**Supplemental Listing Document**

If you are in any doubt about this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser. The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of Macquarie Bank Limited, the Company (defined below) or the Warrants.

# Non-collateralised warrants
# 20,000,000 European Style Cash Settled Call Warrants
# relating to the HKD traded ordinary shares of Lenovo Group Limited
# issued by

**Macquarie Bank Limited**
(ABN 46 008 583 542)
**(Incorporated under the laws of Australia)**

## Issue Price: SGD 0.204 per Warrant

This document is published for the purpose of obtaining a listing of all the above warrants (the "**Warrants**") to be issued by Macquarie Bank Limited (the "**Issuer**", "**Macquarie Bank**", "**we**" or "**us**") and is supplemental to and should be read in conjunction with a base listing document published on 6 June 2024 as amended by the addendum dated 1 November 2024 (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer and the Warrants. Information relating to Lenovo Group Limited (the "**Company**") 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, Warrants 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 Warrants or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Warrants and on distributions of documents relating thereto in Singapore, the U.S., the United Kingdom, Hong Kong and Australia (see Base Listing Document).

**Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in this document before they invest in the Warrants.**

**The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and of no other person, including those in respect of deposits, but excluding any debts for the time being preferred by law and any subordinated obligations and if you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the Company.**

**The Issuer is regulated as an authorised deposit taking institution by the Australian Prudential Regulation Authority ("APRA"). The Issuer, acting through its Singapore branch is authorised and licensed by the Monetary Authority of Singapore to carry on wholesale banking business in Singapore pursuant to the Banking Act 1970 of Singapore and therefore is subject to the supervision of the Monetary Authority of Singapore.**

19 February 2025

Application has been made to the SGX-ST for permission to deal in and for quotation of the Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. It is expected that dealings in the Warrants will commence on 20 February 2025.

Warrants are complex instruments and are not suitable for inexperienced investors. Investors should also have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants. Prospective purchasers should not invest in Warrants which are complex financial instruments unless they have the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

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 Warrants. 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 is not limited by anything likely to affect the import of such information. The information contained herein with regard to the Company consists of extracts from information released publicly. The Issuer accepts responsibility for accurately reproducing such extracts but accept no further or other responsibility in respect of such information.

Neither the delivery of this document nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer, and its subsidiaries and affiliates since the date hereof. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the offering of the Warrants, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

This document does not constitute an offer or invitation by or on behalf of the Issuer to purchase or subscribe for any of the Warrants. The distribution of this document and the offering of the Warrants 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.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Warrants, or interests therein, may not at any time be offered, sold, resold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons and any offer, sale, resale or delivery made within the U.S. or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Warrants and distribution of this document is given in the section headed "Sales Restrictions" in the Base Listing Document.

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 Warrants, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer or its affiliates may repurchase Warrants at any time and any Warrant which is 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. Investors should not therefore make any assumption as to the number of Warrants 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 Call Warrants contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

## TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants 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 dated 6 June 2024 as amended by the addendum dated 1 November 2024 (the "**Base Listing Document**").*

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Call Warrants" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

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| Warrants: | 20,000,000 European Style Cash Settled Call Warrants relating to the HKD traded ordinary shares ("**Shares**") of the Company |
| Company: | Lenovo Group Limited (Reuters Instrument Code: 0992.HK) |
| Conversion Ratio (number of Shares per Warrant): | 0.125000 (i.e. every 8 Warrants initially relate to 1 Share) |
| Underlying Price[1] and Source: | HKD 12.500 (out of the money)<br>(Reuters/Bloomberg) |
| Exercise Price: | HKD 17.000 |
| Gearing[1]: | 1.3x |
| Premium[1]: | 111.7% |
| Volatility[1]: | Implied: 330%<br>Historical: 55% |
| Launch Date: | 14 February 2025 |
| Closing Date: | 19 February 2025 |
| Dealing Commencement Date: | 20 February 2025 |
| Last Trading Date: | The 5th Business Day immediately preceding the Expiry Date, provided that if such day is not a day on which The Stock Exchange of Hong Kong Limited ("**HKEX**") is open for dealings during its normal trading hours ("HK Business Day"), the Business Day immediately preceding such day which is also a HK Business Day, currently being 26 September 2025 |
| Expiry Date: | 03 October 2025 |
| Board Lot: | 100 Warrants |

[1] These figures are calculated as at, and based on information available to the Issuer on or about, the date of the termsheet in respect of the Warrants. 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 the date of the termsheet in respect of the Warrants.

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| Valuation Date: | Each of the five Exchange Business Days immediately preceding the Expiry Date (subject to Market Disruption Events as set out in the Conditions of the Warrants) |
| Exercise: | Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants shall be deemed to have been automatically exercised at 12:00 noon (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 Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants. |
| Cash Settlement Amount: | In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to the Exchange Rate multiplied by:<br><br>(A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date LESS (ii) the Exercise Price MULTIPLIED by (B) the Conversion Ratio<br><br>In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants. |
| Exchange Rate: | The rate of exchange for the conversion of the Reference Currency to the Settlement Currency as at 5:00 p.m. (Singapore time) on the Expiry Date as shown on Bloomberg provided that if the Bloomberg service ceases to display such information, such page as displays such information on such other services as may be selected by the Issuer. |
| Reference Currency: | Hong Kong dollars |
| Settlement Currency: | Singapore dollars<br><br>The Shares are traded in Hong Kong dollars on HKEX. However, the Warrants will be issued and traded in Singapore dollars on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). |

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| Exercise Expenses: | Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants. |
| Relevant Stock Exchange: | HKEX |
| Clearing System: | The Central Depository (Pte) Limited ("**CDP**") |
| Fees and Charges: | Normal transaction and brokerage fees shall apply to the trading of the Warrants on the SGX-ST. |

In addition, the Conditions have been modified as follows:

Reference to "Business Day" in Condition 2 shall be replaced by "Exchange Business Day".

"**Exchange Business Day**" shall be a day on which the HKEX is open for dealings in Hong Kong during its normal trading hours.

*The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Call Warrants" 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 Warrants.*

## TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED CALL WARRANTS

### 1. Form, Status, Transfer and Title

(a) *Form*. The Warrants (which expression shall, unless the context otherwise requires, include any further warrants 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 15 July 2022, made by Macquarie Bank Limited (the "**Issuer**"); and

(ii) a master warrant agent agreement (the "**Warrant Agent Agreement**") dated 26 November 2004 and such other Warrant Agent Agreement as may be in force from time to time, made between the Issuer and the Warrant Agent for the Warrants.

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

The Warrantholders (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 Warrant Agent Agreement.

(b) *Status*. The Warrants 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 Warrants provide for cash settlement on exercise.

(c) *Transfer*. The Warrants are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, 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 Warrants shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression "**Warrantholder**" shall be construed accordingly.

### 2. Warrant Rights and Exercise Expenses

(a) *Warrant Rights*. Every Warrant entitles each Warrantholder, 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 Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to:

(A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the relevant stock exchange on which the Shares related to the Warrants are traded ("**Relevant Stock Exchange**") (as specified in the relevant Supplemental Listing Document), subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below) LESS (ii) the Exercise Price for the time being MULTIPLIED by (B) the Conversion Ratio,

and multiplied by the applicable exchange rate if the Reference Currency is different from the Settlement Currency.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:

(A) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(B) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

"**Conversion Ratio**" means the ratio (expressed as the number of Shares to which one Warrant relates) specified by the Issuer, subject to adjustments in accordance with these Conditions.

"**Market Disruption Event**" means the occurrence or existence on any Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Shares 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 Shares 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, terrorism or otherwise.

"**Valuation Date**" means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

(b) *Exercise Expenses*. Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants (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 Warrantholders 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 Warrantholders in accordance with Condition 4.

## 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day).

## 4. Exercise of Warrants

(a) *Exercise*. Warrants 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*. Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants shall be deemed to have been automatically exercised at 12:00 noon (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 Warrants 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 or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.

(c) *Settlement*. In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Last Valuation Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) 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 Warrantholder and posted to the Warrantholder's address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder 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.

(d) *CDP not liable.* CDP shall not be liable to any Warrantholder 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 Warrants or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day 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 Warrants 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 Warrantholders 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 Warrantholders. 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 Warrantholders.

## 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 Shares 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 Shares are traded.

*(b)* *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation or reclassification of the Shares (excluding a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Shares of (1) such Shares, 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 Shares, 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 Shares that are not fully paid;

(v) a repurchase by the Company of the Shares 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 Shares.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Shares, 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 Shares traded on that options exchange;

(ii) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 9. If the Warrants are so cancelled, the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by such Warrantholder which amount shall be the fair market value of a Warrant 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 Warrantholders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Shares 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 Shares 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 Warrantholders 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. Warrantholders 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 Shares of that Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares 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 Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares 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 Shares 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 Shares of the Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares 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 Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the Last Valuation Date. "**Nationalisation**" means that all the Shares 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) *Other Adjustments*. Except as provided in this Condition 6 and Condition 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 as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Warrantholders generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. 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 by publication 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 Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## 8. Meetings of Warrantholders; Modification

(a) *Meetings of Warrantholders*. The Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the 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 Warrantholders. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants 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 Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants 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 Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, 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 Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants 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 Warrantholders 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 Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, 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 Warrantholder.

(b) *Notices*. All notices to Warrantholders will be validly given if published in English on the web-site 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 web-site 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 Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above, provided that if the tenure of the Warrant is less than one month, the Issuer shall publish the expiry notice as soon as practicable after the listing of the Warrant.

## 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 Warrants 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 Warrantholders, to create and issue further warrants so as to form a single series with the Warrants.

## 12. De-Listing

(a) *De-Listing*. If at any time, any Shares cease to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Issuer ("**De-Listing**"), the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants (including terminating the Warrants early) 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 Warrantholders generally are not materially prejudiced as a consequence of such De-Listing (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).

(b) *Adjustments*. Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon the De-Listing, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.

(c) *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 Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

## 13. Early Termination for Illegality and Force Majeure, etc.

(a) *Illegality and Force Majeure, etc*. If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantholders in accordance with Condition 9.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

(b) *Termination*. If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality 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. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9.

## 14. Governing Law

The Warrants, the Master Instrument and the Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the 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 Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

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

Unless otherwise provided in the Global Warrant, the Master Instrument and the Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the 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: | Macquarie Bank Limited |
| Company: | Lenovo Group Limited |
| The Warrants: | European Style Cash Settled Call Warrants relating to the Shares |
| Number: | 20,000,000 Warrants |
| Form: | The Warrants will be issued subject to, and with the benefit of, an instrument by way of deed poll dated 15 July 2022 (the "**Master Instrument**") and executed by the Issuer and a master warrant agent agreement dated 26 November 2004 (the "**Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent. |
| Conversion Ratio (number of Shares per Warrant): | 0.125000 (i.e. every 8 Warrants initially relate to 1 Share) |
| Cash Settlement Amount: | In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to the Exchange Rate multiplied by:<br><br>(A) (i) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date LESS (ii) the Exercise Price MULTIPLIED by (B) the Conversion Ratio<br><br>In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants. |
| Exchange Rate: | The rate of exchange for the conversion of HKD to SGD as at 5:00 p.m. (Singapore time) on the Expiry Date as shown on Bloomberg provided that if the Bloomberg service ceases to display such information, such page as displays such information on such other services as may be selected by the Issuer. |
| Denominations: | Warrants are represented by a global warrant in respect of all the Warrants. |
| Exercise: | Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants 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 Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash |

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|---|---|
| | Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants. |
| Trading Currency: | Singapore dollars |
| Transfers of Warrants: | Warrants may only be transferred in Board Lots (or integral multiples thereof). All transfers in Warrants, 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 Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. Issue of the Warrants is conditional on such listing being granted. It is expected that dealings in the Warrants on the SGX-ST will commence on or about 20 February 2025. |
| Governing Law: | The laws of Singapore |
| Warrant Agent: | Macquarie Capital Securities (Singapore) Pte. Limited |
| Further Issues: | Further issues which will form a single series with the Warrants 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.*

# RISK FACTORS

The following risk factors are relevant to the Warrants:

(a) investment in Warrants involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants. You should consider carefully whether Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors;

(b) the Warrants constitute direct, general and unsecured contractual obligations of the Issuer and no other person and will rank pari passu with the Issuer's other unsecured contractual obligations and with the Issuer's unsecured and unsubordinated debt other than indebtedness preferred by mandatory provisions of law. The Warrants are not secured by any collateral. Section 13A(3) of the Banking Act of 1959 of Australia provides that, in the event of the Issuer becoming unable to meet its obligations or suspends payments, the assets of the Issuer in Australia are to be available to satisfy specified liabilities in priority to all other liabilities of the Issuer (including the obligations of the Issuer under the Warrants). The specified liabilities include first, certain obligations of the Issuer to APRA in respect of amounts payable by APRA to holders of protected accounts and any administration costs incurred by APRA. Then, as the next priority, other liabilities of the Issuer in Australia in relation to protected accounts that account-holders keep with the Issuer. Following this any debts that the Issuer owes to the Reserve Bank of Australia and any liabilities under an industry support contract (certified under section 11CB of the Banking Act) and then, any other liabilities, in order of their priority. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Warrants, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the company which has issued the underlying shares. The Issuer is not a fiduciary of Warrantholders (as defined in the Conditions) and has substantially no obligation to a Warrantholder 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 Warrant. Any profit or loss realised by a Warrantholder in respect of a Warrant upon exercise or otherwise due to changes in the value of such Warrant, or the underlying shares, is solely for the account of such Warrantholder. 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 Warrant or the underlying shares. 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 Warrants;

(c) the price of the Warrants may fall in value as rapidly as it may rise and Warrantholders may sustain a total loss of their investment. The risk of losing all or any part of the purchase price of a Warrant upon the expiry of the Warrants means that, in order to recover and realise a return on investment, investors in Warrants must generally anticipate correctly the direction, timing and magnitude of any change in the value of the shares of the underlying company. Changes in the price of the shares of the underlying company can be unpredictable, sudden and large and such changes may result in the price of such shares moving in a direction which will negatively impact upon the return on an investment. In the case of Warrants relating to shares, certain events relating to such shares or the underlying company may cause adverse movements in the value and price of the underlying shares, as a result of which, the Warrantholders may, in certain circumstances, sustain a total loss of their investment if, for the Warrants, the average closing price of the underlying shares on the valuation dates falls below or is equal to the exercise price;

(d) due to their nature, the Warrants can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Warrants 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 shares, dividends, interest rate, volatility, foreign exchange rates, the time remaining to expiry and the creditworthiness of the Issuer;

(e) before exercising or selling the Warrants, the holders of Warrants should carefully consider, among other things, (i) the trading price of the Warrants; (ii) the value and volatility of the reference security; (iii) the time remaining to expiration; (iv) the probable range of Cash Settlement Amounts; (v) any change(s) in interim interest rates and dividend yields; (vi) any change(s) in currency exchange rates; (vii) the depth of the market or liquidity of the reference security; (viii) any related transaction costs; and (ix) the creditworthiness of the Issuer;

(f) fluctuations in the price of the underlying shares will affect the price of the Warrants but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Warrants to hedge their market risk associated with investing in the underlying shares, should recognise the complexities of utilising the Warrants in this manner;

(g) the settlement amount of Warrants at any time prior to the expiry of the Warrants may be less than the trading price of such Warrants at that time. The difference between the trading price and the settlement amount as the case may be, will reflect, among other things, a “time value” for the Warrants. The “time value” of the Warrants will depend partly upon the length of the period remaining to the expiry date of the Warrants and expectations concerning the value of the shares of the underlying company;

(h) investors should note that an investment in the Warrants involves valuation risks in relation to the underlying asset. The value of the underlying asset may vary over time and may increase or decrease by reference to various factors, which may include corporate actions, macro economic factors and market trends. Certain events relating to the underlying shares require or permit the Issuer to make certain adjustments or amendments to the Conditions (for example, adjusting the Exercise Price and the Conversion Ratio). However, the Issuer is not required to make an adjustment for every event that affects the underlying asset. If an event occurs that does not require the Issuer to adjust the Conversion Ratio or any other part of the Conditions, the market price of the Warrants and the return upon the exercise of the Warrants may be affected;

(i) as indicated in the Conditions, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants in a particular series will either have to sell their Warrants or purchase additional Warrants, incurring transactions costs in each case, in order to realise their investment;

(j) unless otherwise specified in the Conditions, in the case of any exercise of the Warrants, there may be a time lag between the date on which the Warrants are exercised and the time the applicable settlement amount relating to such an event is determined. Any such delay between the time of exercise and the determination of the settlement amount will be specified in the Conditions. However such delay could be significantly longer, particularly in the case of a delay in the exercise of the Warrants arising from, a determination by the Issuer that a Market Disruption Event has occurred at any relevant time or that adjustments are required in accordance with the Conditions. That applicable settlement amount, may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Warrants;

(k) if, whilst the Warrants remain unexercised, trading in the underlying shares on the relevant stock exchange is suspended, trading in the Warrants may be suspended for a similar period;

(l) in the case of the Warrants, certain events relating to the shares of the underlying company require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions, and investors have limited anti-dilution protection under the Conditions. The Issuer may at its sole discretion adjust the entitlement upon exercise or valuation of the Warrants for events such as, amongst others, subdivision of the shares of the underlying company and dividend in specie, however the Issuer is not required to make an adjustment for every event that may affect the shares of the underlying company;

(m) the Warrants are only exercisable on their expiry date and may not be exercised by Warrantholders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount (where applicable) is zero or negative, a Warrantholder will lose the value of his investment;

(n) investors should note that it is not possible to predict the price at which the Warrants will trade in the secondary market or whether such market will be liquid or illiquid. A decrease in the liquidity of the Warrants or the underlying shares, futures, derivatives or other security related to the Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants. The Issuer may, but is not obligated to, at any time, purchase Warrants at any price in the open market or by tender or private agreement. Any Warrants so purchased may be held or resold or surrendered for cancellation. As the Warrants are only exercisable on the expiry date, an investor will not be able to exercise his warrants to realize value in the event that the relevant issue becomes illiquid;

(o) in the event of any delisting of the Warrants from the SGX-ST (other than at expiry), the Issuer will use all reasonable efforts to list the Warrants on another exchange. If the Warrants are not listed or traded on any exchange, pricing information for the Warrants may be difficult to obtain and the liquidity of the Warrants may be adversely affected;

(p) two or more risk factors may simultaneously have an effect on the value of a Warrant 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 Warrant;

(q) 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 shares or related derivatives. In addition, in connection with the offering of any Warrants, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the underlying shares 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 shares or related derivatives which may affect the market price, liquidity or value of the Warrants and which may affect the interests of Warrantholders;

(r) if the Issuer determines in good faith that the performance of its obligations under the Conditions has become unlawful or impractical in whole or in part, the Issuer may at its sole and absolute discretion and without obligation, terminate the Warrants prior to the expiry date, in which event the Issuer to the extent permitted by any relevant applicable law, will pay to each Warrantholder an amount as determined by the Issuer, in its sole and absolute discretion, in accordance with the Conditions. If the Issuer terminates the Warrants prior to the expiry date, the Issuer will, if and to the extent permitted by any relevant applicable law, pay each Warrantholder an amount to be determined by the Issuer, in its sole and absolute discretion, to be the fair market value of the Warrants immediately prior to such termination or otherwise determined as specified in the Conditions, notwithstanding the illegality or impracticality;

(s) the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its affiliates with respect to the primary or secondary market in the Warrants and such arrangement may present certain conflicts of interest for the brokers. The arrangements may or may not result in the benefit to investors in Warrants buying and selling Warrants through nominated brokers. Investors in the Warrants should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to deal, exclusively in the Warrants, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the shares in the underlying company and/or structured products of other issuers over the same shares in the same underlying company as the Warrants 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 Warrants and present certain conflicts of interests;

(t) third party individuals may comment on the Warrants on social media or other platforms from time to time. None of these third party individuals, whether sponsored by the Issuer or not, is an agent of the Issuer and such commentary is not the Issuer's advice or recommendation to invest in the Warrants. The Issuer is not responsible for any statements or comments made by such third party individuals. To the extent a fee is paid by the Issuer, such fee arrangement may present potential conflicts of interest for the individual;

(u) changes in Singapore tax law and/or policy may adversely affect Warrantholders. Warrantholders who are in any doubt as to the effects of any such changes should consult their stockbrokers, bank managers, accountants, solicitors or other professional advisers;

(v) as the Warrants are represented by a global warrant certificate which will be deposited with the CDP:

   (i) investors should note that no definitive certificate will be issued in relation to the Warrants;

   (ii) there will be no register of Warrantholders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants by way of interest (to the extent of such number) in the global warrant certificate in respect of those Warrants represented thereby shall be treated as the holder of such number of Warrants;

   (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Warrants; and

   (iv) notices to such Warrantholders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices; and

(w) the value of the Warrants depends upon, amongst other things, the ability of Issuer to fulfil its obligations under the terms which, in turn is primarily dependent on the financial prospects of the Issuer; and

(x) Foreign Account Tax Compliance withholding may affect payments on the Warrants

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the U.S., (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

"Passthru payments" means any withholdable payment and any "foreign passthru payment," which is currently not defined. The current proposed FATCA regulations (“**Proposed Regulations**”) state that the Internal Revenue Service and the U.S. Treasury have determined, that withholding on “foreign passthru payments” is not required, pending further guidance and analysis. The Proposed Regulations provide that such withholding will not be effective before the date that is two years after the publication of final regulations defining the term “foreign pass-thru payment”.

While the Warrants are in dematerialised form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. An Issuer’s obligations under the Warrants are discharged once it has paid the clearing systems and an Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

**Macro-economic risks**

(y) Macquarie Bank’s and the MBL Group’s business and results of operation have been and may, in the future, be adversely affected by financial markets, global credit and other economic and geopolitical challenges generally.

Macquarie Bank and/or its controlled entities’ (the “**MBL Group**”) businesses operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities and it is impacted by various factors it cannot control. In particular, uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, the level and volatility of interest rates, constrained access to funding, uncertainty concerning government shutdowns and debt ceilings, fluctuations or other significant changes in both equity and capital market activity, supply chain disruptions and labour shortages have adversely affected and may continue to adversely affect transaction flow in a range of industry sectors. These factors could also adversely affect the MBL Group’s access to, and costs of funding and in turn may negatively impact its liquidity and competitive position. Recent stress in the global banking sector, including bank failures, has heightened the risk of volatility in global financial markets.

Additionally, global markets may be adversely affected by the current or anticipated impact of climate change, extreme weather events or natural disasters, the emergence or continuation of widespread health emergencies or pandemics, cyberattacks or campaigns, military conflicts, including the Russia-Ukraine conflict, the Israeli-Palestinian conflict and escalating hostilities throughout the Middle East, terrorism or other geopolitical events such as rising tensions between the U.S. and China and concerns about a potential conflict involving Taiwan. The dynamic and constantly evolving sanctions environment, including the volume and nature of sanctions imposed during the Russia-Ukraine conflict, continues to drive heightened sanctions compliance risk and complexity in applying control frameworks across the market. The Russia-Ukraine conflict and the conflict in the Middle East have caused, and may continue to cause, supply shocks in energy, food and other commodities markets, disruption to global shipping lanes and supply chains, increased inflation, cybersecurity risks, increased volatility in commodity, currency and other financial markets, risk of recession in Europe and heightened geopolitical tensions. Moreover, hostile actions by the various parties in conflict, and any further measures taken by the U.S. or its allies, could continue to have negative impacts on regional and global energy, commodities and financial markets and macroeconomic conditions generally, adversely impacting the MBL Group and its customers, clients and employees.

Actions taken by central banks, including changes to official interest rate targets, balance sheet management and government-sponsored lending facilities are beyond the MBL Group's control and difficult to predict. Sudden changes in monetary policy, for example in response to high inflation, could lead to financial market volatility and are likely to affect market interest rates and the value of financial instruments and other assets and liabilities, and can impact the MBL Group's customers.

The MBL Group's trading income may be adversely affected during times of subdued market conditions and client activity. Increased market volatility can lead to trading losses or cause the MBL Group to reduce the size of its trading activities in order to limit its risk exposure. Market conditions, as well as declines in asset values, may cause the MBL Group's clients to transfer their assets out of the MBL Group's funds or other products or their brokerage accounts and result in reduced net revenues.

The MBL Group's returns from asset sales may also decrease if economic conditions deteriorate. In addition, if financial markets decline, revenues from the MBL Group's products are likely to decrease. In addition, increases in volatility increase the level of the MBL Group's risk weighted assets and increase the MBL Group's capital requirements. Increased capital requirements may require the MBL Group to raise additional capital at a time, and on terms, which may be less favourable than the MBL Group would otherwise achieve during stable market conditions.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces the MBL Group's ability to limit losses in such positions and difficulty in valuing assets may negatively affect the MBL Group's capital, liquidity or leverage ratios, increase funding costs and generally require the MBL Group to maintain additional capital.

Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions, financial instruments losing their value and liquidity, and interruptions to capital markets that may further affect the MBL Group. Negative perceptions about the soundness of a financial institution can result in counterparties seeking to limit their exposure and depositors withdrawing their deposits, which can happen more quickly than in the past due to the rapid dissemination of negative information through social media channels and other advances in technology, further weakening the institution. Recent bank failures in the U.S. and Europe have heightened these concerns. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that Macquarie Bank interacts with on a daily basis. If any of the MBL Group's counterpart financial institutions fail, the MBL Group's financial exposures to that institution may lose some or all of their value. Any of these events would have a serious adverse effect on the MBL Group's liquidity, profitability and value.

(z) Macquarie Bank's and the MBL Group's ability to operate their businesses could be impaired if their liquidity is constrained.

Liquidity is essential to Macquarie Bank's and the MBL Group's business. Financial institutions have failed in the past due to lack of liquidity. Inadequate liquidity, or even the perception that Macquarie Bank's and the MBL Group's liquidity is inadequate, would pose a serious risk to their ability to operate. Macquarie Bank's and the MBL Group's liquidity may be impacted at any given time as a result of various factors, including deposit losses, market disruptions, macroeconomic shocks, increases to liquidity and regulatory capital requirements due to legal and regulatory changes, restrictive central bank actions such as quantitative tightening that may reduce monetary supply and increase interest rates, the insolvency of a major market participant or systemically important financial institution, any idiosyncratic event impacting Macquarie Bank's or the MBL Group's reputation and/or business, any other unexpected cash outflows or higher-than-anticipated funding needs. The uncertainties surrounding these factors could undermine confidence in Macquarie Bank and the MBL Group, or the financial system as a whole.

Factors beyond Macquarie Bank's and the MBL Group's control, such as periods of market stress, a fall in investor confidence or financial market illiquidity may increase their funding costs and reduce their access to conventional funding sources. Additionally, from time to time, regulations that impose increased liquidity requirements on financial institutions may be adopted. These regulations may require the Bank and the MBL Group to hold larger amounts of highly liquid assets and/or constrain the Bank's and the MBL Group's ability to raise funding or deploy capital. Further, Macquarie Bank's and the MBL Group's ability to liquidate assets may be impaired if there is not generally a liquid market for such assets, as well as in circumstances where other market participants are seeking to sell similar otherwise generally liquid assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes in law or regulation.

Macquarie Bank and the MBL Group may need to raise funding from alternative sources if their access to stable and lower cost sources of funding, such as customer deposits and the equity and debt capital markets, is reduced. Those alternative sources of funding could be more expensive or also limited in availability. Macquarie Bank's and the MBL Group's funding costs could also be negatively affected by actions that they may take in order to satisfy their mandated liquidity coverage and net stable funding ratios or other regulatory requirements.

If Macquarie Bank and the MBL Group fail to effectively manage their liquidity, this could constrain their ability to fund or invest in their businesses, and thereby adversely affect their business, results of operations, prospects, financial performance or financial condition.

(aa) Failure of Macquarie Bank or the MBL Group to maintain their credit ratings and those of their subsidiaries could adversely affect their cost of funds, liquidity, competitive position and access to capital markets.

The credit ratings assigned to Macquarie Bank or the MBL Group and certain of their subsidiaries by rating agencies are based on their evaluation of a number of factors, including the MBL Group's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and its key operating environments, including the availability of systemic support in Australia. In addition, a credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not related to the MBL Group where there has been no deterioration in its business, such as changes to the ratings methodology or criteria.

If these MBL Group entities fail to maintain their current credit ratings, this could (i) adversely affect Macquarie Bank's or the MBL Group's cost of funds, liquidity, competitive position, the willingness of counterparties to transact with the MBL Group and its ability to access capital markets or (ii) trigger Macquarie Bank's or the MBL Group's obligations under certain bilateral provisions in some of their trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the MBL Group or require it to post collateral. Termination of Macquarie Bank's or a MBL Group entity's trading and collateralised financing contracts could cause them to sustain losses and impair their liquidity by requiring them to find other sources of financing or to make significant cash payments or securities movements.

(ab) Changes and increased volatility in currency exchange rates may adversely impact the MBL Group's financial results and its financial and regulatory capital positions.

While the MBL Group's consolidated financial statements are presented in Australian Dollars, a significant portion of the MBL Group's operating income is derived, and operating expenses are incurred, from its offshore business activities, which are conducted in a broad range of currencies. Changes in the rate at which the Australian Dollar is translated from other currencies can impact the MBL Group's financial statements and the economics of its business.

Although the MBL Group seeks to carefully manage its exposure to foreign currencies, in part through matching of assets and liabilities in local currencies and through the use of foreign exchange forward contracts to hedge its exposure, the MBL Group is still exposed to exchange risk. The risk becomes more acute during periods of significant currency volatility. Insofar as the MBL Group is unable to hedge or has not completely hedged its exposure to currencies other than the Australian Dollar, the MBL Group's reported profit and foreign currency translation reserve would be affected.

In addition, because the MBL Group's regulatory capital position is assessed in Australian Dollars, its capital ratios may be adversely impacted by a depreciating Australian Dollar, which increases the capital requirement for assets denominated in currencies other than Australian Dollars.

(ac) Macquarie Bank's and the MBL Group's businesses are subject to the risk of loss associated with price volatility in the equity markets and other markets in which they operate.

Macquarie Bank and the MBL Group are exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of their advisory and other fees, due to changes in interest rates, exchange rates, equity and commodity prices and credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors.

Macquarie Bank and the MBL Group trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial instruments that Macquarie Bank and/or the MBL Group hold and contracts to which they are a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. Additionally, a number of the markets Macquarie Bank and the MBL Group trade in, and in particular the energy markets, have or may experience increased levels of volatility as a result of uncertainty and supply chain disruptions related to ongoing developments, such as the Russia-Ukraine conflict, the conflict in the Middle East and rising interest rates.

In addition, reductions in equity market prices or increases in interest rates may reduce the value of Macquarie Bank's and the MBL Group's clients' portfolios, which in turn may reduce the fees they earn for managing assets in certain parts of their business. Increases in interest rates or attractive prices for other investments could cause Macquarie Bank's and the MBL Group's clients to transfer their assets out of their funds or other products.

Interest rate benchmarks around the world (for example, the London Inter-Bank Offered Rate ("**LIBOR**")) have been subject to regulatory scrutiny and are subject to change. See also "Risk Factors – Legal and Regulatory Risks – The MBL Group may not manage risks associated with the replacement of interest rate benchmarks effectively".

Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the MBL Group. See also "Risk Factors – Inflation has had, and could continue to have, a negative effect on Macquarie Bank's or the MBL Group's business, results of operations and financial condition".

(ad) Macquarie Bank's and the MBL Group's businesses are subject to risks including trading losses, risks associated with market volatility and the risks associated with their physical commodities activities.

Macquarie Bank's and the MBL Group's commodities business primarily involves transacting with their clients to help them manage risks associated with their commodity exposures and Macquarie Bank and the MBL Group may also enter into commodity transactions on their own behalf. These transactions often involve Macquarie Bank and the MBL Group taking on exposure to price movements in the underlying commodities. Macquarie Bank and the MBL Group employ a variety of techniques and processes to manage these risks, including hedging, but, they may not fully hedge their risk and their risk management techniques may not be as effective as they intend for a variety of reasons, including unforeseen events occurring outside their risk modelling. For example, some products may have limited market liquidity and access to derivative markets may become constrained during periods of volatile commodity market conditions, increasing the cost of hedging instruments. Macquarie Bank's and the MBL Group's counterparty risk may also be elevated at times of high volatility because their counterparties may be more likely to be under financial stress, increasing their exposure to potential losses as a result of those counterparties defaulting or failing to perform their obligations. See also "Risk Factors – Counterparty credit risk – Failure of third parties to honour their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business".

While most of Macquarie Bank's and the MBL Group's commodities markets activities involve financial exposures, from time to time they will also have physical positions, which expose them to the risks of owning and/or transporting commodities, some of which may be hazardous. Commodities involved in Macquarie Bank's and the MBL Group's intermediation activities and investments are also subject to the risk of unforeseen or catastrophic events, which are likely to be outside of their control. These risks may include accidents and failures with transportation and storage infrastructure, determinations made by exchanges, extreme weather events or other natural disasters, leaks, spills or release of hazardous substances, disruptions to global supply chains and shipping operations, changes to local legislation and regulation, government action (for example, energy price caps or emergency measures) or hostile geopolitical events (including the ongoing Russia-Ukraine conflict and conflict in the Middle East and any potential conflict as a result of rising tensions between China and Taiwan and the U.S.). The occurrence of any of such events may prevent Macquarie Bank and the MBL Group from performing under their agreements with clients, may impair their operations or financial results and may result in litigation, regulatory action, negative publicity or other reputational harm. Also, while Macquarie Bank and the MBL Group seek to insure against potential risks, insurance may be uneconomic to obtain, the insurance that they have may not be adequate to cover all their losses or they may not be able to obtain insurance to cover some of these risks. There may also be substantial costs in complying with extensive and evolving laws and regulations relating to Macquarie Bank's and the MBL Group's commodities and risk management related activities and investments including energy and climate change laws and regulations worldwide. Increasingly complex sanctions regimes implemented by countries globally have increased risk and uncertainty in some areas of the commodities sector, by prohibiting the continuation of, or requiring significant restructuring of, large and complex transactions and potentially affecting planned exit strategies. See also "Risk Factors – The MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions".

(ae) Funding constraints of investors may impact Macquarie Bank's and/or the MBL Group's income.

Macquarie Bank and the MBL Group generate a portion of their income from the sale of assets to third parties. If buyers are unable to obtain financing to purchase assets that Macquarie Bank and/or the MBL Group currently hold or purchase with the intention to sell in the future, Macquarie Bank and/or the MBL Group may be required to hold investment assets for longer than they intended or sell these assets at lower prices than they historically would have expected to achieve, which may lower their rate of return on these investments and require funding for periods longer than they have anticipated.

(af) Inflation has had, and could continue to have, a negative effect on Macquarie Bank's or the MBL Group's business, results of operations and financial condition.

Inflationary pressures have affected economies, financial markets and market participants worldwide. Central bank responses to inflationary pressures have resulted in higher market interest rates and aggressive balance sheet policy, which has contributed and may continue to contribute to elevated financial and capital market volatility and significant changes to asset values. Macquarie Bank and the MBL Group expect elevated levels of inflation may result in higher labour costs and other operating costs, thus putting pressure on Macquarie Bank's and the MBL Group's expenses. Central bank actions in response to elevated inflation may lead to slow economic growth and increase the risk of recession, which could adversely affect Macquarie Bank's and the MBL Group's clients, businesses and results of operations.

(ag) The MBL Group's businesses could suffer losses due to climate change.

The MBL Group's businesses could also suffer losses due to climate change. Climate change is systemic in nature and is a significant long-term driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions which could result from increased frequency and/or severity of adverse weather events. Such disasters could disrupt the MBL Group's operations or the operations of customers or third parties on which the MBL Group rely. Over the longer term, these events could impact the ability of the MBL Group's clients or customers to repay their obligations, reduce the value of collateral, negatively impact asset values and result in other effects. Additionally, climate change could result in transition risks such as changes to laws and regulations, technology development and disruptions and changes in consumer and market preferences towards low carbon goods and services. These factors could restrict the scope of the MBL Group's existing businesses, limit the MBL Group's ability to pursue certain business activities and offer certain products and services, amplify credit and market risks, negatively impact asset values, result in litigation, regulatory scrutiny and/or action, negative publicity or other reputational harm and/or otherwise adversely impact the MBL Group, its business or its customers.

Climate risks can also arise from the inconsistencies and conflicts in the manner in which climate policy and financial regulation is implemented in the regions where the MBL Group operates, including initiatives to apply and enforce policy and regulation with extraterritorial effect. Legislative or regulatory uncertainties and changes are also likely to result in higher regulatory, compliance, credit, reputation and other risks and costs.

The MBL Group’s ability to meet its climate-related goals, targets and commitments, including its goal to achieve net zero emissions in its own business operations across Scope 1 and 2 by FY2025 and its goal to align its financing activity with the global goal of net zero emissions by 2050, is subject to risks and uncertainties, many of which are outside of the MBL Group’s control, such as technology advances, public policies and challenges related to capturing, verifying, analysing and disclosing emissions and climate-related data. Failure to effectively manage these risks could adversely affect the MBL Group's business, prospects, reputation, financial performance or financial condition.

**Legal and regulatory risks**

(ah) Many of Macquarie Bank’s and the MBL Group’s businesses are highly regulated and they could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy.

The MBL Group operates various kinds of businesses across multiple jurisdictions or sectors which are regulated by more than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated. The MBL Group’s businesses include an “authorised deposit-taking institution” (“**ADI**”) in Australia (regulated by APRA), a credit institution in Ireland (regulated by the Central Bank of Ireland), bank branches in the United Kingdom, the Dubai International Finance Centre and Singapore and representative offices in the U.S., South Africa, Brazil and Switzerland. The regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of Macquarie Bank’s securities or creditors. In addition, as a diversified financial institution, many of the MBL Group’s businesses are subject to financial services regulation other than prudential banking regulation, as well as laws, regulations and oversight specific to the industries applicable to the MBL Group’s businesses and assets. Failure to comply with any laws or regulations which the MBL Group is subject to could adversely affect its business, prospects, reputation or financial condition.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal policies. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect Macquarie Bank and the MBL Group or their businesses, the products and services Macquarie Bank and the MBL Group offer or the value of their assets, or have unintended consequences or impacts across Macquarie Bank’s and the MBL Group’s business. These may include imposing more stringent liquidity requirements and capital adequacy, increasing tax burdens generally or on financial institutions or transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the governance, culture, remuneration and accountability in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which Macquarie Bank and the MBL Group operate and may lead to further significant changes of this kind. Health, safety, environmental and social laws and regulations can also change rapidly and significantly. The occurrence of any adverse health, safety, environmental or social event, or any changes, additions to, or more rigorous enforcement of, health, safety, environmental and social standards could have a significant impact on operations and/or result in material expenditures.

In some countries in which the MBL Group does business or may in the future do business, in particular in emerging markets, the laws and regulations are uncertain and evolving, and it may be difficult for the MBL Group to determine the requirements of local laws in every market. The MBL Group’s inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally.

In addition, regulation is becoming increasingly extensive and complex and in many instances requires the MBL Group to make complex judgments, which increases the risk of non-compliance. Some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. The nature and impact of future changes are unpredictable, beyond Macquarie Bank's and the MBL Group's control and may result in potentially conflicting requirements, resulting in additional legal and compliance expenses and changes to their business practices that adversely affect their profitability.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to Macquarie Bank as an ADI. Any such event could result in changes to the organisational structure of the MBL Group and/or the Macquarie Group and adversely affect the MBL Group. Macquarie Bank and its subsidiaries are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Macquarie Bank. Restrictions or regulatory action of that kind could impede access to funds that Macquarie Bank needs to make payments on its obligations, including debt obligations, or dividend payments.

(ai) The MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions.

The MBL Group is subject in its operations worldwide to laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and adherence to anti-money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that it may be found in violation of financial crime related laws. Emerging financial crime risk typologies could also limit the MBL Group's ability to track the movement of funds thereby heightening the risk of the MBL Group breaching financial crime related laws, sanctions or bribery and corruption laws. The MBL Group's ability to comply with relevant laws is dependent on its detection and reporting capabilities, control processes and oversight accountability. Additionally, the current sanctions environment remains dynamic and constantly evolving. Increasingly complex sanctions and disclosure regimes, which often differ or are not aligned across countries, could adversely affect the MBL Group's business activities and investments, as well as expose it to compliance risk and reputational harm.

A failure to comply with these requirements and expectations, even if inadvertent, or resolve any identified deficiencies could subject the MBL Group to significant penalties, revocation, suspension, restriction or variation of conditions of operating licenses, adverse reputational consequences, a breach of the MBL Group's contractual arrangements, litigation by third parties (including potentially class actions) or limitations on its ability to do business.

(aj) Macquarie Bank and the MBL Group may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and Macquarie Bank's business operations, capital, liquidity, financial and non-financial risk management and other matters, has increased dramatically in recent years. The political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, enforcement actions and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming, expensive, can adversely affect investor confidence and can divert the time and effort of the MBL Group's staff (including senior management) from their business.

Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, with regulators exercising their enhanced enforcement powers in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. If the MBL Group is subject to adverse regulatory findings, the financial penalties could have a material adverse effect on its results of operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the MBL Group's reputation with clients and on the morale and performance of its employees.

(ak) Litigation and regulatory actions may adversely impact Macquarie Bank and the MBL Group's results of operations.

Macquarie Bank and the MBL Group may, from time to time, be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory breaches, which, if they crystallise, may adversely impact upon their results of operations and financial condition in future periods or their reputation. Macquarie Bank and the MBL Group entities regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm Macquarie Bank's and the MBL Group's reputation or brand, thereby adversely affecting their business.

(al) The MBL Group may not manage risks associated with the replacement of interest rate benchmarks effectively.

LIBOR and other interest rate benchmarks (collectively, the "**IBORs**") have been the subject of ongoing national and international regulatory scrutiny and reform. The LIBOR administrator ceased publication of non-USD LIBOR and one-week and two-months USD LIBOR on a permanent or representative basis on 31 December 2021, and ceased publication of all other USD LIBOR tenors on 1 July 2023. The transition away from and discontinuance of established benchmark rates and the adoption of alternative reference rates ("**ARR**") by the market may pose a number of risks for the MBL Group, its clients, and the financial services industry more widely. These include, but are not limited to:

- Conduct risks – where, by undertaking actions to transition away from using the IBORs, the MBL Group faces conduct risks which may lead to client complaints, regulatory sanctions or reputational impact.

- Legal and execution risks – relating to documentation changes required for new ARR products and for the transition of legacy contracts to ARRs.

- Financial risks and pricing risks – any changes in the pricing mechanisms of financial instruments linked to IBOR or ARRs which could impact the valuations of these instruments.

- Operational risks – due to the potential need for the MBL Group, its clients and the market to adapt information technology systems, operational processes and controls to accommodate one or more ARRs for a large volume of trades.

Any of these factors may have a material adverse effect on the MBL Group's business, results of operations, financial condition and prospects.

**Counterparty credit risk**

(am) Failure of third parties to honour their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business.

Macquarie Bank and the MBL Group are exposed to potential losses as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. Macquarie Bank and the MBL Group are also exposed to potential concentration risk arising from individual exposures or other concentrations including to industries or countries. Macquarie Bank and the MBL Group assume counterparty risk in connection with their lending, trading, derivatives and other businesses where they rely on the ability of third parties to satisfy their financial obligations to them in full and on a timely basis. Macquarie Bank's and the MBL Group's recovery of the value of the resulting credit exposure may be adversely affected by a number of factors, including declines in the financial condition of the counterparty, the value of collateral they hold and the market value of counterparty obligations they hold. Changes in sanctions laws may affect the credit condition of their counterparties, with those whose businesses were developed around the ability to trade in or utilise now-sanctioned commodities more likely to have been negatively affected. A period of low or negative economic growth, changes in market conditions or stressed or volatile markets and/or a rise in unemployment could also adversely impact the ability of Macquarie Bank's and the MBL Group's consumer and/or commercial borrowers or counterparties to meet their financial obligations and negatively impact Macquarie Bank's and the MBL Group's credit portfolio. Consumers have been and may continue to be negatively impacted by inflation, resulting in drawdowns of savings or increases in household debt. Higher interest rates, which have increased debt servicing costs for some businesses and households, may adversely impact credit quality, particularly in a period of low or negative economic growth. If the macroeconomic environment worsens, Macquarie Bank's and the MBL Group's credit portfolio and allowance for credit losses could be adversely impacted. Please refer to Note 33 of the Macquarie Bank 2024 Financial Report for details on the concentration of credit risk by significant geographical locations and counterparty types.

Macquarie Bank and the MBL Group are also subject to the risk that their rights against third parties may not be enforceable in all circumstances. Macquarie Bank's and the MBL Group's inability to enforce their rights may result in losses.

(an) Macquarie Bank and the MBL Group may experience impairments in their loans, investments and other assets.

Macquarie Bank and its subsidiaries recorded A$49 million of credit and other impairment charges for the financial year ended 31 March 2024, including A$34 million for net credit impairment reversals, and A$15 million for net other impairment reversals on interests in associates and joint ventures, intangible assets and other non-financial assets. Credit and other impairments may be required in future periods depending upon the credit quality of Macquarie Bank's counterparties or if the market value of assets similar to those held were to decline. Credit and other impairment charges may also vary following a change to the inputs or forward-looking information used in the determination of expected credit losses. Please refer to Note 12 of the Macquarie Bank 2024 Financial Report for further information on the determination of expected credit losses.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces Macquarie Bank's and the MBL Group's ability to limit losses in such positions and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios, increase their funding costs and generally require them to maintain additional capital.

**Operational risks**

(ao) Macquarie Bank's and the MBL Group's ability to retain and attract qualified employees is critical to the success of their business and the failure to do so may materially adversely affect their performance.

Macquarie Bank and the MBL Group's employees are their most important resource, and their performance largely depends on the talents and efforts of highly skilled individuals. Macquarie Bank's and the MBL Group's continued ability to compete effectively in their businesses and to expand into new business areas and geographic regions depends on their ability to retain and motivate their existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds and venture capital funds, for qualified employees has historically been intense. Remuneration costs required to attract and retain employees may increase and the competitive market for talent may further intensify. Recent employment conditions have made the competition to hire and retain qualified employees more challenging and costly. Attrition rates may also be impacted by factors such as changes in worker expectations, concerns and preferences, including an increased demand for remote work options and other flexibility in the post-COVID-19 environment.

In order to attract and retain qualified employees, Macquarie Bank and the MBL Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the MBL Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, Macquarie Bank may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require Macquarie Bank and the MBL Group to further alter their remuneration practices in ways that could adversely affect their ability to attract and retain qualified and talented employees.

Current and future laws (including laws relating to immigration and outsourcing) may restrict Macquarie Bank's and the MBL Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact Macquarie Bank's and the MBL Group's ability to take advantage of business and growth opportunities or potential efficiencies.

(ap) Macquarie Bank and the MBL Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failure in internal or external operational systems and infrastructures, people and processes.

Macquarie Bank and the MBL Group's businesses depend on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. While Macquarie Bank and the MBL Group employ a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, Macquarie Bank and the MBL Group may, in the course of their activities, incur losses. There can be no assurance that the risk management processes and strategies that Macquarie Bank and the MBL Group have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances. For a further discussion of Macquarie Bank's and the MBL Group's risk management policies and procedures, please refer to Note 33 of the Macquarie Bank 2024 Financial Report.

Macquarie Bank and the MBL Group also face the risk of operational failure, termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries Macquarie Bank and the MBL Group use to facilitate their securities or derivatives transactions, and as Macquarie Bank's and the MBL Group's interconnectivity with their clients and counterparties grows, the risk to Macquarie Bank and the MBL Group of failures in their clients' and counterparties' systems also grows. Any such failure, termination or constraint could adversely affect Macquarie Bank's and the MBL Group's ability to effect or settle transactions, service their clients, manage their exposure to risk, meet their obligations to counterparties or expand their businesses or result in financial loss or liability to their clients and counterparties, impairment of their liquidity, disruption of their businesses, regulatory intervention or reputational damage.

As Macquarie Bank's and the MBL Group's client base, business activities and geographical reach expands, developing and maintaining their operational systems and infrastructure becomes increasingly challenging. Macquarie Bank and the MBL Group must continuously update these systems to support their operations and growth, which may entail significant costs and risks of successful integration. Macquarie Bank's and the MBL Group's financial, accounting, data processing or technology assets may fail to operate properly or be disrupted as a result of events that are wholly or partially beyond their control, such as a malicious cyber-attack or a disruption event at a third-party supplier.

The MBL Group's businesses manage a large volume of sensitive data and rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in their data management systems and technology, and in those managed, processed and stored by third parties on behalf of the MBL Group. Inadequate data governance, management and control across the data lifecycle, which include the capture, processing, retention, publication, use, archiving and disposal of data, could lead to poor decision making in the provision of credit as well as affecting the MBL Group's data management regulatory obligations, all of which may cause the MBL Group to incur losses or lead to regulatory actions. Macquarie Bank and the MBL Group are subject to laws, rules and regulations in a number of jurisdictions regarding compliance with their privacy policies and the disclosure, collection, use, sharing and safeguarding of personally identifiable information of certain parties, such as their employees, customers, suppliers, counterparties and other third parties, the violation of which could result in litigation, regulatory fines and enforcement actions. Furthermore, a breach, failure or other disruption of Macquarie Bank's and the MBL Group's data management systems and technology, or those of their third-party service providers, could lead to the unauthorised or unintended release, misuse, loss or destruction of personal or confidential data about their customers, employees or other third parties in their possession. A purported or actual unauthorised access or unauthorised disclosure of personal or confidential data could materially damage Macquarie Bank's and the MBL Group's reputation and expose Macquarie Bank and the MBL Group to liability for violations of privacy and data protection laws.

Macquarie Bank and the MBL Group are exposed to the risk of loss resulting from the failure of their internal or external processes and systems, such as from the disruption or failure of their IT systems, or from external suppliers and service providers including public and private cloud-based technology platforms. Such operational risks may include theft and fraud, failure to effectively implement employment practices and inadequate workplace safety, improper business practices, mishandling of client moneys or assets, client suitability and servicing risks, product complexity and pricing and valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations. There is increasing regulatory and public scrutiny concerning the appropriate management of data and the resilience of outsourced and offshore activities and their associated risks. If Macquarie Bank and the MBL Group fail to manage these risks appropriately, they may incur financial losses and/or regulatory intervention and penalties and damage to their reputation which may impact their ability to attract and retain clients who may or may not be directly affected.

Macquarie Bank and the MBL Group are also exposed to the risk of loss and adverse impact to external stakeholders, resulting from their business activities, including the actions or inactions of their employees, contractors and external service providers operating in markets globally. Conduct risks can arise from human errors, lack of reasonable care and diligence exercised or intentional malfeasance, fraud and other misconduct, including the misuse of client information in connection with insider trading or for other purposes, even if promptly discovered and remediated, can result in reputational damage and material losses and liabilities for Macquarie Bank and the MBL Group.

Whilst Macquarie Bank and the MBL Group have a range of controls and processes to minimise their conduct risk exposure and identify and manage employee behaviours in line with their risk management policies, it is not always possible to deter or prevent employee misconduct. The precautions Macquarie Bank and the MBL Group take to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage.

(aq) A cyber-attack, information or security breach, or a technology disruption event of Macquarie Bank or the MBL Group or of a third-party supplier could adversely affect Macquarie Bank's or the MBL Group's ability to conduct their business, manage their exposure to risk or expand their businesses. This may result in the disclosure or misuse of confidential or proprietary information and an increase in Macquarie Bank's or the MBL Group's costs to maintain and update their operational and security controls and infrastructure.

The MBL Group's businesses depend on the security and efficacy of its data management systems and technology, as well as those of third parties with whom it interacts or on whom it relies. To access the MBL Group's network, products and services, its customers and other third parties may use personal mobile devices or computing devices that are outside of its network environment and are subject to their own cybersecurity risks. While the MBL Group seeks to operate in a control environment that limits the likelihood of a cyber and information security incident, and to ensure that the impact of a cyber and information security incident can be minimised by information security capability and incident response, there can be no assurances that the MBL Group's security controls will provide absolute security against a dynamic external threat environment.

Cyber and information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology, the increase in remote working arrangements and the increased sophistication and activities of attackers (including hackers, organised criminals, terrorist organisations, hostile state-sponsored activity, disgruntled individuals, activists and other external parties). These risks have grown more acute due to advances in artificial intelligence, such as the use of machine learning and generative artificial intelligence, which has allowed malicious actors to develop more advanced social engineering attacks, including targeted phishing attacks. Global events and geopolitical instability may increase security threats targeted at financial institutions. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent and requires the exercise of sound judgment and vigilance by the MBL Group's employees when they are targeted by such attacks. The techniques used by hackers change frequently and may not be recognised until launched or until after a breach has occurred. Additionally, the existence of cyber-attacks or security breaches at the MBL Group's suppliers may also not be disclosed to it in a timely manner.

Despite efforts to protect the integrity of the MBL Group's systems through the implementation of controls, processes, policies and other protective measures, there is no guarantee that the measures the MBL Group continues to take will provide absolute security or recoverability given that the techniques used in cyber-attacks are complex, executed rapidly, frequently evolving and as a result are difficult to prevent, detect and respond to.

Due to increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the MBL Group. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect the MBL Group's ability to effect transactions, service its clients, manage its exposure to risk or expand its businesses.

The MBL Group anticipates cyber-attacks will continue to occur because perpetrators are well resourced, deploying highly sophisticated techniques including artificial intelligence based attacks, which are evolving rapidly. This challenges its ability to implement effective controls measures to prevent or minimise damage that may be caused by all information security threats. Cyber-attacks or other information or security breaches, whether directed at the MBL Group or third parties, may result in a material loss or have adverse consequences for the MBL Group, including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the MBL Group.

(ar) Macquarie Bank's and the MBL Group's operations rely on their ability to maintain an appropriately staffed workforce, and on the competence, engagement, health, safety and wellbeing of employees and contractors.

Macquarie Bank's and the MBL Group's ability to operate their businesses efficiently and profitably, to offer products and services that meet the expectations of their clients and customers, and to maintain an effective risk management framework is highly dependent on their ability to staff their operations appropriately and on the competence, integrity and health, safety and wellbeing of their employees and contractors.

Macquarie Bank's and the MBL Group's operations could be impaired if the measures they take to ensure the health, safety and wellbeing of their employees and contractors are ineffective, or if any external party on which they rely fails to take appropriate and effective actions to protect the health and safety of their employees and contractors.

(as) The MBL Group could suffer losses due to hostile, catastrophic or unforeseen events, including due to environmental and social factors.

The MBL Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts), leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks, military conflict including the ongoing Russia-Ukraine conflict and conflict in the Middle East and any potential conflict as a result of rising tensions between China and Taiwan and the U.S., or other hostile or catastrophic events. Any significant environmental change or external event (including increased frequency and severity of storms, floods and other catastrophic events such as earthquakes, persistent changes in precipitation levels, rising average global temperatures, rising sea levels, pandemics, other widespread health emergencies, civil unrest, geopolitical or terrorism events) has the potential to disrupt business activities, impact the MBL Group's operations or reputation, increase credit risk and other credit exposures, damage property and otherwise affect the value of assets held in the affected locations and the MBL Group's ability to recover amounts owing to it.

The occurrence of any such events may prevent the MBL Group from performing under its agreements with clients, may impair its operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm. The MBL Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses. Any such long-term, adverse environmental or social consequences could prompt the MBL Group to exit certain businesses altogether. In addition, such an event or environmental change (as the case may be) could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The MBL Group also faces increasing public scrutiny, laws and regulations related to environmental, social and governance ("**ESG**") factors, including concerns in respect of "greenwashing" practices. The MBL Group risks damage to its brand and reputation if it fails to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, respecting the rights of Indigenous Peoples, support for local communities, corporate governance and transparency and considering ESG factors (including human rights breaches such as modern slavery) where relevant when conducting its business, including under its investment and procurement processes. The MBL Group is also subject to competing demands from different stakeholder groups with divergent views on such ESG-related factors, including by governmental and regulatory officials in various geographical markets in which it operates and invests. Failure to effectively manage these risks, including managing ESG-related expectations across varied stakeholder interests, may result in breaches of MBL Group's statutory obligations and harm to its reputation, and could adversely affect the MBL Group's business, prospects, reputation, financial performance or financial condition.

(at) Failure of the MBL Group's insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations.

The MBL Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the MBL Group's insurance carriers fail to perform their obligations to the MBL Group and/or its third-party cover is insufficient for a particular matter or group of related matters, its net loss exposure could adversely impact its results of operations.

(au) The MBL Group is subject to risks in using custodians.

Certain products the MBL Group manages depend on the services of custodians to carry out certain securities transactions. Securities held at custodians are typically segregated. In the event of the insolvency of a custodian, the MBL Group might not be able to recover equivalent unsegregated assets in full as the beneficiaries of these products will rank among the custodian's unsecured creditors. In addition, the cash held with a custodian in connection with these products will not be segregated from the custodian's own cash, and the creditors of these products will therefore rank as unsecured creditors in relation to the cash they have deposited.

(av) Macquarie Bank may be exposed to contagion risk as it does not control the management, operations or business of entities in the Macquarie Group that are not part of the MBL Group.

Entities in the Macquarie Group that are not part of the MBL Group may establish or operate businesses separately from the businesses of the MBL Group, and are not obligated to support the businesses of the MBL Group, other than as required by APRA prudential standards. The activities of those entities may have an impact on the MBL Group.

**Strategic risks**

(aw) Macquarie Bank's and the MBL Group's business may be adversely affected by their failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses.

Macquarie Bank and other entities in the MBL Group are continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to their operations. Macquarie Bank's and/or the MBL Group's completed and prospective acquisitions and growth initiatives may cause them to become subject to unknown liabilities of the acquired or new business and additional or different regulations.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the MBL Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. A number of the MBL Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact with new clients, new asset classes and other new products or new markets. These business activities expose the MBL Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit related and operational risks, including risks arising from IT systems and reputational concerns with the manner in which these businesses are being operated or conducted.

Any time Macquarie Bank and such other MBL Group entities make an acquisition, they may over-value the acquisition, they may not achieve expected synergies, they may achieve lower than expected cost savings or otherwise incur losses, they may lose customers and market share, they may face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business into the MBL Group or their management's time may be diverted to facilitate the integration of the acquired business into the MBL Group. Macquarie Bank and other entities in the MBL Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses. Where Macquarie Bank's and/or the MBL Group's acquisitions are in foreign jurisdictions, or are in emerging or growth economies in particular, they may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk in emerging and growth markets.

(ax) Macquarie Bank and the MBL Group's businesses depend on the Macquarie Group's brand and reputation.

The MBL Group believes its reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by Macquarie Group use the Macquarie name. The MBL Group does not control those entities that are not in the MBL Group, but their actions may reflect directly on its reputation.

The MBL Group's business may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or funds that Macquarie has promoted or is associated with. Investors and lenders may associate such entities and funds with the name, brand and reputation of the MBL Group and the Macquarie Group and other Macquarie-managed funds. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming the reputation of Macquarie Bank and the MBL Group and the reputation of other entities that use the Macquarie name.

(ay) Competitive pressure, both in the financial services industry, as well as in the other industries in which Macquarie Bank and the MBL Group operate, could adversely impact their business.

Macquarie Bank and the MBL Group face significant competition from local and international competitors, which compete vigorously in the markets and sectors across which the MBL Group operates. Macquarie Bank and the MBL Group compete, both in Australia and internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet-based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets they manage and services they provide. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently.

In addition, digital technologies and business models are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that challenge, and could potentially disrupt, traditional financial services. Macquarie Bank and the MBL Group face competition from established providers of financial services as well as from businesses developed by non-financial services companies. Macquarie Bank and the MBL Group believe that they will continue to experience pricing pressures in the future as some of their competitors seek to obtain or increase market share.

The widespread adoption and rapid evolution of new technologies, including process automation, machine learning and artificial intelligence, analytic capabilities, self-service digital trading platforms and automated trading markets, internet services and digital assets, such as central bank digital currencies, cryptocurrencies (including stablecoins), tokens and other cryptoassets, clearing and settlement processes could have a substantial impact on the financial services industry. As such new technologies evolve and mature, the MBL Group's businesses and results of operations could therefore be adversely impacted.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance the competitive position of the MBL Group's competitors. In addition to mergers and acquisitions pursued for commercial reasons, consolidation may also occur as a result of bank regulators encouraging or directing stronger institutions to acquire weaker institutions to preserve stability. The effect of competitive market conditions, especially in the MBL Group's main markets, products and services, may lead to an erosion in its market share or margins.

(az) Conflicts of interest could limit the MBL Group's current and future business opportunities.

As the MBL Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Macquarie Group. While the MBL Group believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients or counterparties to enter into transactions may be adversely affected if Macquarie Bank fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions.

**Tax**

(ba) Macquarie Bank's and the MBL Group's business operations expose them to potential tax liabilities that could have an adverse impact on their results of operation and reputation.

Macquarie Bank and MBL Group are exposed to costs and risks arising from the manner in which the Australian and international tax regimes may be applied, enforced and/or amended, both in terms of their own tax compliance and the tax aspects of transactions on which they work with clients and other third parties. Macquarie Bank's and the MBL Group's international, multi-jurisdictional platform increases their tax risks. Any actual or alleged failure to comply with or any change in the implementation, interpretation, application or enforcement of applicable tax laws and regulations could adversely affect Macquarie Bank's or the MBL Group's reputation and affected business areas, significantly increase their effective tax rate or tax liability and expose them to legal, regulatory and other actions.

**Accounting standards**

(bb) Changes in accounting standards, policies, interpretations, estimates, assumptions and judgments that could have a material impact on the financial results of Macquarie Bank and the MBL Group.

Macquarie Bank's and the MBL Group's accounting policies are fundamental to how they record and report their financial position and results of operations. These policies require the use of estimates, assumptions and judgements that affect the reported value of Macquarie Bank's and the MBL Group's assets or liabilities and results of operations. Management is required to determine estimates and apply subjective and complex assumptions and judgements about matters that are inherently uncertain. Changes in those estimates, assumptions and judgements are accounted for prospectively as a change in accounting estimate unless it is determined that either (i) the determination thereof was in error or (ii) the accounting policy which sets out the application of those estimates, assumptions and judgements has changed, in which case the previous reported financial information is represented.

Accounting standard setting bodies issue new accounting standards and interpretations in response to outreach activities, evolving interpretations, application of accounting principles as well as changes in market developments. In addition, changes in interpretations by accounting standard setting bodies; regulators; and Macquarie Bank's and the MBL Group's independent external auditor may also arise from time to time. These changes may be difficult to predict in terms of the nature of such changes and the timing thereof. The application of new requirements and interpretations may impact how Macquarie Bank and the MBL Group prepares and reports their financial statements. In some cases, Macquarie Bank and the MBL Group may be required to apply a new or revised standard or change in interpretation retrospectively, resulting in a requirement to represent their previously reported financial information.

(bc) Investors should note that they are exposed to an exchange rate risk as the Warrants will be issued and traded in Singapore dollars while the underlying shares are traded in Hong Kong dollars and the Cash Settlement Amount is converted from a foreign currency into Singapore dollars. The value of the Warrants may therefore be affected by, amongst other factors, the relative exchange rates of the Singapore dollar and the Hong Kong 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 Warrants. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies.

(bd) The price of the Share is published during the trading hours of the Relevant Stock Exchange. The trading days and hours of the Relevant Stock Exchange are different from that of the SGX-ST. In assessing the price of the Warrants, you should be aware of the differences in the time zone and the actual trading days and hours of the relevant exchanges in Singapore and Hong Kong. For example, the price of the Share may be volatile during which the Stock SGX-ST is not open for trading of the Warrants. There may also be certain period of time during the trading hours of the SGX-ST when the prices of the Shares are not available. The market maker will not be able to provide liquidity for the Warrants during such times.

(be) Risks relating to the multiple counter single equities in Hong Kong.

Where the Company adopts the multiple counters model for trading its shares on HKEX in HKD and one or more foreign currencies (such as Renminbi) separately, the relatively recent introduction and untested nature of HKEX's multiple counters model may bring the following additional risks:

(i) The Warrants are only related to the Shares which are HKD traded on HKEX. Any movement in the trading prices of the shares of the Company traded in another currency counter should not directly affect the price of the Warrants. Investors should not consider the price of the shares of the Company traded in another currency counter in making investment decision in the Warrants;

(ii) if there is a suspension of inter-counter transfer of the shares of the Company between the HKD counter and any other currency counters for any reason, such shares will only be able to be traded in the relevant currency counter on HKEX, which may affect the demand and supply of the Shares and have an adverse effect on the price of the Warrants; and

(iii) the trading price on HKEX of HKD traded shares may deviate significantly from the trading price on HKEX of shares traded in another currency counter due to a number of factors such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and exchange rate fluctuation. Changes in the trading price of the Shares may adversely influence the price of the Warrants.

## 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. The Issuer has not independently verified any of such information.*

Lenovo Group Limited (the "**Company**") develops, manufactures, and distributes intelligent devices. The Company provides laptops, desktops, tablet PCs, accessories, and data center equipment such as servers and storage, as well as offers infrastructure solutions and software services. Lenovo Group serves customers worldwide.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 September 2024 and has been extracted and reproduced from an announcement by the Company dated 15 November 2024 in relation to the same. Further information relating to the Company may be located on the Company's web-site at www.hkex.com.hk.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Macquarie Capital Securities (Singapore) Pte. Limited ("**MCSSP**") has been appointed the designated market maker ("**DMM**") for the Warrants. The DMM will provide competitive buy and sell quotes for the Warrants continuously during the trading hours of the SGX-ST on the following basis:

| | | | |
|---|---|---|---|
| (a) | Maximum bid and offer spread | : | 10 times the minimum permitted price movement in the Warrants in accordance with the rules of the SGX-ST or SGD 0.20, whichever is the greater |
| (b) | Minimum quantity subject to bid and offer spread | : | 10,000 Warrants |
| (c) | Last Trading Day for Market Making | : | The date falling five Business Days immediately preceding the Expiry Date, provided that if such day is not a day on which HKEX is open for dealings during its normal trading hours ("HK Business Day"), the Business Day immediately preceding such day which is also a HK Business Day |

Quotations will/may however not be provided by the DMM 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 Warrant is valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) when trading in the Shares is suspended or limited in a material way (including price quote limits activated by the relevant exchange or otherwise); for the avoidance of doubt, the DMM is not obliged to provide quotations for the Warrants at any time when the shares or securities relating to or constituting the Index are not traded for any reason;

(iv) when the Issuer or DMM faces technical problems affecting the ability of the DMM to provide the bid and offer prices;

(v) when 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. The Issuer will inform the SGX-ST of its inability to do so as soon as practicable;

(vi) in cases where the Issuer has no Warrants to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Warrants;

(vii) when the stock market experiences exceptional price movements and volatility; and

(viii) when it is a public holiday in Singapore or Hong Kong and the SGX-ST or HKEX is not open for dealings.

**History and Business**

MCSSP holds a Capital Markets Services License issued by the Monetary Authority of Singapore and is a trading member of SGX-ST as well as a Clearing Member of the CDP. Under the Capital Markets Services License, MCSSP is permitted to deal in securities and provide custodial services as well as act as an exempt financial adviser. Its principal activities are those relating to the provision of stock and share broking services, prescribed under the rules and regulations of the SGX-ST, and related securities research services. MCSSP is a wholly owned subsidiary of Macquarie Group Holdings (Singapore) Pte. Limited and its ultimate holding company is Macquarie Group Limited.

## SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The Macquarie Bank Limited 2025 Interim Financial Report for the half year ended 30 September 2024 is released. Copies of the Macquarie Bank Limited 2025 Interim Financial Report can be obtained at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View #21-07 Marina One West Tower Singapore 018937, and viewed at www.macquarie.com.au.

For more information on the Issuer, please see www.macquarie.com.

Queries regarding the Warrants may be directed to 1800 288 2880 (Toll Free) or +65 6601 0289 (International) or info@warrants.com.sg.

# SALE

## General

No action has been or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants 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.

## European Economic Area

Please note that in relation to EEA states, additional selling restrictions may apply in respect of any specific EEA state.

The Warrants are not offered, sold or otherwise made available and will not be offered, sold, or otherwise made available under this document to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPS Regulation. 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**”); or

   (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), 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 and superseded the “**Prospectus Regulation**”); and

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

## United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Warrants which are the subject of the offering contemplated by. document to any retail investor in the United Kingdom. Consequently no key information document required by the PRIIPs Regulation as it by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) forms part of domestic law (the “UK PRIIPs Regulation”) for offering or selling the Warrants or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

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 EUWA; or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA 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 Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

Each dealer has represented and agreed, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that:

(a) in respect of Warrants 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 Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or 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 Warrants would otherwise constitute a contravention of Section 19 of the FSMA, by us;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Warrants in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

**United States of America**

The Warrants have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Warrants, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the U.S. or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the U.S. or to any such U.S. person. Offers and sales of Warrants, or interests therein, in the U.S. or to U.S. persons would constitute a violation of U.S. securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. As used herein, "**U.S.**" 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 any citizen or resident of the U.S., including any corporation, partnership or other entity created or organised in or under the laws of the U.S. or of any political subdivision thereof, any estate or trust the income of which is subject to U.S. income taxation regardless of its source, and any other “**U.S. person**” as such term is defined in Regulation S under the Securities Act.

**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 Warrants may not be circulated or distributed, nor may Warrants 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**

Each distributor, purchaser or subscriber of the Warrants has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**Commonwealth of Australia**

This document is not a prospectus, product disclosure statement or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) (the “**Act**”). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, ASX Limited or any other government agency in Australia. Each Warrantholder will be required to represent and agree that, unless the applicable final terms otherwise provides, it:

(a) has not offered or invited applications, and will not make any offer, or invite applications, for the issue, sale or purchase of any Warrant in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, this document, any addendum to the Base Listing Document and this document or any other offering material or advertisement relating to any Warrant in Australia,

Unless:

(a) the offeree or invitee is a “wholesale client”, “sophisticated investor” or “professional investor” (as defined in the Act);

(b) the minimum aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates); or

(c) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Act.

Section 708(19) of the Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Act if the issuer is an Australian ADI. As at the date of this document, the Issuer is an ADI.

## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 127 of the Base Listing Document.

1. Settlement of trades done on a normal "ready basis" on the SGX-ST generally takes place on the second Business Day following the transaction. Dealing in the Warrants will take place in Board Lots in Singapore dollars. For further details on the transfer of Warrants and their exercise, please refer to the section headed "Summary of the Issue" above.

2. It is not the current intention of the Issuer to apply for a listing of the Warrants on any stock exchange other than the SGX-ST.

3. Macquarie Bank is an indirect subsidiary of MGL. Macquarie Group is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Group has been subject to lawsuits.

   As appropriate, the Macquarie Group makes provision for and recognises contingent liabilities in respect of actual and potential claims and proceedings that have not been determined. An assessment of likely losses is made on a case-by-case basis for the purposes of Macquarie Group's consolidated financial statements and specific provisions that Macquarie Group considers appropriate are made, as described in the Notes to Macquarie Group's consolidated financial statements for the year ended 31 March 2024.

   There are no, nor have there been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Macquarie Bank or the Macquarie Group is aware) in the 12 month period prior to the date of this document which may have or have had a significant effect on the financial position or profitability of Macquarie Bank.

4. To the best of the Issuer's knowledge, there has been no adverse change, material in the context of the issue of the Warrants, in the financial position of the Issuer since 30 September 2024.

5. The following contracts, relating to the issue of the Warrants, have been or will be entered into by the Issuer and may be material to the issue of the Warrants:

   (a) the Master Instrument; and

   (b) the Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

6. The Warrants are not fully covered by Shares held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Warrants.

7. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View, #21-07 Marina One West Tower, Singapore 018937, until the expiry of the Warrants:

   (a) the Constitution of the Issuer;

(b) 2023 and 2024 Annual Reports of the Issuer and the 2025 Interim Financial Report for the half-year ended 30 September 2024 of the Issuer;

(c) the Master Instrument;

(d) the Warrant Agent Agreement; and

(e) the Base Listing Document.

# APPENDIX I

## REPRODUCTION OF THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024 OF LENOVO GROUP LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited financial results of the Company and its subsidiaries for the six months ended 30 September 2024 and have been extracted and reproduced from an announcement by the Company dated 15 November 2024.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

Lenovo Group Limited 聯想集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(HKD Counter Stock Code: 992 / RMB Counter Stock Code: 80992)**

# FY2024/25 INTERIM RESULTS ANNOUNCEMENT

## INTERIM RESULTS

The board of directors (the "Board") of Lenovo Group Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (the "Group") for the three and six months ended September 30, 2024 together with comparative figures for the corresponding period of last year, as follows:

## FINANCIAL HIGHLIGHTS

- Group revenue and profit attributable to equity holders increased by 22 percent and 41 percent year-on-year, respectively, during the period under review, with all three business groups achieving double-digit revenue growth. R&D expenses rose by 8 percent year-on-year to support critical AI innovations
- ISG's revenue surged by 65 percent thanks to strong cloud opportunities and a recovering enterprise business; segment loss reduced by 36 percent but challenges remain due to higher investments and mix shift to cloud business
- IDG's revenue grew by 15 percent for the first fiscal half-year period, spurred by premium-to-market growth in both PCs and smartphones, along with the rapid rise in popularity of five feature AI PCs. Operational excellence and ASP expansion led to industry-leading operating margin of 7.3 percent
- SSG's revenue hit a record high, maintaining a 21 percent operating margin and solidifying its status as a profit engine
- Free cash flow nearly tripled year-on-year during the first fiscal half-year period; net cash balance strengthened to US$595 million
- Through its strategic partnership with Alat, subsidiary of Saudi Arabia's Public Investment Fund, the Group is well-poised to leverage growth in the MEA region and further globalize its supply chain

| | 3 months ended September 30, 2024 (unaudited) *US$ million* | 6 months ended September 30, 2024 (unaudited) *US$ million* | 3 months ended September 30, 2023 (unaudited) *US$ million* | 6 months ended September 30, 2023 (unaudited) *US$ million* | Year-on-year change 3 months ended September 30 | Year-on-year change 6 months ended September 30 |
|---|---|---|---|---|---|---|
| Revenue | 17,850 | 33,297 | 14,410 | 27,310 | 24% | 22% |
| Gross profit | 2,796 | 5,356 | 2,522 | 4,774 | 11% | 12% |
| Gross profit margin | 15.7% | 16.1% | 17.5% | 17.5% | (1.8) pts | (1.4) pts |
| Operating expenses | (2,145) | (4,211) | (2,008) | (3,870) | 7% | 9% |
| Operating profit | 651 | 1,145 | 514 | 904 | 27% | 27% |
| Other non-operating income/(expenses) – net | (178) | (359) | (156) | (318) | 13% | 13% |
| Profit before taxation | 473 | 786 | 358 | 586 | 32% | 34% |
| Profit for the period | 383 | 637 | 289 | 472 | 33% | 35% |
| Profit attributable to equity holders of the Company | 359 | 602 | 249 | 426 | 44% | 41% |
| Earnings per share attributable to equity holders of the Company | | | | | | |
| Basic | US2.92 cents | US4.91 cents | US2.09 cents | US3.57 cents | US0.83 cents | US1.34 cents |
| Diluted | US2.78 cents | US4.71 cents | US1.99 cents | US3.43 cents | US0.79 cents | US1.28 cents |
| Non-HKFRS measure | | | | | | |
| Non-HKFRS operating profit | 692 | 1,264 | 512 | 914 | 35% | 38% |
| Non-HKFRS profit before taxation | 516 | 908 | 357 | 598 | 45% | 52% |
| Non-HKFRS profit for the period | 423 | 747 | 285 | 479 | 48% | 56% |
| Non-HKFRS profit attributable to equity holders of the Company | 404 | 719 | 273 | 463 | 48% | 55% |

## INTERIM DIVIDEND

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

## CLOSURE OF REGISTER OF MEMBERS

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

## BUSINESS REVIEW AND OUTLOOK

**Highlights**

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

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

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

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

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

**Group Financial Performance**

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

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

**Performance by Product Business Group**

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

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

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

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

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

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

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

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

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

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

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

## Geographic Performance

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

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

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

## Outlook

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

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

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

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

**Strategic Highlights**

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

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

As a responsible corporate, the Group prides itself on setting high standards and making every effort to mitigate the environmental impact of its operations as the business strides towards achieving net zero emissions by 2050. To capitalize on growing ESG awareness, management will broaden its sustainability initiatives. This includes incorporating innovative ESG features, such as a CO2 offset service and Reduced Carbon Transit, into the Group's service offerings to help customers achieve their ESG goals.

## FINANCIAL REVIEW

***Results for the six months ended September 30, 2024***

| | **6 months ended September 30, 2024 (unaudited)** ***US$ million*** | 6 months ended September 30, 2023 (unaudited) *US$ million* | Year-on-year change |
|---|---|---|---|
| Revenue | **33,297** | 27,310 | 22% |
| Gross profit | **5,356** | 4,774 | 12% |
| Gross profit margin | **16.1%** | 17.5% | (1.4) pts |
| Operating expenses | **(4,211)** | (3,870) | 9% |
| Operating profit | **1,145** | 904 | 27% |
| Other non-operating income/(expenses) – net | **(359)** | (318) | 13% |
| Profit before taxation | **786** | 586 | 34% |
| Profit for the period | **637** | 472 | 35% |
| Profit attributable to equity holders of the Company | **602** | 426 | 41% |
| Earnings per share attributable to equity holders of the Company | | | |
| Basic | **US4.91 cents** | US3.57 cents | US1.34 cents |
| Diluted | **US4.71 cents** | US3.43 cents | US1.28 cents |

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

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

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

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

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

Key expenses by nature comprise:

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

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

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

Finance income mainly represents interest on bank deposits.

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

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

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

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

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocation to business groups, of US$739 million (2023/24: US$680 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, partly offset by the decrease in net foreign exchange loss as compared with the corresponding period of last year.

***Second Quarter 2024/25 compared to Second Quarter 2023/24***

| | **3 months ended September 30, 2024 (unaudited)** ***US$ million*** | 3 months ended September 30, 2023 (unaudited) *US$ million* | Year-on-year change |
|---|---|---|---|
| Revenue | **17,850** | 14,410 | 24% |
| Gross profit | **2,796** | 2,522 | 11% |
| Gross profit margin | **15.7%** | 17.5% | (1.8) pts |
| Operating expenses | **(2,145)** | (2,008) | 7% |
| Operating profit | **651** | 514 | 27% |
| Other non-operating income/(expenses) – net | **(178)** | (156) | 13% |
| Profit before taxation | **473** | 358 | 32% |
| Profit for the period | **383** | 289 | 33% |
| Profit attributable to equity holders of the Company | **359** | 249 | 44% |
| Earnings per share attributable to equity holders of the Company | | | |
| Basic | **US2.92 cents** | US2.09 cents | US0.83 cents |
| Diluted | **US2.78 cents** | US1.99 cents | US0.79 cents |

For the three months ended September 30, 2024, the Group achieved total sales of approximately US$17,850 million. When compared to the corresponding period of last year, profit attributable to equity holders for the period increased by US$110 million to approximately US$359 million, gross profit margin eroded by 1.8 percentage points to 15.7 percent mainly due to lower profitability in ISG business. Basic and diluted earnings per share were US2.92 cents and US2.78 cents, representing an increase of US0.83 cents and US0.79 cents respectively. Net profit margin rose by 0.3 percentage points to 2.0 percent.

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

| | **3 months ended September 30, 2024** ***US$'000*** | 3 months ended September 30, 2023 *US$'000* |
|---|---|---|
| Selling and distribution expenses | **(867,707)** | (791,923) |
| Administrative expenses | **(747,000)** | (637,704) |
| Research and development expenses | **(547,528)** | (498,211) |
| Other operating income/(expenses) – net | **17,084** | (79,922) |
| | **(2,145,151)** | (2,007,760) |

Operating expenses for the period increased by 7 percent as compared with the corresponding period of last year. Employee benefit costs increased by US$162 million mainly due to increase in performance-based bonus and sales commissions. During the period, the Group recorded assets impairment of US$20 million. Advertising and promotional expenses increased by US$20 million for new product launch and special campaigns. The Group recorded fair value gain from strategic investments amounted to US$20 million (2023/24: US$46 million), reflecting the change in value of the Group's portfolio. Currency fluctuations resulted in a net exchange gain of US$8 million (2023/24: net exchange loss of US$20 million).

Key expenses by nature comprise:

| | **3 months ended September 30, 2024** ***US$'000*** | 3 months ended September 30, 2023 *US$'000* |
|---|---|---|
| Depreciation of property, plant and equipment | **(50,486)** | (52,977) |
| Depreciation of right-of-use assets | **(23,100)** | (35,055) |
| Amortization of intangible assets, excluding internal use software | **(43,164)** | (63,230) |
| Impairment of intangible assets | **(20,000)** | - |
| Employee benefit costs, including | **(1,222,656)** | (1,060,206) |
| - *long-term incentive awards* | ***(76,873)*** | *(80,456)* |
| Rental expenses | **(3,889)** | (3,254) |
| Net foreign exchange gain/(loss) | **8,152** | (19,657) |
| Advertising and promotional expenses | **(250,582)** | (230,613) |
| Legal, professional and consulting expenses | **(104,809)** | (61,297) |
| Information technology expenses, including | **(103,262)** | (89,617) |
| - *amortization of internal use software* | ***(59,933)*** | *(41,983)* |
| Increase in loss allowance of trade receivables | **(29,461)** | (10,529) |
| Unused amounts of loss allowance of trade receivables reversed | **7,360** | 4,964 |
| Research and development related laboratory testing, services and supplies | **(93,671)** | (70,067) |
| Gain/(loss) on disposal of property, plant and equipment | **177** | (1,685) |
| Loss on disposal of intangible assets | **(4)** | (21) |
| Loss on disposal of construction-in-progress | **-** | (5,769) |
| Fair value gain on financial assets at fair value through profit or loss | **20,492** | 46,203 |
| Others | **(236,248)** | (354,950) |
| | **(2,145,151)** | (2,007,760) |

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

| | **3 months ended September 30, 2024** ***US$'000*** | 3 months ended September 30, 2023 *US$'000* |
|---|---|---|
| Finance income | **28,745** | 42,323 |
| Finance costs | **(199,130)** | (190,378) |
| Share of losses of associates and joint ventures | **(7,028)** | (8,326) |
| | **(177,413)** | (156,381) |

Finance income mainly represents interest on bank deposits.

Finance costs for the period increased by 5 percent as compared with the corresponding period of last year. The increase is mainly attributable to the increase in interest on bank loans and overdrafts of US$6 million and factoring cost of US$8 million, partly offset by decrease in interest on notes of US$2 million and interest on convertible bonds of US$3 million.

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

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

| | **3 months ended September 30, 2024** | | 3 months ended September 30, 2023 | |
|---|---|---|---|---|
| | **Revenue** | **Operating profit/(loss)** | Revenue | Operating profit/(loss) |
| | ***US$'000*** | ***US$'000*** | *US$'000* | *US$'000* |
| IDG | **13,514,065** | **989,986** | 11,514,559 | 846,793 |
| ISG | **3,305,370** | **(35,728)** | 2,001,759 | (53,438) |
| SSG | **2,164,554** | **442,217** | 1,918,076 | 383,371 |
| Total | **18,983,989** | **1,396,475** | 15,434,394 | 1,176,726 |
| Eliminations | **(1,133,895)** | **(349,421)** | (1,024,608) | (321,841) |
| | **17,850,094** | **1,047,054** | 14,409,786 | 854,885 |
| Unallocated: | | | | |
| Headquarters and corporate income/(expenses) – net | | **(404,676)** | | (375,638) |
| Depreciation and amortization | | **(117,396)** | | (110,444) |
| Impairment of intangible assets | | **(20,000)** | | - |
| Finance income | | **23,289** | | 38,822 |
| Finance costs | | **(67,796)** | | (86,663) |
| Share of losses of associates and joint ventures | | **(6,951)** | | (8,375) |
| Loss on disposal of property, plant and equipment | | **(799)** | | (1,256) |
| Fair value gain on financial assets at fair value through profit or loss | | **19,354** | | 46,203 |
| Dividend income | | **1,107** | | 85 |
| Consolidated profit before taxation | | **473,186** | | 357,619 |

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocation to business groups, of US$405 million (2023/24: US$376 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, partly offset by the decrease in net foreign exchange loss as compared with the corresponding period of last year.

**Use of non-HKFRS measure**

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

We define adjusted profit as profit for the period by excluding (i) net fair value changes on financial assets at fair value through profit or loss, (ii) amortization of intangible assets resulting from mergers and acquisitions, (iii) mergers and acquisitions related charges, (iv) gain on deemed disposal of a subsidiary, and (v) impairment and write-off of intangible assets, and the corresponding income tax effects, if any.

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

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

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

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

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

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

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

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

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

**Six months ended September 30, 2024**

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

Six months ended September 30, 2023

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

**Three months ended September 30, 2024**

| | **Operating profit (unaudited)** ***US$'000*** | **Profit before taxation (unaudited)** ***US$'000*** | **Profit for the period (unaudited)** ***US$'000*** | **Profit attributable to equity holders (unaudited)** ***US$'000*** |
|---|---|---|---|---|
| As reported | **650,599** | **473,186** | **383,276** | **358,532** |
| Non-HKFRS adjustments | | | | |
| Net fair value changes on financial assets at fair value through profit or loss | **(20,492)** | **(20,492)** | **(14,888)** | **(8,857)** |
| Amortization of intangible assets resulting from mergers and acquisitions | **42,087** | **43,270** | **34,136** | **34,136** |
| Impairment of intangible assets | **20,000** | **20,000** | **20,000** | **20,000** |
| Non-HKFRS | **692,194** | **515,964** | **422,524** | **403,811** |

Three months ended September 30, 2023

| | Operating profit (unaudited) *US$'000* | Profit before taxation (unaudited) *US$'000* | Profit for the period (unaudited) *US$'000* | Profit attributable to equity holders (unaudited) *US$'000* |
|---|---|---|---|---|
| As reported | 514,000 | 357,619 | 289,053 | 249,240 |
| Non-HKFRS adjustments | | | | |
| Net fair value changes on financial assets at fair value through profit or loss | (46,203) | (46,203) | (39,956) | (12,622) |
| Amortization of intangible assets resulting from mergers and acquisitions | 42,076 | 43,259 | 34,155 | 34,155 |
| Mergers and acquisitions related charges | 2,048 | 2,048 | 2,048 | 2,048 |
| Non-HKFRS | 511,921 | 356,723 | 285,300 | 272,821 |

## Capital Expenditure

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

## Liquidity and Financial Resources

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

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

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

The Group adopts a conservative policy to invest the surplus cash generated from operations. At September 30, 2024, 80 (March 31, 2024: 90) percent of cash are bank deposits, and 20 (March 31, 2024: 10) percent are investments in liquid money market funds of investment grade.

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

The Group has the following banking facilities:

| | | | | **Utilized amount at** | |
|---|---|---|---|---|---|
| **Type** | **Date of agreement** | **Principal amount** *US$ million* | **Term** | **September 30, 2024** *US$ million* | March 31, 2024 *US$ million* |
| Revolving loan facility | May 12, 2020 | 300 | 5 years | **N/A (Note)** | - |
| Revolving loan facility | May 14, 2020 | 200 | 5 years | **N/A (Note)** | - |
| Revolving loan facility | July 4, 2022 | 2,000 | 5 years | - | - |
| Revolving loan facility | December 22, 2023 | 500 | 1 year | - | - |
| Revolving loan facility | January 19, 2024 | 500 | 1 year | - | - |

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

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

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

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at September 30, 2024 are as follows. Further details of borrowings are set out in Note 13 to the Financial Information.

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

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

| | **September 30, 2024** ***US$ million*** | March 31, 2024 *US$ million* |
|---|---|---|
| Bank deposits and cash and cash equivalents | **4,239** | 3,626 |
| Borrowings | | |
| - Short-term loans | **63** | 50 |
| - Notes | **3,014** | 3,013 |
| - Convertible bonds | **567** | 557 |
| Net cash position | **595** | 6 |
| Total equity | **6,091** | 6,081 |
| Gearing ratio (Borrowings divided by total equity) | **0.60** | 0.60 |

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

The Group adopts a consistent hedging policy for business transactions to reduce the risk of currency fluctuation arising from daily operations. At September 30, 2024, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US$12,831 million (March 31, 2024: US$11,555 million). The Group's forward foreign exchange contracts are either used to hedge a percentage of future transactions which are highly probable, or used as fair value hedges for identified assets and liabilities.

## Contingent Liabilities

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

# FINANCIAL INFORMATION

## CONSOLIDATED INCOME STATEMENT

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

## CONSOLIDATED BALANCE SHEET

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

## CONSOLIDATED BALANCE SHEET (CONTINUED)

| | Note | **September 30, 2024 (unaudited) *US$'000*** | March 31, 2024 (audited) *US$'000* |
|---|---|---|---|
| Share capital | *14* | **3,500,987** | 3,500,987 |
| Reserves | | **1,976,365** | 2,081,606 |
| Equity attributable to owners of the Company | | **5,477,352** | 5,582,593 |
| Other non-controlling interests | | **1,161,518** | 1,045,947 |
| Put option written on non-controlling interests | *11(a), 12(b)* | **(547,353)** | (547,353) |
| Total equity | | **6,091,517** | 6,081,187 |
| Non-current liabilities | | | |
| Borrowings | *13* | **2,615,696** | 3,569,229 |
| Warranty provision | *11(b)* | **157,005** | 161,261 |
| Deferred revenue | | **1,556,971** | 1,436,484 |
| Retirement benefit obligations | | **246,951** | 241,402 |
| Deferred income tax liabilities | | **453,053** | 447,523 |
| Other non-current liabilities | *12* | **661,040** | 754,705 |
| | | **5,690,716** | 6,610,604 |
| Current liabilities | | | |
| Trade and notes payables | *9(b)* | **14,229,350** | 10,505,427 |
| Derivative financial liabilities | | **130,022** | 42,555 |
| Other payables and accruals | *11(a)* | **14,385,688** | 12,751,775 |
| Provisions | *11(b)* | **870,977** | 920,950 |
| Deferred revenue | | **1,556,470** | 1,512,645 |
| Income tax payable | | **481,649** | 275,380 |
| Borrowings | *13* | **1,027,895** | 50,431 |
| | | **32,682,051** | 26,059,163 |
| Total liabilities | | **38,372,767** | 32,669,767 |
| Total equity and liabilities | | **44,464,284** | 38,750,954 |

## CONSOLIDATED CASH FLOW STATEMENT

| | Note | **6 months ended September 30, 2024 (unaudited)** *US$'000* | 6 months ended September 30, 2023 (unaudited) *US$'000* |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net cash generated from operations | *15(a)* | **2,322,711** | 1,811,768 |
| Interest paid | | **(384,652)** | (378,370) |
| Tax paid | | **(159,973)** | (329,847) |
| Net cash generated from operating activities | | **1,778,086** | 1,103,551 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | **(167,551)** | (129,091) |
| Sale of property, plant and equipment | | **12,569** | 19,122 |
| Acquisition of businesses, net of cash acquired | | **(1,537)** | (122,367) |
| Interest acquired in associates | | **(6,435)** | (12,324) |
| Deemed disposal of a subsidiary, net of cash disposed | | **(14,272)** | - |
| Loan to an associate and a joint venture | | **(9,984)** | (1,093) |
| Repayment of loan to an associate and a joint venture | | **15,562** | 30,563 |
| Payment for construction-in-progress | | **(139,216)** | (237,371) |
| Payment for intangible assets | | **(243,546)** | (310,243) |
| Purchase of financial assets at fair value through profit or loss | | **(65,415)** | (94,618) |
| Net proceeds from sale of financial assets at fair value through profit or loss | | **32,698** | 100,316 |
| Decrease in bank deposits | | **5,321** | 9,184 |
| Dividends received | | **1,960** | 745 |
| Interest received | | **55,150** | 78,435 |
| Net cash used in investing activities | | **(524,696)** | (668,742) |
| Cash flows from financing activities | *15(b)* | | |
| Capital contribution from other non-controlling interests | | **77,755** | 76,471 |
| Distribution to other non-controlling interests | | **(4,250)** | (5,319) |
| Contribution to employee share trusts | | **(167,398)** | (291,670) |
| Acquisition of additional interest in a subsidiary | | **-** | (76,722) |
| Principal elements of lease payments | | **(62,258)** | (61,797) |
| Dividends paid | | **(474,331)** | (458,771) |
| Dividends paid to other non-controlling interests | | **(12,917)** | (10,528) |
| Proceeds from loans | | **6,609,053** | 2,516,056 |
| Repayments of loans | | **(6,639,913)** | (2,494,689) |
| Repurchase of notes | | **-** | (51,277) |
| Net cash used in financing activities | | **(674,259)** | (858,246) |
| Increase/(decrease) in cash and cash equivalents | | **579,131** | (423,437) |
| Effect of foreign exchange rate changes | | **39,953** | (89,664) |
| Cash and cash equivalents at the beginning of the period | | **3,559,831** | 4,250,085 |
| Cash and cash equivalents at the end of the period | | **4,178,915** | 3,736,984 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital (unaudited) *US$'000* | Investment revaluation reserve (unaudited) *US$'000* | Employee share trusts (unaudited) *US$'000* | Share-based compensation reserve (unaudited) *US$'000* | Hedging reserve (unaudited) *US$'000* | Exchange reserve (unaudited) *US$'000* | Other reserves (unaudited) *US$'000* | Retained earnings (unaudited) *US$'000* | Other non-controlling interests (unaudited) *US$'000* | Put option written on non-controlling interests (unaudited) *US$'000* | Total (unaudited) *US$'000* |
| At April 1, 2024 | **3,500,987** | **(68,662)** | **(207,487)** | **(650,435)** | **42,143** | **(2,425,595)** | **184,534** | **5,207,108** | **1,045,947** | **(547,353)** | **6,081,187** |
| Profit for the period | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **601,897** | **34,874** | **–** | **636,771** |
| Other comprehensive (loss)/income | **–** | **(5,342)** | **–** | **–** | **(129,248)** | **(19,915)** | **–** | **47** | **20,827** | **–** | **(133,631)** |
| Total comprehensive (loss)/income for the period | **–** | **(5,342)** | **–** | **–** | **(129,248)** | **(19,915)** | **–** | **601,944** | **55,701** | **–** | **503,140** |
| Transfer to statutory reserve | **–** | **–** | **–** | **–** | **–** | **–** | **15,476** | **(15,476)** | **–** | **–** | **–** |
| Deemed disposal of a subsidiary | **–** | **–** | **–** | **–** | **–** | **15,219** | **(135)** | **–** | **(718)** | **–** | **14,366** |
| Vesting of shares under long-term incentive program | **–** | **–** | **190,670** | **(267,454)** | **–** | **–** | **–** | **–** | **–** | **–** | **(76,784)** |
| Deferred tax in relation to long-term incentive program | **–** | **–** | **–** | **11,470** | **–** | **–** | **–** | **–** | **–** | **–** | **11,470** |
| Settlement of bonus through long-term incentive program | **–** | **–** | **–** | **561** | **–** | **–** | **–** | **–** | **–** | **–** | **561** |
| Share-based compensation | **–** | **–** | **–** | **138,742** | **–** | **–** | **–** | **–** | **–** | **–** | **138,742** |
| Contribution to employee share trusts | **–** | **–** | **(167,398)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(167,398)** |
| Dividends paid | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(474,331)** | **–** | **–** | **(474,331)** |
| Dividends paid to other non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(12,917)** | **–** | **(12,917)** |
| Capital contribution from other non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **(24)** | **–** | **77,755** | **–** | **77,731** |
| Distribution to other non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(4,250)** | **–** | **(4,250)** |
| At September 30, 2024 | **3,500,987** | **(74,004)** | **(184,215)** | **(767,116)** | **(87,105)** | **(2,430,291)** | **199,851** | **5,319,245** | **1,161,518** | **(547,353)** | **6,091,517** |
| At April 1, 2023 | 3,282,318 | (60,860) | (153,385) | (344,218) | (9,154) | (2,096,441) | 163,411 | 4,805,919 | 1,006,784 | (547,353) | 6,047,021 |
| Profit for the period | – | – | – | – | – | – | – | 425,766 | 46,701 | – | 472,467 |
| Other comprehensive (loss)/income | – | (24) | – | – | 86,860 | (296,765) | – | 97 | (33,228) | – | (243,060) |
| Total comprehensive (loss)/income for the period | – | (24) | – | – | 86,860 | (296,765) | – | 425,863 | 13,473 | – | 229,407 |
| Transfer to statutory reserve | – | – | – | – | – | – | 19,370 | (19,370) | – | – | – |
| Acquisition of subsidiaries | – | – | – | – | – | – | – | – | (2,285) | – | (2,285) |
| Vesting of shares under long-term incentive program | – | – | 236,824 | (321,923) | – | – | – | – | – | – | (85,099) |
| Deferred tax in relation to long-term incentive program | – | – | – | 4,443 | – | – | – | – | – | – | 4,443 |
| Settlement of bonus through long-term incentive program | – | – | – | 2,445 | – | – | – | – | – | – | 2,445 |
| Share-based compensation | – | – | – | 149,089 | – | – | – | – | – | – | 149,089 |
| Contribution to employee share trusts | – | – | (291,670) | – | – | – | – | – | – | – | (291,670) |
| Dividends paid | – | – | – | – | – | – | – | (458,771) | – | – | (458,771) |
| Dividends paid to other non-controlling interests | – | – | – | – | – | – | – | – | (10,528) | – | (10,528) |
| Capital contribution from other non-controlling interests | – | – | – | – | – | – | 8,315 | – | 68,156 | – | 76,471 |
| Distribution to other non-controlling interests | – | – | – | – | – | – | – | – | (5,319) | – | (5,319) |
| Change of ownership of subsidiaries without loss of control | – | – | – | – | – | – | (5,091) | – | (71,631) | – | (76,722) |
| At September 30, 2023 | 3,282,318 | (60,884) | (208,231) | (510,164) | 77,706 | (2,393,206) | 186,005 | 4,753,641 | 998,650 | (547,353) | 5,578,482 |

Notes

## 1 General information and basis of preparation

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

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

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

Basis of preparation

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

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention except that plan assets under defined benefit pension plans and certain financial assets and financial liabilities are stated at fair values.

The accounting policies adopted are consistent with those of the previous financial year. The following interpretation and amendments to existing standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these interpretation and amendments to existing standards.

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

## 2 Segment information

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

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

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

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

(b) Analysis of revenue by geography

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

(c) Analysis of revenue by timing of revenue recognition

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

(d) Other segment information

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

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

**At September 30, 2024**

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

At March 31, 2024

| | China | AP | EMEA | AG | Total |
|---|---|---|---|---|---|
| | *US$ million* | *US$ million* | *US$ million* | *US$ million* | *US$ million* |
| Goodwill | | | | | |
| - IDG | 911 | 488 | 287 | 1,611 | 3,297 |
| - ISG | 472 | 132 | 59 | 341 | 1,004 |
| - SSG (Note) | N/A | N/A | N/A | N/A | 603 |
| Trademarks and trade names with indefinite useful lives | | | | | |
| - IDG | 182 | 54 | 121 | 480 | 837 |
| - ISG | 162 | 54 | 31 | 123 | 370 |
| - SSG (Note) | N/A | N/A | N/A | N/A | 58 |

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

The directors are of the view that there was no impairment of goodwill and trademarks and trade names with indefinite useful lives based on impairment tests performed at September 30, 2024 (March 31, 2024: nil).

## 3 Operating profit

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

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

## 4 Finance income and costs

### (a) Finance income

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

(b) Finance costs

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

## 5 Taxation

The amount of taxation in the consolidated income statement represents:

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

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2023/24: 16.5%) on the estimated assessable profit for the period. Taxation outside Hong Kong S.A.R. of China represents income and irrecoverable withholding taxes of subsidiaries operating in the Chinese Mainland and overseas, calculated at rates applicable in the respective jurisdictions.

## 6 Earnings per share

(a) Basic

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

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

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

(b) Diluted

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

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

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

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

## 7 Dividend

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

## 8 Inventories

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

## 9 Trade and notes receivables and trade and notes payables

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

| | September 30, 2024 *US$'000* | March 31, 2024 *US$'000* |
|---|---|---|
| Trade receivables | **9,449,829** | 8,130,697 |
| Notes receivable | **26,490** | 16,998 |
| | **9,476,319** | 8,147,695 |

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

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

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

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

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

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

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

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

| | **September 30, 2024** | March 31, 2024 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Trade payables | **10,595,823** | 8,473,990 |
| Notes payable | **3,633,527** | 2,031,437 |
| | **14,229,350** | 10,505,427 |

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

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

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

## 10 Deposits, prepayments and other receivables

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

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

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

## 11 Provisions, other payables and accruals

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

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

Notes:

(i) Allowance for billing adjustments relates primarily to allowances for future volume discounts, price protection, rebates, and customer sales returns.

(ii) Pursuant to the joint venture agreement entered into between the Company and Fujitsu Limited ("Fujitsu"), the Company and Fujitsu are respectively granted call and put options which entitle the Company to purchase from Fujitsu and Development Bank of Japan ("DBJ"), or Fujitsu and DBJ to sell to the Company, the 49% interest in Fujitsu Client Computing Limited and its subsidiaries (together "FCCL"). Both options are exercisable at September 30, 2024. The exercise price for the call and put options will be determined based on the fair value of the 49% interest as of the day of exercising the option.

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

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

(iii) Majority of other payables are obligations to pay for finished goods and services that have been acquired in the ordinary course of business from subcontractors.

(iv) The carrying amounts of other payables and accruals approximate their fair values.

(b) The components of provisions are as follows:

| | Warranty *US$'000* | Environmental restoration *US$'000* | Restructuring *US$'000* | Total *US$'000* |
|---|---|---|---|---|
| Year ended March 31, 2024 | | | | |
| At the beginning of the year | 1,051,839 | 26,084 | 162,577 | 1,240,500 |
| Exchange adjustment | (25,797) | (2,703) | (521) | (29,021) |
| Provisions made | 660,534 | 18,051 | 54,991 | 733,576 |
| Amounts utilized | (716,985) | (16,096) | (108,108) | (841,189) |
| | 969,591 | 25,336 | 108,939 | 1,103,866 |
| Long-term portion classified as non-current liabilities | (161,261) | (21,655) | - | (182,916) |
| At the end of the year | 808,330 | 3,681 | 108,939 | 920,950 |
| Six months ended September 30, 2024 | | | | |
| At the beginning of the period | **969,591** | **25,336** | **108,939** | **1,103,866** |
| Exchange adjustment | **5,993** | **1,424** | **469** | **7,886** |
| Provisions made | **340,153** | **6,847** | **-** | **347,000** |
| Amounts utilized | **(350,339)** | **(7,431)** | **(49,797)** | **(407,567)** |
| | **965,398** | **26,176** | **59,611** | **1,051,185** |
| Long-term portion classified as non-current liabilities | **(157,005)** | **(23,203)** | **-** | **(180,208)** |
| At the end of the period | **808,393** | **2,973** | **59,611** | **870,977** |

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.

## 12 Other non-current liabilities

Details of other non-current liabilities are as follows:

| | **September 30, 2024** | March 31, 2024 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Deferred consideration (a) | **25,072** | 25,072 |
| Written put option liability (b) | **46,689** | 44,251 |
| Lease liabilities | **215,035** | 240,449 |
| Environmental restoration (Note 11(b)) | **23,203** | 21,655 |
| Government incentives and grants received in advance (c) | **82,495** | 101,095 |
| Others | **268,546** | 322,183 |
| | **661,040** | 754,705 |

Notes:

(a) Pursuant to the joint venture agreement entered into with NEC Corporation, the Group is required to pay in cash to NEC Corporation deferred consideration. At September 30, 2024, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US$25 million (March 31, 2024: US$25 million).

(b) During the year ended March 31, 2019, Hefei Zhi Ju Sheng Bao Equity Investment Co., Ltd ("ZJSB") acquired the 49% interest in a joint venture company ("JV Co") from Compal Electronics, Inc. The Company and ZJSB respectively own 51% and 49% of the interest in the JV Co. Pursuant to the option agreement entered into between a wholly owned subsidiary of the Group and Hefei Yuan Jia Start-up Investment LLP ("Yuan Jia"), which holds 99.31% interest in ZJSB, the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB.

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

Yuan Jia continues to hold 99.31% interest in ZJSB and is subject to a new option agreement entered into on January 11, 2022 whereby the Group and Yuan Jia are respectively granted call and put options which entitle the Group to purchase from Yuan Jia, or Yuan Jia to sell to the Group, the 99.31% interest in ZJSB. The call and put options will be exercisable after 54 months and from the 48 months to the 54 months respectively from the date of the new option agreement. The exercise price for the call and put options will be determined in accordance with the new option agreement, and up to a maximum of RMB500 million (approximately US$71 million).

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

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

(c) Government incentives and grants received in advance by certain group companies included in other non-current liabilities mainly relate to research and development projects and construction of property, plant and equipment. These group companies are obliged to fulfill certain conditions under the terms of the government incentives and grants. The government incentives and grants, upon fulfillment of those conditions, are credited to the consolidated income statement immediately or recognized on a straight-line basis over the expected life of the related assets.

## 13 Borrowings

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

Notes:

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

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

| **Issue date** | **Outstanding principal amount** | **Term** | **Interest rate per annum** | **Due date** | **September 30, 2024** ***US$'000*** | March 31, 2024 *US$'000* |
|---|---|---|---|---|---|---|
| April 24, 2020 and May 12, 2020 | US$965 million | 5 years | 5.875% | April 2025 | **964,893** | 964,798 |
| November 2, 2020 | US$900 million | 10 years | 3.421% | November 2030 | **894,589** | 894,145 |
| July 27, 2022 | US$600 million | 5.5 years | 5.831% | January 2028 | **596,098** | 595,587 |
| July 27, 2022 | US$563 million | 10 years | 6.536% | July 2032 | **558,370** | 558,107 |
| | | | | | **3,013,950** | 3,012,637 |

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

| **Issue date** | **Outstanding principal amount** | **Term** | **Interest rate per annum** | **Due date** | **September 30, 2024** ***US$'000*** | March 31, 2024 *US$'000* |
|---|---|---|---|---|---|---|
| August 26, 2022 | US$675 million | 7 years | 2.5% | August 2029 | **566,639** | 556,592 |

On August 26, 2022, the Company completed the issuance of 7-Year US$675 million convertible bonds bearing annual interest at 2.5% due in August 2029 ("the 2029 Convertible Bonds") to the bondholders. The proceeds were used to repay previous convertible bonds and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$9.94 per share, subject to adjustments. The conversion price was adjusted to HK$9.06 per share effective on August 3, 2024. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK$9.06 per share, the 2029 Convertible Bonds will be convertible into 583,994,205 shares.

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

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

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

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

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

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

## 14 Share capital

| | **September 30, 2024** | | March 31, 2024 | |
|---|---|---|---|---|
| | ***Number of shares*** | ***US$'000*** | *Number of shares* | *US$'000* |
| *Issued and fully paid:* | | | | |
| Voting ordinary shares: | | | | |
| At the beginning of the period/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 period/year | **12,404,659,302** | **3,500,987** | 12,404,659,302 | 3,500,987 |

## 15 Note to the consolidated cash flow statement

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

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

(b) Reconciliation of financing liabilities

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

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

| | Short-term loans current *US$'000* | Notes current *US$'000* | Notes non-current *US$'000* | Convertible bonds current *US$'000* | Convertible bonds non-current *US$'000* | Lease liabilities current *US$'000* | Lease liabilities non-current *US$'000* | Total *US$'000* |
|---|---|---|---|---|---|---|---|---|
| Financing liabilities at April 1, 2023 | 57,032 | - | 3,146,148 | 214,584 | 537,030 | 123,719 | 280,837 | 4,359,350 |
| Proceeds from borrowings | 11,792,697 | - | - | - | - | - | - | 11,792,697 |
| Repayments/repurchase of borrowings | (11,799,007) | - | (132,083) | - | - | - | - | (11,931,090) |
| Conversion of convertible bonds | - | - | - | (218,669) | - | - | - | (218,669) |
| Reclassification | - | - | - | - | - | 96,859 | (96,859) | - |
| Principal elements of lease payments | - | - | - | - | - | (134,545) | - | (134,545) |
| Foreign exchange adjustments | (295) | - | - | - | - | (1,465) | (7,039) | (8,799) |
| Other non-cash movements | 4 | - | (1,428) | 4,085 | 19,562 | 17,012 | 63,510 | 102,745 |
| Financing liabilities at March 31, 2024 | 50,431 | - | 3,012,637 | - | 556,592 | 101,580 | 240,449 | 3,961,689 |
| Financing liabilities at April 1, 2024 | **50,431** | **-** | **3,012,637** | - | **556,592** | **101,580** | **240,449** | **3,961,689** |
| Proceeds from borrowings | **6,609,053** | **-** | **-** | - | **-** | **-** | **-** | **6,609,053** |
| Repayments of borrowings | **(6,639,913)** | **-** | **-** | - | **-** | **-** | **-** | **(6,639,913)** |
| Reclassification | **-** | **964,814** | **(964,814)** | - | **-** | **42,171** | **(42,171)** | **-** |
| Principal elements of lease payments | **-** | **-** | **-** | - | **-** | **(62,258)** | **-** | **(62,258)** |
| Foreign exchange adjustments | **43,431** | **-** | **-** | - | **-** | **1,319** | **(1,273)** | **43,477** |
| Other non-cash movements | **-** | **79** | **1,234** | - | **10,047** | **9,382** | **18,030** | **38,772** |
| Financing liabilities at September 30, 2024 | **63,002** | **964,893** | **2,049,057** | - | **566,639** | **92,194** | **215,035** | **3,950,820** |

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

Save as the respective trustee of the long-term incentive program and the employee share purchase plan of the Company purchased a total of 131,584,639 shares from the market for award to employees upon vesting, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended September 30, 2024. Details of these program and plan are set out in the 2023/24 Annual Report of the Company.

## REVIEW BY AUDIT COMMITTEE

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

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended September 30, 2024, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") have not been segregated as required by code provision C.2.1 of the CG Code.

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

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

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (https://www.hkexnews.hk) and the Group's website (https://investor.lenovo.com/en/publications/news.php). The 2024/25 interim report of the Company will be available on the same websites and despatched to shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

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

November 15, 2024

*As at the date of this announcement, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Zhu Linan and Mr. Zhao John Huan; and the independent non-executive directors are Mr. William O. Grabe, Mr. William Tudor Brown, Mr. Gordon Robert Halyburton Orr, Mr. John Lawson Thornton, Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted), Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong and Professor Xue Lan.*

**ISSUER'S PRINCIPAL PLACE OF BUSINESS**

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