss on disposal of intangible assets	4	301	21	24
Loss on disposal of construction-in-progress	-	-	5,769	9,856
Fair value gain on financial assets at fair value through profit or loss	(20,492)	(9,153)	(46,203)	(76,784)
Gain on deemed disposal of a subsidiary	-	(22,627)	-	-

## 4 FINANCE INCOME AND COSTS

### (a) Finance income

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Interest on bank deposits	21,909	42,791	29,828	62,424
Net gain on repayment of notes	-	-	4,061	4,061
Interest on money market funds	3,002	5,272	6,027	12,270
Interest income on finance lease	3,834	7,087	2,407	3,741
	<b>28,745</b>	<b>55,150</b>	42,323	82,496

### (b) Finance costs

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Interest on bank loans and overdrafts	10,573	26,950	4,547	14,595
Interest on convertible bonds	9,321	18,513	12,528	24,915
Interest on notes	40,609	80,934	42,277	84,794
Interest on lease liabilities	3,187	6,327	3,879	7,755
Factoring costs	134,088	264,328	125,971	251,902
Interest on written put option liabilities	561	1,102	518	1,345
Others	791	1,353	658	2,498
	<b>199,130</b>	<b>399,507</b>	190,378	387,804

# Notes

## 5 TAXATION

The amount of taxation in the consolidated income statement represents:

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Current tax				
Profits tax in Hong Kong S.A.R. of China	21,127	47,296	33,052	65,215
Taxation outside Hong Kong S.A.R. of China	119,030	227,333	62,055	122,721
Deferred tax				
Credit for the period	(50,247)	(125,219)	(26,541)	(74,657)
	89,910	149,410	68,566	113,279

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2023/24: 16.5%) on the estimated assessable profit for the period. 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.

## 6 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 period after adjusting shares held by employee share trusts for the purposes of awarding shares to eligible employees under the long-term incentive program.

	3 months ended September 30, 2024	6 months ended September 30, 2024	3 months ended September 30, 2023	6 months ended September 30, 2023
Weighted average number of ordinary shares in issue	12,404,659,302	12,404,659,302	12,128,130,291	12,128,130,291
Adjustment for shares held by employee share trusts	(106,724,885)	(139,503,853)	(211,431,729)	(208,045,599)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,297,934,417	12,265,155,449	11,916,698,562	11,920,084,692

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	358,532	601,897	249,240	425,766

## 6 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 three (2023/24: three) categories of potential ordinary shares, namely long-term incentive awards, put option written on non-controlling interests and convertible bonds (2023/24: 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 three and six months ended September 30, 2024 and 2023. Put option written on non-controlling interests were anti-dilutive for the three and six months ended September 30, 2024 and 2023.

	3 months ended September 30, 2024	6 months ended September 30, 2024	3 months ended September 30, 2023	6 months ended September 30, 2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,297,934,417	12,265,155,449	11,916,698,562	11,920,084,692
Adjustment for long-term incentive awards	283,424,132	284,419,123	315,212,468	298,558,503
Adjustment for convertible bonds	575,746,156	568,749,499	826,771,889	815,671,810
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	13,157,104,705	13,118,324,071	13,058,682,919	13,034,315,005

	3 months ended September 30, 2024 US\$'000	6 months ended September 30, 2024 US\$'000	3 months ended September 30, 2023 US\$'000	6 months ended September 30, 2023 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	358,532	601,897	249,240	425,766
Adjustment for interest on convertible bonds, net of tax	7,783	15,459	10,461	20,804
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	366,315	617,356	259,701	446,570

# Notes

## 7 DIVIDEND

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
Interim dividend, declared after period end - HK8.5 cents (2023/24: HK8.0 cents) per ordinary share	<b>135,518</b>	124,319

## 8 NON-CURRENT ASSETS

Analysis of the movements in major non-current assets is as follows:

	Property, plant and equipment US\$'000	Intangible assets US\$'000	Deferred income tax assets US\$'000
Year ended March 31, 2024			
At the beginning of the year	2,006,457	8,267,114	2,537,367
Reclassification and exchange adjustment	(81,025)	(143,126)	(22,112)
Acquisition of businesses	79,110	48,650	10,519
Additions	312,255	480,675	-
Transfers	163,816	554,646	-
Disposals	(31,489)	(25)	-
Depreciation/amortization	(428,472)	(832,782)	-
Impairment and write-off	(10,474)	(29,745)	-
Credited to consolidated income statement	-	-	161,627
Charged to share-based compensation reserve	-	-	(6,487)
At the end of the year	2,010,178	8,345,407	2,680,914
Six months ended September 30, 2024			
At the beginning of the period	<b>2,010,178</b>	<b>8,345,407</b>	<b>2,680,914</b>
Reclassification and exchange adjustment	<b>32,917</b>	<b>88,079</b>	<b>80,096</b>
Acquisition of businesses	-	<b>4,034</b>	-
Deemed disposal of a subsidiary	<b>(83)</b>	-	-
Additions	<b>188,968</b>	<b>180,503</b>	-
Transfers	<b>21,344</b>	<b>130,747</b>	-
Disposals	<b>(11,428)</b>	<b>(301)</b>	-
Depreciation/amortization	<b>(221,563)</b>	<b>(423,684)</b>	-
Impairment and write-off	-	<b>(67,052)</b>	-
Credited to consolidated income statement	-	-	<b>142,072</b>
Credited to share-based compensation reserve	-	-	<b>11,470</b>
At the end of the period	<b>2,020,333</b>	<b>8,257,733</b>	<b>2,914,552</b>

## 8 NON-CURRENT ASSETS *(continued)*

The movements in deferred income tax assets presented above are prior to offsetting of balances within the same jurisdiction. 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 amounts shown in the consolidated balance sheet are determined after appropriate offset.

## 9 INVENTORIES

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Raw materials and work-in-progress	5,094,381	3,857,581
Finished goods	3,408,454	2,265,554
Service parts	615,981	579,542
	<b>9,118,816</b>	6,702,677

## 10 TRADE AND NOTES RECEIVABLES AND TRADE AND NOTES PAYABLES

(a) Details of trade and notes receivables are as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Trade receivables	9,449,829	8,130,697
Notes receivable	26,490	16,998
	<b>9,476,319</b>	8,147,695

Customers are generally granted credit term 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:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
0 – 30 days	6,870,576	6,185,814
31 – 60 days	1,467,687	1,080,594
61 – 90 days	459,937	235,405
Over 90 days	815,424	761,651
	<b>9,613,624</b>	8,263,464
Less: loss allowance	<b>(163,795)</b>	(132,767)
Trade receivables – net	<b>9,449,829</b>	8,130,697

# Notes

## 10 TRADE AND NOTES RECEIVABLES AND TRADE AND NOTES PAYABLES *(continued)*

### (a) *(continued)*

At September 30, 2024, trade receivables, net of loss allowance, of US\$969,108,000 (March 31, 2024: US\$915,714,000) were past due. The ageing of these receivables, based on due date, is as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Within 30 days	502,432	486,984
31 – 60 days	99,847	178,430
61 – 90 days	94,836	61,662
Over 90 days	271,993	188,638
	<b>969,108</b>	915,714

Movements in the loss allowance of trade receivables are as follows:

	6 months ended September 30, 2024 US\$'000	Year ended March 31, 2024 US\$'000
At the beginning of the period/year	132,767	104,823
Exchange adjustment	515	(3,171)
Increase in loss allowance recognized in profit or loss	51,818	105,644
Uncollectible receivables written off	(10,378)	(35,489)
Unused amounts reversed in profit or loss	(10,927)	(39,040)
At the end of the period/year	<b>163,795</b>	132,767

Notes receivable of the Group are bank accepted notes mainly with maturity dates within six months.

### (b) Details of trade and notes payables are as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Trade payables	10,595,823	8,473,990
Notes payable	3,633,527	2,031,437
	<b>14,229,350</b>	10,505,427

## 10 TRADE AND NOTES RECEIVABLES AND TRADE AND NOTES PAYABLES *(continued)*

**(b)** *(continued)*

Ageing analysis of trade payables of the Group at the balance sheet date, based on invoice date, is as follows:

	<b>September 30, 2024 US\$'000</b>	March 31, 2024 US\$'000
0 - 30 days	<b>6,703,639</b>	5,201,965
31 - 60 days	<b>2,407,017</b>	2,002,588
61 - 90 days	<b>1,029,251</b>	643,980
Over 90 days	<b>455,916</b>	625,457
	<b>10,595,823</b>	8,473,990

Notes payable of the Group are mainly repayable within three months.

## 11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Details of deposits, prepayments and other receivables are as follows:

	<b>September 30, 2024 US\$'000</b>	March 31, 2024 US\$'000
Deposits	<b>54,236</b>	52,852
Other receivables	<b>3,514,552</b>	2,429,511
Prepayments	<b>1,332,448</b>	1,300,003
	<b>4,901,236</b>	3,782,366

Other receivables mainly comprise amounts due from subcontractors for components delivered in the ordinary course of business.

# Notes

## 12 PROVISIONS, OTHER PAYABLES AND ACCRUALS

(a) Details of other payables and accruals are as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Accruals	<b>3,885,958</b>	3,327,359
Allowance for billing adjustments (i)	<b>2,218,740</b>	2,277,947
Written put option liability (ii)	<b>268,955</b>	253,482
Other payables (iii)	<b>7,919,841</b>	6,791,407
Lease liabilities	<b>92,194</b>	101,580
	<b>14,385,688</b>	12,751,775

Notes:

- (i) Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.
- (ii) 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 September 30, 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.
- 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.
- 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. In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.
- (iii) Majority of other payables are obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors.
- (iv) The carrying amounts of other payables and accruals approximate their fair values.

## 12 PROVISIONS, OTHER PAYABLES AND ACCRUALS *(continued)*

(b) The components of provisions 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
Six months ended September 30, 2024				
At the beginning of the period	<b>969,591</b>	<b>25,336</b>	<b>108,939</b>	<b>1,103,866</b>
Exchange adjustment	<b>5,993</b>	<b>1,424</b>	<b>469</b>	<b>7,886</b>
Provisions made	<b>340,153</b>	<b>6,847</b>	-	<b>347,000</b>
Amounts utilized	<b>(350,339)</b>	<b>(7,431)</b>	<b>(49,797)</b>	<b>(407,567)</b>
	<b>965,398</b>	<b>26,176</b>	<b>59,611</b>	<b>1,051,185</b>
Long-term portion classified as non-current liabilities	<b>(157,005)</b>	<b>(23,203)</b>	-	<b>(180,208)</b>
At the end of the period	<b>808,393</b>	<b>2,973</b>	<b>59,611</b>	<b>870,977</b>

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.

# Notes

## 13 OTHER NON-CURRENT LIABILITIES

Details of other non-current liabilities are as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Deferred consideration (a)	25,072	25,072
Written put option liability (b)	46,689	44,251
Lease liabilities	215,035	240,449
Environmental restoration (Note 12(b))	23,203	21,655
Government incentives and grants received in advance (c)	82,495	101,095
Others	268,546	322,183
	<b>661,040</b>	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 September 30, 2024, 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 (March 31, 2024: US\$25 million).
- (b) 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\$71 million).

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.

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. In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

- (c) 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.

## 14 BORROWINGS

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Current liabilities		
Short-term loans (a)	<b>63,002</b>	50,431
Notes (b)	<b>964,893</b>	–
	<b>1,027,895</b>	50,431
Non-current liabilities		
Notes (b)	<b>2,049,057</b>	3,012,637
Convertible bonds (c)	<b>566,639</b>	556,592
	<b>2,615,696</b>	3,569,229
	<b>3,643,591</b>	3,619,660

Notes:

- (a) Majority of the short-term loans are denominated in United States dollars. At September 30, 2024, the Group has total revolving and short-term loan facilities of US\$5,204 million (March 31, 2024: US\$5,426 million) which has been utilized to the extent of US\$25 million (March 31, 2024: US\$41 million).
- (b) Details of the outstanding notes are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	September 30, 2024 US\$'000	March 31, 2024 US\$'000
April 24, 2020 and May 12, 2020	US\$965 million	5 years	5.875%	April 2025	<b>964,893</b>	964,798
November 2, 2020	US\$900 million	10 years	3.421%	November 2030	<b>894,589</b>	894,145
July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	<b>596,098</b>	595,587
July 27, 2022	US\$563 million	10 years	6.536%	July 2032	<b>558,370</b>	558,107
					<b>3,013,950</b>	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	September 30, 2024 US\$'000	March 31, 2024 US\$'000
August 26, 2022	US\$675 million	7 years	2.5%	August 2029	<b>566,639</b>	556,592

# Notes

## 14 BORROWINGS (continued)

Notes: (continued)

(c) (continued)

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\$9.06 per share effective on August 3, 2024. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK\$9.06 per share, the 2029 Convertible Bonds will be convertible into 583,994,205 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.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds 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 not exercised on maturity.

The exposure of all the borrowings of the Group to interest rate changes and the contractual repricing dates at September 30, 2024 and March 31, 2024 are as follows:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Within 1 year	<b>1,027,895</b>	50,431
Over 1 to 2 years	-	964,798
Over 2 to 5 years	<b>1,162,737</b>	595,587
Over 5 years	<b>1,452,959</b>	2,008,844
	<b>3,643,591</b>	3,619,660

## 15 SHARE CAPITAL

	September 30, 2024		March 31, 2024	
	Number of shares	US\$'000	Number of shares	US\$'000
<i>Issued and fully paid:</i>				
Voting ordinary shares:				
At the beginning of the period/year	<b>12,404,659,302</b>	<b>3,500,987</b>	12,128,130,291	3,282,318
Conversion of convertible bonds	-	-	276,529,011	218,669
At the end of the period/year	<b>12,404,659,302</b>	<b>3,500,987</b>	12,404,659,302	3,500,987

## 16 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

### (a) Reconciliation of profit before taxation to net cash generated from operations

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
Profit before taxation	<b>786,181</b>	585,746
Share of losses of associates and joint ventures	<b>14,530</b>	13,021
Finance income	<b>(55,150)</b>	(82,496)
Finance costs	<b>399,507</b>	387,804
Depreciation of property, plant and equipment	<b>221,563</b>	203,245
Depreciation of right-of-use assets	<b>56,289</b>	80,400
Amortization of intangible assets	<b>423,684</b>	403,686
Impairment and write-off of intangible assets	<b>67,052</b>	-
Share-based compensation	<b>138,742</b>	149,089
(Gain)/loss on disposal of property, plant and equipment	<b>(1,141)</b>	1,117
Loss on disposal of intangible assets	<b>301</b>	24
Loss on disposal of construction-in-progress	<b>-</b>	9,856
Gain on deemed disposal of a subsidiary	<b>(22,627)</b>	-
Fair value change on financial instruments	<b>(2,106)</b>	(25,045)
Fair value change on financial assets at fair value through profit or loss	<b>(9,153)</b>	(76,784)
Dividend income	<b>(1,960)</b>	(745)
(Increase)/decrease in inventories	<b>(2,437,556)</b>	186,538
Increase in trade and notes receivables, deposits, prepayments and other receivables	<b>(2,523,657)</b>	(1,130,421)
Increase in trade and notes payables, provisions, other payables and accruals	<b>5,406,076</b>	948,772
Effect of foreign exchange rate changes	<b>(137,864)</b>	157,961
Net cash generated from operations	<b>2,322,711</b>	1,811,768

# Notes

## 16 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 period/year presented.

<b>Financing liabilities</b>	<b>September 30, 2024 US\$'000</b>	<b>March 31, 2024 US\$'000</b>
Short-term loans – current	<b>63,002</b>	50,431
Notes – current	<b>964,893</b>	–
Notes – non-current	<b>2,049,057</b>	3,012,637
Convertible bonds – non-current	<b>566,639</b>	556,592
Lease liabilities – current	<b>92,194</b>	101,580
Lease liabilities – non-current	<b>215,035</b>	240,449
	<b>3,950,820</b>	3,961,689
Short-term loans – variable interest rates	<b>60,797</b>	43,423
Short-term loans – fixed interest rates	<b>2,205</b>	7,008
Notes – fixed interest rates	<b>3,013,950</b>	3,012,637
Convertible bonds – fixed interest rates	<b>566,639</b>	556,592
Lease liabilities – fixed interest rates	<b>307,229</b>	342,029
	<b>3,950,820</b>	3,961,689

**16 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	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
Financing liabilities at April 1, 2024	<b>50,431</b>	<b>-</b>	<b>3,012,637</b>	<b>-</b>	<b>556,592</b>	<b>101,580</b>	<b>240,449</b>	<b>3,961,689</b>
Proceeds from borrowings	<b>6,609,053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,609,053</b>
Repayments of borrowings	<b>(6,639,913)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,639,913)</b>
Reclassification	<b>-</b>	<b>964,814</b>	<b>(964,814)</b>	<b>-</b>	<b>-</b>	<b>42,171</b>	<b>(42,171)</b>	<b>-</b>
Principal elements of lease payments	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(62,258)</b>	<b>-</b>	<b>(62,258)</b>
Foreign exchange adjustments	<b>43,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,319</b>	<b>(1,273)</b>	<b>43,477</b>
Other non-cash movements	<b>-</b>	<b>79</b>	<b>1,234</b>	<b>-</b>	<b>10,047</b>	<b>9,382</b>	<b>18,030</b>	<b>38,772</b>
Financing liabilities at September 30, 2024	<b>63,002</b>	<b>964,893</b>	<b>2,049,057</b>	<b>-</b>	<b>566,639</b>	<b>92,194</b>	<b>215,035</b>	<b>3,950,820</b>

# Notes

## 17 CAPITAL COMMITMENTS

The Group had the following capital commitments:

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
Contracted but not provided for:		
- Property, plant and equipment	<b>114,467</b>	151,716
- Intangible assets	<b>5,830</b>	3,216
- Investment in financial assets	<b>18,293</b>	17,454
	<b>138,590</b>	172,386

## 18 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.

## FINANCIAL REVIEW

### Results

For the six months ended September 30, 2024 and 2023

	<b>6 months ended September 30, 2024 US\$'000</b>	6 months ended September 30, 2023 US\$'000
Revenue	<b>33,297,150</b>	27,309,713
Gross profit	<b>5,355,599</b>	4,773,665
Gross profit margin	<b>16.1%</b>	17.5%
Operating expenses	<b>(4,210,531)</b>	(3,869,590)
Operating profit	<b>1,145,068</b>	904,075
Other non-operating income/(expenses) – net	<b>(358,887)</b>	(318,329)
Profit before taxation	<b>786,181</b>	585,746
Profit for the period	<b>636,771</b>	472,467
Profit attributable to equity holders of the Company	<b>601,897</b>	425,766
Earnings per share attributable to equity holders of the Company (US cents)		
– Basic	<b>4.91</b>	3.57
– Diluted	<b>4.71</b>	3.43
EBITDA	<b>1,985,346</b>	1,740,495
Non-HKFRS operating profit	<b>1,264,408</b>	913,863
Non-HKFRS profit before taxation	<b>907,887</b>	598,204
Non-HKFRS profit for the period	<b>747,479</b>	478,625
Non-HKFRS profit attributable to equity holders of the Company	<b>718,882</b>	463,429
Dividend per ordinary share (HK cents)		
– Interim dividend	<b>8.5</b>	8.0

## FINANCIAL REVIEW *(continued)*

### Results *(continued)*

For the six months ended September 30, 2024, the Group achieved total sales of approximately US\$33,297 million. When compared to the corresponding period of last year, profit attributable to equity holders for the period increased by US\$176 million to approximately US\$602 million, gross profit margin eroded by 1.4 percentage points to 16.1 percent mainly due to lower profitability in ISG business. Basic and diluted earnings per share were US4.91 cents and US4.71 cents, representing an increase of US1.34 cents and US1.28 cents respectively. Net profit margin rose by 0.2 percentage points to 1.8 percent.

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

Analysis of operating expenses by function for the six months ended September 30, 2024 and 2023 is as follows:

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
Selling and distribution expenses	<b>(1,703,318)</b>	(1,591,084)
Administrative expenses	<b>(1,397,457)</b>	(1,234,613)
Research and development expenses	<b>(1,023,523)</b>	(949,242)
Other operating income/(expenses) - net	<b>(86,233)</b>	(94,651)
	<b>(4,210,531)</b>	(3,869,590)

Operating expenses for the period increased by 9 percent as compared with the corresponding period of last year. Employee benefit costs increased by US\$137 million mainly due to increase in performance-based bonus and sales commissions. During the period, the Group recorded assets impairment and write-off of US\$67 million. Advertising and promotional expenses increased by US\$72 million for new product launch and special campaigns. The Group recorded fair value gain from strategic investments amounted to US\$9 million (2023/24: US\$77 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\$9 million (2023/24: US\$64 million).

## FINANCIAL REVIEW *(continued)*

### Results *(continued)*

Key expenses by nature comprise:

	<b>6 months ended September 30, 2024 US\$'000</b>	6 months ended September 30, 2023 US\$'000
Depreciation of property, plant and equipment	<b>(100,470)</b>	(105,763)
Depreciation of right-of-use assets	<b>(47,916)</b>	(71,733)
Amortization of intangible assets, excluding internal use software	<b>(86,127)</b>	(109,583)
Impairment and write-off of intangible assets	<b>(67,052)</b>	-
Employee benefit costs, including	<b>(2,299,426)</b>	(2,162,474)
- <i>long-term incentive awards</i>	<b>(138,742)</b>	(149,089)
Rental expenses	<b>(6,233)</b>	(3,727)
Net foreign exchange loss	<b>(9,330)</b>	(63,887)
Advertising and promotional expenses	<b>(477,215)</b>	(405,076)
Legal, professional and consulting expenses	<b>(202,719)</b>	(121,599)
Information technology expenses, including	<b>(198,941)</b>	(164,986)
- <i>amortization of internal use software</i>	<b>(120,141)</b>	(88,018)
Increase in loss allowance of trade receivables	<b>(51,818)</b>	(26,493)
Unused amounts of loss allowance of trade receivables reversed	<b>10,927</b>	19,066
Research and development related laboratory testing, services and supplies	<b>(157,551)</b>	(125,797)
Gain/(loss) on disposal of property, plant and equipment	<b>1,141</b>	(1,117)
Loss on disposal of intangible assets	<b>(301)</b>	(24)
Loss on disposal of construction-in-progress	<b>-</b>	(9,856)
Fair value gain on financial assets at fair value through profit or loss	<b>9,153</b>	76,784
Gain on deemed disposal of a subsidiary	<b>22,627</b>	-
Others	<b>(549,280)</b>	(593,325)
	<b>(4,210,531)</b>	(3,869,590)

## FINANCIAL REVIEW *(continued)*

### Results *(continued)*

Other non-operating income/(expenses) – net for the six months ended September 30, 2024 and 2023 comprise:

	6 months ended September 30, 2024 US\$'000	6 months ended September 30, 2023 US\$'000
Finance income	55,150	82,496
Finance costs	(399,507)	(387,804)
Share of losses of associates and joint ventures	(14,530)	(13,021)
	<b>(358,887)</b>	(318,329)

Finance income mainly represents interest on bank deposits.

Finance costs for the period increased by 3 percent as compared with the corresponding period of last year. The increase is mainly attributable to the increase in interest on bank loans and overdrafts of US\$12 million and factoring cost of US\$12 million, partly offset by decrease in interest on notes of US\$4 million and interest on convertible bonds of US\$6 million.

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

## FINANCIAL REVIEW *(continued)*

### Results *(continued)*

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:

	6 months ended September 30, 2024		6 months ended September 30, 2023	
	Revenue US\$'000	Operating profit/(loss) US\$'000	Revenue US\$'000	Operating profit/(loss) US\$'000
IDG	24,935,700	1,818,363	21,775,171	1,496,550
ISG	6,465,167	(73,002)	3,915,525	(113,855)
SSG	4,049,892	838,319	3,631,308	744,511
Total	35,450,759	2,583,680	29,322,004	2,127,206
Eliminations	(2,153,609)	(677,006)	(2,012,291)	(629,201)
	<b>33,297,150</b>	<b>1,906,674</b>	27,309,713	1,498,005
Unallocated:				
Headquarters and corporate income/ (expenses) – net		(739,413)		(679,684)
Depreciation and amortization		(233,681)		(214,778)
Impairment and write-off of intangible assets		(67,052)		-
Finance income		45,538		77,055
Finance costs		(143,057)		(157,137)
Share of losses of associates and joint ventures		(14,256)		(14,522)
Loss on disposal of property, plant and equipment		(386)		(577)
Fair value gain on financial assets at fair value through profit or loss		7,680		76,784
Gain on deemed disposal of a subsidiary		22,627		-
Dividend income		1,507		600
Consolidated profit before taxation		<b>786,181</b>		585,746

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocation to business groups, of US\$739 million (2023/24: US\$680 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, partly offset by the decrease in net foreign exchange loss as compared with the corresponding period of last year.

## **FINANCIAL REVIEW** *(continued)*

### **Use of non-HKFRS measure**

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

We define adjusted profit as profit for the period 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, and (v) impairment and write-off of intangible assets, 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 non-recurring 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.

## FINANCIAL REVIEW *(continued)*

### Use of non-HKFRS measure *(continued)*

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.

### Six months ended September 30, 2024

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the period US\$'000	Profit attributable to equity holders US\$'000
As reported				
Non-HKFRS adjustments	<b>1,145,068</b>	<b>786,181</b>	<b>636,771</b>	<b>601,897</b>
Net fair value changes on financial assets at fair value through profit or loss	<b>(9,153)</b>	<b>(9,153)</b>	<b>(5,261)</b>	<b>1,016</b>
Amortization of intangible assets resulting from mergers and acquisitions	<b>84,068</b>	<b>86,434</b>	<b>68,150</b>	<b>68,150</b>
Gain on deemed disposal of a subsidiary	<b>(22,627)</b>	<b>(22,627)</b>	<b>(19,233)</b>	<b>(19,233)</b>
Impairment and write-off of intangible assets	<b>67,052</b>	<b>67,052</b>	<b>67,052</b>	<b>67,052</b>
Non-HKFRS	<b>1,264,408</b>	<b>907,887</b>	<b>747,479</b>	<b>718,882</b>

## FINANCIAL REVIEW *(continued)*

### Use of non-HKFRS measure *(continued)*

#### Six months ended September 30, 2023

	Operating profit US\$'000	Profit before taxation US\$'000	Profit for the period US\$'000	Profit attributable to equity holders US\$'000
As reported				
Non-HKFRS adjustments	904,075	585,746	472,467	425,766
Net fair value changes on financial assets at fair value through profit or loss	(76,784)	(76,784)	(64,759)	(33,254)
Amortization of intangible assets resulting from mergers and acquisitions	84,524	86,890	68,565	68,565
Mergers and acquisitions related charges	2,048	2,352	2,352	2,352
Non-HKFRS	913,863	598,204	478,625	463,429

### Financial Position

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

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
<b>Non-current assets</b>		
Property, plant and equipment	<b>2,020,333</b>	2,010,178
Right-of-use assets	<b>540,354</b>	571,305
Construction-in-progress	<b>332,460</b>	337,648
Intangible assets	<b>8,257,733</b>	8,345,407
Interests in associates and joint ventures	<b>319,557</b>	318,803
Deferred income tax assets	<b>2,796,603</b>	2,633,302
Financial assets at fair value through profit or loss	<b>1,470,597</b>	1,393,666
Financial assets at fair value through other comprehensive income	<b>52,899</b>	55,973
Other non-current assets	<b>467,297</b>	397,489
	<b>16,257,833</b>	16,063,771

## **FINANCIAL REVIEW** *(continued)*

### **Financial Position** *(continued)*

#### ***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 plant and machinery, equipment held for lease and office equipment, transfer of completed assets from construction-in-progress, to cope with business growth; and exchange adjustments; partly offset by current period 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 5 percent decrease is mainly attributable to current period depreciation, partly offset by lease renewals and new leases entered into during the period.

#### ***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 slight decrease is mainly attributable to transfer of completed assets to property, plant and equipment and intangible assets, partly offset by further investment in internal use software, technology and buildings under construction during the period.

#### ***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 period amortization, 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 and exchange adjustments.

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 joint ventures. The slight increase is mainly attributable to additional investment during the period, and partly offset by the share of losses.

#### ***Deferred income tax assets***

Deferred income tax assets amounted to US\$2,797 million as at period end, representing an increase of 6 percent, which is mainly attributable to tax losses and temporary differences in relation to share-based payment, provisions and accruals, tax depreciation allowance and deferred revenue arising in the normal course of business. Deferred income tax assets are recognized to the extent that realization of the related tax benefit through the future taxable profits is probable.

## FINANCIAL REVIEW *(continued)*

### Financial Position *(continued)*

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss increased by 6 percent during the period, which is mainly attributable to additional investments, exchange adjustments 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 5 percent during the period, which is mainly attributable to net fair value loss recognized, partly offset by exchange adjustments.

<b>Current assets</b>	<b>September 30, 2024 US\$'000</b>	<b>March 31, 2024 US\$'000</b>
Inventories	<b>9,118,816</b>	6,702,677
Trade and notes receivables	<b>9,476,319</b>	8,147,695
Derivative financial assets	<b>29,893</b>	69,568
Deposits, prepayments and other receivables	<b>4,901,236</b>	3,782,366
Income tax recoverable	<b>441,038</b>	359,491
Bank deposits	<b>60,234</b>	65,555
Cash and cash equivalents	<b>4,178,915</b>	3,559,831
	<b>28,206,451</b>	22,687,183

#### **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 56 percent of total inventories. The Group's inventories purchase and production plan are primarily based on expectations on market demand. The 36 percent increase is mainly attributable to the higher raw materials and finished goods inventory level in anticipation of the change in market demand.

#### **Trade and notes receivables**

Trade and notes receivables increased by 16 percent which is attributable to the increase in sales in the second quarter of current period over the fourth quarter 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.

## FINANCIAL REVIEW *(continued)*

### Financial Position *(continued)*

#### **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 30 percent increase is mainly attributable to the increase in amounts due from subcontractors as a result of more business activities during the second quarter of current period than in the fourth quarter of last year.

#### **Cash and cash equivalents**

The 17 percent increase is mainly attributable to net cash generated from operating activities, partly offset by net cash used in investing activities and financing activities. The working capital management enables the Group to maintain sufficient cash to meet operational, financing and investing needs.

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
<b>Total equity</b>		
Share capital	3,500,987	3,500,987
Reserves and others	2,590,530	2,580,200
	6,091,517	6,081,187

#### **Total equity**

Reserves and others increased from US\$2,580 million to US\$2,591 million which is mainly due to profit for the period, share-based compensation credited to reserves and capital contribution from other non-controlling interests, partly offset by dividends payment, contribution to employee share trusts and vesting of shares under long-term incentive program.

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
<b>Non-current liabilities</b>		
Borrowings	2,615,696	3,569,229
Warranty provision	157,005	161,261
Deferred revenue	1,556,971	1,436,484
Retirement benefit obligations	246,951	241,402
Deferred income tax liabilities	453,053	447,523
Other non-current liabilities	661,040	754,705
	5,690,716	6,610,604

#### **Borrowings**

Borrowings (classified as non-current) decreased by US\$954 million which is mainly attributable to the reclassification of the 2025 Notes from non-current to current as it will be due within the next 12 months after the period end.

## FINANCIAL REVIEW *(continued)*

### Financial Position *(continued)*

#### **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.

#### **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 comprise withholding tax on undistributed earnings, tax liabilities on upward valuation of intangibles arising from business combination and accelerated tax depreciation.

#### **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 12 percent decrease is mainly due to the reclassification of lease liabilities, government grants and payables from non-current to current as it will be due within the next 12 months after the period end.

	September 30, 2024 US\$'000	March 31, 2024 US\$'000
<b>Current liabilities</b>		
Trade and notes payables	14,229,350	10,505,427
Derivative financial liabilities	130,022	42,555
Other payables and accruals	14,385,688	12,751,775
Provisions	870,977	920,950
Deferred revenue	1,556,470	1,512,645
Income tax payable	481,649	275,380
Borrowings	1,027,895	50,431
	<b>32,682,051</b>	26,059,163

## **FINANCIAL REVIEW** *(continued)*

### **Financial Position** *(continued)*

#### ***Trade and notes payables***

The increase in trade and notes payables by 35 percent is mainly attributable to the increase in business activities in the second quarter of current period over the fourth quarter of last year.

#### ***Derivative financial liabilities***

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.

#### ***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 13 percent is mainly attributable to the increase in payables to subcontractors, driven by increase in business activities in the second quarter of current period over the fourth quarter of last year.

#### ***Provisions***

Provisions comprise warranty provision (due within one year), environmental restoration and restructuring provisions. The 5 percent decrease is driven by the decrease in warranty provision due to higher utilization and the settlement of restructuring provision during the period.

#### ***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\$977 million which is mainly attributable to the reclassification of the 2025 Notes from non-current to current as it will be due within the next 12 months after the period end.

#### ***Capital Expenditure***

The Group incurred capital expenditure of US\$550 million (2023/24: US\$677 million) during the six months ended September 30, 2024, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The lower capital expenditure incurred in current period is mainly attributable to less investments in patent and technology and intangible assets under construction.

## FINANCIAL REVIEW *(continued)*

### Liquidity and Financial Resources

At September 30, 2024, total assets of the Group amounted to US\$44,464 million (March 31, 2024: US\$38,751 million), which were financed by equity attributable to owners of the Company of US\$5,477 million (March 31, 2024: US\$5,583 million), other non-controlling interests (net of put option written on non-controlling interests) of US\$614 million (March 31, 2024: US\$498 million), and total liabilities of US\$38,373 million (March 31, 2024: US\$32,670 million). At September 30, 2024, the current ratio of the Group was 0.86 (March 31, 2024: 0.87).

At September 30, 2024, bank deposits and cash and cash equivalents totaling US\$4,239 million (March 31, 2024: US\$3,626 million) analyzed by major currency are as follows:

	September 30, 2024 %	March 31, 2024 %
US dollar	33.0	25.5
Renminbi	29.2	27.3
Japanese Yen	11.6	10.8
Euro	3.0	6.2
Australian dollar	3.1	2.7
Other currencies	20.1	27.5
Total	100.0	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At September 30, 2024, 80 (March 31, 2024: 90) percent of cash are bank deposits, and 20 (March 31, 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	
				September 30, 2024 US\$ million	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	-	-
Revolving loan facility	January 19, 2024	500	1 year	-	-

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

## FINANCIAL REVIEW *(continued)*

### Liquidity and Financial Resources *(continued)*

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

Credit facilities	Total available amount at		Utilized amount at	
	September 30, 2024 US\$ million	March 31, 2024 US\$ million	September 30, 2024 US\$ million	March 31, 2024 US\$ million
Trade lines	6,905	4,676	4,769	2,861
Short-term money market facilities	2,204	1,926	25	41
Forward foreign exchange contracts	12,861	11,588	12,831	11,555

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at September 30, 2024 are as follows. Further details of borrowings are set out in Note 14 to the Financial Information.

	Issue date	Principal amount	Term	Interest rate/ dividend	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

## FINANCIAL REVIEW *(continued)*

### Liquidity and Financial Resources *(continued)*

Net cash position and gearing ratio of the Group at September 30 and March 31, 2024 are as follows:

	September 30, 2024 US\$ million	March 31, 2024 US\$ million
Bank deposits and cash and cash equivalents	4,239	3,626
Borrowings		
– Short-term loans	63	50
– Notes	3,014	3,013
– Convertible bonds	567	557
Net cash position	595	6
Total equity	6,091	6,081
Gearing ratio (Borrowings divided by total equity)	0.60	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 September 30, 2024, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US\$12,831 million (March 31, 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.

## BUSINESS REVIEW AND OUTLOOK

### Highlights

During the six months ended September 30, 2024, Lenovo (the Group) achieved several new performance records. Group revenue surged 22 percent year-on-year, reaching US\$33.3 billion, while profit attributable to equity holders increased at an even faster pace of 41 percent. For the first time in three years, all three business groups have achieved robust double-digit revenue growth simultaneously. The Group has been building a comprehensive full-stack AI (Artificial Intelligence) portfolio, ranging from infrastructure to edge devices and services, positioning itself as a sector leader amid the AI paradigm shift. To bolster these critical AI advancements, research and development (R&D) expenses increased by 8 percent year-on-year.

The Group's non-PC segment rose to a record 46 percent of total revenue across its three business groups, underscoring growth opportunities beyond the core PC business. Revenue of Infrastructure Solutions Group (ISG) surged by 65 percent year-on-year, reaching US\$6.5 billion for the first time in its operating history. Its cloud customers are investing heavily in infrastructure to enable AI. This growth, along with a recovering enterprise business, has elevated ISG's market position to No. 5 globally and No. 3 in China, according to the latest third-party research data. Solutions and Services Group (SSG)'s revenue increased by 12 percent year-on-year to US\$4.0 billion, driven by robust demand for its as-a-Service and AI-powered solutions. SSG's segment profit accounted for 32 percent of the combined segment profit across the three business groups. The Group continued to expand its recurring revenue base, with deferred revenue reaching a record US\$3.1 billion.

Intelligent Devices Group (IDG) has offered a comprehensive AI PC portfolio for both consumer and commercial segments. The Group is investing in its vibrant AI application ecosystem and central to this effort, IDG has developed its own personal AI agents customized for different markets. IDG's revenue grew by 15 percent, with its five-feature AI PCs — equipped with personal intelligent agent — reaching 14 percent of total notebook shipments in China in the second fiscal quarter, the only geographical market and period where these new PCs were widely available. In smartphone, IDG delivered high double-digit revenue growth, with its market share expanding year-on-year for more than a year, fueled by hypergrowth in Asia Pacific, EMEA, and North America.

Free cash flow was enhanced by US\$801 million year-on-year during the first fiscal half-year period, on strength of business recovery and improved profitability. As a result, net cash position amounted to US\$595 million at the end of the period. The Group has been consistently recognized for its steadfast dedication to corporate governance and sustainability and has retained AA rating in the 2024 Hang Seng Corporate Sustainability Index. With respect to environmental responsibility, the Lenovo Intelligent Sustainability Solutions Advisor (LISSA), a newly launched AI-powered advisory platform, has won the SEAL Sustainable Innovation Award, while its Neptune liquid cooling technology was honored with the BIG Sustainability Product of the Year Award. These various milestones highlight the Group's balanced focus on sustainability and strategic excellence across its diverse growth engines.

The Group's shareholders have approved the strategic business transactions, including the issuance of a US\$2.0 billion zero coupon convertible bond to Alcatel, and 1.15 billion warrants. These transactions aim to raise funds to accelerate the Group's growth and transformation initiatives. Alcatel's involvement is expected to diversify the Group's global supply chain and broaden its presence in the MEA region.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Group Financial Performance**

The Group has shown accelerated performance across revenue, pre-tax income, and profit attributable to equity holders during the period under review.

The Group capitalized on demand tailwinds to drive a 22 percent growth in Group revenue. The successful execution of its share gain strategy resulted in double-digit revenue growth across all three business groups. During the period under review, IDG and SSG improved their segment margins by 42 and 20 basis points year-on-year, respectively. Despite ISG's success in reducing losses by 36 percent year-on-year, challenges to segment performance remain and in response to this, management has put in place a profitability recovery plan to drive further improvements. Management effectively controlled the Group's expenses, leading to a reduction of operating expense-to-revenue ratio by 1.6 percentage points year-on-year to 12.6 percent. Profit attributable to equity holders increased by 41 percent, while non-HKFRS (Hong Kong Financial Reporting Standards) measures indicated even stronger gains, with a 55 percent leap in net profit.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Performance by Product Business Group**

#### ***Intelligent Devices Group (IDG)***

IDG, encompassing the PC, tablet, smartphone, and other smart device businesses, reported better-than-expected revenue growth of 15 percent in the period under review. IDG expanded its leading position in the PC market, further widening the gap with its top two competitors. Commercial revenue growth remained robust, and the consumer tailwinds derived from successful game title launches, including Black Myth: Wukong, translated into strong double-digit boost in revenue of gaming models, leading to a demand shift towards higher value-added models within the consumer mix.

IDG has unveiled a suite of AI products, including AI PC models equipped with cutting-edge silicon technology, designed to deliver industry-leading performance alongside unparalleled personalization, productivity and security. During the period under review, two versions of personal AI agents were introduced utilizing natural language interactions and the user's personal knowledge base. Together with other proprietary AI software capabilities, these innovations have positioned the Group to capitalize on the rapidly growing demand for AI computing.

The success of these innovations has also strengthened non-PC revenue, with the most significant success derived from the smartphone segment. Under the Motorola brand, smartphone revenue grew at a strong double-digit rate year-on-year, thanks to the growing popularity of its attractive foldable phone designs as a way to supercharge its go-to-market strategy.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Performance by Product Business Group** *(continued)*

#### ***Infrastructure Solutions Group (ISG)***

Surging AI investments, coupled with a recovering enterprise business, has driven a 65 percent year-on-year revenue growth for ISG during the period under review. ISG's comprehensive AI product portfolio and improved time-to-market have led to a robust pipeline and a steady increase in confirmed orders. In addition, to address the heightened power demands posed by the use of more advanced GPUs, ISG has leveraged its expertise in liquid-cooling technology from HPC (High-Performance Computing) and repurposed its patented Neptune liquid-cooled solutions for AI GPU servers to attract new orders.

Non-compute revenue, including storage and HPC, maintained a strong growth trajectory and accounted for 33 percent of ISG's top line. ISG's share of global storage revenue continued to increase year-on-year, according to the latest third-party data. As the dominant player in the global market, HPC achieved record revenue during the first fiscal half-year by winning more orders from key customers, including DreamWorks, Max Planck, Korea Meteorological Administration and Karlsruhe Institute of Technology.

Due to high investment requirements for AI servers and lower profitability profile in the fast-growing cloud business, losses remained at US\$73 million in the first half of the fiscal year. ISG will continue to execute its performance improvement plan through simplifying portfolio, improving operations, and diversifying cloud customers.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Performance by Product Business Group** *(continued)*

#### **Solutions & Services Group (SSG)**

SSG reported revenue of US\$4.0 billion in the first half of the fiscal year, up 12 percent year-on-year. Operating profit also increased by 13 percent year-on-year to US\$838 million, sustaining a high operating margin of 21 percent.

Managed Services reported a 19 percent year-on-year revenue growth. The TCV (Total Contract Value) for both DaaS (Device-as-a-Service) and IaaS (Infrastructure-as-a-Service) increased by strong double digits, reinforcing a robust long-term growth trajectory. Project & Solution Services revenue rose 19 percent year-on-year, supported by the Group's AI powered solutions, including GenAI-powered avatars, smart factory IoT, and smart warehousing solutions. Support Service revenue growth moderated to 3 percent year-on-year, reflecting a natural time lag between hardware revenue and their impact on service revenue. However, Support Service bookings have increased for a year, in line with recent hardware revenue growth, indicating a positive outlook for revenue recovery.

#### **Geographic Performance**

With an expansive global footprint across 180 markets, the Group has effectively leveraged its diversified market exposure to achieve sustained revenue growth across regions. For the first fiscal half-year period, all operating regions reported double-digit year-on-year revenue growth. Revenue in China grew 26 percent, as the Group continued to realize premium-to-market growth in PC. Premium products, including AI and gaming PCs, delivered strong growth, partially owing to China's recent economic stimulus packages. Infrastructure and services also exhibited strength, benefiting from new customer acquisitions and AI-powered vertical solutions.

Revenue growth in Asia Pacific (AP, excluding China), EMEA and Americas for the first fiscal half-year period was 28 percent, 22 percent, and 16 percent, respectively. Two common market highlights stood out across all regions: strong smartphone revenue and premium PC growth. In AP, smartphone revenue registered triple-digit growth, particularly in India and Japan, driven by the success of the premium products Edge and Razr. The Group continued to gain market share in smartphone in select EMEA countries, while in North America, the Razr has been the best-selling foldable phone in the prepaid market for the first fiscal half-year period.

Within the premium PC segment, gaming laptops played a significant role in driving revenue growth. The LOQ sub-brand of gaming laptops, known for its strong design features and appeal to a broader gaming community, helped bolster gaming PC market share across the regions. Other specific regional drivers include strong commercial PC revenue in Japan, supported by Win11 upgrades and digital transformation trends, aiding growth in AP. Demand for infrastructure products from cloud customers further contributed to the North America's strong performance.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Outlook**

The Group has realigned to deliver AI technology that enhances quality of life, promotes sustainability, and boosts enterprise productivity. To achieve optimal productivity gains, enterprises are likely to need to build private clouds for AI training and inferencing using proprietary enterprise data. As data security becomes essential, enterprise Hybrid AI requires seamless integration in both cloud and edge environments. The Group aims to leverage this shift by providing personal and enterprise AI twins while establishing itself as a key infrastructure supplier.

IDG has unveiled the latest lineup of next-generation AI PCs, while enhancing components and software to support strong average selling prices and sustainable profitability. AI NOW, the Group's personalized intelligent agent supported by heterogeneous computing, provides fast and secure on-device AI features. ThinkShield, the Group's security solution, ensures a secure environment by filtering out harmful text and images. The "one personal AI, multiple devices" approach, featuring Smart Connect, facilitates centralized data management across various devices, creating a seamless and secure user experience. Alongside other proprietary technologies including Lenovo Creator Zone and Lenovo Learning Zone, the Group is well-positioned for global leadership in the AI PC segment. IDG's smartphone business is rapidly growing, particularly with its premium Motorola Razr and Edge lineups, leveraging Large Action Models to enhance moto ai capabilities.

ISG's Hybrid AI strategy revolves around designing and deploying next-generation AI solutions in partnership with Nvidia, AMD, and Intel. With a balanced focus on revenue and profitability, ISG provides over 80 AI-optimized products, from edge devices to 8-GPU LLM servers. The Enterprise & Small-and-Medium Business (ESMB) segment will also target growth in AI-powered edge, Hybrid Cloud, High-Performance Computing, and telco/communication solutions, while the Cloud Service Provider (CSP) segment utilizes an ODM+ business model to drive innovative solutions. ISG's Neptune liquid-cooling technology remains a global leader in datacenter cooling, with its sixth-generation model supporting AI workloads in a sustainable way.

SSG's AI Fast Start service provides customizable solutions from Lenovo AI Library, enabling rapid development of generative AI applications using customer data. SSG will also embed AI functions into existing service offerings, including Digital Workplace, Hybrid Cloud, and Sustainability solutions.

## **BUSINESS REVIEW AND OUTLOOK** *(continued)*

### **Strategic Highlights**

Envisioning a future of Smarter AI for All, the Group remains at the forefront of Intelligent Transformation to capture growth opportunities across devices, infrastructure, and services. The multi-year growth opportunities have propelled the Group to accelerate AI development through focused R&D investment. Robust innovation, together with the pursuit of profitability growth, will continue to be the key to enhancing the Group's competitiveness in next-generation product design and solutions.

By leveraging its Services business as a structural growth engine, the Group aims to strengthen its end-to-end service solutions, particularly its TruScale as-a-Service portfolio, which addresses customer pain points in hybrid work, multi-cloud management, and cybersecurity.

As a responsible corporate, the Group prides itself on setting high standards and making every effort to mitigate the environmental impact of its operations as the business strides towards achieving net zero emissions by 2050. To capitalize on growing ESG awareness, management will broaden its sustainability initiatives. This includes incorporating innovative ESG features, such as a CO<sub>2</sub> offset service and Reduced Carbon Transit, into the Group's service offerings to help customers achieve their ESG goals.

## HUMAN RESOURCES

At September 30, 2024, the Group had a headcount of approximately 70,200 worldwide.

The Group implements a remuneration policy that includes base salary, bonus, an employee share purchase plan and long-term incentive program with reference to the performance of the Group and individual employees. The Group also provides benefits such as insurance, medical coverage, and retirement funds to maintain its competitive position.

The Company launched an employee share purchase plan (the “Plan”) in October 2016, aimed at encouraging share ownership by the general employees. Under the Plan, eligible employees receive one matching restricted share unit (“RSUs”) for every four ordinary shares of the Company purchased through qualified employee contributions. The matching RSUs 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 in prior years, the Plan operates by purchasing existing shares from the market, and the Company has not issued any new shares under the Plan.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

### Long Term Incentive Program

The Group operates a Long Term Incentive Program (“LTI Program”) which was initially 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 Group 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 the average dividend yield over the past three years, the 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 established and funded a trust to deliver 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 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 ordinary shares at its discretion. Additionally, the Company has established and funded a trust to deliver shares to eligible recipients.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** *(continued)*

### **Long Term Incentive Program** *(continued)*

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 of directors of the Company (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 overall 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.

During the six months ended September 30, 2024, the LTI Program continues to operate through purchasing existing shares from the market, and the Company did not issue any new shares under the Program.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** (continued)

**Long Term Incentive Program** (continued)

The movements in the share awards of the executive and non-executive directors during the six months ended September 30, 2024 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\$)	Number of units						Vesting period (mm.dd.yyyy)		
							As at April 1, 2024 (unvested)	New grant during the period	Vested during the period	Exercised during the period	As at September 30, 2024 (unvested)	September 30, 2024 (Note 1)		Total outstanding as at September 30, 2024 (Note 1)	
Mr. Yang Yuanqing	SAR	06.03.2019	5.79	-	-	-	-	-	-	-	-	-	79,451,149	06.03.2020 – 06.03.2022	
	SAR	06.01.2020	4.22	-	-	-	-	-	-	-	-	-	76,048,055	06.01.2021 – 06.01.2023	
	SAR	06.20.2022	7.34	-	-	-	30,705,901	-	12,794,125	-	17,911,776	30,705,901	30,705,901	06.01.2024 – 06.01.2026	
	SAR	06.01.2023	7.46	-	-	-	7,356,097	-	3,064,549	-	4,291,548	7,356,097	7,356,097	06.01.2024 – 06.01.2026	
	SAR	06.03.2024	11.34	11.22	41,434,013	-	-	3,692,871	1,538,449	-	2,154,422	3,692,871	3,692,871	06.03.2024 – 06.01.2026	
	SAR	06.03.2024	11.34	11.22	86,722,353	-	-	7,729,265	-	-	7,729,265	7,729,265	7,729,265	06.01.2025 – 06.01.2027	
	RSU	06.01.2021	9.50	-	-	11.22	862,516	-	862,516	-	-	-	-	862,516	06.01.2022 – 06.01.2024
	RSU	06.20.2022	7.54	-	-	-	4,987,562	-	-	-	4,987,562	4,987,562	4,987,562	06.20.2025	
	RSU	06.20.2022	7.54	-	-	10.89	10,751,138	-	4,479,641	-	6,271,497	6,271,497	6,271,497	06.01.2024 – 06.01.2026	
	RSU	06.01.2023	7.57	-	-	10.89	2,638,283	-	1,099,107	-	1,539,176	1,539,176	1,539,176	06.01.2024 – 06.01.2026	
	RSU	06.01.2023	7.57	-	-	-	1,046,821	-	-	-	1,046,821	1,046,821	1,046,821	06.01.2026	
	RSU	06.03.2024	11.24	11.22	18,413,075	10.78	-	1,641,094	683,679	-	957,415	957,415	957,415	06.03.2024 – 06.01.2026	
	RSU	06.03.2024	11.24	11.22	39,812,038	-	-	3,548,310	-	-	3,548,310	3,548,310	3,548,310	06.01.2025 – 06.01.2027	
Mr. Zhu Linan	RSU	08.18.2021	7.73	-	-	9.68	80,602	-	80,602	-	-	-	-	80,602	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	-	-	9.23	200,713	-	100,357	-	100,356	100,356	100,356	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	-	-	10.32	234,547	-	78,182	-	156,365	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	-	-	195,060	-	-	195,060	195,060	195,060	09.27.2025 – 09.27.2027	
Mr. Zhao John Huan	SAR	08.17.2018	4.39	-	-	-	-	-	-	-	-	-	1,125,232	08.17.2019 – 08.17.2021	
	RSU	08.18.2021	7.73	-	-	9.68	80,602	-	80,602	-	-	-	-	80,602	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	-	-	9.23	200,713	-	100,357	-	100,356	100,356	100,356	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	-	-	10.32	234,547	-	78,182	-	156,365	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	-	-	195,060	-	-	195,060	195,060	195,060	09.27.2025 – 09.27.2027	
Mr. William O. Grabe	SAR	09.06.2017	4.74	-	-	9.65	-	-	-	955,316	-	-	-	-	08.21.2018 – 08.21.2020
	SAR	08.17.2018	4.39	-	-	-	-	-	-	-	-	-	1,125,232	08.17.2019 – 08.17.2021	
	RSU	08.18.2021	7.73	-	-	9.68	80,602	-	80,602	-	-	-	-	80,602	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	-	-	9.23	200,713	-	100,356	-	100,357	100,357	100,357	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	-	-	10.32	234,547	-	78,182	-	156,365	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	-	-	195,060	-	-	195,060	195,060	195,060	09.27.2025 – 09.27.2027	
	RSU (Deferral)	09.27.2024	9.567	10.32	283,078	10.32	-	27,430	27,430	-	-	-	-	Note 2	
	RSU (Deferral)	09.27.2024	9.567	10.32	314,533	10.32	-	30,478	30,478	-	-	-	-	Note 2	

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** (continued)

**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\$)	Number of units							
							As at April 1, 2024 (unvested)	New grant during the period	Vested during the period	Exercised during the period	As at September 30, 2024 (unvested)	Total outstanding as at September 30, 2024 (Note 1)	Vesting period (mm.dd.yyyy)	
Mr. William Tudor Brown	RSU	08.18.2021	7.73	–	–	9.68	80,602	–	80,602	–	–	–	–	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	–	–	9.23	200,713	–	100,356	–	100,357	100,357	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
Mr. Gordon Robert Halyburton Orr	RSU	08.18.2021	7.73	–	–	9.68	80,602	–	80,602	–	–	–	–	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	–	–	9.23	200,713	–	100,356	–	100,357	100,357	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
Mr. John Lawson Thornton	RSU	09.27.2023	8.003	–	–	10.32	175,911	–	58,637	–	117,274	117,274	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
Mr. Kasper Bo Roersted	RSU	09.27.2024	9.567	10.32	2,516,274	–	–	243,825	–	–	–	243,825	243,825	09.27.2025 – 09.27.2027
Mr. Woo Chin Wan, Raymond	RSU	08.18.2021	7.73	–	–	9.68	80,602	–	80,602	–	–	–	–	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	–	–	9.23	200,713	–	100,357	–	100,356	100,356	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
Ms. Yang Lan	RSU	08.18.2021	7.73	–	–	9.68	80,602	–	80,602	–	–	–	–	08.18.2022 – 08.18.2024
	RSU	09.14.2022	6.257	–	–	9.23	200,713	–	100,357	–	100,356	100,356	09.14.2023 – 09.14.2025	
	RSU	09.26.2022	6.094	–	–	9.86	64,407	–	32,203	–	32,204	32,204	09.26.2023 – 09.26.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2023	8.003	–	–	10.32	73,296	–	24,432	–	48,864	48,864	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
	RSU	09.27.2024	9.567	10.32	629,066	–	–	60,956	–	–	–	60,956	60,956	09.27.2025 – 09.27.2027
Ms. Cher Wang Hsiueh Hong	RSU	11.15.2022	6.31	–	–	–	198,469	–	–	–	198,469	198,469	11.15.2023 – 11.15.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027
Professor Xue Lan	RSU	09.14.2022	6.257	–	–	9.23	200,713	–	100,357	–	100,356	100,356	09.14.2023 – 09.14.2025	
	RSU	09.27.2023	8.003	–	–	10.32	234,547	–	78,182	–	156,365	156,365	09.27.2024 – 09.27.2026	
	RSU	09.27.2024	9.567	10.32	2,013,019	–	–	195,060	–	–	–	195,060	195,060	09.27.2025 – 09.27.2027

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.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** (continued)

**Long Term Incentive Program** (continued)

The movements in the share awards of other eligible Participants during the six months ended September 30, 2024 are as follows:

Category of Participants	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\$)	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 September 30, 2024 (unvested)
Five highest paid individuals (excluding one director, who is the CEO of the Company)	SAR	19/20	5.79	–	–	11.62	–	–	–	3,000,000	–	–	–
	SAR	21/22	9.45	–	–	–	1,718,850	–	1,718,850	–	–	–	–
	SAR	22/23	7.13–7.63	–	–	12.08	15,029,945	–	6,010,810	743,660	–	–	9,019,135
	SAR	23/24	7.46	–	–	12.08	9,799,106	–	4,082,304	554,653	–	–	5,716,802
	SAR	24/25	11.34	11.22	103,586,507	–	–	9,232,309	1,187,697	–	–	–	8,044,612
	RSU	21/22	9.50	–	–	11.22	749,196	–	749,196	–	–	–	–
	RSU	22/23	7.62–7.65	–	–	10.28	5,909,273	–	2,363,100	–	–	–	3,546,173
	RSU	23/24	7.57	–	–	10.89	5,663,251	–	2,359,307	–	–	–	3,303,944
RSU	24/25	11.24	11.22	57,305,533	10.98	–	5,107,445	654,971	–	–	–	4,452,474	
Other executives and selected employees	SAR	17/18	4.95	–	–	10.97	–	–	–	1,476,649	346,264	–	–
	SAR	18/19	4.00	–	–	11.46	–	–	–	8,049,562	–	–	–
	SAR	19/20	5.23–5.79	–	–	11.20	–	–	–	14,111,153	–	–	–
	SAR	20/21	4.22–7.01	–	–	10.53	–	–	–	23,613,300	–	–	–
	SAR	21/22	9.45	–	–	11.19	14,672,773	–	11,363,252	31,091,160	–	–	3,309,521
	SAR	22/23	7.63	–	–	11.04	61,255,860	–	24,446,485	19,278,536	–	–	36,809,375
	SAR	23/24	7.46	–	–	11.13	71,260,088	–	29,574,999	8,715,377	–	–	41,685,089
	SAR	24/25	11.34	11.22	563,706,533	11.38	–	50,241,224	3,937,228	50,706	–	–	46,303,996
	RSU	21/22	7.45–9.50	–	–	10.97	15,718,879	–	13,141,060	–	–	328	2,577,491
	RSU	22/23	5.84–8.05	–	–	10.40	102,427,259	–	39,403,256	–	–	61,892	62,962,111
RSU	23/24	7.57–10.47	–	–	10.89	214,024,791	–	83,922,367	–	–	88,866	130,013,558	
RSU	24/25	9.47–11.44	9.59–11.22	1,723,360,220	10.89	–	154,654,730	2,552,209	–	–	468,872	151,633,649	
Other eligible Participants including members of the CEO Advisory Council and selected retirees	SAR	17/18	4.74–4.95	–	–	9.77	–	–	–	2,254,531	–	–	–
	SAR	18/19	4.00–4.39	–	–	9.99	–	–	–	2,005,232	–	–	–
	SAR	19/20	5.79	–	–	10.74	–	–	–	3,307,280	–	–	–
	SAR	20/21	4.22	–	–	10.62	–	–	–	1,899,796	–	–	–
	SAR	21/22	9.45	–	–	11.03	3,062,905	–	3,062,905	5,865,459	90,222	–	–
	SAR	22/23	7.63	–	–	10.52	16,609,787	–	5,231,670	3,034,743	74	6,515,451	4,862,666
	SAR	23/24	7.46	–	–	10.69	8,991,289	–	3,291,879	744,260	–	3,302,510	2,396,900
	SAR	24/25	11.34	11.22	17,741,995	–	–	1,581,283	481,856	–	–	989,411	110,016
	RSU	21/22	7.45–9.50	–	–	10.99	1,502,645	–	1,256,391	–	–	240,140	6,114
	RSU	22/23	5.84–7.93	–	–	10.36	10,915,069	–	3,657,591	–	–	4,313,904	2,943,574
RSU	23/24	7.57–10.47	–	–	10.78	13,980,497	–	5,484,201	–	–	5,902,251	2,594,045	
RSU	24/25	9.57–11.44	10.32–11.22	24,267,057	11.03	–	2,184,149	233,352	–	–	1,574,416	376,381	

Note: SARs and RSUs granted in FY2024/2025 are calculated based on a 2-year performance period (FY2022/2023 and FY2023/2024).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at September 30, 2024, 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 of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

### (i) Interests in 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			Approximate percentage of interests (Note 2)
		Personal interests	Corporate interests	Aggregate long position	
Mr. Yang Yuanqing	Ordinary shares	177,128,242	557,004,000 (Note 3)	734,132,242	
	Share awards	223,334,119	-	223,334,119	
	Warrants (Note 4)	550,000,000	-	550,000,000	
				<u>1,507,466,361</u>	12.15%
Mr. Zhu Linan	Ordinary shares	3,645,025	-	3,645,025	
	Share awards	451,781	-	451,781	
				<u>4,096,806</u>	0.03%
Mr. Zhao John Huan	Ordinary shares	2,829,535	-	2,829,535	
	Share awards	1,577,013	-	1,577,013	
				<u>4,406,548</u>	0.04%
Mr. William O. Grabe	Ordinary shares	4,460,562	-	4,460,562	
	Share awards	1,577,014	-	1,577,014	
				<u>6,037,576</u>	0.05%
Mr. William Tudor Brown	Ordinary shares	1,152,998	-	1,152,998	
	Share awards	451,782	-	451,782	
				<u>1,604,780</u>	0.01%

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS** (continued)

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

Name of director	Interests in shares/ underlying shares (Note 1)	Capacity and number of shares/underlying shares held			Approximate percentage of interests (Note 2)
		Personal interests	Corporate interests	Aggregate long position	
Mr. Gordon Robert Halyburton Orr	Ordinary shares	3,241,230	-	3,241,230	0.03%
	Share awards	451,782	-	451,782	
				3,693,012	
Mr. John Lawson Thornton	Ordinary shares	58,637	-	58,637	0.00%
	Share awards	312,334	-	312,334	
				370,971	
Mr. Kasper Bo Roersted	Ordinary shares	-	-	-	0.00%
	Share awards	243,825	-	243,825	
				243,825	
Mr. Woo Chin Wan Raymond	Ordinary shares	1,234,958	-	1,234,958	0.01%
	Share awards	451,781	-	451,781	
				1,686,739	
Ms. Yang Lan	Ordinary shares	922,273	-	922,273	0.01%
	Share awards	593,805	-	593,805	
				1,516,078	
Ms. Cher Wang Hsiueh Hong	Ordinary shares	181,189	-	181,189	0.01%
	Share awards	549,894	-	549,894	
				731,083	
Professor Xue Lan	Ordinary shares	278,895	-	278,895	0.01%
	Share awards	451,781	-	451,781	
				730,676	

**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	1.50%

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS** *(continued)*

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

Notes:

1. Share awards represent underlying shares convertible into ordinary shares. Details of share awards are set out under the above section headed "Long Term Incentive Program" of "Directors' Rights to Acquire Shares or Debentures".
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 Holdings Limited in which Mr. Yang Yuanqing ("Mr. Yang") holds more than one-third of voting power at its general meetings. Therefore, by virtue of the SFO, Mr. Yang is deemed to be interested in the 557,004,000 ordinary shares held by Sureinvest Holdings Limited.
4. On July 15, 2024, Mr. Yang has entered into a warrants subscription agreement with the Company pursuant to which Mr. Yang has agreed to subscribe for 220,000,000 warrants and agreed to subscribe for up to an additional 330,000,000 warrants in the event that there is insufficient participation by the management members under a private placement to be offered by the Company, as disclosed in the Company's circular dated August 19, 2024.
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 September 30, 2024, 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.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at September 30, 2024, 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 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			Approximate percentage of interests (Note 1)
		Beneficial owner	Corporate interests	Aggregate long/ short position	
Legend Holdings Corporation (Notes 2 and 3)	Long position	2,867,636,724	1,028,263,805	3,895,900,529	31.41%
ALAT Technologies Company (Note 4)	Long position	1,499,328,214	-	1,499,328,214	12.09%
Right Lane Limited (Notes 2 and 3)	Long position	257,400,000	770,863,805	1,028,263,805	8.29%
Legion Elite Limited (Note 3)	Long position	770,863,805	-	770,863,805	6.21%

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS** *(continued)*

Notes:

1. The percentages were compiled based on the 12,404,659,302 ordinary shares of the Company in issue as at September 30, 2024.
2. Right Lane Limited ("Right Lane") is wholly-owned by Legend Holdings Corporation ("Legend Holdings"). By virtue of the SFO, Legend Holdings is deemed to be interested in the 257,400,000 ordinary shares of the Company held by Right Lane.
3. Legion Elite Limited ("Legion Elite") is wholly-owned by Right Lane, which in turn wholly-owned by Legend Holdings. By virtue of the SFO, Right Lane and Legend Holdings are deemed to be interested in the 770,863,805 ordinary shares held by Legion Elite.
4. ALAT Technologies Company (formerly known as Industrial Company for Electronics) ("Alat") entered into a Bond Subscription Agreement (as defined in the Company's circular dated August 19, 2024) with the Company pursuant to which the Company will issue US\$2 billion zero-coupon convertible bonds to Alat. Upon maturity and assuming full conversion of the zero-coupon convertible bonds at the initial conversion price of HK\$10.42 per share, the convertible bonds will be convertible into 1,499,328,214 ordinary shares of the Company. Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein.

Save as disclosed above, as at September 30, 2024, 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Save as the respective trustee of the LTI Program and the employee share purchase plan of the Company purchased a total of 131,584,639 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 six months ended September 30, 2024. Details of these program and plan are set out in the compensation committee report in the 2023/24 annual report of the Company.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK8.5 cents (2023/24: HK8.0 cents) per share for the six months ended September 30, 2024, absorbing an aggregate amount of approximately US\$135.5 million (2023/24: approximately US\$124.3 million), to shareholders whose names appear on the register of members of the Company on Friday, November 29, 2024. The interim dividend will be paid on or about Thursday, December 12, 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on Friday, November 29, 2024, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, November 28, 2024. Shares of the Company will be traded ex-dividend as from Wednesday, November 27, 2024.

## CHANGES IN DIRECTORS' EMOLUMENTS AND INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' emoluments and information of the Company with respect to the directors subsequent to the date of the 2023/24 Annual Report or the latest announcement of the Company with respect to the directors (whichever later) are set out below:

Director	Details of Changes
Mr. Yang Yuanqing	- During the period, Mr. Yang Yuanqing was granted share awards under the LTI Program of the Company with a value of US\$12,431,250 (approximately RMB90,080,869). <i>(Note: The translation of RMB into US\$ is based on the exchange rate of RMB1.00 to US\$0.138001 as on the actual grant date of June 3, 2024 and is for information purposes only.)</i>
Mr. Woo Chin Wan Raymond	- Ceased to be a Canadian Chartered Accountant during the period.

The fees payable to the directors of the Company are reviewed annually, taking into consideration of several factors, including the level of responsibility, experience, and skills required of the directors, time commitment involved, and the fees offered for similar roles within the Company's peer group. In May 2024, the Board reviewed recommendations from the independent professional adviser and approved the implementation of retainers for committee members to acknowledge their service.

Based on the recommendation from the independent professional adviser, with effect from April 1, 2024, the following directors receive an additional retainers fee for their services at various board committees:

Director	Additional compensation (per annum in US\$)	Remarks
Mr. Zhao John Huan	15,000	Being a member of the Compensation Committee
Mr. William O. Grabe	27,250	Being members of the Compensation Committee and the Nomination and Governance Committee
Mr. William Tudor Brown	15,000	Being a member of the Audit Committee
Mr. Gordon Robert Halyburton Orr	30,000	Being members of the Audit Committee and the Compensation Committee
Mr. John Lawson Thornton	12,250	Being a member of the Nomination and Governance Committee
Mr. Kasper Bo Roersted	30,000	Being members of the Audit Committee and the Compensation Committee
Ms. Yang Lan	12,250	Being a member of the Nomination and Governance Committee
Professor Xue Lan	20,000	Being the chairman of the Nomination and Governance Committee

\* Other compensation to directors shall be maintained at the same level as set out on pages 195 to 197 of the Company's 2023/24 Annual Report.

Save as disclosed above, there had been no substantial changes to the information of Directors as set out in the 2023/24 Annual Report and on the Group's website during the period and up to the date of this Report.

## REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited interim results of the Group for the six months ended September 30, 2024. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Group and internal control and financial reporting matters. Currently, the Audit Committee comprises four independent non-executive directors, including Mr. Woo Chin Wan Raymond, being the Chairman, Mr. William Tudor Brown, Mr. Gordon Robert Halyburton Orr and Mr. Kasper Bo Roersted.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended September 30, 2024, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to Listing Rules, 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 the vesting of the roles of Chairman and 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 vast 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. William O. Grabe as the lead independent director (the “Lead Independent Director”) 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; 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 vast 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.

## COMPLIANCE WITH MODEL CODE

The Company has adopted 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 the six months ended September 30, 2024.

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

By Order of the Board  
**Yang Yuanqing**  
*Chairman and Chief Executive Officer*

November 15, 2024

## **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

#### **Independent non-executive directors**

Mr. William O. Grabe

Mr. William Tudor Brown

Mr. Gordon Robert Halyburton Orr

Mr. John Lawson Thornton

Mr. Kasper Bo Roersted (*alias Kasper Bo Rorsted*)

Mr. Woo Chin Wan Raymond

Ms. Yang Lan

Ms. Cher Wang Hsiueh Hong

Professor Xue Lan

#### **CHIEF FINANCIAL OFFICER**

Mr. Wong Wai Ming

#### **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 PIE Auditor*

22nd Floor, Prince's Building

Central, Hong Kong

### **SHARE REGISTRAR**

Tricor Abacus Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

### **AMERICAN DEPOSITARY RECEIPTS**

(Depository and Registrar)

Citibank, N.A.

4th Floor, 390 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](http://www.lenovo.com)