

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

**8,000,000 European Style Cash Settled Long Certificates relating to
the ordinary shares of Lenovo Group Limited
with a Daily Leverage of 5x**

**UBS AG
(Incorporated with limited liability in Switzerland)
acting through its London Branch**

Issue Price: S\$0.51 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by UBS AG (the “**Issuer**”) acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2025 (the “**Base Listing Document**”), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the

Issuer and/or any of its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 10 July 2025.

As at the date hereof, the Issuer's long term credit rating by S&P Global Ratings Europe Limited is A+, by Moody's Investors Service Ltd. is Aa2 and by Fitch Ratings Ireland Limited is A+.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

9 July 2025

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) in the event that the Company is subject to any sanction by governmental authorities, (i) such sanction may impact general investor interest in the Underlying Stock, which may in turn affect the liquidity and market price of the Underlying Stock, and (ii) investors should consult their own legal advisers to check whether and to what extent investing in the Certificates will be in violation of applicable laws and regulations;
- (e) in the event that the Company is controlled through weighted voting rights, certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters, and depending on the action taken by the Company, the market price of the Certificates could be adversely affected;
- (f) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;

- (g) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;
- (h) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (i) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (j) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;
- (k) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (l) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;
- (m) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (n) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (o) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);
- (p) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

- (q) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (r) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous trading day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (s) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (t) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (u) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous trading day closing price and the opening price of the Underlying Stock the following trading day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following trading day (including pre-opening session or opening auction, as the case may be) or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 41 to 42 of this document for more information;
- (v) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 28 to 29 of this document for more information;
- (w) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of

such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;

- (x) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (y) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;
- (z) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;
- (aa) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue

of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (bb) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (cc) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;
- (dd) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences;
- (ee) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("CDP"):-
 - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
 - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
 - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
 - (iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (ff) investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally.

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) and other interest rate,

equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and

- (gg) specifically, the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	8,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Lenovo Group Limited traded in HKD (the “Underlying Stock” or the “Underlying”)
ISIN:	CH1227877102
Company:	Lenovo Group Limited (RIC: 0992.HK)
Underlying Price ³ and Source:	HK\$9.60 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.51
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	10.00%, is a hedging cost against extreme market movements overnight.
Funding Cost ⁶ :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	2 July 2025
Closing Date:	9 July 2025

³ These figures are calculated as at, and based on information available to the Issuer on or about 9 July 2025. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 9 July 2025.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Strategy.

Expected Listing Date:	10 July 2025
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 June 2027
Expiry Date:	30 June 2027 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 June 2027 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where: “t” refers to “Observation Date” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 15 to 19 below.

Initial Exchange Rate³: 0.1631793833

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of

trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Air Bag Mechanism" section on page 19 below and the "Description of Air Bag Mechanism" section on pages 39 to 40 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar (" HKD ")
Settlement Currency:	Singapore Dollar (" SGD ")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (" SGX-ST ")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day, Settlement Business Day and Exchange Business Day:	A "Business Day" or a "Settlement Business Day" is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "Exchange Business Day" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited (" CDP ")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to

their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information:

Please refer to the website at <http://dlc.ubs.com> for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time (1):

$$LSL_1 = 1000$$

On each subsequent Leverage Reset Time (t):

$$LSL_t = \text{Max} \left[LSL_{r(t)} \times (1 + LR_{r(t),t} - FC_{r(t),t} - RC_{r(t),t}), 0 \right]$$

Leverage Reset Time (t)	means 1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and 2) end of any Intraday Restrike Event Observation Period. Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.
Leverage Reset Time r(t)	means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).
LR_{r(t),t}	means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows: $LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right)$
FC_{r(t),t}	means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows: If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, $FC_{r(t),t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{r(t)} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$ Otherwise, $FC_{r(t),t} = 0$
RC_{r(t),t}	means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows: $RC_{r(t),t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right \right) \times \text{TC}$
TC	means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to: 0.11% “Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.
Leverage	5

S_t	means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions: If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, S_t is the Closing Price of the Underlying Stock as of such Observation Date. Otherwise, S_t is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.
$Rfactor_t$	means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions: If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time $r(t)$ is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, $Rfactor_t = 1 - \frac{Div_t}{S_{r(t)}}$ Otherwise, $Rfactor_t = 1$ Where Div_t is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.
$Rate_t$	means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula: $Rate_t = CashRate_t + \%SpreadLevel_t$
$CashRate_t$	means, in respect of the Observation Date of the Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

%SpreadLevel_t means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HHHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HHHKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel_t** should be 0%.

Benchmark Event means:

- (a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or
- (c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or
- (e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates

using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

ACT(r(t),t) ACT(r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

DayCountBasisRate 365

Air Bag Mechanism

Intraday Restrike Event means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of $S_{r(t)} \times Rfactor_t$ where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2025, made by UBS AG (the "**Issuer**") acting through its London Branch; and
 - (ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status.* The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.
- (c) *Transfer.* The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. **Exercise of Certificates**

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document) following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If

the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "*Potential Adjustment Event*" means any of the following:
 - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the

right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

- (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
 - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
 - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the

effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with

governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two

or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory

requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgment, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform

obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"Change in Law" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).
- (c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise expressly provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	UBS AG acting through its London Branch
Company:	Lenovo Group Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	8,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 28 June 2025 (the “ Master Instrument ”) and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the “ Master Warrant Agent Agreement ”) and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 10 July 2025.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	Daily Management Fee Adjustment	
		1 – Management Fee x ACT (t-1;t) / 360	
		x	
		Daily Gap Premium Adjustment	
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360	

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	$t^7=0$	x	$t=1$	x	$t=2$	x ...	$t=i$
		Notional Amount		Leverage Strategy daily performance ⁸ x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

Value of Certificates	=	$t=0$	x	Product of the daily Leverage Strategy Performance	x	Product of the Daily Fees (Hedging Fee Factor)
		Notional Amount		Leverage Strategy daily performance x Leverage Strategy daily performance		Daily Fees x Daily Fees

Final Value of Certificates	=	$t=0$	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor
		Notional Amount				

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ “t” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Lenovo Group Limited traded in HKD
Expected Listing Date:	01/02/2021
Expiry Date:	16/02/2021
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.51 SGD
Notional Amount per Certificate:	0.51 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	10.00%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 10.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9722\% \approx 99.9711\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t-1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t-1; t)}}{360}\right)$$

$$\text{HFF (2)} = 99.9711\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 10.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9711\% \times 99.9967\% \times 99.9167\% \approx 99.8845\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n-1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t-1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t-1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.5675% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9711%
2/3/2021	99.9422%
2/4/2021	99.9134%
2/5/2021	99.8845%
2/8/2021	99.7979%
2/9/2021	99.7691%
2/10/2021	99.7403%
2/11/2021	99.7115%
2/12/2021	99.6827%
2/15/2021	99.5963%
2/16/2021	99.5675%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

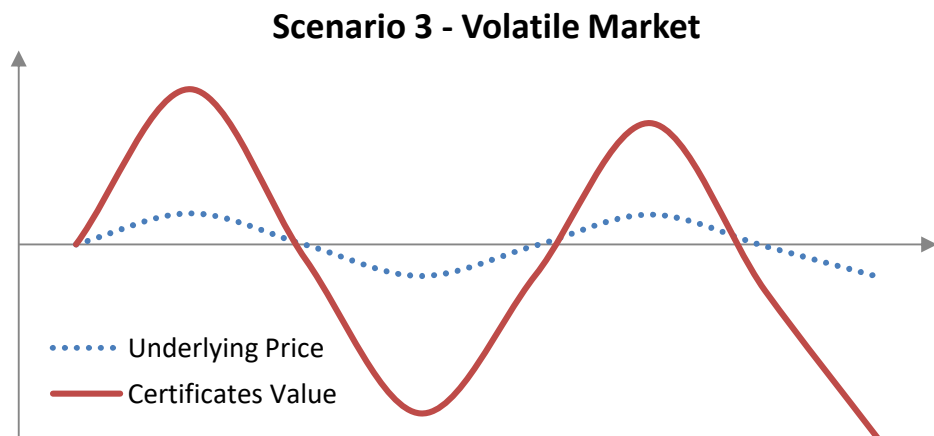
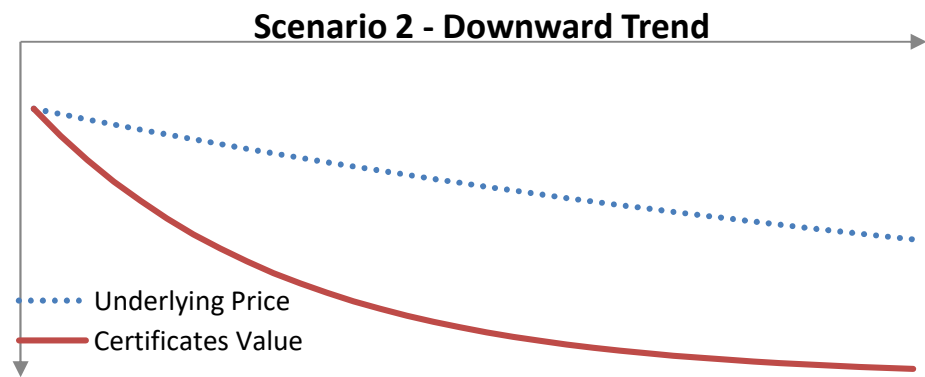
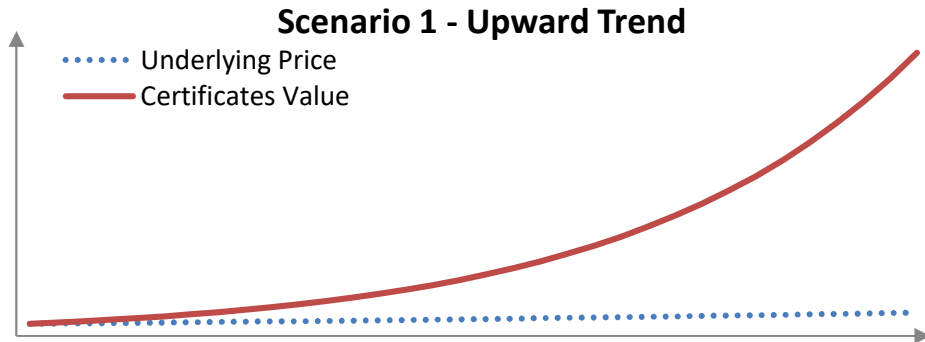
$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.5675\% \\ &= 119.48\% \end{aligned}$$

$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.48\% \times 0.51 \text{ SGD} \\ &= \mathbf{0.609 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.51	0.56	0.62	0.68	0.75	0.82
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.51	0.46	0.41	0.37	0.33	0.30
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	-10.00%	-10.00%	10.00%	10.00%
Price at end of day	0.51	0.56	0.50	0.45	0.50	0.55
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and
- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of **at least** 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

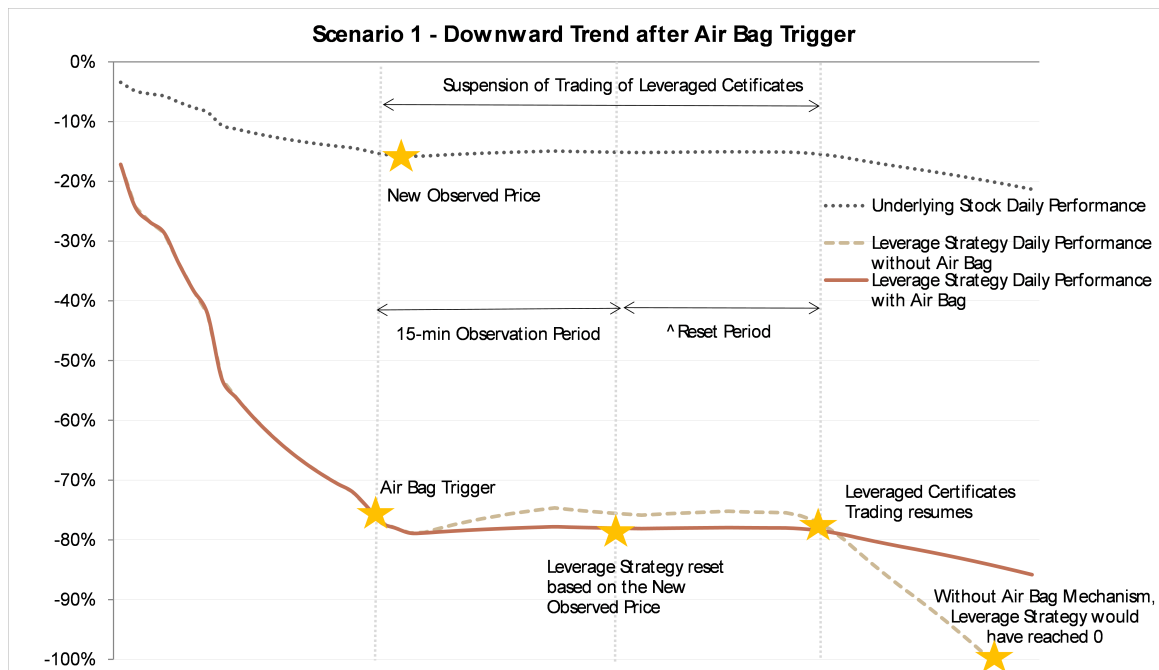
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

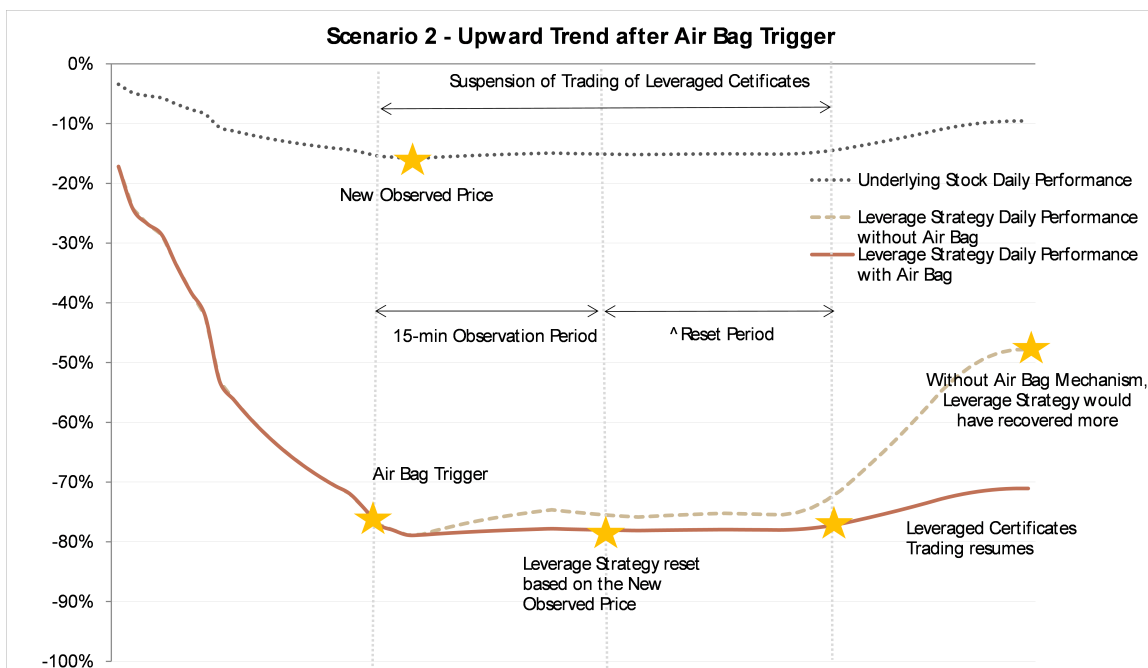
With **Market Close** defined as:

- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and
- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism⁹



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

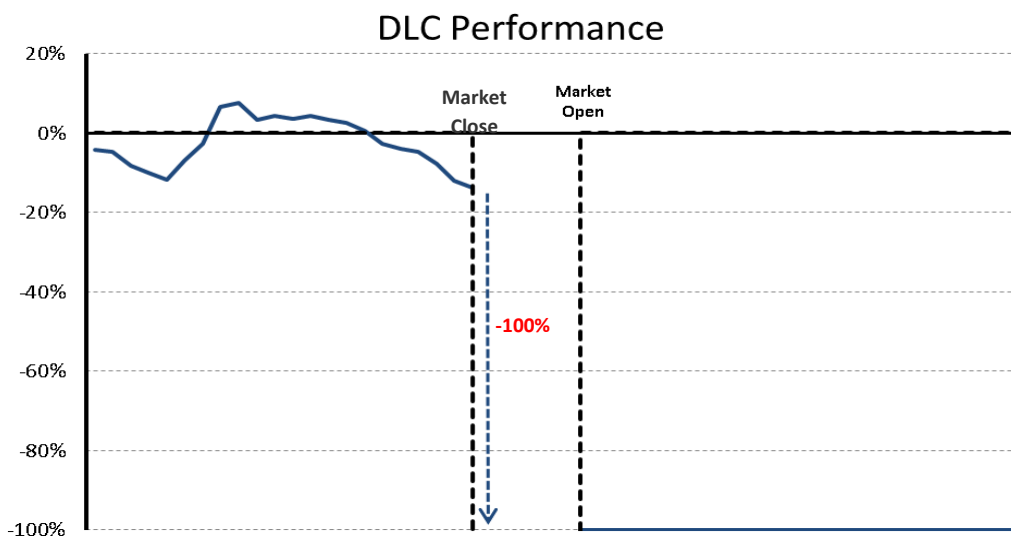
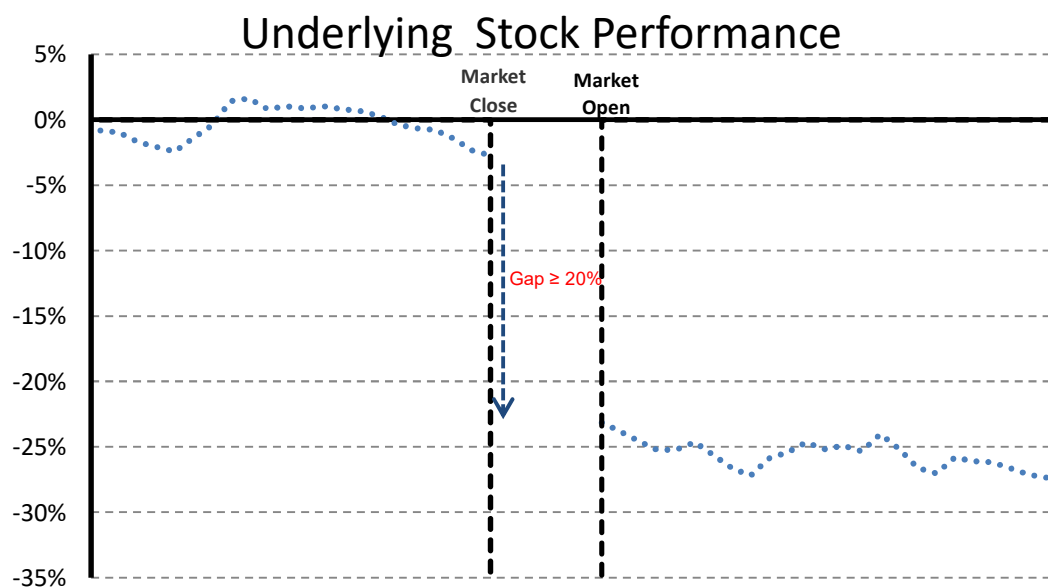
⁹ The illustrative examples are not exhaustive.

Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

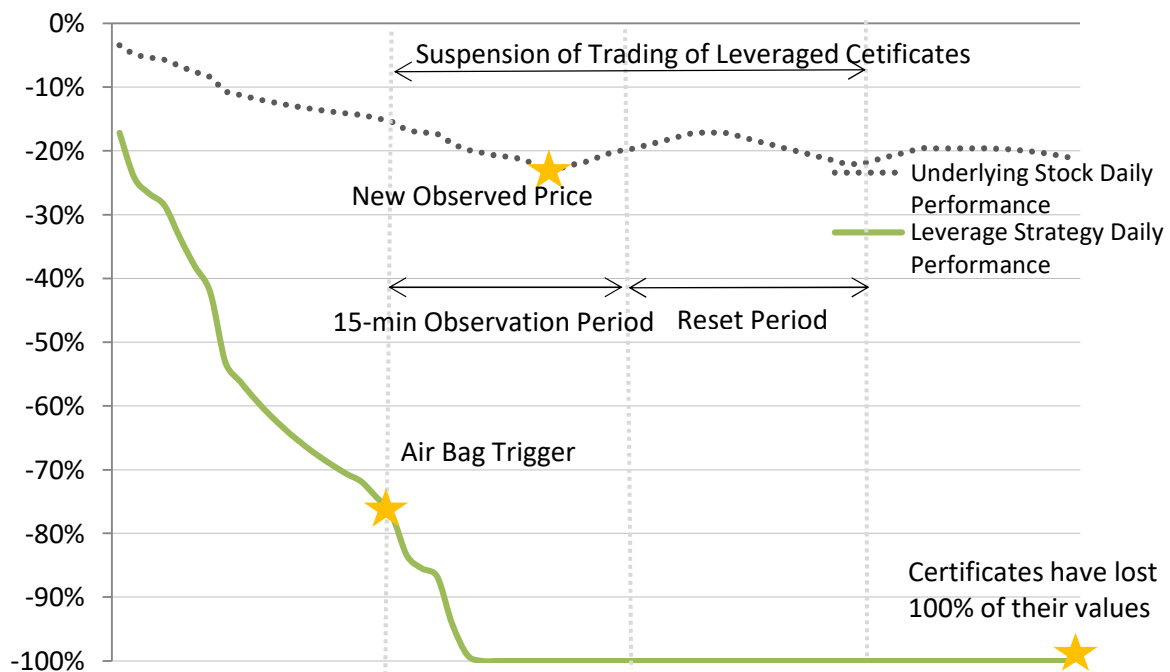
Scenario 1 – Overnight fall of the Underlying Stock

On any Underlying Stock Business Day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous trading day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous trading day closing price, the Air Bag Mechanism would only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following trading day (including pre-opening session or opening auction, as the case may be), and the Certificates would lose their entire value in such event.



Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time (t) is an ex-date with respect to a corporate action related to the Underlying Stock, and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{r(t)}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{r(t)} = \$100$$

$$S_t = \$51$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$M = 1 \text{ (i.e. 1 new Shares for 1 existing Share)}$$

$$R = \$0 \text{ (no subscription price / redemption price)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$\text{LR}_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.51	0.561	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{r(t)} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$M = -0.5 \text{ (i.e. 0.5 Shares canceled for each 1 existing Share)}$$

$$R = \$0 \text{ (no subscription price / redemption price)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.51	0.5355	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.51	0.6375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{r(t)} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{t(t)} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.51	0.561	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left(\frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)-} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.51	0.6375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <https://investor.lenovo.com>. The Issuer has not independently verified any of such information.

Lenovo Group Limited (the “**Company**”) is an investment holding company primarily engaged in development, manufacture and marketing of technology products and services. The Company operates its business through three segments. The Intelligent Devices Group segment is engaged in the manufacture and sale of personal computer (PC), tablet, smartphone and other smart devices. The Infrastructure Solutions Group segment is engaged in the provision of artificial intelligence (AI) products, services and partnerships, the development of comprehensive full-stack infrastructure solutions portfolio as well as the provision of storage solutions. The Solutions and Services Group segment is engaged in the provision of information technology (IT) solutions and services across PC, infrastructure, and smart verticals, including attached services, managed services and As a Service (AaS) offering. The Company conducts its business in the domestic and overseas markets.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2025 and has been extracted and reproduced from an announcement by the Company released on 20 June 2025 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker ("DMM") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Certificates;

- (x) if the stock market experiences exceptional price movement and volatility;
- (xi) when it is a public holiday in Singapore and/or Hong Kong and the SGX-ST and/or the HKEX is not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");
- (ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each member state of the European

Economic Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 269 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.
2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Jeffrey Tan Teck Khim, Legal & Compliance.
3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2025.
6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:
 - (a) the Master Instrument; and
 - (b) the Master Warrant Agent Agreement.

None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.
7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

- (a) the articles of association of the Issuer;
- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the Base Listing Document; and
- (d) this document.

APPENDIX

**REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025 OF
LENOVO GROUP LIMITED AND ITS SUBSIDIARIES**

Independent auditor's report

Independent auditor's report To the members of Lenovo Group Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of Lenovo Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 171 to 266, comprise:

- the consolidated balance sheet as at March 31, 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill and other intangible assets with indefinite useful lives
- Recognition of deferred income tax assets

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible assets with indefinite useful lives Refer to note 14 to the consolidated financial statements As at March 31, 2025, the Group had goodwill and other intangible assets with indefinite useful lives totaling US\$6,118 million. The Group tests at least annually whether goodwill and other intangible assets that have indefinite useful lives have suffered any impairment. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows cash generating units ("CGUs"). The recoverable amount of each CGU was determined based on value in use calculations using cash flow projections. We focused on the impairment of goodwill and other intangible assets with indefinite useful lives because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment of goodwill and other intangible assets with indefinite useful lives is considered significant due to significant management judgement to appropriately identify CGUs and to determine the key assumptions, including revenue growth rates, operating margins and discount rates. Management are of the view that there was no evidence of impairment of goodwill or other intangible assets with indefinite useful lives as at March 31, 2025.	Our procedures in relation to the Group's impairment assessment included: • Assessing the value in use calculation methodology adopted by management. • Understanding management's controls and processes for determining the recoverable amount and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. • Assessing management's identification of CGUs based on the Group's accounting policies and our understanding of the Group's business. • Challenging the reasonableness of key assumptions such as revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances. • Reconciling input data to supporting evidence, such as approved forecasts of future profits and strategic plans. • Considering the reasonableness of the forecasts of future profits and strategic plans by comparing them against past results achieved. • Assessing management's sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, might impact on the outcome of the impairment assessment of the goodwill and other intangible assets with indefinite useful lives. We found the judgements made by management in relation to the impairment assessment to be supportable based on the available evidence.

Independent auditor's report

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred income tax assets Refer to note 16 to the consolidated financial statements As at March 31, 2025, the Group had deferred income tax assets of US\$3,056 million. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and expected to apply when the related deferred tax income asset is realized. We focused on the recognition of deferred income tax assets because the estimation of future taxable profit is subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of deferred income tax assets is considered significant due to significant management judgement regarding the future financial performance of the entity in which the deferred income tax asset has been recognized. A number of factors are evaluated in considering whether there is evidence that it is probable the deferred income tax assets will be realized, including whether there will be sufficient taxable profits available during the utilization periods, existence of taxable temporary differences, group relief and tax planning strategies. Management has performed its assessment on the recognition of these deferred income tax assets and considers that the realization of these assets is probable as at March 31, 2025.	Our procedures in relation to the recognition of deferred income tax assets included: - Understanding management's controls and processes for the recognition of deferred income tax assets and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. - Evaluating management's assessment as to whether there will be sufficient taxable profits in future periods by reference to forecasts of future profits/strategic plans and future reversals of taxable temporary differences to support the recognition of deferred income tax assets. - Assessing the underlying assumptions used in management's approved forecasts of future profits such as revenue growth rates and operating margins by comparison to historical results and future strategic and tax plans and with reference to the business and industry circumstances. - Testing management's reconciliations of forecast profits to forecast taxable profits to supporting evidence on a sample basis. - Validating available tax losses, including the respective expiry periods to tax returns and tax correspondence of the relevant subsidiaries. - Testing the calculation of deferred income tax assets by reference to tax rates enacted or substantively enacted by the balance sheet date. We found the judgements made by management in relation to recognition of deferred income tax assets to be supportable based on the available evidence.

Other information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and the audit committee for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shia Yuen Yee (practising certificate number: PO5129).



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, May 22, 2025

Consolidated income statement

For the year ended March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Revenue	3	69,076,968	56,863,784
Cost of sales		(57,979,358)	(47,060,601)
Gross profit		11,097,610	9,803,183
Selling and distribution expenses		(3,584,534)	(3,308,889)
Administrative expenses		(2,822,604)	(2,491,839)
Research and development expenses		(2,288,204)	(2,027,532)
Other operating income/(expenses) — net		(238,115)	30,861
Operating profit	4	2,164,153	2,005,784
Finance income	5(a)	109,964	148,134
Finance costs	5(b)	(773,269)	(762,805)
Share of losses of associates and joint ventures	15	(19,978)	(25,659)
Profit before taxation		1,480,870	1,365,454
Taxation	6	(18,918)	(263,142)
Profit for the year		1,461,952	1,102,312
Profit attributable to:			
Equity holders of the Company		1,384,445	1,010,506
Other non-controlling interests		77,507	91,806
		1,461,952	1,102,312
Earnings per share attributable to equity holders of the Company			
Basic	9(a)	US11.30 cents	US8.41 cents
Diluted	9(b)	US10.62 cents	US8.05 cents

Consolidated statement of comprehensive income

For the year ended March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Profit for the year		1,461,952	1,102,312
Other comprehensive income/(loss):			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurements of post-employment benefit obligations, net of taxes	6, 27	5,561	(6,674)
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	6, 17	(11,369)	(7,802)
<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	6		
— Fair value gain, net of taxes		80,174	143,653
— Reclassified to consolidated income statement		(182,314)	(92,356)
Currency translation differences	6	(377,729)	(366,849)
Other comprehensive loss for the year		(485,677)	(330,028)
Total comprehensive income for the year		976,275	772,284
Total comprehensive income attributable to:			
Equity holders of the Company		893,258	718,173
Other non-controlling interests		83,017	54,111
		976,275	772,284

Consolidated balance sheet

At March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Non-current assets			
Property, plant and equipment	11	2,026,280	2,010,178
Right-of-use assets	12	592,340	571,305
Construction-in-progress	13	282,309	337,648
Intangible assets	14	8,232,977	8,345,407
Interests in associates and joint ventures	15	315,704	318,803
Deferred income tax assets	16	3,055,905	2,633,302
Financial assets at fair value through profit or loss	17	1,464,384	1,393,666
Financial assets at fair value through other comprehensive income	17	45,382	55,973
Other non-current assets		311,448	397,489
		16,326,729	16,063,771
Current assets			
Inventories	18	7,923,804	6,702,677
Trade and notes receivables	19(a)	10,506,610	8,147,695
Derivative financial assets		53,690	69,568
Deposits, prepayments and other receivables	19(c)	4,223,658	3,782,366
Income tax recoverable		379,590	359,491
Bank deposits	20	88,607	65,555
Cash and cash equivalents	20	4,728,124	3,559,831
		27,904,083	22,687,183
Total assets		44,230,812	38,750,954

Consolidated balance sheet

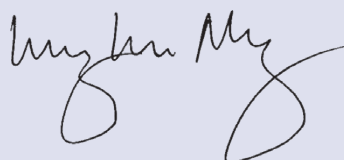
At March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Share capital	28	3,500,987	3,500,987
Reserves		2,568,000	2,081,606
Equity attributable to owners of the Company		6,068,987	5,582,593
Other non-controlling interests		1,138,283	1,045,947
Put option written on non-controlling interests	22(b)	(547,353)	(547,353)
Total equity		6,659,917	6,081,187
Non-current liabilities			
Borrowings	24	4,337,806	3,569,229
Warranty provision	23	159,400	161,261
Deferred revenue		1,628,942	1,436,484
Retirement benefit obligations	27	220,784	241,402
Deferred income tax liabilities	16	270,268	447,523
Derivative financial liabilities	25	241,778	-
Other non-current liabilities	26	717,784	754,705
		7,576,762	6,610,604
Current liabilities			
Trade and notes payables	21	11,978,933	10,505,427
Derivative financial liabilities	25	197,196	42,555
Other payables and accruals	22	13,904,384	12,751,775
Provisions	23	852,593	920,950
Deferred revenue		1,565,459	1,512,645
Income tax payable		465,216	275,380
Borrowings	24	1,030,352	50,431
		29,994,133	26,059,163
Total liabilities		37,570,895	32,669,767
Total equity and liabilities		44,230,812	38,750,954

On behalf of the Board



Yang Yuanqing
Chairman and Chief Executive Officer



Wong Wai Ming
Director

Consolidated cash flow statement

For the year ended March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Cash flows from operating activities			
Net cash generated from operations	31(a)	2,312,940	3,368,939
Interest paid		(725,686)	(744,049)
Tax paid		(487,432)	(613,899)
Net cash generated from operating activities		1,099,822	2,010,991
Cash flows from investing activities			
Purchase of property, plant and equipment		(352,979)	(275,096)
Sale of property, plant and equipment		38,918	28,010
Acquisition of businesses, net of cash acquired	31(c)	(1,537)	(135,059)
Interests acquired in associates		(8,917)	(12,378)
Deemed disposal of a subsidiary, net of cash disposed		(14,272)	-
Loans to an associate and a joint venture		(26,564)	(6,738)
Repayment of loans to an associate and a joint venture		29,971	30,563
Payment for construction-in-progress		(313,499)	(454,681)
Payment for intangible assets		(484,674)	(556,120)
Purchase of financial assets at fair value through profit or loss		(155,775)	(179,192)
Purchase of financial assets at fair value through other comprehensive income		(14)	-
Net proceeds from sale of financial assets at fair value through profit or loss		138,041	124,314
Net proceeds from disposal of interest in an associate		-	313
(Increase)/decrease in bank deposits		(23,052)	5,608
Dividends received		8,114	2,933
Interest received		109,964	144,073
Net cash used in investing activities		(1,056,275)	(1,283,450)

Consolidated cash flow statement

For the year ended March 31, 2025

	Note	2025 US\$'000	2024 US\$'000
Cash flows from financing activities	31(b)		
Capital contribution from other non-controlling interests		91,783	112,646
Distribution to other non-controlling interests		(12,516)	(8,868)
Purchase of shares by employee share trusts		(252,389)	(469,955)
Acquisition of additional interest in a subsidiary		(12,861)	(76,722)
Principal elements of lease payments		(121,071)	(134,545)
Dividends paid		(608,351)	(583,273)
Dividends paid to other non-controlling interests		(59,286)	(36,995)
Proceeds from issue of warrants		211,652	-
Proceeds from issue of convertible bonds		2,000,000	-
Issuing cost of convertible bonds		(20,192)	-
Proceeds from loans		17,014,380	11,792,697
Repayments of loans		(17,041,262)	(11,799,007)
Repurchase of notes		-	(132,083)
Net cash generated from/(used in) financing activities		1,189,887	(1,336,105)
Increase/(decrease) in cash and cash equivalents		1,233,434	(608,564)
Effect of foreign exchange rate changes		(65,141)	(81,690)
Cash and cash equivalents at the beginning of the year		3,559,831	4,250,085
Cash and cash equivalents at the end of the year	20	4,728,124	3,559,831

Consolidated statement of changes in equity

For the year ended March 31, 2025

	Attributable to equity holders of the Company								Other non-controlling interests US\$'000	Put option written on non-controlling interests US\$'000	Total US\$'000
	Share capital US\$'000	Investment revaluation reserve US\$'000	Employee share trusts US\$'000	Share-based compensation reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Other reserves US\$'000	Retained earnings US\$'000			
At April 1, 2023	3,282,318	(60,860)	(153,385)	(344,218)	(9,154)	(2,096,441)	163,411	4,805,919	1,006,784	(547,353)	6,047,021
Profit for the year	-	-	-	-	-	-	-	1,010,506	91,806	-	1,102,312
Other comprehensive (loss)/income	-	(7,802)	-	-	51,297	(329,154)	-	(6,674)	(37,695)	-	(330,028)
Total comprehensive (loss)/income for the year	-	(7,802)	-	-	51,297	(329,154)	-	1,003,832	54,111	-	772,284
Transfer to statutory reserve	-	-	-	-	-	-	19,370	(19,370)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(3,462)	-	(3,462)
Vesting of shares under long-term incentive program	-	-	415,853	(579,749)	-	-	-	-	-	-	(163,896)
Deferred tax in relation to long-term incentive program	-	-	-	(6,487)	-	-	-	-	-	-	(6,487)
Settlement of bonus through long-term incentive program	-	-	-	2,445	-	-	-	-	-	-	2,445
Share-based compensation	-	-	-	277,574	-	-	-	-	-	-	277,574
Purchase of shares by employee share trusts	-	-	(469,955)	-	-	-	-	-	-	-	(469,955)
Dividends paid	-	-	-	-	-	-	-	(583,273)	-	-	(583,273)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(36,995)	-	(36,995)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	6,844	-	106,008	-	112,852
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(8,868)	-	(8,868)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(5,091)	-	(71,631)	-	(76,722)
Conversion of convertible bonds	218,669	-	-	-	-	-	-	-	-	-	218,669
At March 31, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187

Consolidated statement of changes in equity

For the year ended March 31, 2025

	Attributable to equity holders of the Company								Other non-controlling interests US\$'000	Put option written on non-controlling interests US\$'000	Total US\$'000
	Share capital US\$'000	Investment revaluation reserve US\$'000	Employee share trusts US\$'000	Share-based compensation reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Other reserves US\$'000	Retained earnings US\$'000			
At April 1, 2024	3,500,987	(68,662)	(207,487)	(650,435)	42,143	(2,425,595)	184,534	5,207,108	1,045,947	(547,353)	6,081,187
Profit for the year	-	-	-	-	-	-	-	1,384,445	77,507	-	1,461,952
Other comprehensive (loss)/income	-	(11,369)	-	-	(102,140)	(383,239)	-	5,561	5,510	-	(485,677)
Total comprehensive (loss)/income for the year	-	(11,369)	-	-	(102,140)	(383,239)	-	1,390,006	83,017	-	976,275
Transfer to statutory reserve	-	-	-	-	-	-	16,895	(16,895)	-	-	-
Deemed disposal of a subsidiary	-	-	-	-	-	(13,513)	(135)	-	(718)	-	(14,366)
Transfer of investment revaluation reserve upon disposal of financial assets at fair value through other comprehensive income to retained earnings	-	290	-	-	-	-	-	(290)	-	-	-
Vesting of shares under long-term incentive program	-	-	318,524	(448,422)	-	-	-	-	-	-	(129,898)
Deferred tax in relation to long-term incentive program	-	-	-	5,322	-	-	-	-	-	-	5,322
Settlement of bonus through long-term incentive program	-	-	-	561	-	-	-	-	-	-	561
Share-based compensation	-	-	-	290,245	-	-	-	-	-	-	290,245
Purchase of shares by employee share trusts	-	-	(252,389)	-	-	-	-	-	-	-	(252,389)
Dividends paid	-	-	-	-	-	-	-	(608,351)	-	-	(608,351)
Dividends paid to other non-controlling interests	-	-	-	-	-	-	-	-	(59,286)	-	(59,286)
Capital contribution from other non-controlling interests	-	-	-	-	-	-	13,067	-	92,319	-	105,386
Distribution to other non-controlling interests	-	-	-	-	-	-	-	-	(12,516)	-	(12,516)
Change of ownership of subsidiaries without loss of control	-	-	-	-	-	-	(2,381)	-	(10,480)	-	(12,861)
Issue of convertible bonds (Note 24(c))	-	-	-	-	-	-	290,608	-	-	-	290,608
At March 31, 2025	3,500,987	(79,741)	(141,352)	(802,729)	(59,997)	(2,822,347)	502,588	5,971,578	1,138,283	(547,353)	6,659,917

Notes to the financial statements

For the year ended March 31, 2025

1 General information and basis of preparation

Lenovo Group Limited (the “Company”) and its subsidiaries (together, the “Group”) develop, manufacture and market reliable, high-quality, secure and easy-to-use technology products and services. Its product lines include legendary Think-branded commercial personal computers and Idea-branded consumer personal computers, as well as servers, workstations, and a family of mobile internet devices, including tablets and smartphones.

The Company is a limited liability company incorporated in Hong Kong S.A.R. of China. The address of its registered office is 23rd Floor, Lincoln House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong S.A.R. of China. The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention except that plan assets under defined benefit pension plans and certain financial assets and financial liabilities are stated at fair values, as explained in the material accounting policies set out in relevant notes to the consolidated financial statements.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in relevant notes to the consolidated financial statements.

Changes in accounting policies and disclosures

Interpretation and amendments to existing standards adopted by the Group

The following interpretation and amendments to existing standards became applicable for the current year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these interpretation and amendments to existing standards.

- Hong Kong Interpretation 5 (Revised), Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause
- Amendments to HKAS 1, Classification of liabilities as current or non-current
- Amendments to HKAS 1, Non-current liabilities with covenants
- Amendments to HKFRS 16, Lease liability in a sale and leaseback
- Amendments to HKAS 7 and HKFRS 7, Supplier finance arrangements

Notes to the financial statements

For the year ended March 31, 2025

1 General information and basis of preparation *(continued)*

Changes in accounting policies and disclosures *(continued)*

New and amendments to standards in issue not yet effective

The following new standards, amendments and improvements to standards, which may be applicable to the Group, have been issued but are not effective for the year ended March 31, 2025 and have not been early adopted:

	Effective for annual periods beginning on or after
Amendments to HKAS 21, Lack of exchangeability	April 1, 2025
Amendments to HKFRS 9 and HKFRS 7, Amendments to the classification and measurement of financial instruments	April 1, 2026
Amendments to HKFRS 9 and HKFRS 7, Contracts referencing nature-dependent electricity	April 1, 2026
Annual improvements to HKFRS accounting standards — Volume 11	April 1, 2026
HKFRS 18, Presentation and disclosure in financial statements	April 1, 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	Date to be determined

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive. The Group will apply the new standard from its mandatory effective date of April 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending March 31, 2027 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, the application of new and amendments to standards is not expected to have a material impact on the consolidated financial statements of the Group.

2 Material accounting policies

Other than the material accounting policies included in corresponding notes to the consolidated financial statements, the material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group operates certain businesses in the Mainland of China (“Chinese Mainland”) through the variable interest entities (“VIE”), whose equity interests are held by certain key management personnel of the Group. The Group obtained control over these VIEs by entering into a series of contractual arrangement with the legal shareholders who are also referred to as nominee shareholders. These nominee shareholders are the legal owners of the VIEs. However, the rights of those nominee shareholders have been transferred to the Group through the contractual arrangements.

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(i) Subsidiaries *(continued)*

The contractual arrangements that are used to control the VIEs include loan agreements, powers of attorney, exclusive consultation service agreements, exclusive business cooperation agreement, equity pledge agreements and exclusive option agreements. Management concluded that the Group, through the contractual arrangements, has the power to direct the activities that most significantly impact the VIEs' economic performance, bears the risks of and enjoys the rewards normally associated with the ownership of the VIEs, and therefore the Group is the ultimate primary beneficiary of these VIEs. Consequently, the financial results of the VIEs were included in the Group's consolidated financial statements accordingly.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Adjustments have been made to the financial statements of subsidiaries when necessary to align their accounting policies to ensure consistency with the policies adopted by the Group.

For subsidiaries which adopted December 31 as their financial year end date for statutory reporting purposes, their financial statements for the years ended March 31, 2025 and 2024 have been used for the preparation of the Group's consolidated financial statements.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, amount of any non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed (Note 14). If it is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

Critical accounting estimates and judgments

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

Notes to the financial statements

For the year ended March 31, 2025

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Separate financial statements

Investments in subsidiaries in the Company's balance sheet are accounted for at cost less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(v) Associates and joint arrangements

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

(A) Associates and joint ventures

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The Group's interests in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income or loss is recognized in other comprehensive income or loss with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or the joint venture including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

2 Material accounting policies *(continued)*

(a) Principles of consolidation and equity accounting *(continued)*

(v) Associates and joint arrangements *(continued)*

(A) Associates and joint ventures *(continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount adjacent to share of profit/(loss) of associates and joint ventures in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates or joint ventures are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates or the joint ventures. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

For associates and joint ventures which adopted December 31 as their financial year end date for statutory reporting purposes, their financial statements for the years ended March 31, 2025 and 2024 have been used for the preparation of the Group's consolidated financial statements.

(B) Joint operation

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(b) Translation of foreign currencies

- (i) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company and of the Group are presented in United States dollars, which is the Company's functional and the Group's presentation currency.
- (ii) Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated income statement. They are deferred in equity if they are related to qualifying cash flow hedges.

All foreign exchange gains and losses that relate to monetary assets and liabilities denominated in foreign currency are presented in the consolidated income statement within "Other operating income/(expenses) — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on financial assets and liabilities carried at fair value are as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognized in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognized in other comprehensive income or loss.

Notes to the financial statements

For the year ended March 31, 2025

2 Material accounting policies *(continued)*

(b) Translation of foreign currencies *(continued)*

(iii) The results and financial position of all the group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income or loss and included in the exchange reserve in equity.

(iv) On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary, loss of joint control of a joint venture, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of the accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in an associate or a joint venture that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

3 Segment information

Accounting policy

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Lenovo Executive Committee (the “LEC”) that makes strategic decisions.

(b) Sale of goods and provision of services

Revenue from sale of hardware, software, peripherals and mobile devices and the provision of services is recognized when control over such products or services is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax, an allowance for estimated returns, rebates and discounts.

The Group enters into different shipping terms with customers. Control of hardware, software, peripherals and mobile devices is transferred when delivery has occurred. Delivery is generally considered as occurred once the goods are shipped. For certain transactions that the Group retains control during the course of shipment, the Group defers the recognition of revenue and cost of such products until they are delivered to the designated locations. The Group’s obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

Control of systems integration service, information technology technical service and extended warranty service is transferred over time during the contract period or when services are rendered.

The Group recognizes revenue on a gross or net basis depending on whether the Group is acting as a principal or an agent in the transaction.

No element of financing is deemed present as the sales are made with a credit term of 0 – 120 days, which is consistent with market practice. A receivable is recognized when the goods or services are delivered and consideration is unconditional because only the passage of time is required before the payment is due.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Lease revenue

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

On commencement of finance leases, the Group recognizes profit up-front, and amounts due from the customer under the lease contract are recognized as finance lease receivables on the consolidated balance sheet. Interest income is recognized over the term of the lease based on the effective interest method.

Lease revenue under operating leases is recognized in equal instalments over the periods covered by the lease term. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognized as lease revenue in the accounting period in which they are earned.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

The equipment held for lease are presented within “Property, plant and equipment” in the consolidated balance sheet in accordance with Note 11.

Notes to the financial statements

For the year ended March 31, 2025

3 Segment information *(continued)*

Critical accounting estimates and judgments

Application of various accounting principles related to the measurement and recognition of revenue requires the Group to make judgments and estimates. Specifically, complex arrangements with non-standard terms and conditions may require significant contract interpretation to determine the appropriate accounting, including whether the deliverables specified in a multiple element arrangement should be treated as separate performance obligations. Other significant judgments include determining whether the Group or a reseller is acting as the principal in a transaction and whether separate contracts are considered part of one arrangement.

The Group sells products to channels. Sales through channels are primarily made under agreements allowing for volume discounts, price protection and rebates, and marketing development funds. The Group monitors the channel inventory level with reference to historical data. Revenue recognition is also impacted by the Group's ability to estimate volume discounts, price protection and rebates, and marketing development funds. The Group considers various factors, including review of specific transactions, historical experience, market and economic conditions and channel inventory level when calculating these provisions and allowances (Note 22). Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

Revenue from sale of goods is recognized when the control of the goods is transferred to customers, which are generally occurred upon shipment. For certain transactions that the Group retains control during the course of shipment, the Group defers the recognition of revenue and cost of such products until they are delivered to the designated locations.

Management has determined the operating segments based on the reports reviewed by the LEC, that are used to make strategic decisions. Segments by business group comprise Intelligent Devices Group ("IDG"), Infrastructure Solutions Group ("ISG") and Solutions and Services Group ("SSG").

The LEC assesses the performance of the operating segments based on a measure of operating profit/loss. This measurement basis excludes the effects of non-cash merger and acquisition related accounting charges and non-recurring expenses such as restructuring costs from the business groups. The measurement basis also excludes the effects of allocation from headquarters certain income and expenses such as fair value change of financial instruments and disposal gain/loss of property, plant and equipment that are from activities driven by headquarters and centralized functions. Certain finance income and costs are allocated to business groups when they are directly attributed to their business activities.

3 Segment information (continued)

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

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

Notes to the financial statements

For the year ended March 31, 2025

3 Segment information (continued)

(b) Analysis of revenue by geography

	2025 US\$'000	2024 US\$'000
China	15,901,218	12,578,275
Asia Pacific ("AP")	12,942,052	10,028,732
Europe-Middle East-Africa ("EMEA")	16,936,250	14,640,785
Americas ("AG")	23,297,448	19,615,992
	69,076,968	56,863,784

(c) Analysis of revenue by timing of revenue recognition

	2025 US\$'000	2024 US\$'000
Point in time	66,028,793	53,802,468
Over time	2,779,104	2,897,504
Lease revenue	269,071	163,812
	69,076,968	56,863,784

(d) Revenue recognized in relation to deferred revenue and receipt in advance

Deferred revenue and receipt in advance (included in "Other payables and accruals") amounting to US\$3,580,044,000 (2024: US\$3,145,851,000) mainly relate to the Group's unfulfilled performance obligations for extended warranty service for which consideration has been received at the reporting date. Revenue is recognized in the period when the performance obligations are fulfilled. US\$1,709,367,000 (2024: US\$1,780,441,000) was recognized as revenue during the year that was included in such balance at the beginning of the year.

(e) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future mainly related to performance obligations for extended warranty service that are unsatisfied or partially unsatisfied at the reporting date.

	2025 US\$'000	2024 US\$'000
Within one year	2,166,337	1,919,190
More than one year	2,371,060	2,019,627
	4,537,397	3,938,817

(f) Other segment information

	IDG		ISG		SSG		Total	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Depreciation and amortization	716,066	737,499	248,622	206,034	17,268	20,069	981,956	963,602
Finance income	19,735	12,184	3,059	2,814	1,864	953	24,658	15,951
Finance costs	334,089	293,499	254,816	144,083	2,862	2,082	591,767	439,664

The total of non-current assets other than financial instruments, deferred income tax assets and post-employment benefit assets (there are no rights arising under insurance contracts) located in the Chinese Mainland and other countries is US\$4,999,355,000 (2024: US\$5,327,891,000) and US\$6,761,703,000 (2024: US\$6,652,939,000) respectively.

4 Operating profit

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

	2025 US\$'000	2024 US\$'000
Depreciation of property, plant and equipment (Note 11)	453,861	428,472
Depreciation of right-of-use assets (Note 12)	115,965	151,899
Amortization of intangible assets (Note 14)	849,309	832,782
Impairment and write-off of property, plant and equipment (Note 11)	-	10,474
Impairment and write-off of intangible assets (Note 14)	123,140	29,745
Employee benefit costs (Note 7)	6,220,476	5,571,043
Cost of inventories sold	54,802,676	43,877,276
(Reversal of allowance)/allowance for inventories included in cost of sales	(62,123)	114,569
Auditor's remuneration (Note)		
— Audit services	12,848	11,991
— Non-audit services	480	669
Rental expenses	15,816	11,641
Government grants (Note 26(b))	(98,578)	(93,338)
Net foreign exchange loss	21,467	73,915
Net gain on foreign exchange forward contracts for cash flow hedges reclassified from equity	(182,314)	(92,356)
Increase in loss allowance of trade receivables (Note 19(a))	106,576	105,644
Unused amounts of loss allowance of trade receivables reversed (Note 19(a))	(57,623)	(39,040)
Loss on disposal of property, plant and equipment	3,596	3,479
Loss on disposal of intangible assets	2,954	25
Loss on disposal of construction-in-progress	535	13,827
Fair value gain on financial assets at FVPL	(59,552)	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	118,275	-
Gain on remeasurement of a written put option liability (Note 22(b))	-	(143,430)
Gain on deemed disposal of a subsidiary	(22,627)	-
Gain on disposal of interest in associates	-	(12)
Impairment of interest in an associate	-	6,690

Note: Included in the above audit services fee, US\$10,940,000 (2024: US\$9,900,000) is paid or payable to the Company's auditor.

Notes to the financial statements

For the year ended March 31, 2025

5 Finance income and costs

(a) Finance income

Accounting policy

Interest income is recognized using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

	2025 US\$'000	2024 US\$'000
Interest on bank deposits	83,997	112,274
Net gain on repayment of notes	-	4,061
Interest on money market funds	8,625	22,410
Interest income on finance lease	17,342	9,389
	109,964	148,134

(b) Finance costs

Accounting policy

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

	2025 US\$'000	2024 US\$'000
Interest on bank loans and overdrafts	57,730	49,263
Interest on convertible bonds	58,580	42,914
Interest on notes	161,678	165,957
Interest on lease liabilities	13,953	14,627
Factoring costs	476,525	484,802
Interest on written put option liabilities	1,654	2,442
Others	3,149	2,800
	773,269	762,805

6 Taxation

Accounting policy

The tax expense for the year comprises current and deferred income tax (Note 16).

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Critical accounting estimates and judgments

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The tax liabilities recognized are based on management's assessment of the likely outcome taking into consideration precedent tax ruling in the relevant jurisdiction.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

The amount of taxation in the consolidated income statement represents:

	2025 US\$'000	2024 US\$'000
Current tax		
— Profits tax in Hong Kong S.A.R. of China	33,093	61,752
— Taxation outside Hong Kong S.A.R. of China	584,217	391,787
Deferred tax (Note 16)		
Credit for the year	(598,392)	(190,397)
	18,918	263,142

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. Taxation outside Hong Kong S.A.R. of China represents income and irrecoverable withholding taxes of subsidiaries operating in the Chinese Mainland and overseas, calculated at rates applicable in the respective jurisdictions.

The Group has been granted certain tax concessions by tax authorities in the Chinese Mainland and overseas whereby the subsidiaries operating in the respective jurisdictions are entitled to tax concessions.

Notes to the financial statements

For the year ended March 31, 2025

6 Taxation (continued)

The differences between the Group's expected tax charge, calculated at the domestic rates applicable to the countries concerned, and the Group's tax charge for the year are as follows:

	2025 US\$'000	2024 US\$'000
Profit before taxation	1,480,870	1,365,454
Tax calculated at domestic rates applicable in countries concerned	354,212	273,509
Income not subject to taxation	(431,278)	(333,945)
Expenses not deductible for taxation purposes	258,211	258,051
Recognition/utilization of previously unrecognized temporary differences/tax losses	(75,366)	(76,434)
Deferred income tax assets not recognized	185,207	190,700
Tax impact of reorganization (Note)	(282,000)	-
Under/(over)-provision in prior years	9,932	(48,739)
	18,918	263,142

Note: During the year ended March 31, 2025, some organizational changes have been made to support the Group's future business planning and the growth of its global business, which resulted in one-time income tax credit of US\$282 million, primarily derived from deferred tax credit.

The weighted average applicable tax rate for the year was 23.9% (2024: 20.0%). The increase is caused by changes in tax concessions and profitability of the Group's subsidiaries in respective countries they are operating.

Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in some jurisdictions in which some subsidiaries of the Group are incorporated, and have come into effect from January 1, 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal effective tax rate for each jurisdiction and the 15% minimum rate pursuant to the Charging Provisions of Pillar Two Rules.

The Group has conducted an impact assessment of the Pillar Two transitional safe harbour rules and the full Pillar Two rules and made necessary tax provisions to reflect the impact of Pillar Two legislation.

The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

6 Taxation (continued)

The tax charge relating to components of other comprehensive income is as follows:

	2025			2024		
	Before tax US\$'000	Tax charge US\$'000	After tax US\$'000	Before tax US\$'000	Tax charge US\$'000	After tax US\$'000
Fair value change on financial assets at FVOCI	(11,360)	(9)	(11,369)	(7,712)	(90)	(7,802)
Fair value change on cash flow hedges	(102,140)	-	(102,140)	51,297	-	51,297
Remeasurements of post-employment benefit obligations (Note 27)	5,561	-	5,561	(6,674)	-	(6,674)
Currency translation differences	(377,729)	-	(377,729)	(366,849)	-	(366,849)
Other comprehensive loss	(485,668)	(9)	(485,677)	(329,938)	(90)	(330,028)
Deferred tax (Note 16)		(9)			(90)	

7 Employee benefit costs

Accounting policy

(a) Pension schemes

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit plans (Note 27) and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due and are reduced by employer's portion of voluntary contributions forfeited by those employees who leave the scheme prior to vesting fully. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's contributions to local municipal government retirement schemes in connection with retirement benefit schemes in the Chinese Mainland are expensed as incurred. The local municipal governments in the Chinese Mainland assume the retirement benefit obligations of the qualified employees.

(b) Long-term incentive program

The Group operates a long-term incentive program to recognize employees' individual and collective contributions, and includes two types of awards, namely share appreciation rights and restricted share units ("Long-term Incentive Awards"). The Company reserves the right, at its discretion, to pay the award in cash or ordinary shares of the Company. The fair value of the employee services received in exchange for the grant of the Long-term Incentive Awards is recognized as employee benefit expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the Long-term Incentive Awards granted, including any market performance conditions (for example, an entity's share price); excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets); and including the impact of non-vesting conditions. Non-market performance and service conditions are included in assumptions about the number of Long-term Incentive Awards that are expected to become exercisable/vested. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Notes to the financial statements

For the year ended March 31, 2025

7 Employee benefit costs (continued)

Accounting policy (continued)

(b) Long-term incentive program (continued)

At each balance sheet date, the Group revises its estimates of the number of Long-term Incentive Awards that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to share-based compensation reserve under equity.

Employee share trusts are established for the purposes of awarding shares to eligible employees under the long-term incentive program. The employee share trusts are administered by independent trustees and are funded by the Group's cash contributions and recorded as purchase of shares by employee share trusts, an equity component. The administrator of the employee share trusts buys the Company's shares in the open market for award to employees upon vesting.

Upon vesting, the corresponding amounts in the share-based compensation reserve will be transferred to share capital for new allotment of shares to employees, or to the employee share trusts for shares awarded to employees by the employee share trusts.

(c) Termination benefit

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

	2025 US\$'000	2024 US\$'000
Wages and salaries, including severance and related costs of US\$21,541,000 (2024: US\$54,991,000)	4,837,355	4,281,038
Long-term incentive awards granted	290,245	277,574
Social security costs	400,146	391,171
Pension costs		
— Defined contribution plans	332,317	319,272
— Defined benefit plans (Note 27)	18,372	23,059
Others	342,041	278,929
	6,220,476	5,571,043

The Group contributes to respective local municipal government retirement schemes which are available to all qualified employees in the Chinese Mainland. Contributions to these schemes are calculated with reference to the monthly average salaries as set out by the local municipal government.

The Group participates in various defined contribution schemes, either voluntary or mandatory, for all qualified employees. The assets of those defined contribution schemes are held separately from those of the Group in independently administered funds.

The Group also contributes to certain defined benefit pension schemes, details of which are set out in Note 27.

7 Employee benefit costs (continued)

Long-term incentive program

A performance-related long-term incentive program was approved on May 26, 2005 for the purpose of rewarding and motivating directors, executives and top-performing employees of the Company and its subsidiaries (the “Participants”). The long-term incentive program is designed to enable the Company to attract and retain the best available personnel, and encourage and motivate Participants to work towards enhancing the value of the Company and its shares by aligning their interests with those of the shareholders of the Company.

The Company also approved a share-based compensation package for non-executive directors.

Under the long-term incentive program, the Company may grant awards, at its discretion, using any of the two types of equity-based compensation: (a) share appreciation rights and (b) restricted share units, which are described below:

(a) Share appreciation rights (“SARs”)

An SAR entitles the holder to receive the appreciation in value of the Company’s share price above a predetermined level.

(b) Restricted share units (“RSUs”)

An RSU equals to the value of one ordinary share of the Company. Once vested, an RSU is converted to an ordinary share.

Under the two types of compensation, the Company reserves the right, at its discretion, to settle the award in cash or ordinary shares of the Company.

Movements in the number of units of award granted during the year and their related weighted average fair values are as follows:

	Number of units	
	SARs	RSUs
Outstanding at April 1, 2023	406,548,313	466,579,356
Granted during the year	100,422,928	247,119,181
Vested during the year	(257,053,733)	(301,023,379)
Cancelled during the year	(9,454,907)	(16,705,054)
Outstanding at March 31, 2024	240,462,601	395,970,104
Granted during the year	72,476,952	194,141,722
Vested during the year	(169,276,272)	(256,409,652)
Cancelled during the year	(11,523,350)	(17,649,103)
Outstanding at March 31, 2025	132,139,931	316,053,071
Average fair value at grant date per unit (HK\$)		
— At March 31, 2024	1.84	7.69
— At March 31, 2025	2.57	9.58

The fair values of the SARs awarded under the long-term incentive program were calculated by applying a Black-Scholes pricing model. For the year ended March 31, 2025, the model inputs were the fair value (i.e. market value) of the Company’s shares at the grant date, taking into account the expected volatility of 42.91 to 43.05 percent (2024: 40.30 percent), expected dividends during the vesting periods of 3.35 percent (2024: 5.10 percent), contractual life of 3.90 to 4.40 years (2024: 4.40 years), and a risk-free interest rate of 3.68 to 3.77 percent (2024: 3.47 percent).

The remaining vesting periods of the awards under the long-term incentive program at March 31, 2025 ranged from 0.15 to 2.92 years (2024: 0.14 to 2.92 years).

Notes to the financial statements

For the year ended March 31, 2025

8 Emoluments of directors and highest paid individuals

(a) Directors' and senior management's emoluments

Directors' emoluments comprise payments by the Group to directors of the Company in connection with the management of the affairs of the Company and its subsidiaries. The remuneration of each director and the chief executive who is also a director, for the years ended March 31, 2025 and 2024 is set out below:

Name of director	2025						
	Fees US\$'000	Salaries US\$'000	Discretionary bonuses (i) US\$'000	Long-term incentive awards (ii) US\$'000	Retirement payments and employer's contribution to pension schemes US\$'000	Other benefits in-kind US\$'000	Total US\$'000
Executive director							
Mr. Yang Yuanqing (CEO)	-	1,331	5,904	14,598	56	497	22,386
Non-executive directors							
Mr. Zhu Linan	100	-	-	232	-	-	332
Mr. Zhao John Huan	111	-	-	232	-	-	343
Independent non-executive directors							
Mr. William O. Grabe	145	-	-	489	-	-	634
Mr. William Tudor Brown	156	-	-	489	-	-	645
Mr. Gordon Robert Halyburton Orr	123	-	-	232	-	-	355
Mr. Woo Chin Wan Raymond	135	-	-	232	-	-	367
Ms. Yang Lan	109	-	-	300	-	-	409
Professor Xue Lan	115	-	-	221	-	-	336
Ms. Cher Wang Hsiueh Hong	100	-	-	227	-	-	327
Mr. John Lawson Thornton	109	-	-	146	-	-	255
Mr. Kasper Bo Roersted	108	-	-	76	-	-	184
	1,311	1,331	5,904	17,474	56	497	26,573

8 Emoluments of directors and highest paid individuals (continued)

(a) Directors' and senior management's emoluments (continued)

Name of director	2024						
	Fees US\$'000	Salaries US\$'000	Discretionary bonuses (i) US\$'000	Long-term incentive awards (ii) US\$'000	Retirement payments and employer's contribution to pension schemes US\$'000	Other benefits in-kind US\$'000	Total US\$'000
Executive director							
Mr. Yang Yuanqing (CEO)	-	1,332	5,148	11,950	133	854	19,417
Non-executive directors							
Mr. Zhu Linan	100	-	-	224	-	-	324
Mr. Zhao John Huan	100	-	-	224	-	-	324
Independent non-executive directors							
Mr. William O. Grabe	135	-	-	224	-	-	359
Mr. William Tudor Brown	125	-	-	224	-	-	349
Mr. Yang Chih-Yuan Jerry	88	-	-	473	-	-	561
Mr. Gordon Robert Halyburton Orr	100	-	-	224	-	-	324
Mr. Woo Chin Wan Raymond	135	-	-	224	-	-	359
Ms. Yang Lan	100	-	-	281	-	-	381
Professor Xue Lan	100	-	-	168	-	-	268
Ms. Cher Wang Hsiueh Hong	100	-	-	181	-	-	281
Mr. John Lawson Thornton	37	-	-	46	-	-	83
Mr. Kasper Bo Roersted	-	-	-	-	-	-	-
	1,120	1,332	5,148	14,443	133	854	23,030

Notes to the financial statements

For the year ended March 31, 2025

8 Emoluments of directors and highest paid individuals (continued)

(a) Directors' and senior management's emoluments (continued)

Notes:

- (i) Figures shown in the table above represent discretionary bonuses receivable at March 31, 2025 and 2024 in connection with the performance bonuses for the respective two financial years then ended.
- (ii) Details of the long-term incentive program of the Company are set out in Note 7. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognized as an expense. The total amount to be amortized over the vesting period is determined by reference to the fair value of the long-term incentive awards at the date of grant. The amounts disclosed above represent the amortized amounts for the years ended March 31, 2025 and 2024.
- (iii) Mr. William O. Grabe has elected to defer his receipt of the cash of director's fee into fully vested share units under the long-term incentive program (Note 7) for the first half of the year ended March 31, 2025 and for the year ended March 31, 2024.
- (iv) During the years ended March 31, 2025 and 2024, annual pension payment of US\$1.5 million was made to Mr. Liu Chuanzhi, a retired director.
- (v) Mr. William O. Grabe and Mr. William Tudor Brown were resigned as independent non-executive directors on February 21, 2025.
- (vi) Mr. John Lawson Thornton was appointed as an independent non-executive director on August 18, 2023.
- (vii) Mr. Yang Chih-Yuan Jerry was resigned as an independent non-executive director on November 16, 2023.
- (viii) Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted) was appointed as an independent non-executive director on February 23, 2024.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor any are payable (2024: nil). No consideration was provided to or receivable by third parties for making available directors' service (2024: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2024: nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2024: nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2024: one) director, who is the CEO of the Group, whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2024: four) individuals during the year are as follows:

	2025 US\$'000	2024 US\$'000
Basic salaries, allowances, and other benefits-in-kind (i)	7,000	5,797
Discretionary bonuses (ii)	9,146	6,205
Long-term incentive awards (iii)	13,293	19,085
Retirement payments and employer's contribution to pension schemes	478	459
	29,917	31,546

Notes:

- (i) Basic salaries, allowances, and other benefits-in-kind include an inducement fee of US\$2.8 million for the year ended March 31, 2025. This fee is subject to a claw-back, which may be up to 100%, depending on certain conditions within the first two years of employment.
- (ii) Figures shown in the table above represent discretionary bonuses receivable at March 31, 2025 and 2024 in connection with the performance bonuses for the respective two financial years then ended.
- (iii) Details of the long-term incentive program of the Company are set out in Note 7. The fair value of the employee services received in exchange for the grant of the long-term incentive awards is recognized as an expense. The total amount to be amortized over the vesting period is determined by reference to the fair value of the long-term incentive awards at the date of grant. The amounts disclosed above represent the amortized amounts for the years ended March 31, 2025 and 2024.

8 Emoluments of directors and highest paid individuals (continued)

(b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
US\$6,416,234 — US\$6,480,395	1	—
US\$7,122,020 — US\$7,186,181	1	—
US\$7,186,182 — US\$7,250,343	—	1
US\$7,571,156 — US\$7,635,317	—	1
US\$7,891,968 — US\$7,956,129	—	1
US\$8,020,292 — US\$8,084,454	1	—
US\$8,212,779 — US\$8,276,941	1	—
US\$8,790,240 — US\$8,854,402	—	1

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year after adjusting shares held by the employee share trusts for the purposes of awarding shares to eligible employees under the long-term incentive program.

	2025	2024
Weighted average number of ordinary shares in issue	12,404,659,302	12,214,994,626
Adjustment for shares held by employee share trusts	(150,624,455)	(192,498,286)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,254,034,847	12,022,496,340

	2025 US\$'000	2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,384,445	1,010,506

Notes to the financial statements

For the year ended March 31, 2025

9 Earnings per share (continued)

(b) Diluted

The calculation of the diluted earnings per share is based on the profit attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted earnings per share is the weighted average number of ordinary shares, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group has four (2024: three) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2024: long-term incentive awards, put option written on non-controlling interests and convertible bonds). Long-term incentive awards and convertible bonds were dilutive for the years ended March 31, 2025 and 2024. Warrants were anti-dilutive for the year ended March 31, 2025. Put option written on non-controlling interests were anti-dilutive for the years ended March 31, 2025 and 2024.

	2025	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	12,254,034,847	12,022,496,340
Adjustment for long-term incentive awards	409,681,272	232,535,133
Adjustment for convertible bonds	928,245,369	739,193,667
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	13,591,961,488	12,994,225,140

	2025 US\$'000	2024 US\$'000
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,384,445	1,010,506
Adjustment for interest on convertible bonds, net of tax	58,580	35,833
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,443,025	1,046,339

10 Dividends

Accounting policy

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders in case of final dividend and by the Company's directors in case of interim dividend.

	2025 US\$'000	2024 US\$'000
Interim dividend of HK8.5 cents (2024: HK8 cents) per ordinary share, paid on December 12, 2024	135,518	124,319
Proposed final dividend — HK30.5 cents (2024: HK30 cents) per ordinary share	483,338	476,821
	618,856	601,140

11 Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Investment properties are shown within "Property, plant and equipment" for the building portion and "Right-of-use assets" for the leasehold land portion (Note 12) on the consolidated balance sheet. Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at historical cost less accumulated depreciation. All freehold lands are located outside Hong Kong S.A.R. of China and are not depreciated.

Depreciation on property, plant and equipment and investment properties are calculated using the straight-line method to allocate their costs to their estimated residual values over the shorter of unexpired periods of the leases or their estimated useful lives to the Group. The principal annual rates used for this purpose are:

Buildings, buildings related equipment and leasehold improvements	2% - 10%
Plant and machinery	
Tooling equipment	50% - 100%
Other machinery	14% - 20%
Furniture and fixtures	20% - 25%
Office equipment	20% - 33%
Equipment held for lease	Over the lease term
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal of the asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

Notes to the financial statements

For the year ended March 31, 2025

11 Property, plant and equipment (continued)

	Freehold land and buildings US\$'000	Leasehold improvements US\$'000	Plant and machinery US\$'000	Furniture and fixtures US\$'000	Office equipment US\$'000	Equipment held for lease US\$'000	Motor vehicles US\$'000	Total US\$'000
At April 1, 2023								
Cost	1,202,352	570,169	1,148,567	167,324	837,246	159,932	13,843	4,099,433
Accumulated depreciation and impairment losses	206,412	393,821	817,124	111,312	532,644	26,056	5,607	2,092,976
Net book amount	995,940	176,348	331,443	56,012	304,602	133,876	8,236	2,006,457
Year ended March 31, 2024								
Opening net book amount	995,940	176,348	331,443	56,012	304,602	133,876	8,236	2,006,457
Exchange adjustment	(41,355)	(6,204)	(5,709)	(2,877)	(20,702)	(3,656)	(522)	(81,025)
Acquisition of businesses	8,092	-	2,443	430	424	67,721	-	79,110
Additions	8,783	26,933	100,543	3,711	79,667	88,443	4,175	312,255
Transfers	82,118	33,781	36,843	2,245	8,807	-	22	163,816
Disposals	(1,276)	(521)	(3,699)	(941)	(10,136)	(14,637)	(279)	(31,489)
Depreciation	(38,020)	(48,967)	(134,599)	(26,362)	(101,375)	(76,521)	(2,628)	(428,472)
Impairment and write-off	-	-	(8,623)	-	(1,851)	-	-	(10,474)
Closing net book amount	1,014,282	181,370	318,642	32,218	259,436	195,226	9,004	2,010,178
At March 31, 2024								
Cost	1,246,851	615,987	1,245,921	147,112	818,629	284,758	15,444	4,374,702
Accumulated depreciation and impairment losses	232,569	434,617	927,279	114,894	559,193	89,532	6,440	2,364,524
Net book amount	1,014,282	181,370	318,642	32,218	259,436	195,226	9,004	2,010,178
Year ended March 31, 2025								
Opening net book amount	1,014,282	181,370	318,642	32,218	259,436	195,226	9,004	2,010,178
Exchange adjustment	(6,871)	(844)	(773)	(187)	(1,253)	(599)	(888)	(11,415)
Deemed disposal of a subsidiary	-	-	(1)	(1)	(81)	-	-	(83)
Additions	20,470	21,738	106,141	2,282	116,661	155,167	4,181	426,640
Transfers	22,039	12,905	47,961	3,457	10,900	-	73	97,335
Disposals	(2,697)	(2,073)	(23,047)	(469)	(6,681)	(7,237)	(310)	(42,514)
Depreciation	(36,198)	(51,808)	(138,082)	(8,644)	(110,988)	(105,282)	(2,859)	(453,861)
Closing net book amount	1,011,025	161,288	310,841	28,656	267,994	237,275	9,201	2,026,280
At March 31, 2025								
Cost	1,278,093	634,513	1,226,414	145,104	854,152	410,302	17,232	4,565,810
Accumulated depreciation and impairment losses	267,068	473,225	915,573	116,448	586,158	173,027	8,031	2,539,530
Net book amount	1,011,025	161,288	310,841	28,656	267,994	237,275	9,201	2,026,280

Note: At March 31, 2025, included in "Freehold land and buildings" are the building portion of the investment properties of US\$95,578,000 (2024: US\$107,766,000) where the right-of-use assets for the leasehold land portion of US\$96,255,000 (2024: US\$117,087,000) are included in "Right-of-use assets" (Note 12). The fair value of the investment properties at March 31, 2025 is US\$277,449,000 (2024: US\$335,395,000).

12 Right-of-use assets

Accounting policy

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Some property leases contain variable payment terms that are linked to sales generated from stores. There is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized as a profit or loss in the period in which the event or condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated income statement. Low-value assets mainly comprise office equipment.

The Group's right-of-use assets include interest in leasehold land and building and prepaid lease payments for leasehold land. Prepaid lease payments represent the payments for land use rights held by the Group in the Chinese Mainland under term leases between 10 to 50 years. Rental contracts for leasehold land and building are typically made for fixed periods of 1 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Lease liabilities are presented within "Other payables and accruals" (for current portion) and "Other non-current liabilities" (for non-current portion) in the consolidated balance sheet.

	2025 US\$'000	2024 US\$'000
At the beginning of the year	571,305	659,360
Exchange adjustment	(5,430)	(20,266)
Acquisition of businesses	-	1,440
Deemed disposal of a subsidiary	(305)	-
Additions	180,908	102,835
Disposals	(38,173)	(20,165)
Depreciation	(115,965)	(151,899)
At the end of the year	592,340	571,305

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For the year ended March 31, 2025

13 Construction-in-progress

Accounting policy

Construction-in-progress represents buildings, plant and machinery and internal use software under construction and pending installation and is stated at historical cost, less any accumulated impairment losses. Historical cost comprises all direct and indirect costs of acquisition or construction or installation of buildings, plant and machinery or internal use software as well as interest expenses and exchange differences on the related funds borrowed during the construction, installation and testing periods and prior to the date when the assets were available for use. Assets that are not yet available for use are not subject to depreciation or amortization and are tested annually for impairment. On completion, the carrying values of the buildings, plant and machinery or internal use software are transferred from construction-in-progress to property, plant and equipment or intangible assets.

The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Gain or loss on disposal of construction-in-progress is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

	Property, plant and equipment		Intangible assets		Total	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
At the beginning of the year	80,042	103,372	257,606	534,675	337,648	638,047
Exchange adjustment	(110)	(7,314)	(1,039)	(15,477)	(1,149)	(22,791)
Disposals	(465)	(26)	(70)	(13,801)	(535)	(13,827)
Additions	85,607	147,826	227,892	306,855	313,499	454,681
Transfers	(97,335)	(163,816)	(269,819)	(554,646)	(367,154)	(718,462)
At the end of the year	67,739	80,042	214,570	257,606	282,309	337,648

14 Intangible assets

Accounting policy

(a) Goodwill

Goodwill represents the excess of the consideration of an acquisition transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the Group's interests in the fair value of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in interests in associates and joint ventures.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Trademarks and trade names

Separately acquired trademarks and trade names are shown at historical cost. Trademarks and trade names acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks and trade names that have an indefinite useful life are tested annually for impairment and carried at cost less accumulated impairment losses. They are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Trademarks and trade names that have a definite useful life are carried at cost less accumulated amortization.

(c) Internal use software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Costs associated with maintaining computer software are recognized as an expense as incurred.

Acquired computer software licenses costs and computer software development costs are carried at cost less accumulated amortization.

Notes to the financial statements

For the year ended March 31, 2025

14 Intangible assets *(continued)*

Accounting policy *(continued)*

(d) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a definite useful life and are carried at cost less accumulated amortization.

(e) Patents and technology

Expenditure on acquired patents and technology is capitalized at historical cost upon acquisition and is carried at cost less accumulated amortization.

(f) Exclusive rights

An exclusive right acquired in a business combination is recognized at fair value at the acquisition date. An exclusive right has a definite useful life and is carried at cost less accumulated amortization.

The Group amortizes intangible assets with definite useful lives using the straight-line method over the following periods:

Trademarks and trade names	not more than 10 years
Internal use software	not more than 8 years
Customer relationships	not more than 15 years
Patents and technology	not more than 10 years
Exclusive rights	not more than 15 years

Impairment of intangible assets with definite useful lives

Intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

14 Intangible assets (continued)

(a)

	Goodwill (b) US\$'000	Trademarks and trade names (b) US\$'000	Internal use software US\$'000	Customer relationships US\$'000	Patents and technology (c) US\$'000	Exclusive rights US\$'000	Total US\$'000
At April 1, 2023							
Cost	4,997,218	1,323,642	2,060,132	1,563,650	3,755,488	53,426	13,753,556
Accumulated amortization and impairment losses	-	39,012	1,637,493	1,115,035	2,680,450	14,452	5,486,442
Net book amount	4,997,218	1,284,630	422,639	448,615	1,075,038	38,974	8,267,114
Year ended March 31, 2024							
Opening net book amount	4,997,218	1,284,630	422,639	448,615	1,075,038	38,974	8,267,114
Exchange adjustment	(125,451)	(558)	(9,664)	(2,881)	(4,097)	(475)	(143,126)
Acquisition of businesses	32,508	9,700	2,342	-	4,100	-	48,650
Additions	-	-	23,962	-	456,713	-	480,675
Transfers	-	-	401,178	-	153,468	-	554,646
Disposals	-	-	(25)	-	-	-	(25)
Amortization	-	(4,493)	(227,444)	(145,986)	(451,630)	(3,229)	(832,782)
Impairment and write-off (Note)	-	-	(5,231)	-	(24,514)	-	(29,745)
Closing net book amount	4,904,275	1,289,279	607,757	299,748	1,209,078	35,270	8,345,407
At March 31, 2024							
Cost	4,904,275	1,332,817	2,411,980	1,538,011	4,337,870	52,741	14,577,694
Accumulated amortization and impairment losses	-	43,538	1,804,223	1,238,263	3,128,792	17,471	6,232,287
Net book amount	4,904,275	1,289,279	607,757	299,748	1,209,078	35,270	8,345,407
Year ended March 31, 2025							
Opening net book amount	4,904,275	1,289,279	607,757	299,748	1,209,078	35,270	8,345,407
Exchange adjustment	(57,137)	(470)	(154)	(350)	(176)	(135)	(58,422)
Acquisition of businesses	4,034	-	-	-	-	-	4,034
Additions	-	-	13,009	-	634,533	-	647,542
Transfers	-	-	216,434	-	53,385	-	269,819
Disposals	-	-	(2,555)	-	(399)	-	(2,954)
Amortization	-	(4,201)	(250,329)	(110,912)	(480,156)	(3,711)	(849,309)
Impairment and write-off (Note)	-	-	-	-	(123,140)	-	(123,140)
Closing net book amount	4,851,172	1,284,608	584,162	188,486	1,293,125	31,424	8,232,977
At March 31, 2025							
Cost	4,851,172	1,332,603	2,609,841	1,529,956	4,979,273	52,502	15,355,347
Accumulated amortization and impairment losses	-	47,995	2,025,679	1,341,470	3,686,148	21,078	7,122,370
Net book amount	4,851,172	1,284,608	584,162	188,486	1,293,125	31,424	8,232,977

Note: During the year ended March 31, 2025, impairment and write-off of intangible assets of US\$123,140,000 (2024: US\$29,745,000) is recognized as the carrying amount of the assets exceeds the value in use.

Notes to the financial statements

For the year ended March 31, 2025

14 Intangible assets (continued)

(a) (continued)

Amortization of US\$457,648,000 (2024: US\$424,000,000), US\$6,089,000 (2024: US\$6,163,000), US\$322,368,000 (2024: US\$333,697,000) and US\$63,204,000 (2024: US\$68,922,000) are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses” and “Research and development expenses” in the consolidated income statement respectively.

The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

	China US\$ million	AP US\$ million	EMEA US\$ million	AG US\$ million	Total US\$ million
At March 31, 2025					
Goodwill					
— IDG	905	493	286	1,558	3,242
— ISG	468	132	59	344	1,003
— SSG (Note)	N/A	N/A	N/A	N/A	606
Trademarks and trade names with indefinite useful lives					
— IDG	182	55	122	480	839
— ISG	162	54	31	123	370
— SSG (Note)	N/A	N/A	N/A	N/A	58
At March 31, 2024					
Goodwill					
— IDG	911	488	287	1,611	3,297
— ISG	472	132	59	341	1,004
— SSG (Note)	N/A	N/A	N/A	N/A	603
Trademarks and trade names with indefinite useful lives					
— IDG	182	54	121	480	837
— ISG	162	54	31	123	370
— SSG (Note)	N/A	N/A	N/A	N/A	58

Note: SSG is monitored as a whole and there is no allocation to geography or market.

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives

Accounting policy

Assets that have an indefinite useful life are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs).

14 Intangible assets (continued)

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives (continued)

Critical accounting estimates and judgments

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. The recoverable amounts of an asset or a CGU have been determined based on value-in-use calculations. These calculations require the use of estimates.

The value-in-use calculations use cash flow projection based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows extrapolated using constant projection of cash flows beyond the five-year period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances.

Management prepared the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

The Group completed its annual impairment test for goodwill allocated to the Group's various CGUs by comparing their recoverable amounts to their carrying amounts at the reporting date. The recoverable amount of a CGU is determined based on value in use. These assessments use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flow of the CGU extrapolated using constant projection of cash flows beyond the five-year period. The estimated growth rates adopted do not exceed the long-term average growth rates for the businesses in which the CGU operates.

Future cash flows are discounted at the pre-tax rate of 13% to 14%, 14% to 17% and 18% for IDG, ISG and SSG respectively (2024: 13% to 14%, 14% to 18% and 18% respectively). The estimated compound annual growth rates of revenue used for value-in-use calculations under the five-year financial budgets period are as follows:

	2025			2024		
	IDG	ISG	SSG	IDG	ISG	SSG
China	3%	13%	N/A	7%	20%	N/A
AP	2%	15%	N/A	1%	22%	N/A
EMEA	4%	8%	N/A	4%	11%	N/A
AG	3%	13%	N/A	5%	16%	N/A
SSG	N/A	N/A	9%	N/A	N/A	11%

Notes to the financial statements

For the year ended March 31, 2025

14 Intangible assets *(continued)*

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives *(continued)*

Management determined budgeted gross margins based on past performance and its expectations for the market development. Key assumptions include the revenue growth rates, operating margins and discount rates with reference to the business and industry circumstances for the purpose of goodwill impairment test. The discount rates are pre-tax and reflect specific risks relating to the relevant segments.

The directors are of the view that there was no impairment of goodwill and trademarks and trade names with indefinite useful lives based on impairment tests performed at March 31, 2025 (2024: nil).

The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. Except for ISG's China and ISG's AP, a reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any CGU's carrying amount to exceed its respective recoverable amount. At March 31, 2025, the recoverable amount for ISG's China and ISG's AP (calculated based on value in use) exceeded carrying value by US\$275 million (2024: US\$209 million) and US\$78 million (2024: US\$96 million) respectively. Had the forecasted compound annual growth rate of ISG's China and ISG's AP been 4.7 percentage point lower (2024: 3.5 percentage point lower) and 4.0 percentage point lower (2024: 4.6 percentage point lower) than management's estimates, its remaining headroom would be removed respectively.

(c) At March 31, 2025, patents and technology of US\$234,795,000 (2024: US\$245,291,000) is under development.

15 Interests in associates and joint ventures

	2025 US\$'000	2024 US\$'000
Share of net assets		
— Associates	208,737	181,031
— Joint ventures	62,945	93,551
	271,682	274,582
Loans to		
— A joint venture (a)	44,022	44,221
	44,022	44,221
Interests in associates and joint ventures (b)	315,704	318,803

Notes:

- (a) The loan forms an integral part of the Group's equity investment in the joint venture and is recognized as such.
- (b) At March 31, 2025 and 2024, there is no unrecognized share of losses, commitments and contingent liabilities.

15 Interests in associates and joint ventures (continued)

The following is a list of the principal associates and joint ventures:

Company name	Place of incorporation/ establishment	Interest held		Principal activities
		2025	2024	
Associates				
北京閃聯雲視信息技術有限公司 (Beijing Tivcloud Technologies Ltd.) (ii)	Chinese Mainland	23.7%	23.7%	Distribution and development of IT technology
茄子技術控股有限公司 (SHAREit Technology Holdings Inc.) (ii)	Cayman Islands	37.3%	37.3%	Software development
北京平安聯想智慧醫療信息技術有限公司 (Beijing Pingan Lenovo Healthcare Information Technology Limited) (ii)	Chinese Mainland	25.4%	25.4%	Development of hospital and regional healthcare information system
北京聯想協同科技有限公司 (Beijing Lenovo Collaboration Technologies Company, Ltd) (ii)	Chinese Mainland	33.0%	33.0%	Distribution and development of IT technology
天津聯博基業科技發展有限公司 (Tianjin Lianbo Foundation Technology Development Co., Limited) (ii)	Chinese Mainland	39.0%	39.0%	Distribution and development of IT technology
PCCW Network Services Limited	British Virgin Islands	20.0%	20.0%	Investment holding
鼎道智聯(北京)科技有限公司 (Ding (Beijing) Intelligent Technology Co. Ltd) (ii), (iii)	Chinese Mainland	40.0%	53.3%	Distribution and development of IT technology, services and software
AleveR Robotics Limited	Cayman Islands	11.6%	N/A	Distribution and development of IT technology
Joint Ventures				
聯想新視界(北京)科技有限公司 (Lenovo New Vision (Beijing) Technology Co., Limited) (ii)	Chinese Mainland	37.7%	37.7%	Software development
深圳市浦瑞置業有限公司 (Shenzhen Purui Real Estate Co., Limited) (ii)	Chinese Mainland	50.0%	50.0%	Commercial property operation and management

Notes:

- (i) Majority of the above associates and joint ventures operate principally in their respective places of incorporation or establishment.
- (ii) The English name of the company is a direct translation or transliteration of its Chinese registered name.
- (iii) The company was reclassified from a subsidiary to an associate upon deemed disposal during the year.

The following sets out the aggregate amount of the Group's share of associates and joint ventures:

	2025 US\$'000	2024 US\$'000
Share of losses of associates	3,264	10,035
Share of losses of joint ventures	16,714	15,624
	19,978	25,659

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16 Deferred income tax assets and liabilities

Accounting policy

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Critical accounting estimates and judgments

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred income tax assets are mainly recognized for temporary differences such as warranty provision, accrued sales rebates, bonus accruals, and other accrued expenses, and unused tax losses carried forward to the extent it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgment regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognized. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated income statement.

16 Deferred income tax assets and liabilities (continued)

Deferred income tax is calculated in full on temporary differences under the liability method using the rates applicable in the respective jurisdictions.

Deferred income tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated balance sheet:

	2025 US\$'000	2024 US\$'000
Deferred income tax assets:		
Recoverable within 12 months	1,419,303	1,135,149
Recoverable after 12 months	1,636,602	1,498,153
	3,055,905	2,633,302
Deferred income tax liabilities:		
Settled after 12 months	(270,268)	(447,523)
Net deferred income tax assets	2,785,637	2,185,779

The movements in the net deferred income tax assets are as follows:

	2025 US\$'000	2024 US\$'000
At the beginning of the year	2,185,779	2,035,593
Reclassification and exchange adjustment	(3,847)	(28,547)
Credited to consolidated income statement (Note 6)	598,392	190,397
Charged to other comprehensive income (Note 6)	(9)	(90)
Credited/(charged) to share-based compensation reserve	5,322	(6,487)
Acquisition of businesses	-	(5,087)
At the end of the year	2,785,637	2,185,779

Notes to the financial statements

For the year ended March 31, 2025

16 Deferred income tax assets and liabilities (continued)

- (a) The movements in deferred income tax assets (prior to offsetting of balances within the same tax jurisdiction), analyzed by major component, during the year are as follows:

	Provisions and accruals US\$'000	Tax losses US\$'000	Tax depreciation allowance US\$'000	Deferred revenue US\$'000	Share- based payment US\$'000	Lease liabilities US\$'000	Total US\$'000
At April 1, 2023	677,842	1,396,232	134,478	222,769	46,640	59,406	2,537,367
Reclassification and exchange adjustment	(7,320)	7,299	(15,636)	(2,932)	(93)	(3,430)	(22,112)
(Charged)/credited to consolidated income statement	(65,629)	34,299	170,342	20,933	(4,891)	6,573	161,627
Charged to share-based compensation reserve	-	-	-	-	(6,487)	-	(6,487)
Acquisition of businesses	10,519	-	-	-	-	-	10,519
At March 31, 2024	615,412	1,437,830	289,184	240,770	35,169	62,549	2,680,914
Reclassification and exchange adjustment	37,432	(27,413)	(19,350)	(2,938)	(2,605)	9,172	(5,702)
Credited/(charged) to consolidated income statement	136,508	(370,180)	907,917	13,747	(3,590)	(10,810)	673,592
Credited to share-based compensation reserve	-	-	-	-	5,322	-	5,322
At March 31, 2025	789,352	1,040,237	1,177,751	251,579	34,296	60,911	3,354,126

Deferred income tax assets are recognized for deductible temporary differences and tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable.

At March 31, 2025, the Group did not recognize deferred income tax assets in respect of deductible temporary differences of US\$2,777,429,000 (2024: US\$2,618,834,000) and tax losses of US\$3,229,464,000 (2024: US\$2,810,140,000) that can be carried forward against future taxable income, of which, tax losses of US\$1,959,261,000 (2024: US\$1,748,044,000) can be carried forward indefinitely. The remaining balances of tax losses will expire as follows:

	2025 US\$'000	2024 US\$'000
Expiring in		
— 2024	-	170,627
— 2025	60,135	61,724
— 2026	37,580	51,646
— 2027	166,810	146,096
— 2028	294,189	306,294
— 2029	213,267	298,117
— 2030	431,924	-
— 2032	2,712	6,763
— 2033	581	1,566
— 2034 and thereafter	63,005	19,263
	1,270,203	1,062,096

16 Deferred income tax assets and liabilities (continued)

- (b) The movements in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction), analyzed by major component, during the year are as follows:

	Intangible valuation US\$'000	Undistributed earnings US\$'000	Property valuation US\$'000	Accelerated tax depreciation US\$'000	Right-of- use assets US\$'000	Others US\$'000	Total US\$'000
At April 1, 2023	81,665	117,878	2,843	184,535	57,240	57,613	501,774
Reclassification and exchange adjustment	(1,116)	(658)	(199)	8,269	(1,110)	1,249	6,435
(Credited)/charged to consolidated income statement	(22,608)	1,325	1,198	(18,998)	8,810	1,503	(28,770)
Charged to other comprehensive income	-	-	-	-	-	90	90
Acquisition of businesses	4,775	-	-	10,831	-	-	15,606
At March 31, 2024	62,716	118,545	3,842	184,637	64,940	60,455	495,135
Reclassification and exchange adjustment	(2,839)	300	(2,050)	(5,983)	9,293	(576)	(1,855)
(Credited)/charged to consolidated income statement	(10,858)	682	-	103,578	(15,117)	(3,085)	75,200
Charged to other comprehensive income	-	-	-	-	-	9	9
At March 31, 2025	49,019	119,527	1,792	282,232	59,116	56,803	568,489

Notes to the financial statements

For the year ended March 31, 2025

17 Financial assets

(a) Financial assets at FVPL

	2025 US\$'000	2024 US\$'000
At the beginning of the year	1,393,666	1,233,969
Exchange adjustment	(6,568)	(48,294)
Fair value change recognized in profit or loss	59,552	153,113
Additions	155,775	179,192
Disposals	(138,041)	(124,314)
At the end of the year	1,464,384	1,393,666
Listed equity securities:		
— In Hong Kong S.A.R. of China	26,910	24,874
— Outside Hong Kong S.A.R. of China	236,885	241,992
	263,795	266,866
Unlisted equity securities	1,200,589	1,126,800
	1,464,384	1,393,666

(b) Financial assets at FVOCI

	2025 US\$'000	2024 US\$'000
At the beginning of the year	55,973	66,178
Exchange adjustment	755	(2,493)
Fair value change recognized in other comprehensive income	(11,360)	(7,712)
Additions	14	—
At the end of the year	45,382	55,973
Listed equity securities:		
— In Hong Kong S.A.R. of China	5,389	8,931
— Outside Hong Kong S.A.R. of China	25,724	28,814
	31,113	37,745
Unlisted equity securities	14,269	18,228
	45,382	55,973

18 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. The cost of finished goods (except for trading products) and work-in-progress comprises direct materials, direct labour and an attributable proportion of production overheads. For trading products, cost represents invoiced value on purchases, less purchase returns and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	2025 US\$'000	2024 US\$'000
Raw materials and work-in-progress	3,995,173	3,857,581
Finished goods	3,320,441	2,265,554
Service parts	608,190	579,542
	7,923,804	6,702,677

19 Receivables

Accounting policy

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Majority of other receivables are amounts due from subcontractors for components sold in the ordinary course of business. Trade receivables are recognized initially at transaction price that is unconditional unless they contain significant financing components, when they are recognized at fair value, and subsequently measured at FVOCI, less loss allowance.

For trade receivables, the Group applies the simplified approach required by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Impairment losses on trade receivables are recognized in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

	2025 US\$'000	2024 US\$'000
Trade receivables	10,446,068	8,130,697
Notes receivable	60,542	16,998
	10,506,610	8,147,695

Notes to the financial statements

For the year ended March 31, 2025

19 Receivables (continued)

(a) (continued)

Customers are generally granted credit terms ranging from 0 to 120 days. Ageing analysis of trade receivables of the Group at the balance sheet date, based on invoice date, is as follows:

	2025 US\$'000	2024 US\$'000
0 - 30 days	7,832,619	6,185,814
31 - 60 days	1,542,382	1,080,594
61 - 90 days	398,285	235,405
Over 90 days	839,886	761,651
	10,613,172	8,263,464
Less: loss allowance	(167,104)	(132,767)
Trade receivables — net	10,446,068	8,130,697

At March 31, 2025, trade receivables, net of loss allowance, of US\$879,681,000 (2024: US\$915,714,000) were past due. The ageing of these receivables, based on due date, is as follows:

	2025 US\$'000	2024 US\$'000
Within 30 days	445,354	486,984
31 - 60 days	189,241	178,430
61 - 90 days	83,515	61,662
Over 90 days	161,571	188,638
	879,681	915,714

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

	2025 US\$'000	2024 US\$'000
At the beginning of the year	132,767	104,823
Exchange adjustment	161	(3,171)
Increase in loss allowance recognized in profit or loss	106,576	105,644
Uncollectible receivables written off	(14,777)	(35,489)
Unused amounts reversed in profit or loss	(57,623)	(39,040)
At the end of the year	167,104	132,767

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

19 Receivables (continued)

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

	2025 US\$'000	2024 US\$'000
Deposits	26,779	52,852
Other receivables	2,874,521	2,429,511
Prepayments	1,322,358	1,300,003
	4,223,658	3,782,366

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

(d) The carrying amounts of trade and notes receivables, deposits and other receivables approximate their fair values. The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable mentioned above.

20 Bank deposits and cash and cash equivalents

Accounting policy

For the purposes of the consolidated cash flow statement, cash and cash equivalents mainly comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

Bank balances subjected to restrictions that result in such balances would no longer meet the definition of cash are presented as restricted bank balances in the consolidated balance sheet.

	2025 US\$'000	2024 US\$'000
Bank deposits		
— original maturity between three to twelve months	31,461	7,571
— restricted bank balances	57,146	57,984
	88,607	65,555
Cash and cash equivalents		
— cash at bank and in hand	3,234,351	3,206,279
— money market funds	1,493,773	353,552
	4,728,124	3,559,831
	4,816,731	3,625,386
Maximum exposure to credit risk	4,816,731	3,625,386
Effective annual interest rates	0%–14.25%	0%–10.75%

Notes to the financial statements

For the year ended March 31, 2025

21 Trade and notes payables

Accounting policy

Trade and notes payables are obligations to pay for components or services that have been acquired in the ordinary course of business from suppliers. Trade and notes payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade and notes payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The Group has established supplier finance arrangements with several financial institutions, in collaboration with its suppliers, to facilitate efficient payment processing of supplier invoices. These arrangements enable suppliers and subcontractors to receive either on-time or early payment from the related invoice due date, providing them with improved liquidity and cash flow management. At the same time, the Group benefits from a higher degree of flexibility in managing its liquidity. In determining whether the liabilities to the financial institutions under these arrangements are presented separately from trade and notes payables, and other payables (Note 22) in the consolidated balance sheet, management considers whether the nature and function of these liabilities are substantially different from trade and notes payables, and other payables. The Group classifies financial liabilities that arise from supplier finance arrangements within trade and notes payables, and other payables in the consolidated balance sheet. For the purpose of presenting consolidated cash flow statement, cash flow related to the liabilities arising from supplier finance arrangements that are classified as trade and notes payables, and other payables are still part of the working capital used in the Group's principal revenue generating activities and presented as arising from operating activities.

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

	2025 US\$'000	2024 US\$'000
Trade payables	8,561,393	8,473,990
Notes payable	3,417,540	2,031,437
	11,978,933	10,505,427

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

	2025 US\$'000	2024 US\$'000
0 – 30 days	4,527,503	5,201,965
31 – 60 days	2,465,757	2,002,588
61 – 90 days	898,452	643,980
Over 90 days	669,681	625,457
	8,561,393	8,473,990

(b) At March 31, 2025, certain balances amounted to US\$111,331,000 and US\$3,275,421,000 (2024: nil and US\$1,913,114,000) are under supplier finance arrangements and included in trade payables and notes payable, respectively, of which suppliers have already received payment from the relevant financial institutions. The range of payment due dates for such supplier finance arrangements are 60 to 145 days after the invoice date, which is similar with the range of payment due dates for comparable trade and notes payables that are not part of the supplier finance arrangements.

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

(d) The carrying amounts of trade and notes payables approximate their fair values.

22 Other payables and accruals

Accounting policy

Other payables and accruals mainly comprise the obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors.

Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns, details of which are set out in Note 3.

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognized at present value of redemption amount as a written put option liability with a corresponding charge directly to equity. A written put option liability is subsequently re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. In the event that the option expires unexercised, the written put option liability is derecognized with a corresponding adjustment to equity.

Details of other payables and accruals are as follows:

	2025 US\$'000	2024 US\$'000
Accruals	4,391,239	3,327,359
Allowance for billing adjustments	2,152,336	2,277,947
Written put option liabilities (b)	303,099	253,482
Other payables (c)	6,962,738	6,791,407
Lease liabilities	94,972	101,580
	13,904,384	12,751,775

Notes:

- (a) The carrying amounts of other payables and accruals approximate their fair values.
- (b) (i) Pursuant to the joint venture agreement entered into between the Company and Fujitsu Limited ("Fujitsu"), the Company and Fujitsu are respectively granted call and put options which entitle the Company to purchase from Fujitsu and Development Bank of Japan ("DBJ"), or Fujitsu and DBJ to sell to the Company, the 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together "FCCL"). Both options are exercisable at March 31, 2025 and 2024. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.
- (ii) During the year ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd ("ZJSB") acquired the 49% interest in a joint venture company ("JV Co") from Compal Electronics, Inc. The Company and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of the Group and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia"), which holds 99.31% interest in ZJSB, the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB.

During the option exercise period, Yuan Jia notified the Group of its intention to exercise its put option. On December 28, 2021, ZJSB, Yuan Jia and the Group entered into an agreement pursuant to which ZJSB transferred 39% interest in the JV Co to the Group at an exercise price of RMB1,895 million (approximately US\$297 million). Upon completion on January 10, 2022, the Company and ZJSB respectively owns 90% and 10% of the interest in the JV Co.

Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement entered into on January 11, 2022 whereby the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately US\$69 million). At March 31, 2025, the written put option liabilities to Yuan Jia has been reclassified to current liabilities as the written put option will be exercisable within the next twelve months.

The financial liability that may become payable under the put option is initially recognized at present value of redemption amount within "Other non-current liabilities" with a corresponding charge directly to equity, as a put option written on non-controlling interest.

Notes to the financial statements

For the year ended March 31, 2025

22 Other payables and accruals *(continued)*

Notes: *(continued)*

(b) *(continued)*

The put option liability shall be re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement (Note 4). In the event that the put option lapses unexercised, the liability will be derecognized with a corresponding adjustment to equity.

- (c) At March 31, 2025, certain balances amounted to US\$1,180,060,000 (2024: US\$1,533,201,000) are under supplier finance arrangements and included in other payables, of which subcontractors have already received payment from the relevant financial institutions. The range of payment due dates for such supplier finance arrangements are 60 to 145 days after the invoice date, which is similar with the range of payment due dates for comparable other payables that are not part of the supplier finance arrangements.

23 Provisions

Accounting policy

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(a) Warranty provision

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

(b) Other provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring costs provision comprises lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Critical accounting estimates and judgments

Warranty provision is based on the estimated cost of product warranties when revenue is recognized. Factors that affect the Group's warranty liability include the number of sold units currently under warranty, historical and anticipated rates of warranty claims on those units, and cost per claim to satisfy our warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with the suppliers. These amounts are recognized as a separate asset, to the extent of the amount of the provision made, when it is virtually certain that reimbursement will be received if the Group settles the obligation.

23 Provisions (continued)

The components of provisions of the Group are as follows:

	Warranty US\$'000	Environmental restoration US\$'000	Restructuring US\$'000	Total US\$'000
Year ended March 31, 2024				
At the beginning of the year	1,051,839	26,084	162,577	1,240,500
Exchange adjustment	(25,797)	(2,703)	(521)	(29,021)
Provisions made	660,534	18,051	54,991	733,576
Amounts utilized	(716,985)	(16,096)	(108,108)	(841,189)
	969,591	25,336	108,939	1,103,866
Long-term portion classified as non-current liabilities	(161,261)	(21,655)	–	(182,916)
At the end of the year	808,330	3,681	108,939	920,950
Year ended March 31, 2025				
At the beginning of the year	969,591	25,336	108,939	1,103,866
Exchange adjustment	(6,690)	(313)	546	(6,457)
Provisions made	725,885	16,443	–	742,328
Amounts utilized	(718,097)	(14,935)	(71,553)	(804,585)
	970,689	26,531	37,932	1,035,152
Long-term portion classified as non-current liabilities	(159,400)	(23,159)	–	(182,559)
At the end of the year	811,289	3,372	37,932	852,593

The Group records its warranty liability at the time of sales based on estimated costs. Warranty claims are reasonably predictable based on historical failure rate information. The warranty accrual is reviewed quarterly to verify it properly reflects the outstanding obligation over the warranty period. Certain of these costs are reimbursable from the suppliers in accordance with the terms of relevant arrangements with them.

The Group records its environmental restoration provision at the time of sales based on estimated costs of environmentally-sound disposal of waste electrical and electronic equipment upon return from end-customers and with reference to the historical or projected future return rate. The environmental restoration provision is reviewed at least annually to assess its adequacy to meet the Group's obligation.

Restructuring costs provision mainly comprises employee termination payments, arising from a series of restructuring actions to reduce costs and enhance operational efficiency. The Group records its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

Notes to the financial statements

For the year ended March 31, 2025

24 Borrowings

Accounting policy

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless, at the balance sheet date, the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2025 US\$'000	2024 US\$'000
Current liabilities		
Short-term loans (a)	65,364	50,431
Notes (b)	964,988	–
	1,030,352	50,431
Non-current liabilities		
Notes (b)	2,050,271	3,012,637
Convertible bonds (c)	2,287,535	556,592
	4,337,806	3,569,229
	5,368,158	3,619,660

Notes:

- (a) Majority of the short-term loans are denominated in United States dollars. At March 31, 2025, the Group has total revolving and short-term loan facilities of US\$6,044 million (2024: US\$5,426 million) which has been utilized to the extent of US\$62 million (2024: US\$41 million).

24 Borrowings (continued)

Notes: (continued)

(b) Details of the outstanding notes are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US\$'000	2024 US\$'000
April 24, 2020 and May 12, 2020	US\$965 million	5 years	5.875%	April 2025	964,988	964,798
November 2, 2020	US\$900 million	10 years	3.421%	November 2030	895,032	894,145
July 27, 2022	US\$600 million	5.5 years	5.831%	January 2028	596,607	595,587
July 27, 2022	US\$563 million	10 years	6.536%	July 2032	558,632	558,107
					3,015,259	3,012,637

(c) Details of the outstanding convertible bonds are as follows:

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	2025 US\$'000	2024 US\$'000
August 26, 2022 (i)	US\$675 million	7 years	2.5%	August 2029	576,812	556,592
January 8, 2025 (ii)	US\$2,000 million	3 years	0%	January 2028	1,710,723	–
					2,287,535	556,592

- (i) On August 26, 2022, the Company completed the issuance of 7-Year US\$675 million convertible bonds bearing annual interest at 2.5% due in August 2029 ("the 2029 Convertible Bonds") to the bondholders. The proceeds were used to repay previous convertible bonds and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of the Company at a conversion price of HK\$9.94 per share, subject to adjustments. The conversion price was adjusted to HK\$8.95 per share effective on January 8, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK\$8.95 per share, the 2029 Convertible Bonds will be convertible into 591,171,787 shares.

The outstanding principal amount of the 2029 Convertible Bonds is repayable by the Company upon the maturity of the 2029 Convertible Bonds on August 26, 2029 if not previously redeemed, converted or purchased and cancelled. On August 26, 2026, the bondholders will have the right, at the bondholders' option, to require the Company to redeem part or all of the 2029 Convertible Bonds at their principal amount.

At any time after September 9, 2026 and prior to August 26, 2029, the Company will have the right to redeem in whole, but not in part, the 2029 Convertible Bonds for the time being outstanding at their principal amount upon occurrence of certain specified conditions.

Notes to the financial statements

For the year ended March 31, 2025

24 Borrowings (continued)

Notes: (continued)

(c) (continued)

- (ii) On January 8, 2025, the Company completed the issuance of 3-Year US\$2,000 million zero-coupon convertible bonds due in January 2028 ("the 2028 Convertible Bonds") to the bondholder, subject to three months extension upon occurrence of specified condition. The proceeds were used to repay the existing debts and for general corporate purposes. The bondholder has the right, at any time up to 15 calendar days prior to the maturity date, to convert part or all of the outstanding principal amount of the 2028 Convertible Bonds into ordinary shares of the Company at a conversion price of HK\$10.02 per share, subject to adjustments. The conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK\$10.02 per share, the 2028 Convertible Bonds will be convertible into 1,559,181,636 shares.

The liability and equity components of the 2028 Convertible Bonds on initial recognition are presented as follows:

	US\$'000
Face value of the convertible bonds on the issue date	2,000,000
Less: transaction costs	(20,192)
Net proceeds	1,979,808
Less: equity component	(290,608)
Liability component on initial recognition	1,689,200

The outstanding principal amount of the 2028 Convertible Bonds is repayable by the Company upon the maturity of the 2028 Convertible Bonds on January 8, 2028 if not previously redeemed or converted. At any time prior to the maturity date, the bondholder will have the right to require the Company to redeem all of the 2028 Convertible Bonds at their principal amount or plus interest of 4.5% per annum upon occurrence of certain specified conditions.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion, redemption or maturity of the bonds. The remainder of the proceeds was allocated to the conversion option and recognized in shareholders' equity, net of income tax, and not subsequently remeasured.

The Group expects that it will be able to meet its redemption obligations based on the financial position of the Group had conversion of the 2029 Convertible Bonds and 2028 Convertible Bonds not exercised on maturity.

24 Borrowings (continued)

At March 31, 2025 and 2024, the Group's borrowings were repayable as follows:

	2025 US\$'000	2024 US\$'000
Within 1 year	1,030,352	50,431
Over 1 to 2 years	-	964,798
Over 2 to 5 years	2,884,142	595,587
Over 5 years	1,453,664	2,008,844
	5,368,158	3,619,660

The fair values of the notes and convertible bonds at March 31, 2025 were US\$3,013 million and US\$2,681 million respectively (2024: US\$2,954 million and US\$827 million respectively). The carrying amounts of other borrowings are either at fair value or approximate their fair values as the impact of discounting is not significant.

Total bank facilities of the Group at March 31, 2025 and 2024 are as follows:

	Total available amounts		Utilized amounts	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Revolving loans	2,850,000	3,500,000	-	-
Short-term money market facilities	3,193,522	1,925,683	62,433	41,300
Forward foreign exchange contracts	16,008,524	11,587,905	15,982,263	11,554,595
Trade lines	6,199,943	4,676,387	4,369,806	2,861,146
	28,251,989	21,689,975	20,414,502	14,457,041

All borrowings are unsecured and the effective annual interest rates at March 31, 2025 and 2024 are as follows:

	United States dollar	
	2025	2024
Short-term loans and notes	0.99%-6.63%	3.29%-10.02%
Convertible bonds	5.65%-6.07%	6.07%

Notes to the financial statements

For the year ended March 31, 2025

25 Derivative financial liabilities

Accounting policy

Derivative financial liabilities include derivatives relate to foreign currency forward contracts (see Note 29 for accounting policy) and warrants issued by the Company.

Warrants issued by the Company are classified as financial liabilities at fair value through profit or loss as the warrants give the Company a choice over how it is settled upon the exercise of subscription right of the warrants. The warrants are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. When determining the classification of warrants as current or non-current, the Group considers the date at which the holders could demand settlement. Warrants that can be exercised within 12 months after the balance sheet date are classified as current at balance sheet date.

On January 8, 2025, an aggregate of 1,150,000,000 warrants have been fully subscribed and issued with gross proceeds of HK\$1,645 million (approximately US\$212 million).

Subject to the terms of the warrants, including the transfer and exercise limit in respect of each 12-month period from the issue date, the warrants holders have the right, at any time up to January 8, 2028, which may be extended by three months, to subscribe for the Company's shares at an initial subscription price of HK\$12.31 per share, subject to adjustments. The Company has the option to satisfy such exercise rights by allotment and issue of the Company's shares, or through cash payments, which is determined with reference to the market price of the Company's shares.

The warrants issued by the Company are initially recognized as financial liabilities at FVPL and are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized as "other operating income/(expenses) — net" in the consolidated income statement. The valuation methodology and inputs used are disclosed in Note 30(d).

At March 31, 2025, the current and non-current derivative financial liabilities relating to warrants amounted to US\$87,919,000 and US\$241,778,000, respectively.

Details of derivatives relate to foreign currency forward contracts (included in derivative financial instruments) are disclosed in Note 29 and Note 30.

26 Other non-current liabilities

Accounting policy

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized within “Other operating income/(expenses) — net” in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in “Other non-current liabilities” as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

Details of other non-current liabilities are as follows:

	2025 US\$'000	2024 US\$'000
Deferred consideration (a)	25,072	25,072
Written put option liability (Note 22(b)(ii))	-	44,251
Lease liabilities	269,828	240,449
Environmental restoration (Note 23)	23,159	21,655
Government incentives and grants received in advance (b)	98,350	101,095
Others	301,375	322,183
	717,784	754,705

Notes:

- (a) Pursuant to the joint venture agreement entered into with NEC Corporation, the Group is required to pay in cash to NEC Corporation deferred consideration. At March 31, 2025, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US\$25 million (2024: US\$25 million).
- (b) Government incentives and grants received in advance by certain group companies included in “Other non-current liabilities” mainly relate to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfill certain conditions under the terms of the government incentives and grants. The government incentives and grants, upon fulfillment of those conditions, are credited to the consolidated income statement immediately or recognized on a straight-line basis over the expected life of the related assets.

Notes to the financial statements

For the year ended March 31, 2025

27 Retirement benefit obligations

Accounting policy

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Significant portion of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income or loss in the year in which they arise. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group. Contributions from employees are linked to service and hence, the contributions reduce service cost. The Group attributes the contributions from employees to periods of service on a straight-line basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, the largest being in the United States. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income or loss in the year in which they arise. The obligations of these schemes in the United States are valued annually by independent qualified actuaries.

Critical accounting estimates and judgments

Pension and other post-retirement benefit costs and obligations are dependent on various assumptions. The Group's major assumptions primarily relate to discount rate, expected return on assets, and salary growth. In determining the discount rate, the Group references market yields at the balance sheet date on high quality corporate bonds. The currency and term of the bonds are consistent with the currency and estimated term of the benefit obligations being valued. The expected return on plan assets is based on market expectations for returns over the life of the related assets and obligations. The salary growth assumptions reflect the Group's long-term actual experience and future and near-term outlook. Actual results that differ from the assumptions are generally recognized in the year they occur.

27 Retirement benefit obligations (continued)

	2025 US\$'000	2024 US\$'000
Pension obligation included in non-current liabilities		
Pension benefits	191,561	212,841
Post-employment medical benefits	29,223	28,561
	220,784	241,402
Expensed in consolidated income statement		
Pension benefits (Note 7)	18,372	23,059
Post-employment medical benefits	1,562	1,498
	19,934	24,557
Remeasurements for:		
Defined pension benefits	(5,922)	5,740
Post-employment medical benefits	361	934
	(5,561)	6,674

The Group's largest pension liabilities are now in Germany. The Group operates a sectionalized plan that has both defined contribution and defined benefit features in Germany, including benefits based on a final pay formula. This plan is closed to new entrants. The defined benefit plan for Motorola Mobility in Germany does not have employees, but a large number of retirees and former employees with benefits fully vested but have yet to reach retirement age.

The Group continues to maintain significant pension liabilities in Japan, where a cash balance benefit is provided for substantially all employees.

In the US, the defined benefit plan is closed to new entrants, and now covers only less than 1% of employees. There is also a supplemental defined benefit plan that covers certain executives.

The Group also operates final salary defined benefit plans in a number of countries as a result of past acquisitions.

The Group's plans are valued by qualified actuaries annually using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise.

(a) Pension benefits

The amounts recognized in the consolidated balance sheet are determined as follows:

	2025 US\$'000	2024 US\$'000
Present value of funded obligations	444,455	451,205
Fair value of plan assets	(383,508)	(373,512)
Deficit of funded plans	60,947	77,693
Present value of unfunded obligations	130,614	135,148
Liability in the consolidated balance sheet	191,561	212,841
Representing:		
Pension benefits obligation	191,561	212,841

Notes to the financial statements

For the year ended March 31, 2025

27 Retirement benefit obligations (continued)

(a) Pension benefits (continued)

The principal actuarial assumptions used are as follows:

	2025	2024
Discount rate	1.1%-5.2%	1.5%-5.1%
Future salary increases	0%-3.5%	0%-5.4%
Future pension increases	0%-2.0%	0%-2.5%
Life expectancy for male aged 60	26	25
Life expectancy for female aged 60	29	29

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2025	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.4%	Increase by 5.9%
Salary growth rate	0.5%	Increase by 0.8%	Decrease by 0.8%
Pension growth rate	0.5%	Increase by 3.5%	Decrease by 3.3%
Life expectancy	1 year	Increase by 1.1%	Decrease by 1.4%

2024	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.6%	Increase by 6.2%
Salary growth rate	0.5%	Increase by 1.0%	Decrease by 0.9%
Pension growth rate	0.5%	Increase by 3.7%	Decrease by 3.5%
Life expectancy	1 year	Increase by 1.4%	Decrease by 1.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the balance sheet date) has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

27 Retirement benefit obligations (continued)

(b) Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes, principally in the US. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes.

The US plan (Lenovo Future Health Account Plan) is currently an unfunded plan, and benefits to eligible retirees and dependents will be made through general assets.

As post-employment medical benefits plan made no agreements on future benefit level changes, the changes in future medical cost trend rates have no effect on the liabilities for post-employment medical benefits.

The liability recognized in the consolidated balance sheet of US\$29,223,000 (2024: US\$28,561,000) represents the present value of unfunded obligations.

(c) Additional information on post-employment benefits (pension and medical)

Plan assets of the Group comprise:

	2025			2024		
	Quoted US\$'000	Unquoted US\$'000	Total US\$'000	Quoted US\$'000	Unquoted US\$'000	Total US\$'000
Pension plan						
Equity instruments						
Information technology	1,324	-	1,324	1,429	-	1,429
Energy	254	-	254	234	-	234
Manufacturing	3,467	-	3,467	2,026	-	2,026
Others	11,708	-	11,708	10,420	-	10,420
	16,753	-	16,753	14,109	-	14,109
Debt instruments						
Government	56,632	-	56,632	58,423	-	58,423
Corporate bonds (investment grade)	63,660	-	63,660	61,439	-	61,439
Corporate bonds (Non-investment grade)	57,756	-	57,756	57,916	-	57,916
	178,048	-	178,048	177,778	-	177,778
Others						
Property	-	29,313	29,313	-	23,449	23,449
Qualifying insurance policies	-	44,529	44,529	-	49,951	49,951
Cash and cash equivalents	10,410	-	10,410	7,048	-	7,048
Investment funds	-	83,317	83,317	-	77,328	77,328
Structured bonds	-	16,990	16,990	-	19,519	19,519
Others	-	4,148	4,148	-	4,330	4,330
	10,410	178,297	188,707	7,048	174,577	181,625
	205,211	178,297	383,508	198,935	174,577	373,512

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership, liability profile and the liquidity requirements of the plans.

The weighted average duration of the defined benefit obligation is 11.62 years (2024: 12.04 years).

Notes to the financial statements

For the year ended March 31, 2025

27 Retirement benefit obligations (continued)

(c) Additional information on post-employment benefits (pension and medical) (continued)

Expected maturity analysis of undiscounted pension and post-employment medical benefits:

	Less than a year US\$'000	Between 1-2 years US\$'000	Between 2-5 years US\$'000	Over 5 years US\$'000	Total US\$'000
At March 31, 2025					
Pension benefits	29,351	32,673	97,487	731,011	890,522
Post-employment medical benefits	1,718	1,925	6,887	37,644	48,174
Total	31,069	34,598	104,374	768,655	938,696
At March 31, 2024					
Pension benefits	28,815	28,610	94,889	741,916	894,230
Post-employment medical benefits	1,555	1,747	14,200	38,671	56,173
Total	30,370	30,357	109,089	780,587	950,403

Pension and medical plan assets do not include any of the Company's ordinary shares or US real estate occupied by the Group (2024: nil).

Reconciliation of fair value of plan assets of the Group:

	Pension		Medical	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Opening fair value	373,512	367,224	-	-
Exchange adjustment	(459)	(20,973)	(15)	16
Interest income	13,231	11,371	38	17
Remeasurements:				
Experience (loss)/gain	(11,125)	3,764	-	-
Contributions by the employer	26,285	31,329	1,276	1,110
Contributions by plan participants	1,956	1,349	-	-
Benefits paid	(19,892)	(20,552)	(1,299)	(1,143)
Closing fair value	383,508	373,512	-	-
Actual return on plan assets	2,106	15,135	38	17

Contributions of US\$17,701,000 are estimated to be made for the year ending March 31, 2026.

27 Retirement benefit obligations (continued)

(c) Additional information on post-employment benefits (pension and medical) (continued)

Reconciliation of movements in present value of defined benefit obligation of the Group:

	Pension		Medical	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Opening defined benefit obligation	586,353	597,181	28,561	27,287
Exchange adjustment	(3,815)	(30,959)	-	(32)
Current service cost	12,218	15,007	178	226
Past service cost	337	1,231	-	-
Interest cost	19,254	18,427	1,422	1,289
Remeasurements:				
(Gain)/loss from changes in demographic assumptions	(33)	(326)	(55)	3
(Gain)/loss changes in financial assumptions	(21,455)	405	84	(1,107)
Experience loss	4,441	9,425	332	2,038
Contributions by plan participants	1,415	1,337	-	-
Benefits paid	(23,440)	(25,140)	(1,299)	(1,143)
Curtailment gain	(206)	(235)	-	-
Closing defined benefit obligation	575,069	586,353	29,223	28,561

During the year, benefits of US\$3,548,000 were settled directly by the Group (2024: US\$4,588,000).

Summary of pensions and post-retirement medical benefits of the Group:

	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
Present value of defined benefit obligation	604,292	614,914	624,468	750,069	876,077
Fair value of plan assets	383,508	373,512	367,224	409,527	444,172
Deficit	220,784	241,402	257,244	340,542	431,905
Actuarial losses/(gains) arising on plan assets	11,125	(3,764)	35,788	17,780	(6,196)
Actuarial (gains)/losses arising on plan liabilities	(16,686)	10,438	(94,312)	(75,974)	(29,539)
	(5,561)	6,674	(58,524)	(58,194)	(35,735)

Notes to the financial statements

For the year ended March 31, 2025

27 Retirement benefit obligations *(continued)*

(c) Additional information on post-employment benefits (pension and medical) *(continued)*

The amounts recognized in the consolidated income statement are as follows:

	Pension		Medical	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Current service cost	12,218	15,007	178	226
Past service cost	337	1,231	-	-
Interest cost	19,254	18,427	1,422	1,289
Interest income	(13,231)	(11,371)	(38)	(17)
Curtailment gain	(206)	(235)	-	-
Total expense recognized in the consolidated income statement	18,372	23,059	1,562	1,498

28 Share capital

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

	2025		2024	
	Number of shares	US\$'000	Number of shares	US\$'000
Issued and fully paid:				
Voting ordinary shares:				
At the beginning of the year	12,404,659,302	3,500,987	12,128,130,291	3,282,318
Conversion of convertible bonds	-	-	276,529,011	218,669
At the end of the year	12,404,659,302	3,500,987	12,404,659,302	3,500,987

29 Financial instruments by category

Accounting policy

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

Notes to the financial statements

For the year ended March 31, 2025

29 Financial instruments by category *(continued)*

Accounting policy *(continued)*

Financial assets *(continued)*

(c) *Measurement (continued)*

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established. On disposal of these equity investments, any related balance within the investment revaluation reserve is reclassified to retained earnings. Changes in the fair value of financial assets at FVPL are recognized in profit or loss as applicable.

Financial assets at FVOCI comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

Financial assets at FVPL comprise equity investments which are held for trading, and which the Group has not elected to recognize fair value gains and losses through other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 30(d).

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values at each balance sheet date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge) or (ii) hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

29 Financial instruments by category (continued)

Accounting policy (continued)

Derivative financial instruments and hedging activities (continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income or loss. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale or purchase that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the consolidated income statement within "Finance costs". The gain or loss relating to the ineffective portion is recognized within "Other operating income/(expenses) — net" in the consolidated income statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gains or losses on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to the consolidated income statement immediately.

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated income statement.

Critical accounting estimates and judgments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

Notes to the financial statements

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29 Financial instruments by category (continued)

	Financial assets at amortized cost US\$'000	Financial assets at FVPL US\$'000	Derivatives used for hedging US\$'000	Financial assets at FVOCI (non- recycling) US\$'000	Other financial assets at FVOCI (recycling) US\$'000	Total US\$'000
Assets						
At March 31, 2025						
Financial assets at FVPL	-	1,464,384	-	-	-	1,464,384
Financial assets at FVOCI	-	-	-	45,382	-	45,382
Other non-current assets	248,777	-	-	-	-	248,777
Trade and notes receivables	60,542	-	-	-	10,446,068	10,506,610
Derivative financial assets	-	-	53,690	-	-	53,690
Deposits and other receivables	2,746,721	-	-	-	-	2,746,721
Bank deposits	88,607	-	-	-	-	88,607
Cash and cash equivalents	4,728,124	-	-	-	-	4,728,124
	7,872,771	1,464,384	53,690	45,382	10,446,068	19,882,295
At March 31, 2024						
Financial assets at FVPL	-	1,393,666	-	-	-	1,393,666
Financial assets at FVOCI	-	-	-	55,973	-	55,973
Other non-current assets	365,640	-	-	-	-	365,640
Trade and notes receivables	16,998	-	-	-	8,130,697	8,147,695
Derivative financial assets	-	-	69,568	-	-	69,568
Deposits and other receivables	2,347,121	-	-	-	-	2,347,121
Bank deposits	65,555	-	-	-	-	65,555
Cash and cash equivalents	3,559,831	-	-	-	-	3,559,831
	6,355,145	1,393,666	69,568	55,973	8,130,697	16,005,049

29 Financial instruments by category (continued)

	Financial liabilities at amortized cost US\$'000	Derivatives used for hedging US\$'000	Derivatives at FVPL US\$'000	Total US\$'000
Liabilities				
At March 31, 2025				
Trade and notes payables	11,978,933	-	-	11,978,933
Derivative financial liabilities	-	109,277	329,697	438,974
Other payables and accruals	10,503,181	-	-	10,503,181
Lease liabilities	364,800	-	-	364,800
Borrowings	5,368,158	-	-	5,368,158
Deferred consideration	25,072	-	-	25,072
Written put option liabilities	303,099	-	-	303,099
Others	301,375	-	-	301,375
	28,844,618	109,277	329,697	29,283,592
At March 31, 2024				
Trade and notes payables	10,505,427	-	-	10,505,427
Derivative financial liabilities	-	42,555	-	42,555
Other payables and accruals	9,552,604	-	-	9,552,604
Lease liabilities	342,029	-	-	342,029
Borrowings	3,619,660	-	-	3,619,660
Deferred consideration	25,072	-	-	25,072
Written put option liabilities	297,733	-	-	297,733
Others	322,183	-	-	322,183
	24,664,708	42,555	-	24,707,263

Notes to the financial statements

For the year ended March 31, 2025

30 Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign currency risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is carried out by the centralized treasury department ("Group Treasury").

(a) Financial risk factors

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to United States dollar, Renminbi and Euro. Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investment in foreign operations denominated in a currency that is not the group companies' functional currency.

Management has set up a policy to require group companies to manage their foreign currency risk against their functional currency. The Group's forward foreign currency contracts are either used to hedge a percentage of anticipated cash flows (mainly export sales and purchase of inventories) which are highly probable, or used as fair value hedges for the identified assets and liabilities.

For segment reporting purposes, external hedge contracts on assets, liabilities or future transactions are designated to each operating segment, as appropriate.

The following tables detail the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate, except for the currency risk between United States dollar and Hong Kong dollar given the two currencies are under the linked exchange rate system. For presentation purposes, the amounts of the exposure are shown in United States dollar, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2025			2024		
	United States dollar US\$'000	Renminbi US\$'000	Euro US\$'000	United States dollar US\$'000	Renminbi US\$'000	Euro US\$'000
Trade and other receivables	716,915	20,488	182,482	725,286	9,155	164,159
Bank deposits and cash and cash equivalents	51,284	51,879	106,073	108,167	87,364	171,657
Trade and other payables	(590,815)	(73,663)	(107,042)	(479,478)	(9,851)	(92,222)
Intercompany balances before elimination	1,838,813	4,611,989	(401,751)	1,297,061	3,250,149	(696,053)
Gross exposure	2,016,197	4,610,693	(220,238)	1,651,036	3,336,817	(452,459)
Notional amounts of forward exchange contracts used as economic hedges	2,645,733	263,551	291,687	2,079,772	597,298	523,050
Net exposure	4,661,930	4,874,244	71,449	3,730,808	3,934,115	70,591

30 Financial risk management *(continued)*

(a) Financial risk factors *(continued)*

(ii) Cash flow interest rate risk

The Group's interest rate risk generally arises from short-term and long-term borrowings denominated in United States dollar. It is the Group's policy to mitigate interest rate risk through the use of appropriate interest rate hedging instruments when necessary. Generally, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to settle the difference between cash flow arising from fixed contract rates and floating-rate interest of the notional amounts at specified intervals (primarily quarterly).

The Group participates in various trade financing programs. The Group is exposed to fluctuation of interest rates of all the currencies covered by those programs.

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet either as financial assets at FVPL (Note 17(a)) or FVOCI (Note 17(b)).

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's listed equity investments are determined based on respective quoted market prices. The fair value of unlisted equity investments is determined based on valuation techniques, please refer to Note 30(d) for details.

(iv) Credit risk

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

For banks and other financial institutions, the Group controls its credit risk through monitoring their credit rating and setting approved counterparty credit limits that are regularly reviewed.

The Group has no significant concentration of customer credit risk. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis. No credit limits were exceeded by any customers and subcontractors during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

Except for trade receivables, the Group measures the loss allowance equal to 12 months expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime expected credit loss. The expected credit loss was minimal.

Notes to the financial statements

For the year ended March 31, 2025

30 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Credit risk (continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and days past due. The gross carrying amount of the trade receivables and the loss allowance analyzed by ageing band are set out below:

	Gross carrying amount US\$'000	Loss allowance US\$'000	Expected credit loss rate
At March 31, 2025			
Not past due	9,583,585	(17,198)	0%
Past due less than 31 days	445,630	(276)	0%
Past due within 31 to 60 days	189,349	(108)	0%
Past due within 61 to 90 days	83,704	(189)	0%
Past due over 90 days	310,904	(149,333)	48%
	10,613,172	(167,104)	
At March 31, 2024			
Not past due	7,246,766	(31,783)	0%
Past due less than 31 days	487,343	(359)	0%
Past due within 31 to 60 days	178,547	(117)	0%
Past due within 61 to 90 days	62,326	(664)	1%
Past due over 90 days	288,482	(99,844)	35%
	8,263,464	(132,767)	

(v) Liquidity risk

Cash flow forecasting at least for next twelve months of the Group is performed by Group Treasury. It monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational, financing and investing needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 24) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, net current liabilities position, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities over and above balances required for working capital management are transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the balance sheet date, the Group held money market funds of US\$1,493,773,000 (2024: US\$353,552,000) (Note 20).

As detailed in Notes 21 and 22, the Group utilizes supplier finance arrangements as part of its working capital strategy to enhance operational flexibility. These arrangements are established with multiple financial institutions, all of which are in sound financial health. This arrangement enables the Group to centralize the payment of trade and notes payables, as well as other payables, to the financial institutions instead of making individual payments to each supplier and subcontractor. Since the amounts involved are distributed across various financial institutions, management has determined that the likelihood of these arrangements becoming unavailable is remote and the current structure does not represent a material concentration of liquidity risk to the Group.

30 Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Liquidity risk (continued)

The tables below analyze the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the tables are the contractual undiscounted cash outflows/(inflows).

	Repayable on demand or 3 months or less US\$'000	Over 3 months to 1 year US\$'000	Over 1 to 3 years US\$'000	Over 3 to 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
At March 31, 2025						
Borrowings	1,036,424	119,038	2,835,236	835,657	1,567,701	6,394,056
Trade, notes and other payables and accruals	21,167,447	1,314,667	-	-	-	22,482,114
Deferred consideration	-	-	25,072	-	-	25,072
Written put option liabilities	256,852	49,221	-	-	-	306,073
Lease liabilities	31,920	88,342	183,072	70,264	36,466	410,064
Others	-	-	229,022	20,998	51,355	301,375
Derivatives settled in net:						
Forward foreign exchange contracts	707	-	-	-	-	707
Derivatives settled in gross:						
Forward foreign exchange contracts						
— outflow	12,343,419	1,514,555	-	-	-	13,857,974
— inflow	(12,282,766)	(1,520,618)	-	-	-	(13,803,384)
At March 31, 2024						
Borrowings	21,187	210,657	1,210,193	805,524	2,335,798	4,583,359
Trade, notes and other payables and accruals	18,168,239	1,889,792	-	-	-	20,058,031
Deferred consideration	-	-	25,072	-	-	25,072
Written put option liabilities	253,482	-	49,452	-	-	302,934
Lease liabilities	36,013	96,358	166,189	78,986	32,302	409,848
Others	-	-	224,297	87,095	10,791	322,183
Derivatives settled in gross:						
Forward foreign exchange contracts						
— outflow	9,217,616	603,633	-	-	-	9,821,249
— inflow	(9,229,714)	(612,837)	-	-	-	(9,842,551)

Notes to the financial statements

For the year ended March 31, 2025

30 Financial risk management (continued)

(b) Market risk sensitivity analysis

HKFRS 7 “Financial instruments: Disclosures” requires the disclosure of a sensitivity analysis for market risks that show the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed to at the balance sheet date on profit or loss and total equity.

The sensitivity analysis for each type of market risks does not reflect inter-dependencies between risk variables. The sensitivity analysis assumes that a hypothetical change of the relevant risk variable had occurred at the balance sheet date and had been applied to the relevant risk variable in existence on that date. The bases and assumptions adopted in the preparation of the analyses will by definition, seldom equal to the related actual results.

The disclosure of the sensitivity analysis on market risks is solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments, and are for illustration purposes only; and it should be noted that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses of the Group.

(i) Foreign currency exchange rate sensitivity analysis

At March 31, 2025, if United States dollar had weakened/strengthened by one percent against the major currencies with all other variables held constant, pre-tax profit for the year would have been US\$2.8 million higher/lower (2024: US\$2.7 million higher/lower), mainly as a result of foreign exchange gains/losses on translation of unhedged portion of receivable and payable balances.

The analysis above is based on the assumption that United States dollar weakened or strengthened against all other currencies in the same direction and magnitude, but it may not be necessarily true in reality.

(ii) Interest rate sensitivity analysis

At March 31, 2025, the Group’s short term borrowings at variable rate do not have significant impact on pre-tax profit for the year if interest rate on borrowings had been 25 basis points higher/lower with all other variable held constant (2024: do not have significant impact).

(iii) Price risk sensitivity analysis

The table below summarizes the impact of increase/decrease of the quoted market prices of listed equity investments and the prices of unlisted equity investments on the Group’s pre-tax profit and equity for the year. The analysis is based on the assumption that the fair value of the equity investments had increased/decreased by 5% with all other variables held constant.

	Impact on pre-tax profit		Pre-tax impact on other components of equity	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Increase by 5%	73,219	69,683	2,269	2,799
Decrease by 5%	(73,219)	(69,683)	(2,269)	(2,799)

30 Financial risk management (continued)

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings) divided by total equity. The Group's strategy remains unchanged and the gearing ratios and net (debt)/cash position of the Group at March 31, 2025 and 2024 are as follows:

	2025 US\$ million	2024 US\$ million
Bank deposits and cash and cash equivalents	4,817	3,626
Less: total borrowings	(5,368)	(3,620)
Net (debt)/cash position	(551)	6
Total equity	6,660	6,081
Gearing ratio	0.81	0.60

(d) Fair value estimation

The table below analyzes financial instruments carried at fair value defined under different levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to environmental, social and governance risk ("ESG risk"). These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Notes to the financial statements

For the year ended March 31, 2025

30 Financial risk management (continued)

(d) Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as estimated discounted cash flows and recent transaction for similar instruments, are used to determine fair value for the remaining financial instruments.

The following table presents the assets and liabilities that are measured at fair value at March 31, 2025 and 2024.

	2025				2024			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Assets								
Financial assets at FVPL								
Listed equity investments	156,001	-	107,794	263,795	110,573	-	156,293	266,866
Unlisted equity investments	-	-	1,200,589	1,200,589	-	-	1,126,800	1,126,800
Financial assets at FVOCI								
Listed equity investments	31,113	-	-	31,113	37,745	-	-	37,745
Unlisted equity investments	-	-	14,269	14,269	-	-	18,228	18,228
Trade receivables	-	10,446,068	-	10,446,068	-	8,130,697	-	8,130,697
Derivative financial assets	-	53,690	-	53,690	-	69,568	-	69,568
	187,114	10,499,758	1,322,652	12,009,524	148,318	8,200,265	1,301,321	9,649,904
Liabilities								
Derivative financial liabilities	-	109,277	329,697	438,974	-	42,555	-	42,555
	-	109,277	329,697	438,974	-	42,555	-	42,555

30 Financial risk management (continued)

(d) Fair value estimation (continued)

The movements in the financial assets and liabilities included in Level 3 fair value hierarchy for the years ended March 31, 2025 and 2024 are as follows:

Equity securities

	Financial assets at FVPL		Financial assets at FVOCI	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
At the beginning of the year	1,283,093	1,053,541	18,228	21,152
Exchange adjustment	(6,834)	(42,544)	(43)	(448)
Fair value change recognized in other comprehensive income	-	-	(3,930)	(2,476)
Fair value change recognized in profit or loss	(49,853)	167,267	-	-
Transfer to Level 1	(51,765)	(53,512)	-	-
Additions	155,775	179,192	14	-
Disposals	(22,033)	(20,851)	-	-
At the end of the year	1,308,383	1,283,093	14,269	18,228

The Level 3 equity securities are valued primarily based on the latest available financial statements. The Group may make adjustments to the value based on considerations such as the value date of the net assets value provided, cash flows since the latest value date, geographic and sector exposures, market movements and the basis of accounting of the underlying equity securities. A reasonable possible change in key assumptions used in the fair value measurement of equity securities would not result in any significant potential financial impact.

During the year ended March 31, 2025, four (2024: three) investments which were categorized as Level 3 have listed their equity shares on the exchanges or removed certain sales restrictions. With the published price quotations in active markets, related fair value measurement was transferred from Level 3 to Level 1.

Derivative financial liabilities relating to warrants

	2025 US\$'000	2024 US\$'000
At the beginning of the year	-	-
Exchange adjustment	(230)	-
Additions	211,652	-
Fair value change recognized in profit or loss	118,275	-
At the end of the year	329,697	-

Valuations of warrants that do not have a quoted price are performed using Black-Scholes model with unobservable inputs including risk-free interest rate of 3.3% and expected volatility of 36.7%. If the risk-free interest rate increased/decreased by 0.5%, the fair value of warrants would have been increased/decreased by approximately US\$9 million and US\$7 million respectively, while if the expected volatility increased/decreased by 0.5%, the fair value of warrants would have been increased/decreased by approximately US\$6 million and US\$4 million respectively, with the corresponding loss/gain recognized in the consolidated income statement.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Notes to the financial statements

For the year ended March 31, 2025

31 Note to the consolidated cash flow statement

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

	2025 US\$'000	2024 US\$'000
Profit before taxation	1,480,870	1,365,454
Share of losses of associates and joint ventures	19,978	25,659
Finance income	(109,964)	(148,134)
Finance costs	773,269	762,805
Depreciation of property, plant and equipment	453,861	428,472
Depreciation of right-of-use assets	115,965	151,899
Amortization of intangible assets	849,309	832,782
Impairment and write-off of property, plant and equipment	-	10,474
Impairment and write-off of intangible assets	123,140	29,745
Impairment of interest in an associate	-	6,690
Share-based compensation	290,245	277,574
Loss on disposal of property, plant and equipment	3,596	3,479
Loss on disposal of intangible assets	2,954	25
Loss on disposal of construction-in-progress	535	13,827
Gain on disposal of interest in associates	-	(12)
Gain on deemed disposal of a subsidiary	(22,627)	-
Fair value change on financial instruments	(19,541)	(755)
Fair value change on financial assets at FVPL	(59,552)	(153,113)
Fair value loss on derivative financial liabilities relating to warrants	118,275	-
Gain on remeasurement of a written put option liability	-	(143,430)
Dividend income	(8,114)	(2,933)
Increase in inventories	(1,356,853)	(360,686)
Increase in trade and notes receivables, deposits, prepayments and other receivables	(2,952,138)	(190,928)
Increase in trade and notes payables, provisions, other payables and accruals	2,562,146	401,076
Effect of foreign exchange rate changes	47,586	58,969
Net cash generated from operations	2,312,940	3,368,939

31 Note to the consolidated cash flow statement *(continued)*

(b) Reconciliation of financing liabilities

This section sets out an analysis of financing liabilities and the movements in financing liabilities for the years presented.

Financing liabilities	2025 US\$'000	2024 US\$'000
Short-term loans — current	65,364	50,431
Notes — current	964,988	–
Notes — non-current	2,050,271	3,012,637
Convertible bonds — non-current	2,287,535	556,592
Derivative financial liabilities relating to warrants — current	87,919	–
Derivative financial liabilities relating to warrants — non-current	241,778	–
Lease liabilities — current	94,972	101,580
Lease liabilities — non-current	269,828	240,449
	6,062,655	3,961,689
Short-term loans — variable interest rates	36,415	43,423
Short-term loans — fixed interest rates	28,949	7,008
Notes — fixed interest rates	3,015,259	3,012,637
Convertible bonds — fixed interest rates	2,287,535	556,592
Derivative financial liabilities relating to warrants — non-interest bearing	329,697	–
Lease liabilities — fixed interest rates	364,800	342,029
	6,062,655	3,961,689

Notes to the financial statements

For the year ended March 31, 2025

31 Note to the consolidated cash flow statement (continued)

(b) Reconciliation of financing liabilities (continued)

	Short-term loans current US\$'000	Notes current US\$'000	Notes non- current US\$'000	Convertible bonds current US\$'000	Convertible bonds non-current US\$'000	Derivative financial liabilities relating to warrants current US\$'000	Derivative financial liabilities relating to warrants non-current US\$'000	Lease liabilities current US\$'000	Lease liabilities non- current US\$'000	Total US\$'000
Financing liabilities at April 1, 2023	57,032	-	3,146,148	214,584	537,030	-	-	123,719	280,837	4,359,350
Proceeds from borrowings	11,792,697	-	-	-	-	-	-	-	-	11,792,697
Repayments/repurchase of borrowings	(11,799,007)	-	(132,083)	-	-	-	-	-	-	(11,931,090)
Conversion of convertible bonds	-	-	-	(218,669)	-	-	-	-	-	(218,669)
Reclassification	-	-	-	-	-	-	-	96,859	(96,859)	-
Principal elements of lease payments	-	-	-	-	-	-	-	(134,545)	-	(134,545)
Foreign exchange adjustments	(295)	-	-	-	-	-	-	(1,465)	(7,039)	(8,799)
Other non-cash movements	4	-	(1,428)	4,085	19,562	-	-	17,012	63,510	102,745
Financing liabilities at March 31, 2024	50,431	-	3,012,637	-	556,592	-	-	101,580	240,449	3,961,689
Proceeds from borrowings	17,014,380	-	-	-	2,000,000	-	-	-	-	19,014,380
Proceeds from issue of warrants	-	-	-	-	-	56,440	155,212	-	-	211,652
Repayments of borrowings	(17,041,262)	-	-	-	-	-	-	-	-	(17,041,262)
Issuing cost of borrowings	-	-	-	-	(20,192)	-	-	-	-	(20,192)
Reclassification	-	964,814	(964,814)	-	-	-	-	92,620	(92,620)	-
Principal elements of lease payments	-	-	-	-	-	-	-	(121,071)	-	(121,071)
Foreign exchange adjustments	41,815	-	-	-	-	(61)	(169)	(1,044)	(7,863)	32,678
Equity component for issue of convertible bonds	-	-	-	-	(290,608)	-	-	-	-	(290,608)
Other non-cash movements	-	174	2,448	-	41,743	31,540	86,735	22,887	129,862	315,389
Financing liabilities at March 31, 2025	65,364	964,988	2,050,271	-	2,287,535	87,919	241,778	94,972	269,828	6,062,655

(c) Cash outflow to acquire businesses, net of cash acquired

	2025 US\$'000	2024 US\$'000
Cash consideration paid	1,537	151,870
Less: cash and cash equivalents acquired	-	(16,811)
Net cash outflow — investing activities	1,537	135,059

32 Capital commitments

Apart from disclosed elsewhere in these financial statements, on March 31, 2025 and 2024, the Group had the following other capital commitments:

	2025 US\$'000	2024 US\$'000
Contracted but not provided for:		
— Property, plant and equipment	89,648	151,716
— Intangible assets	1,298	3,216
— Investment in financial assets	17,951	17,454
	108,897	172,386

33 Contingent liabilities

Accounting policy

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

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

Notes to the financial statements

For the year ended March 31, 2025

34 Significant related party transactions

Accounting policy

A related party transaction is a transfer of resources, services or obligations between the Group and a related party of the Group, regardless of whether a price is charged.

(a) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third party.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- The entity is controlled or jointly controlled by a person identified in (a) above.
- A person, or a close member of that person's family, who has control or joint control over the Group, has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

34 Significant related party transactions (continued)

- (a) The Group had the following significant related party transactions in the normal course of business during the year:

	2025 US\$'000	2024 US\$'000
閃聯信息技術工程中心有限公司 (IGRS Engineering Lab Limited) (an associate) (i)		
— Purchase of goods	3,217	7,219
異能者(南京)電子科技有限公司 (Superman (Nanjing) Electronic Technology Limited) (an associate) (i)		
— Purchase of goods	-	7,260
— Sale of goods	-	482
浙江恆雲智聯數字科技有限公司 (Zhejiang Hengyun Zhilian Digital Technology Co., Ltd.) (a former associate, equity interest was sold to a third party on December 28, 2023) (i)		
— Purchase of goods	-	18,975
— Sale of goods	-	65
PCCW Solutions Limited (a subsidiary of an associate)		
— Provision of services	75,270	84,220
— Services received	1,423	4,162
天津聯博基業科技發展有限公司 (Tianjin Lianbo Foundation Technology Development Co., Limited) (an associate and its subsidiary) (i)		
— Loans granted	77,612	85,455

Note:

- (i) The English name of the company is a direct translation or transliteration of its Chinese registered name.

(b) Key management compensation

Details on key management compensation are set out below. The emoluments shown below include one (2024: one) director and twelve (2024: twelve) senior management during the year.

	2025 US\$'000	2024 US\$'000
Basic salaries, allowances, and other benefits-in-kind	15,542	13,372
Discretionary bonuses	26,760	19,490
Long-term incentive awards	45,100	49,644
Retirement payments and employer's contribution to pension schemes	1,061	1,292
	88,463	83,798

Notes to the financial statements

For the year ended March 31, 2025

35 Balance sheet and movement of reserves of the Company

(a) Balance sheet of the Company

	At March 31,	
	2025 US\$'000	2024 US\$'000
Non-current assets		
Property, plant and equipment	156	200
Right-of-use assets	2,800	619
Intangible assets	4	14
Interest in an associate	103,851	103,851
Investments in subsidiaries	14,881,038	14,389,781
Financial assets at FVPL	43,253	40,286
Financial assets at FVOCI	7,259	16,219
Other non-current assets	669	664
	15,039,030	14,551,634
Current assets		
Derivative financial assets	295	–
Deposits, prepayments and other receivables	216,389	216,685
Amounts due from subsidiaries	8,951,173	8,010,112
Income tax recoverable	4,564	4,564
Cash and cash equivalents	15,107	30,994
	9,187,528	8,262,355
Total assets	24,226,558	22,813,989

35 Balance sheet and movement of reserves of the Company (continued)

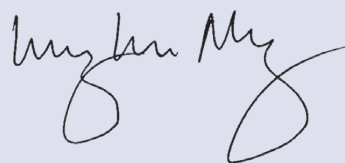
(a) Balance sheet of the Company (continued)

	At March 31,	
	2025 US\$'000	2024 US\$'000
Share capital	3,500,987	3,500,987
Reserves (Note 35(b))	1,365,282	1,278,676
Total equity	4,866,269	4,779,663
Non-current liabilities		
Derivative financial liabilities	241,778	–
Borrowings	4,337,806	3,569,229
Deferred income tax liabilities	1,266	1,669
Other non-current liabilities	27,298	25,576
	4,608,148	3,596,474
Current liabilities		
Derivative financial liabilities	87,919	43
Other payables and accruals	107,103	104,204
Borrowings	964,988	–
Amounts due to subsidiaries	13,592,131	14,333,605
	14,752,141	14,437,852
Total liabilities	19,360,289	18,034,326
Total equity and liabilities	24,226,558	22,813,989

On behalf of the Board



Yang Yuanqing
Chairman and Chief Executive Officer



Wong Wai Ming
Director

Notes to the financial statements

For the year ended March 31, 2025

35 Balance sheet and movement of reserves of the Company (continued)

(b) Movement of reserves of the Company

The changes in the reserves of the Company during the years ended March 31, 2025 and 2024 are as follows:

	Investment revaluation reserve US\$'000	Share- based compensation reserve US\$'000	Exchange reserve US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000
At April 1, 2023	(18,496)	(355,383)	10,204	165,608	1,659,991	1,461,924
Profit for the year	-	-	-	-	716,142	716,142
Other comprehensive loss	(8,067)	-	-	-	-	(8,067)
Total comprehensive (loss)/ income for the year	(8,067)	-	-	-	716,142	708,075
Vesting of shares under long-term incentive program	-	(579,749)	-	-	-	(579,749)
Settlement of bonus through long-term incentive program	-	2,445	-	-	-	2,445
Share-based compensation	-	277,574	-	-	-	277,574
Dividends paid	-	-	-	-	(591,593)	(591,593)
At March 31, 2024	(26,563)	(655,113)	10,204	165,608	1,784,540	1,278,676
Profit for the year	-	-	-	-	575,795	575,795
Other comprehensive loss	(9,012)	-	-	-	-	(9,012)
Total comprehensive (loss)/ income for the year	(9,012)	-	-	-	575,795	566,783
Vesting of shares under long- term incentive program	-	(448,422)	-	-	-	(448,422)
Settlement of bonus through long-term incentive program	-	561	-	-	-	561
Share-based compensation	-	290,245	-	-	-	290,245
Issue of convertible bonds	-	-	-	290,608	-	290,608
Dividends paid	-	-	-	-	(613,169)	(613,169)
At March 31, 2025	(35,575)	(812,729)	10,204	456,216	1,747,166	1,365,282

36 Principal subsidiaries

The following includes the principal subsidiaries directly or indirectly held by the Company and, in the opinion of the directors, are significant to the results of the year or form a substantial portion of the net assets of the Group. The directors consider that giving details of other subsidiaries would result in particulars of excessive length.

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
Held directly:					
聯想(北京)有限公司 (Lenovo (Beijing) Limited) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	HK\$5,650,000,000	100%	100%	Manufacturing and distribution of IT products and provision of IT services
聯想(上海)有限公司 (Lenovo (Shanghai) Co., Ltd.) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	HK\$1,546,000,000	100%	100%	Distribution of IT products and provision of IT services
Held indirectly:					
Fujitsu Client Computing Limited	Japan	JPY400,000,000	51%	51%	Manufacturing and distribution of IT products
聯寶(合肥)電子科技有限公司 (LCFC (Hefei) Electronics Technology Co., Ltd.) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	US\$265,000,000	90%	90%	Manufacturing and distribution of IT products
Lenovo (Asia Pacific) Limited	Hong Kong S.A.R. of China	HK\$3,045,209,504.92	100%	100%	Investment holding and distribution of IT products
北京聯想軟件有限公司 (Beijing Lenovo Software Limited) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	HK\$5,000,000	100%	100%	Provision of IT services and distribution of IT products
Lenovo (Australia & New Zealand) Pty Limited	Australia	AUD45,860,993.40	100%	100%	Distribution of IT products
Lenovo (Belgium) BV	Belgium	EUR639,099.20	100%	100%	Investment holding and distribution of IT products

Notes to the financial statements

For the year ended March 31, 2025

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
聯想(北京)信息技術有限公司 (Lenovo (Beijing) Information Technology Limited) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	US\$272,300,000	100%	100%	Investment holding and distribution of IT products
聯想(北京)電子科技有限公司 (Lenovo (Beijing) Electronic Technology Limited) ¹	Chinese Mainland	RMB150,000,000	100%	100%	Distribution of IT products and provision of IT services
Lenovo (Canada) Inc.	Canada	CAD100	100%	100%	Distribution of IT products
Lenovo Computer Limited	Hong Kong S.A.R. of China	HK\$2	100%	100%	Procurement agency and distribution of IT products
Lenovo (Danmark) ApS	Denmark	DKK126,000	100%	100%	Distribution of IT products
Lenovo (Deutschland) GmbH	Germany	EUR25,100	100%	100%	Distribution of IT products
Lenovo Enterprise Solutions (Singapore) Pte. Ltd.	Singapore	SGD55,958,592	100%	100%	Manufacturing and wholesaling of computers, computer hardware and peripheral equipment
Lenovo Enterprise Solutions LLC	Japan	JPY50,000,000	100%	100%	Distribution of IT products
Lenovo Enterprise Technology Company Limited	Hong Kong S.A.R. of China	US\$1,499,999,496	100%	100%	Investment holding and distribution of IT products and data management solution
Lenovo (France) SAS	France	EUR1,837,000	100%	100%	Distribution of IT products
Lenovo HK Services Limited	Hong Kong S.A.R. of China	HK\$2	100%	100%	Provision of business planning, management, global supply chain, finance and accounting, and administration support services

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
Lenovo Global Technology (Asia Pacific) Limited	Hong Kong S.A.R. of China	US\$2,128,924.89	100%	100%	Investment holding and distribution of IT products
Lenovo Global Technology HK Limited	Hong Kong S.A.R. of China	US\$10,000,001	100%	100%	Procurement agency and distribution of IT products
Lenovo Global Technology (Hong Kong) Distribution Limited	Hong Kong S.A.R. of China	US\$1	100%	100%	Distribution of IT products
Lenovo Global Technologies International Limited	Hong Kong S.A.R. of China	US\$1,342,072,637	100%	100%	Investment holding and intellectual properties
Lenovo Global Technology (United States) Inc.	United States	US\$10	100%	100%	Distribution of IT products and provision of IT services
Lenovo (Hong Kong) Limited	Hong Kong S.A.R. of China	HK\$74,256,023	100%	100%	Distribution of IT products
惠陽聯想電子工業有限公司 (Lenovo (Huiyang) Electronic Industrial Co., Ltd.) ¹ (wholly foreign-owned enterprise)	Chinese Mainland	HK\$31,955,500	100%	100%	Manufacturing and distribution of IT products
Lenovo (India) Private Limited	India	INR8,607,471,514	100%	100%	Manufacturing and distribution of IT products
聯想信息產品(深圳)有限公司 (Lenovo Information Products (Shenzhen) Co. Ltd.) ¹ (limited liability company (wholly-owned entity))	Chinese Mainland	RMB643,966,800	100%	100%	Manufacturing and distribution of IT products
Lenovo (Israel) Ltd.	Israel	ILS132,853.12	100%	100%	Distribution of IT products
Lenovo (Italy) S.r.l	Italy	EUR100,000	100%	100%	Distribution of IT products
Lenovo Japan LLC	Japan	JPY100,000,000	95.10% (iv)	95.10% (iv)	Distribution of IT products

Notes to the financial statements

For the year ended March 31, 2025

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
Lenovo Korea LLC	Korea	KRW3,580,940,000	100%	100%	Wholesale and retail trade of computer, peripheral equipment and software
Lenovo Mexico, S. de R.L. de C.V.	Mexico	MXN3,426,638,114	100%	100%	Distribution of IT products
摩托羅拉移動通信技術有限公司 (Motorola Mobile Communication Technology Ltd.) ¹ (foreign-investment enterprise wholly-owned entity)	Chinese Mainland	RMB187,500,000	100%	100%	Manufacturing and distribution of IT products and provision of IT services
摩托羅拉(武漢)移動技術通信有限公司 (Motorola (Wuhan) Mobility Technologies Communication Company Limited) ¹ (foreign-investment enterprise wholly-owned entity)	Chinese Mainland	RMB60,000,000	100%	100%	Manufacturing of mobile products
聯想凌拓科技有限公司 (Lenovo NetApp Technology Limited) ¹ (Chinese-foreign equity joint venture)	Chinese Mainland	US\$10,000,000	51%	51%	Delivering IT products and data management solution
Lenovo PC HK Limited	Hong Kong S.A.R. of China	HK\$2,377,934,829.50 (ordinary shares) and HK\$1,000,000 (non-voting deferred shares)	100%	100%	Procurement agency and distribution of IT products
Lenovo PC International Limited	Hong Kong S.A.R. of China	HK\$4,758,857,785	100%	100%	Intellectual properties
Lenovo (Schweiz) GmbH	Switzerland	CHF2,000,000	100%	100%	Manufacturing and distribution of IT products
Lenovo (Singapore) Pte. Ltd.	Singapore	SGD5,855,010,233.74	100%	100%	Manufacturing and wholesaling of computers, computer hardware and peripheral equipment

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
Lenovo (South Africa) (Pty) Ltd	South Africa	ZAR177,500	100%	100%	Distribution and marketing of IT products
Lenovo (Spain), S.L.U.	Spain	EUR37,475,456.40	100%	100%	Distribution of IT products
Lenovo (Sweden) AB	Sweden	SEK200,000	100%	100%	Distribution of IT products
聯想系統集成(深圳)有限公司 (Lenovo Systems Technology Company Limited) ¹ (limited liability company (wholly-owned entity))	Chinese Mainland	RMB263,407,660	100%	100%	Manufacturing and distribution of IT products
Lenovo Technology (United Kingdom) Limited	United Kingdom	GBP8,629,511	100%	100%	Distribution of IT products
Lenovo Technology B.V.	Netherlands	EUR20,000	100%	100%	Investment holding
Lenovo Technology Sdn. Bhd.	Malaysia	MYR1,000,000	100%	100%	Retail sale of computers, computer equipment and supplies
Lenovo Tecnologia (Brasil) Ltda	Brazil	BRL7,650,940,307	100%	100%	Manufacturing and distribution of IT products
Lenovo (Thailand) Limited	Thailand	THB252,000,000	100%	100%	Distribution of IT products as well as mobile phone, smartphone and tablet, server and storage
Lenovo (United States) Inc.	United States	US\$1	100%	100%	Distribution of IT products
Lenovo (Venezuela), SA	Venezuela	VEB0	100%	100%	Distribution of IT products

Notes to the financial statements

For the year ended March 31, 2025

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
聯想(西安)有限公司 (Lenovo (Xian) Limited) ¹ (Chinese-foreign equity joint venture)	Chinese Mainland	RMB10,000,000	100%	100%	Distribution of IT products and provision of IT services
Medion AG	Germany	EUR48,418,400	100% (iii)	90.50% (iii)	Retail and service business for consumer electronic products and complementary digital services
Motorola Mobility Comércio de Produtos Eletronicos Ltda.	Brazil	BRL756,663,401	100%	100%	Distribution of communication products, developer, owner, licensor and seller of communications hardware and software
Motorola Mobility International Sales LLC	United States	–	100%	100%	Holding company
Motorola Mobility LLC	United States	–	100%	100%	Developer, owner, licensor and seller of communications hardware and software
NEC Personal Computers, Ltd.	Japan	JPY500,000,000	95.10% (iv)	95.10% (iv)	Manufacturing and distribution of IT products
深圳聯想海外控股有限公司 (Shenzhen Lenovo Overseas Holdings Limited) ¹ (wholly-foreign owned enterprise)	Chinese Mainland	US\$804,020,300	100%	100%	Investment management
Shimane Fujitsu Limited	Japan	JPY450,000,000	51%	51%	Manufacturing and distribution of IT products
Stoneware, Inc.	United States	US\$0.1	100%	100%	Development and distribution of IT products

36 Principal subsidiaries (continued)

Company name	Place of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of issued share capital held		Principal activities
			2025	2024	
陽光雨露信息技術服務(北京)有限公司 (Sunny Information Technology Service, Inc.) ¹ (Chinese-foreign equity joint venture)	Chinese Mainland	RMB50,000,000	47.25%	47.25%	Maintenance of electronic equipment (including repair services for computer hardware and software systems), and provision of IT outsourcing and systems integration services
Edgebricks Pte. Limited	Singapore	SGD10	87%	90%	Development of software and applications

Notes:

- (i) All the above subsidiaries operate principally in their respective places of incorporation or establishment.
- (ii) All the Chinese Mainland subsidiaries are limited liability companies. They have adopted December 31 as their financial year end date for statutory reporting purposes. For the preparation of the consolidated financial statements, financial statements of these Chinese Mainland subsidiaries for the years ended March 31, 2025 and 2024 have been used.
- (iii) Medion AG was a publicly traded German stock corporation listed on the Frankfurt am Main stock exchange and has been delisted in January 2025. The percentage of issued capital held is equivalent to 100% (2024: approximately 98.21%) including treasury shares.
- (iv) At March 31, 2025 and 2024, the Group held 95.10% in the ordinary shares of Lenovo NEC Holdings B.V., the immediate holding company of Lenovo Japan LLC and NEC Personal Computers, Ltd., while the remaining 4.90% ordinary shares and 42,700 deferred shares of Lenovo NEC Holdings B.V. were held by NEC Corporation.
- (v) The company whose English name ends with a "1" is a direct transliteration of its Chinese registered name.

Notes to the financial statements

For the year ended March 31, 2025

36 Principal subsidiaries (continued)

Material non-controlling interests

Set out below is the summarized financial information of FCCL and its subsidiaries. The amounts disclosed are before inter-company eliminations with other companies of the Group.

	2025 US\$'000	2024 US\$'000
Revenue	1,660,459	1,766,130
Profit for the year	115,095	116,981
Other comprehensive income/(loss)	7,491	(68,638)
Total comprehensive income	122,586	48,343
Net assets		
Non-current assets	134,474	145,675
Current assets	880,597	888,486
Current liabilities	(298,594)	(390,328)
Non-current liabilities	(48,353)	(49,691)
	668,124	594,142
Cash flows		
Net cash generated from operating activities	72,669	134,785
Net cash used in investing activities	(14,202)	(29,284)
Net cash used in financing activities	(4,522)	(4,822)
Effect of foreign exchange rate changes	5,094	(31,599)
Cash and cash equivalents at the beginning of the year	301,889	232,809
Cash and cash equivalents at the end of the year	360,928	301,889

37 Approval of financial statements

The financial statements were approved by the board of directors on May 22, 2025.

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