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)

FY2025/26 FIRST QUARTER RESULTS ANNOUNCEMENT

FIRST QUARTER 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 months ended June 30, 2025 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 108 percent year-on-year, respectively. Non-HKFRS profit attributable to equity holders increased by 22 percent, adjusted for non-cash fair value gain on warrants, notional interest on convertible bonds, and other non-cash items
- R&D spending increased by 10 percent year-on-year, reinforcing our long-term commitment to advancing innovation in Hybrid AI
- IDG's revenue and operating profit grew by 18 percent and 15 percent year-on-year, attributed to higher AI PC penetration and rapid growth in premium sales. PC global market share reached an all-time high; Smartphone revenue sustained double-digit year-on-year growth for seventh consecutive quarter
- ISG achieved 36 percent year-on-year revenue growth with AI server revenue more than doubled this quarter
- SSG delivered 20 percent year-on-year growth. Operating profit grew 26 percent year-on-year, driven by the full-stack portfolio in advanced services and AI-driven solutions
- Non-PC revenue share rose to 47 percent of three Business Groups' revenue. All sales geographies achieved high or relatively high year-on-year revenue growth

	3 months ended June 30, 2025 (unaudited) *US$ million*	**3 months ended June 30, 2024 (unaudited)** *US$ million*	**Year-on-year change**
Revenue	18,830	15,447	22%
Gross profit	2,774	2,560	8%
Gross profit margin	14.7%	16.6%	(1.9) pts
Operating expenses	(1,989)	(2,066)	(4)%
Operating profit	785	494	59%
Other non-operating income/(expenses) - net	(163)	(181)	(10)%
Profit before taxation	622	313	99%
Profit for the period	538	253	112%
Profit attributable to equity holders of the Company	505	243	108%
Earnings per share attributable to equity holders of the Company			
Basic	US4.12 cents	US1.99 cents	US2.13 cents
Diluted	US3.65 cents	US1.92 cents	US1.73 cents
Non-HKFRS measure			
Non-HKFRS operating profit	631	572	10%
Non-HKFRS profit before taxation	497	397	25%
Non-HKFRS profit for the period	412	330	25%
Non-HKFRS profit attributable to equity holders of the Company	389	320	22%

BUSINESS REVIEW AND OUTLOOK

Group Highlights

Lenovo (the Group) delivered a solid financial performance in the fiscal first quarter ended June 30, 2025. Group revenue increased by 22 percent year-on-year to US$18.8 billion, marking an all-time high for first-quarter revenue and surpassing the previous high set during the pandemic. On an HKFRS basis, profits attributable to equity holders surged by 108 percent year-on-year to US$505 million. On a non-HKFRS basis, profits rose by 22 percent year-on-year to US$389 million, underscoring the strength of the Group's core operations despite challenges from U.S. tariff policies and other regulatory changes. Non-HKFRS adjustments primarily exclude a non-cash fair value gain on warrants of US$152 million and a notional interest on convertible bonds of US$28 million.

All three Business Groups - Infrastructure Solutions Group (ISG), Solutions and Services Group (SSG), and Intelligent Devices Group (IDG) - demonstrated strong double-digit year-on-year revenue growth. Within IDG, the Group's PCs, tablets, and other smart devices delivered the fastest growth in 15 quarters. PC business solidified its global leadership by capturing a record 24.6 percent share by unit in the global PC market. The Group's AI PCs deepened market penetration both in China and globally. Smartphone revenue sustained double-digit year-on-year revenue growth for the 7th consecutive quarter. ISG reported strong revenue growth, fueled by a resilient Cloud Service Provider (CSP) and Enterprise/SMB (ESMB) dual strategy, alongside rapid expansion in the Group's AI portfolio. AI server revenue more than doubled year-on-year. SSG posted 20 percent year-on-year revenue growth and maintained strong profit contribution to the Group, driven by the Group's full-stack portfolio in advanced services and AI-driven solutions.

In Q1 FY25/26, the Group achieved non-HKFRS operating margin of 3.4 percent and a net margin of 2.1 percent. The Group continues to drive for margin improvement by optimizing product portfolio mix with significant enhancements in the services portfolio and driving operating efficiency. The Group's supply chain resilience and cost efficiencies, enabled by global manufacturing capabilities and the unique ODM+ model, bolstered the Group's competitiveness and sustained its market leadership despite tariff volatility.

R&D investment increased by 10 percent year-on-year, fueling advancements in the Group's Hybrid AI strategy and enhancing AI capabilities across the Group's portfolio. The Group continues to execute its AI strategy with precision, capitalizing on unprecedented opportunities in the AI landscape and driving our vision of Smarter AI for all. Increased investments in Hybrid AI have driven tangible progress in both Personal AI and Enterprise AI, positioning the Group to achieve long-term vision of Personal and Enterprise AI twins. Supported by enhanced operational agility and a balanced global footprint, the Group is well-equipped to navigate macroeconomic uncertainties and meet the diverse needs of customers worldwide.

Performance by Business Group

Intelligent Devices Group

The Intelligent Devices Group (IDG), encompassing PCs, tablets, smartphones, and other smart devices, delivered a robust performance in Q1 FY25/26, achieving an 18 percent year-on-year revenue growth and a 15 percent year-on-year increase in segment profit. The Group's PCs, tablets and other smart devices businesses recorded their fastest year-on-year revenue growth in the past 15 quarters. In a steadily recovering market, IDG reinforced its global leadership position, securing a record 24.6 percent global PC market share by unit, up by 1.7 percentage points year-on-year, according to the IDC.

IDG sustained its market leadership across both commercial and consumer segments through strategic execution and differentiated offerings and is well positioned for an AI-driven transformation. Profitability was maintained in a healthy historical range, bolstered by higher average selling prices in both PCs and smartphones, and alongside strong leverage from the premium and commercial segments.

IDG's smartphone business sustained double-digit year-on-year revenue growth for the seventh consecutive quarter, and reached a record share in markets outside of China, ranking it among the fastest-growing OEMs globally. Fueled by the success of the new Razr and Edge series, Motorola maintained its #1 position in flip foldables across global markets outside of China, with a 74 percent market share in the second quarter of the 2025 calendar year. Higher average selling prices were achieved by an increased revenue mix from premium products, reflecting the Group's focus on premiumization and innovation.

IDG further advanced its innovations across PC, workstation, and smartphone portfolios. Notable introductions include the ThinkPad X9 Aura Edition, featuring an exclusive white color for the PRC market, and the Lenovo ThinkStation and ThinkPad P Series workstations, all equipped with the latest Intel® and AMD® processors, NVIDIA RTX PRO GPUs, and ISV-certified software for professional solutions. In smartphones, the Moto Razr 60 Ultra debuted with the first triple 50MP camera system on a flip phone, alongside the Razr 60 and Moto Buds Swarovski Edition, blending cutting-edge technology with fashion. IDG remains committed to investing in innovation and collaborating with industry leaders to deliver state-of-the-art technology, meet customer needs, and enhance user experiences.

IDG is accelerating its transformation through strategic AI initiatives, capitalizing on the rise of Personal AI within the broader Hybrid AI landscape. Innovations in AI agents and user interaction are delivering unique, user-centric experiences that address key pain points. Among these are advancing initiatives focused on 5-feature AI PCs, One Personal AI, multiple devices, and new product innovations that to ensure adaptability and leadership in today's rapidly evolving technology landscape.

Infrastructure Solutions Group

The Infrastructure Solutions Group (ISG) sustained its growth momentum in the fiscal first quarter ended June 30, 2025, achieving 36 percent year-on-year revenue growth with a dual CSP and ESMB strategy. This growth was propelled by strong server demand, fueled by increasing cloud investments from key customers and expansion in the enterprise segment. The AI server business, supported by leadership in liquid cooling technology, saw its revenue more than double year-on-year. In the enterprise segment, the Group's high-velocity programs with channel enhancements are delivering double-digit revenue growth. In China, ISG delivered exceptional revenue growth with operating margin improvement, benefiting from a full-stack AI-driven infrastructure product strategy that meets local customers' needs.

ISG incurred an operating loss of US$86 million this quarter due to higher investments to scale AI capabilities, accelerate the transformation of its ESMB business, and expand its AI infrastructure portfolio, including next-generation training and inference platforms and the development of the AI Innovator Software Ecosystem program. These initiatives aim to modernize mainstream IT and capture the rapidly growing enterprise AI market while intensifying ESMB transformation efforts.

The ESMB segment, which represents our largest growth opportunity, requires complex structural changes, targeted initiatives, and sustained investment over multiple quarters. Compute and Data Management remain critical to on-premises enterprise AI designs, and our strategy is aligned to drive execution and deliver strong outcomes. These investments are essential to establish our company as a leader in Hybrid AI infrastructure and capitalize on significant long-term growth opportunities in this dynamic market.

We are leveraging our unique advantages — including our flexible supply chain footprint, global-local operating approach, and differentiated ODM+ model with disciplined in cost management, operational efficiency and portfolio optimization— to further strengthen our competitiveness. These efforts will help us progressively improve profitability as we move through the fiscal year.

Solutions & Services Group

Solutions & Services Group (SSG) delivered another record-breaking revenue quarter in Q1 FY25/26, achieving robust revenue growth of 20 percent year-on-year. As a key profit engine, SSG expanded its segment profit margin to 22 percent, up 1.2 percentage points from the first quarter of last year, resulting in an impressive 26 percent year-on-year increase in segment profit. Support Services saw a strong double-digit revenue growth year-on-year, fueled by premium attached services. Meanwhile, Managed Services and Project & Solution Services' combined contribution to SSG's revenue increased by 3 percentage points year-on-year to 58 percent.

TruScale bookings saw strong momentum, propelled by double-digit year-on-year growth in Device-as-a-Service (DaaS) and triple-digit year-on-year growth in Infrastructure-as-a-Service (IaaS). In Projects and Solutions, enhanced solution delivery capabilities accelerated revenue growth and uplifted profitability. SSG's Total Addressable Market in Hybrid Cloud, AI, Digital Workplace Solutions (DWS), Global Product Support, and Sustainability grew at a remarkable 10 percent in FY24/25, far surpassing the mid-single-digit growth of the broader IT services market.

Looking ahead, SSG's Hybrid AI framework stands out by offering a full-stack of AI solutions, simplifying AI adoption, minimizing risks, and delivering enhanced returns on investment for customers. SSG's revenue growth is poised to continue. The double-digit growth we experienced in the previous quarter underscores the strength of the support services segment, positioning us well for future success. This will be driven by portfolio optimization focused on premium services, consistent expansion through attached services from PCSD and ISG, and higher adoption rates of services such as the "Capex to Opex" model that is gaining traction among key customers.

By offering differentiated, high-quality, technology-driven services and solutions, SSG is optimizing costs while strengthening customer loyalty. With a comprehensive portfolio covering the entire hardware lifecycle and extending to value-added solutions, SSG is well-positioned to sustain service-led growth and seize opportunities in the rapidly evolving AI-driven market.

Geographic Performance

With a global presence across 180 markets, Lenovo is leveraging its diversified market exposure to achieve balanced growth across all geographical markets. The Group delivered steady growth across all regions, with Asia Pacific, China, EMEA (Europe, Middle East, and Africa), and the Americas each contributing a balanced revenue between 20 percent to 33 percent of the Group's consolidated topline.

In Asia Pacific (excluding China), revenue rose by an impressive 39 percent year-on-year, driven by strong market demand across all Business Groups. IDG's targeted initiatives to enhance market penetration aligned well with Japan's Windows 11 refresh cycle, growth in commercial enterprise accounts, and continued strong growth in the Indian market. The smartphone business also saw robust growth across the region, particularly in India and Japan, with a new market entry plan underway for Indonesia. Lenovo is actively engaging Gen Z consumers in India through tailored marketing and channel strategies. ISG is experiencing hypergrowth driven by strong AI server demand in the region, delivering double-digit revenue growth. SSG continued to witness a differentiated position in Asia Pacific, further strengthened by delivering AI-driven, outcome-based solutions across multiple client verticals.

Most notably, China returned to double-digit growth and delivered an impressive performance across its key segments, driving revenue up by 36 percent year-on-year. IDG saw a diversified growth engine spanning PCs and tablets and continues to consolidate market share in the commercial segment. ISG posted hypergrowth in revenue with improved operating margin, driven by continuous infrastructure expansion and solid market positioning. SSG saw deepened penetration with sustainable bookings growth, thanks to portfolio expansion and our fast-maturing Agents as a service offering.

In the Americas, the Group's revenue climbed by 14 percent year-on-year, led by strong performance in PCs and smartphones. IDG saw PCs gaining market share in the region for the 9th consecutive quarter with commercial segment recovery and strong demand from the Win 11 Refresh. Average selling prices increased steadily, with a healthy sell-through in both commercial and consumer segments. The Infrastructure-as-a-Service (IaaS) portfolio gained traction in the Americas, and deepened early AI engagements across clients.

EMEA sales rose by 9 percent year-on-year. PCs gained market share in several European countries, driving growth both in volume and average selling price. The smartphone business saw strong activation rate in the premium segment and market share gains. SSG is making an increasingly meaningful contribution to enhancing regional profitability led by our advanced support services, along with a strong growth momentum in DaaS. ISG top-line growth is underpinned by strong localized data center demand, while robust pipeline visibility suggests further upside potential.

Outlook and Strategic Highlights

Following a robust start to FY25/26, the Group is confident that its "Upgrade 3S toward AI twins" strategy, executed with precision, will drive sustainable, profitable growth and advance its vision of AI twins. The Group continues to navigate market volatility by leveraging its deep expertise and operational agility, while delivering a consistent performance. Strategic investments will further solidify its industry leadership and sustain long-term momentum.

Looking ahead, the Group will continue to enhance its Lenovo Hybrid AI Advantage framework, a key differentiator for us, while focusing on developing horizontal building blocks and delivering simple, scalable AI-powered solutions through Digital Workplace Solutions, hybrid cloud, and sustainability initiatives.

By driving our "One AI, Multiple Devices" strategy, the Group aims to leverage devices as the entry point for Personal AI and build a platform across devices and across operating systems on our "device-edge-cloud" structure, to deliver hyper-personalized user experiences. The Group remains dedicated to pioneering breakthrough innovations, maximizing shareholder returns, and creating enduring value for stakeholders and communities.

FINANCIAL REVIEW

Results for the three months ended June 30, 2025

	3 months ended June 30, 2025 (unaudited) ***US$ million***	3 months ended June 30, 2024 (unaudited) *US$ million*	Year-on-year change
Revenue	**18,830**	15,447	22%
Gross profit	**2,774**	2,560	8%
Gross profit margin	**14.7%**	16.6%	(1.9) pts
Operating expenses	**(1,989)**	(2,066)	(4)%
Operating profit	**785**	494	59%
Other non-operating income/(expenses) – net	**(163)**	(181)	(10)%
Profit before taxation	**622**	313	99%
Profit for the period	**538**	253	112%
Profit attributable to equity holders of the Company	**505**	243	108%
Earnings per share attributable to equity holders of the Company			
Basic	**US4.12 cents**	US1.99 cents	US2.13 cents
Diluted	**US3.65 cents**	US1.92 cents	US1.73 cents

For the three months ended June 30, 2025, the Group achieved total sales of approximately US$18,830 million. When compared to the corresponding period of last year, gross profit margin eroded by 1.9 percentage points to 14.7 percent mainly due to the change in product mix and the lower profitability in ISG business; profit attributable to equity holders for the period increased by US$262 million to approximately US$505 million. Basic and diluted earnings per share were US4.12 cents and US3.65 cents, representing an increase of US2.13 cents and US1.73 cents respectively. Net profit margin rose by 1.1 percentage points to 2.7 percent.

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

Analysis of operating expenses by function for the three months ended June 30, 2025 and 2024 is as follows:

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Selling and distribution expenses	**(955,293)**	(835,611)
Administrative expenses	**(677,121)**	(650,457)
Research and development expenses	**(524,201)**	(475,995)
Other operating income/(expenses) – net	**166,947**	(103,317)
	(1,989,668)	(2,065,380)

Operating expenses for the period decreased by 4 percent as compared with the corresponding period of last year. Employee benefit costs increased by US$157 million mainly due to increase in headcount and sales commissions. During the period, the Group recorded assets write-off of US$3 million (2024/25: impairment and write-off of US$47 million). Advertising and promotional expenses increased by US$81 million for new product launch and special campaigns. The Group recorded fair value gain on derivative financial liabilities relating to warrants of US$152 million (2024/25: nil). Fair value gain from strategic investments amounted to US$21 million (2024/25: fair value loss of US$11 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$6 million (2024/25: US$17 million).

Key expenses by nature comprise:

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Depreciation of property, plant and equipment	**(50,886)**	(49,984)
Depreciation of right-of-use assets	**(23,552)**	(24,816)
Amortization of intangible assets, excluding internal use software	**(22,813)**	(42,963)
Impairment and write-off of intangible assets	**(2,889)**	(47,052)
Write-off of construction-in-progress	**(121)**	-
Write-off of property, plant and equipment	**(23)**	-
Employee benefit costs, including	**(1,234,224)**	(1,076,770)
- *long-term incentive awards*	***(79,915)***	*(61,869)*
- *severance and related costs*	***(5,000)***	-
Rental expenses	**(5,156)**	(2,344)
Net foreign exchange loss	**(5,996)**	(17,482)
Advertising and promotional expenses	**(308,063)**	(226,633)
Legal, professional and consulting expenses	**(87,729)**	(97,910)
Information technology expenses, including	**(94,699)**	(95,679)
- *amortization of internal use software*	***(56,300)***	*(60,208)*
Increase in loss allowance of trade receivables	**(21,363)**	(20,955)
Unused amounts of loss allowance of trade receivables reversed	**5,105**	3,567
Increase in loss allowance of lease receivables	**(5,487)**	(1,402)
Research and development related laboratory testing, services and supplies	**(78,560)**	(63,880)
(Loss)/gain on disposal of property, plant and equipment	**(568)**	964
Loss on disposal of intangible assets	**(52)**	(297)
Fair value gain/(loss) on financial assets at fair value through profit or loss	**20,893**	(11,339)
Fair value gain on derivative financial liabilities relating to warrants	**152,361**	-
Gain on disposal of interest in an associate	**727**	-
Gain on deemed disposal of a subsidiary	**-**	22,627
Others	**(226,573)**	(313,032)
	(1,989,668)	(2,065,380)

Other non-operating income/(expenses) – net for the three months ended June 30, 2025 and 2024 comprise:

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Finance income	**27,726**	26,405
Finance costs	**(186,563)**	(200,377)
Share of losses of associates and joint ventures	**(3,868)**	(7,502)
	(162,705)	(181,474)

Finance income mainly represents interest on bank deposits.

Finance costs for the period decreased by 7 percent as compared with the corresponding period of last year. The decrease is mainly attributable to the decrease in interest on bank loans and overdrafts of US$5 million, interest on notes of US$10 million and factoring costs of US$25 million, partly offset by increase in interest on convertible bonds of US$24 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:

	3 months ended June 30, 2025		3 months ended June 30, 2024	
	Revenue	**Operating profit/(loss)**	Revenue	Operating profit/(loss)
	US$'000	***US$'000***	*US$'000*	*US$'000*
IDG	**13,459,338**	**950,430**	11,421,635	828,377
ISG	**4,290,149**	**(85,520)**	3,159,797	(37,274)
SSG	**2,257,718**	**500,772**	1,885,338	396,102
Total	**20,007,205**	**1,365,682**	16,466,770	1,187,205
Eliminations	**(1,177,336)**	**(393,160)**	(1,019,714)	(327,585)
	18,829,869	**972,522**	15,447,056	859,620
Unallocated:				
Headquarters and corporate income/(expenses) – net		**(414,434)**		(334,737)
Depreciation and amortization		**(93,901)**		(116,285)
Impairment and write-off of intangible assets		**-**		(47,052)
Finance income		**23,349**		22,249
Finance costs		**(33,999)**		(75,261)
Share of losses of associates and joint ventures		**(3,588)**		(7,305)
Gain on disposal of property, plant and equipment		**186**		413
Fair value gain/(loss) on financial assets at fair value through profit or loss		**18,705**		(11,674)
Fair value gain on derivative financial liabilities relating to warrants		**152,361**		-
Gain on deemed disposal of a subsidiary		**-**		22,627
Dividend income		**903**		400
Consolidated profit before taxation		**622,104**		312,995

Headquarters and corporate income/(expenses) – net for the period comprise various expenses, after appropriate allocation to business groups, of US$414 million (2024/25: US$335 million) such as employee benefit costs, legal, professional and consulting expenses, and research and technology expenses. The increase is primarily in relation to the increase in employee benefit costs driven by performance-based bonus, increase in legal, professional and consulting expenses; and advertising and promotional expenses, 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 HKFRS Accounting 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) gain on deemed disposal of a subsidiary, (iv) impairment and write-off of intangible assets, property, plant and equipment and construction-in-progress, (v) fair value change on derivative financial liabilities relating to warrants, and (vi) notional interest of convertible bonds, and the corresponding income tax effects, if any.

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

(i) 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.

(ii) 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.

(iii) 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.

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

(v) Lenovo recognizes fair value change on derivative financial liabilities relating to warrants. Lenovo excludes this item for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

(vi) Lenovo incurs notional interest of convertible bonds, which is non-cash in nature. Lenovo excludes these charges for the purposes of calculating the non-HKFRS measure to facilitate a more meaningful evaluation of Lenovo's current operating performance and comparisons to operating performance in other periods.

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

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

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

Three months ended June 30, 2025

	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	**784,809**	**622,104**	**537,550**	**505,333**
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	**(20,893)**	**(20,893)**	**(17,648)**	**(8,244)**
Amortization of intangible assets resulting from mergers and acquisitions	**16,458**	**17,641**	**13,825**	**13,825**
Write-off of intangible assets, property, plant and equipment and construction-in-progress	**3,033**	**3,033**	**3,033**	**3,033**
Fair value gain on derivative financial liabilities relating to warrants	**(152,361)**	**(152,361)**	**(152,361)**	**(152,361)**
Notional interest of convertible bonds	**-**	**27,817**	**27,817**	**27,817**
Non-HKFRS	**631,046**	**497,341**	**412,216**	**389,403**

Three months ended June 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	494,469	312,995	253,495	243,365
Non-HKFRS adjustments				
Net fair value changes on financial assets at fair value through profit or loss	11,339	11,339	9,627	9,873
Amortization of intangible assets resulting from mergers and acquisitions	41,981	43,164	34,014	34,014
Gain on deemed disposal of a subsidiary	(22,627)	(22,627)	(19,233)	(19,233)
Impairment and write-off of intangible assets	47,052	47,052	47,052	47,052
Notional interest of convertible bonds	-	4,704	4,704	4,704
Non-HKFRS	572,214	396,627	329,659	319,775

Capital Expenditure

The Group incurred capital expenditure of US$468 million (2024/25: US$305 million) during the three months ended June 30, 2025, mainly for the acquisition of property, plant and equipment, additions to construction-in-progress and intangible assets. The higher capital expenditure incurred in current period is mainly attributable to more investments in patent and technology and buildings under construction.

Liquidity and Financial Resources

At June 30, 2025, total assets of the Group amounted to US$46,323 million (March 31, 2025: US$44,231 million), which were financed by equity attributable to owners of the Company of US$6,807 million (March 31, 2025: US$6,069 million), other non-controlling interests (net of put option written on non-controlling interests) of US$634 million (March 31, 2025: US$591 million), and total liabilities of US$38,882 million (March 31, 2025: US$37,571 million). At June 30, 2025, the current ratio of the Group was 0.95 (March 31, 2025: 0.93).

At June 30, 2025, bank deposits and cash and cash equivalents totaling US$4,587 million (March 31, 2025: US$4,817 million) analyzed by major currency are as follows:

	June 30, 2025	March 31, 2025
	%	%
US dollar	**30.8**	43.6
Renminbi	**24.0**	21.2
Japanese Yen	**10.1**	8.4
Euro	**9.4**	5.7
Australian dollar	**2.0**	1.2
Other currencies	**23.7**	19.9
Total	**100.0**	100.0

The Group adopts a conservative policy to invest the surplus cash generated from operations. At June 30, 2025, 84 (March 31, 2025: 68) percent of cash are bank deposits, and 16 (March 31, 2025: 32) 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**	**June 30, 2025** ***US$ million***	March 31, 2025 *US$ million*
Revolving loan facility	July 4, 2022	2,000	5 years	-	-
Revolving loan facility	March 11, 2025	500	1 year	-	-
Revolving loan facility	March 12, 2025	350	1 year	-	-

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

	Total available amount at		**Utilized amount at**	
Credit facilities	**June 30, 2025** ***US$ million***	March 31, 2025 *US$ million*	**June 30, 2025** ***US$ million***	March 31, 2025 *US$ million*
Trade lines	**6,149**	6,200	**4,209**	4,370
Short-term money market facilities	**3,500**	3,194	**63**	62
Forward foreign exchange contracts	**13,550**	16,009	**12,698**	15,982

Apart from the above facilities, notes and convertible bonds issued by the Group and outstanding at June 30, 2025 are as follows. Further details of borrowings are set out in Note 12 to the Financial Information.

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

Net cash/(debt) position and gearing ratio of the Group at June 30, 2025 and March 31, 2025 are as follows:

	June 30, 2025 ***US$ million***	March 31, 2025 *US$ million*
Bank deposits and cash and cash equivalents	**4,587**	4,817
Borrowings		
- Short-term loans	**65**	65
- Notes	**2,051**	3,015
- Convertible bonds	**2,317**	2,288
Net cash/(debt) position	**154**	(551)
Total equity	**7,441**	6,660
Gearing ratio (Borrowings divided by total equity)	**0.60**	0.81

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 June 30, 2025, the Group had commitments in respect of outstanding forward foreign exchange contracts amounting to US$12,698 million (March 31, 2025: US$15,982 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 June 30, 2025 (unaudited)** ***US$'000***	3 months ended June 30, 2024 (unaudited) *US$'000*
Revenue	*2*	**18,829,869**	15,447,056
Cost of sales		**(16,055,392)**	(12,887,207)
Gross profit		**2,774,477**	2,559,849
Selling and distribution expenses		**(955,293)**	(835,611)
Administrative expenses		**(677,121)**	(650,457)
Research and development expenses		**(524,201)**	(475,995)
Other operating income/(expenses) - net		**166,947**	(103,317)
Operating profit	*3*	**784,809**	494,469
Finance income	*4(a)*	**27,726**	26,405
Finance costs	*4(b)*	**(186,563)**	(200,377)
Share of losses of associates and joint ventures		**(3,868)**	(7,502)
Profit before taxation		**622,104**	312,995
Taxation	*5*	**(84,554)**	(59,500)
Profit for the period		**537,550**	253,495
Profit attributable to:			
Equity holders of the Company		**505,333**	243,365
Other non-controlling interests		**32,217**	10,130
		537,550	253,495
Earnings per share attributable to equity holders of the Company			
Basic	*6(a)*	**US4.12 cents**	US1.99 cents
Diluted	*6(b)*	**US3.65 cents**	US1.92 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended June 30, 2025 (unaudited) ***US$'000***	3 months ended June 30, 2024 (unaudited) *US$'000*
Profit for the period	**537,550**	253,495
Other comprehensive income/(loss):		
<u>Items that will not be reclassified to profit or loss</u>		
Remeasurements of post-employment benefit obligations, net of taxes	**1,183**	47
Fair value change on financial assets at fair value through other comprehensive income, net of taxes	**1,640**	(2,141)
<u>Items that have been reclassified or may be subsequently reclassified to profit or loss</u>		
Fair value change on cash flow hedges from foreign exchange forward contracts, net of taxes		
- Fair value (loss)/gain, net of taxes	**(321,989)**	82,775
- Reclassified to consolidated income statement	**229,832**	(65,903)
Currency translation differences	**357,428**	(320,301)
Other comprehensive income/(loss) for the period	**268,094**	(305,523)
Total comprehensive income/(loss) for the period	**805,644**	(52,028)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**761,384**	(45,948)
Other non-controlling interests	**44,260**	(6,080)
	805,644	(52,028)

CONSOLIDATED BALANCE SHEET

	Note	**June 30, 2025 (unaudited) *US$'000***	March 31, 2025 (audited) *US$'000*
Non-current assets			
Property, plant and equipment		**2,094,309**	2,026,280
Right-of-use assets		**623,094**	592,340
Construction-in-progress		**220,906**	282,309
Intangible assets		**8,328,679**	8,232,977
Interests in associates and joint ventures		**314,406**	315,704
Deferred income tax assets		**3,104,113**	3,055,905
Financial assets at fair value through profit or loss		**1,493,169**	1,464,384
Financial assets at fair value through other comprehensive income		**48,509**	45,382
Other non-current assets		**335,087**	311,448
		16,562,272	16,326,729
Current assets			
Inventories	*7*	**8,742,635**	7,923,804
Trade, lease and notes receivables	*8(a)*	**10,796,573**	10,506,610
Derivative financial assets		**43,425**	53,690
Deposits, prepayments and other receivables	*9*	**5,228,420**	4,223,658
Income tax recoverable		**363,079**	379,590
Bank deposits		**82,366**	88,607
Cash and cash equivalents		**4,504,440**	4,728,124
		29,760,938	27,904,083
Total assets		**46,323,210**	44,230,812

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**June 30, 2025 (unaudited)** *US$'000*	March 31, 2025 (audited) *US$'000*
Share capital	*14*	**3,500,987**	3,500,987
Reserves		**3,306,007**	2,568,000
Equity attributable to owners of the Company		**6,806,994**	6,068,987
Other non-controlling interests		**1,181,257**	1,138,283
Put option written on non-controlling interests	*10(a)*	**(547,353)**	(547,353)
Total equity		**7,440,898**	6,659,917
Non-current liabilities			
Borrowings	*12*	**4,367,770**	4,337,806
Warranty provision	*10(b)*	**163,955**	159,400
Deferred revenue		**1,738,167**	1,628,942
Retirement benefit obligations		**220,754**	220,784
Deferred income tax liabilities		**246,542**	270,268
Derivative financial liabilities	*13*	**127,844**	241,778
Other non-current liabilities	*11*	**732,170**	717,784
		7,597,202	7,576,762
Current liabilities			
Trade and notes payables	*8(b)*	**14,187,753**	11,978,933
Derivative financial liabilities	*13*	**239,903**	197,196
Other payables and accruals	*10(a)*	**13,785,175**	13,904,384
Provisions	*10(b)*	**870,868**	852,593
Deferred revenue		**1,712,340**	1,565,459
Income tax payable		**423,932**	465,216
Borrowings	*12*	**65,139**	1,030,352
		31,285,110	29,994,133
Total liabilities		**38,882,312**	37,570,895
Total equity and liabilities		**46,323,210**	44,230,812

CONSOLIDATED CASH FLOW STATEMENT

	Note	**3 months ended June 30, 2025 (unaudited)** *US$'000*	3 months ended June 30, 2024 (unaudited) *US$'000*
Cash flows from operating activities			
Net cash generated from operations	*15(a)*	**1,565,957**	1,091,604
Interest paid		**(166,086)**	(193,256)
Tax paid		**(180,787)**	(106,956)
Net cash generated from operating activities		**1,219,084**	791,392
Cash flows from investing activities			
Purchase of property, plant and equipment		**(91,849)**	(81,296)
Sale of property, plant and equipment		**4,471**	5,836
Acquisition of businesses, net of cash acquired		**-**	(1,537)
Interests acquired in associates		**(425)**	-
Deemed disposal of a subsidiary, net of cash disposed		**-**	(14,272)
Loan to an associate and a joint venture		**(6,366)**	(6,207)
Repayment of loan to an associate		**5,485**	-
Payment for construction-in-progress		**(85,200)**	(73,237)
Payment for intangible assets		**(290,853)**	(149,988)
Purchase of financial assets at fair value through profit or loss		**(28,122)**	(37,584)
Net proceeds from sale of financial assets at fair value through profit or loss		**35,930**	7,910
Net proceeds from disposal of interest in an associate		**1,052**	-
Decrease in bank deposits		**6,241**	3,527
Dividends received		**1,138**	691
Interest received		**27,726**	26,405
Net cash used in investing activities		**(420,772)**	(319,752)
Cash flows from financing activities	*15(b)*		
Capital contribution from other non-controlling interests		**14,460**	462
Distribution to other non-controlling interests		**(318)**	(641)
Purchase of shares by employee share trusts		**(97,306)**	(9,985)
Principal elements of lease payments		**(29,023)**	(34,671)
Dividends paid to other non-controlling interests		**(968)**	(1,986)
Proceeds from loans		**4,331,121**	3,150,952
Repayments of loans		**(4,340,159)**	(3,151,341)
Repayment of notes		**(965,000)**	-
Net cash used in financing activities		**(1,087,193)**	(47,210)
(Decrease)/increase in cash and cash equivalents		**(288,881)**	424,430
Effect of foreign exchange rate changes		**65,197**	(73,140)
Cash and cash equivalents at the beginning of the period		**4,728,124**	3,559,831
Cash and cash equivalents at the end of the period		**4,504,440**	3,911,121

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, 2025	**3,500,987**	**(79,741)**	**(141,352)**	**(802,729)**	**(59,997)**	**(2,822,347)**	**502,588**	**5,971,578**	**1,138,283**	**(547,353)**	**6,659,917**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**505,333**	**32,217**	**–**	**537,550**
Other comprehensive income/(loss)	**–**	**1,640**	**–**	**–**	**(92,157)**	**345,385**	**–**	**1,183**	**12,043**	**–**	**268,094**
Total comprehensive income/(loss) for the period	**–**	**1,640**	**–**	**–**	**(92,157)**	**345,385**	**–**	**506,516**	**44,260**	**–**	**805,644**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**20,698**	**(20,698)**	**–**	**–**	**–**
Vesting of shares under long-term incentive program	**–**	**–**	**98,177**	**(123,983)**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,806)**
Deferred tax in relation to long-term incentive program	**–**	**–**	**–**	**6,749**	**–**	**–**	**–**	**–**	**–**	**–**	**6,749**
Settlement of bonus through long-term incentive program	**–**	**–**	**–**	**13,071**	**–**	**–**	**–**	**–**	**–**	**–**	**13,071**
Share-based compensation	**–**	**–**	**–**	**79,915**	**–**	**–**	**–**	**–**	**–**	**–**	**79,915**
Purchase of shares by employee share trusts	**–**	**–**	**(97,306)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(97,306)**
Dividends paid to other non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(968)**	**–**	**(968)**
Distribution to other non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(318)**	**–**	**(318)**
At June 30, 2025	**3,500,987**	**(78,101)**	**(140,481)**	**(826,977)**	**(152,154)**	**(2,476,962)**	**523,286**	**6,457,396**	**1,181,257**	**(547,353)**	**7,440,898**
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	–	–	–	–	–	–	–	243,365	10,130	–	253,495
Other comprehensive (loss)/income	–	(2,141)	–	–	16,872	(304,091)	–	47	(16,210)	–	(305,523)
Total comprehensive (loss)/income for the period	–	(2,141)	–	–	16,872	(304,091)	–	243,412	(6,080)	–	(52,028)
Transfer to statutory reserve	–	–	–	–	–	–	15,134	(15,134)	–	–	–
Deemed disposal of a subsidiary	–	–	–	–	–	15,219	(135)	–	(718)	–	14,366
Vesting of shares under long-term incentive program	–	–	138,034	(199,337)	–	–	–	–	–	–	(61,303)
Deferred tax in relation to long-term incentive program	–	–	–	19,748	–	–	–	–	–	–	19,748
Settlement of bonus through long-term incentive program	–	–	–	561	–	–	–	–	–	–	561
Share-based compensation	–	–	–	61,869	–	–	–	–	–	–	61,869
Purchase of shares by employee share trusts	–	–	(9,985)	–	–	–	–	–	–	–	(9,985)
Dividends paid to other non-controlling interests	–	–	–	–	–	–	–	–	(1,986)	–	(1,986)
Capital contribution from other non-controlling interests	–	–	–	–	–	–	(24)	–	13,572	–	13,548
Distribution to other non-controlling interests	–	–	–	–	–	–	–	–	(641)	–	(641)
At June 30, 2024	3,500,987	(70,803)	(79,438)	(767,594)	59,015	(2,714,467)	199,509	5,435,386	1,050,094	(547,353)	6,065,336

Notes

1 General information and basis of preparation

The financial information relating to the year ended March 31, 2025 included in the FY2025/26 first quarter 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 will deliver the consolidated financial statements for the year ended March 31, 2025 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 HKFRS Accounting 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 amendments to existing standard 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 amendments to existing standard.

- Amendments to HKAS 21, Lack of exchangeability

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

	3 months ended June 30, 2025		3 months ended June 30, 2024	
	Revenue	**Operating profit/(loss)**	Revenue	Operating profit/(loss)
	US$'000	***US$'000***	*US$'000*	*US$'000*
IDG	**13,459,338**	**950,430**	11,421,635	828,377
ISG	**4,290,149**	**(85,520)**	3,159,797	(37,274)
SSG	**2,257,718**	**500,772**	1,885,338	396,102
Total	**20,007,205**	**1,365,682**	16,466,770	1,187,205
Eliminations	**(1,177,336)**	**(393,160)**	(1,019,714)	(327,585)
	18,829,869	**972,522**	15,447,056	859,620
Unallocated:				
Headquarters and corporate income/(expenses) – net		**(414,434)**		(334,737)
Depreciation and amortization		**(93,901)**		(116,285)
Impairment and write-off of intangible assets		**-**		(47,052)
Finance income		**23,349**		22,249
Finance costs		**(33,999)**		(75,261)
Share of losses of associates and joint ventures		**(3,588)**		(7,305)
Gain on disposal of property, plant and equipment		**186**		413
Fair value gain/(loss) on financial assets at fair value through profit or loss		**18,705**		(11,674)
Fair value gain on derivative financial liabilities relating to warrants		**152,361**		-
Gain on deemed disposal of a subsidiary		**-**		22,627
Dividend income		**903**		400
Consolidated profit before taxation		**622,104**		312,995

(b) Analysis of revenue by geography

	3 months ended June 30, 2025	3 months ended June 30, 2024
	US$'000	*US$'000*
China	**4,675,698**	3,443,196
Asia Pacific ("AP")	**3,714,575**	2,680,064
Europe-Middle East-Africa ("EMEA")	**4,185,894**	3,837,547
Americas ("AG")	**6,253,702**	5,486,249
	18,829,869	15,447,056

(c) Analysis of revenue by timing of revenue recognition

	3 months ended June 30, 2025	3 months ended June 30, 2024
	US$'000	*US$'000*
Point in time	**17,926,582**	14,730,655
Over time	**828,872**	678,837
Lease revenue	**74,415**	37,564
	18,829,869	15,447,056

(d) Other segment information

	IDG		ISG		SSG		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
For the three months ended June 30								
Depreciation and amortization	**179,059**	166,699	**68,582**	58,907	**4,028**	4,466	**251,669**	230,072
Finance income	**4,067**	2,782	**21**	887	**289**	487	**4,377**	4,156
Finance costs	**92,081**	79,874	**59,883**	44,818	**600**	424	**152,564**	125,116

(e) The directors review goodwill and trademarks and trade names with indefinite useful lives with an aggregate amount of US$6,227 million (March 31, 2025: US$6,118 million). The carrying amounts of goodwill and trademarks and trade names with indefinite useful lives are presented below:

At June 30, 2025

	China	**AP**	**EMEA**	**AG**	**Total**
	US$ million	***US$ million***	***US$ million***	***US$ million***	***US$ million***
Goodwill					
- IDG	**915**	**508**	**307**	**1,584**	**3,314**
- ISG	**477**	**138**	**66**	**349**	**1,030**
- SSG (Note)	**N/A**	**N/A**	**N/A**	**N/A**	**612**
Trademarks and trade names with indefinite useful lives					
- IDG	**182**	**55**	**126**	**480**	**843**
- ISG	**162**	**54**	**31**	**123**	**370**
- SSG (Note)	**N/A**	**N/A**	**N/A**	**N/A**	**58**

At March 31, 2025

	China	AP	EMEA	AG	Total
	US$ million	*US$ million*	*US$ million*	*US$ million*	*US$ million*
Goodwill					
- IDG	905	493	286	1,558	3,242
- ISG	468	132	59	344	1,003
- SSG (Note)	N/A	N/A	N/A	N/A	606
Trademarks and trade names with indefinite useful lives					
- IDG	182	55	122	480	839
- ISG	162	54	31	123	370
- SSG (Note)	N/A	N/A	N/A	N/A	58

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 June 30, 2025 (March 31, 2025: nil).

3 Operating profit

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

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Depreciation of property, plant and equipment	**119,978**	107,323
Depreciation of right-of-use assets	**31,233**	28,922
Amortization of intangible assets	**194,359**	210,112
Impairment and write-off of intangible assets	**2,889**	47,052
Write-off of construction-in-progress	**121**	-
Write-off of property, plant and equipment	**23**	-
Employee benefit costs, including	**1,565,173**	1,411,029
– long-term incentive awards	***79,915***	*61,869*
– severance and related costs	***5,000***	-
Rental expenses	**6,003**	4,084
Loss/(gain) on disposal of property, plant and equipment	**568**	(964)
Loss on disposal of intangible assets	**52**	297
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(20,893)**	11,339
Fair value gain on derivative financial liabilities relating to warrants	**(152,361)**	-
Gain on disposal of interest in an associate	**(727)**	-
Gain on deemed disposal of a subsidiary	**-**	(22,627)

4 Finance income and costs

(a) Finance income

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Interest on bank deposits	**23,363**	20,882
Interest on money market funds	**4,363**	2,270
Interest income on finance lease	**-**	3,253
	27,726	26,405

(b) Finance costs

	3 months ended June 30, 2025 ***US$'000***	3 months ended June 30, 2024 *US$'000*
Interest on bank loans and overdrafts	**11,771**	16,377
Interest on convertible bonds	**33,599**	9,192
Interest on notes	**30,045**	40,325
Interest on lease liabilities	**4,390**	3,140
Factoring costs	**105,459**	130,240
Interest on written put option liabilities	**573**	541
Others	**726**	562
	186,563	200,377

5 Taxation

The amount of taxation in the consolidated income statement represents:

	3 months ended June 30, 2025 *US$'000*	3 months ended June 30, 2024 *US$'000*
Current tax		
Profits tax in Hong Kong S.A.R. of China	**(36,807)**	26,169
Taxation outside Hong Kong S.A.R. of China	**165,680**	108,303
Deferred tax		
Credit for the period	**(44,319)**	(74,972)
	84,554	59,500

Profits tax in Hong Kong S.A.R. of China has been provided for at the rate of 16.5% (2024/25: 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 June 30, 2025	3 months ended June 30, 2024
Weighted average number of ordinary shares in issue	**12,404,659,302**	12,404,659,302
Adjustment for shares held by employee share trusts	**(139,504,846)**	(172,643,029)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**12,265,154,456**	12,232,016,273

	3 months ended June 30, 2025 *US$'000*	3 months ended June 30, 2024 *US$'000*
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**505,333**	243,365

(b) Diluted

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

The Group has four (2024/25: three) categories of potential ordinary shares, namely long-term incentive awards, warrants, put option written on non-controlling interests and convertible bonds (2024/25: 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 months ended June 30, 2025 and 2024. Warrants were anti-dilutive for the three months ended June 30, 2025. Put option written on non-controlling interests were anti-dilutive for the three months ended June 30, 2025 and 2024.

	3 months ended June 30, 2025	3 months ended June 30, 2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**12,265,154,456**	12,232,016,273
Adjustment for long-term incentive awards	**330,503,050**	303,250,490
Adjustment for convertible bonds	**2,150,353,424**	561,675,955
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**14,746,010,930**	13,096,942,718

	3 months ended June 30, 2025	3 months ended June 30, 2024
	US$'000	*US$'000*
Profit attributable to equity holders of the Company used in calculating basic earnings per share	**505,333**	243,365
Adjustment for interest on convertible bonds, net of tax	**33,599**	7,676
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	**538,932**	251,041

7 Inventories

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Raw materials and work-in-progress	**4,562,568**	3,995,173
Finished goods	**3,583,492**	3,320,441
Service parts	**596,575**	608,190
	8,742,635	7,923,804

8 Trade, lease and notes receivables and trade and notes payables

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

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Trade receivables	**10,532,147**	10,257,738
Lease receivables (Note)	**229,368**	188,330
Notes receivable	**35,058**	60,542
	10,796,573	10,506,610

Note: At June 30, 2025, non-current portion of lease receivables of US$192,491,000 (March 31, 2025: US$170,987,000) is included in other non-current assets.

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:

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
0 – 30 days	**7,512,165**	7,641,864
31 – 60 days	**1,767,144**	1,542,382
61 – 90 days	**517,144**	398,285
Over 90 days	**915,937**	839,886
	10,712,390	10,422,417
Less: loss allowance	**(180,243)**	(164,679)
Trade receivables – net	**10,532,147**	10,257,738

At June 30, 2025, trade receivables, net of loss allowance, of US$1,005,307,000 (March 31, 2025: US$879,681,000) were past due. The ageing of these receivables, based on due date, is as follows:

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Within 30 days	**558,779**	445,354
31 – 60 days	**164,921**	189,241
61 – 90 days	**84,140**	83,515
Over 90 days	**197,467**	161,571
	1,005,307	879,681

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

	Trade receivables	**Lease receivables**	**Total**
	US$'000	***US$'000***	***US$'000***
Year ended March 31, 2025			
At the beginning of the year	132,095	672	132,767
Exchange adjustment	161	-	161
Increase in loss allowance recognized in profit or loss	102,905	3,671	106,576
Uncollectible receivables written off	(12,859)	(1,918)	(14,777)
Unused amounts reversed in profit or loss	(57,623)	-	(57,623)
At the end of the year	164,679	2,425	167,104
Three months ended June 30, 2025			
At the beginning of the period	**164,679**	**2,425**	**167,104**
Exchange adjustment	**269**	**18**	**287**
Increase in loss allowance recognized in profit or loss	**21,363**	**5,487**	**26,850**
Uncollectible receivables written off	**(963)**	**-**	**(963)**
Unused amounts reversed in profit or loss	**(5,105)**	**-**	**(5,105)**
At the end of the period	**180,243**	**7,930**	**188,173**

At June 30, 2025, included in the loss allowance of lease receivables are current portion of US$1,888,000 (March 31, 2025: US$1,504,000) and non-current portion of US$6,042,000 (March 31, 2025: US$921,000).

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:

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Trade payables	**11,159,127**	8,561,393
Notes payable	**3,028,626**	3,417,540
	14,187,753	11,978,933

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

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
0 – 30 days	**7,390,578**	4,527,503
31 – 60 days	**2,433,105**	2,465,757
61 – 90 days	**822,815**	898,452
Over 90 days	**512,629**	669,681
	11,159,127	8,561,393

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

9 Deposits, prepayments and other receivables

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

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Deposits	**30,231**	26,779
Other receivables	**3,703,031**	2,874,521
Prepayments	**1,495,158**	1,322,358
	5,228,420	4,223,658

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

10 Provisions, other payables and accruals

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

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Accruals	**3,834,721**	4,391,239
Allowance for billing adjustments (i)	**2,480,407**	2,152,336
Written put option liability (ii)	**313,408**	303,099
Other payables (iii)	**7,062,040**	6,962,738
Lease liabilities	**94,599**	94,972
	13,785,175	13,904,384

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"). Fujitsu currently owns 49% interest in FCCL. Both options are exercisable at June 30, 2025 and March 31, 2025. 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.

- 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 own 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$70 million). At June 30, 2025, the written put option liabilities to Yuan Jia is classified as current liabilities as the written put option will be exercisable within the next twelve months.

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

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, 2025				
At the beginning of the year	969,591	25,336	108,939	1,103,866
Exchange adjustment	(6,690)	(313)	546	(6,457)
Provisions made	725,885	16,443	-	742,328
Amounts utilized	(718,097)	(14,935)	(71,553)	(804,585)
	970,689	26,531	37,932	1,035,152
Long-term portion classified as non-current liabilities	(159,400)	(23,159)	-	(182,559)
At the end of the year	811,289	3,372	37,932	852,593
Three months ended June 30, 2025				
At the beginning of the period	**970,689**	**26,531**	**37,932**	**1,035,152**
Exchange adjustment	**18,685**	**807**	**700**	**20,192**
Provisions made	**200,909**	**6,058**	**-**	**206,967**
Amounts utilized	**(191,585)**	**(4,726)**	**(7,137)**	**(203,448)**
	998,698	**28,670**	**31,495**	**1,058,863**
Long-term portion classified as non-current liabilities	**(163,955)**	**(24,040)**	**-**	**(187,995)**
At the end of the period	**834,743**	**4,630**	**31,495**	**870,868**

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.

11 Other non-current liabilities

Details of other non-current liabilities are as follows:

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Deferred consideration (a)	**25,072**	25,072
Lease liabilities	**295,672**	269,828
Environmental restoration (Note 10(b))	**24,040**	23,159
Government incentives and grants received in advance (b)	**109,204**	98,350
Others	**278,182**	301,375
	732,170	717,784

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 June 30, 2025, the potential undiscounted amount of future payment in respect of the deferred consideration that the Group could be required to make amounted to US$25 million (March 31, 2025: US$25 million).

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

12 Borrowings

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Current liabilities		
Short-term loans (a)	**65,139**	65,364
Notes (b)	**-**	964,988
	65,139	1,030,352
Non-current liabilities		
Notes (b)	**2,050,878**	2,050,271
Convertible bonds (c)	**2,316,892**	2,287,535
	4,367,770	4,337,806
	4,432,909	5,368,158

Notes:

(a) Majority of the short-term loans are denominated in United States dollars. At June 30, 2025, the Group has total revolving and short-term loan facilities of US$6,350 million (March 31, 2025: US$6,044 million) which has been utilized to the extent of US$63 million (March 31, 2025: US$62 million).

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

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	June 30, 2025 US$'000	March 31, 2025 US$'000
April 24, 2020 and May 12, 2020	US$965 million	5 years	5.875%	April 2025	-	964,988
November 2, 2020	US$900 million	10 years	3.421%	November 2030	**895,254**	895,032
July 27, 2022	US$600 million	5.5 years	5.831%	January 2028	**596,861**	596,607
July 27, 2022	US$563 million	10 years	6.536%	July 2032	**558,763**	558,632
					2,050,878	3,015,259

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

Issue date	Outstanding principal amount	Term	Interest rate per annum	Due date	June 30, 2025 US$'000	March 31, 2025 US$'000
August 26, 2022 (i)	US$675 million	7 years	2.5%	August 2029	**581,966**	576,812
January 8, 2025 (ii)	US$2,000 million	3 years	0%	January 2028	**1,734,926**	1,710,723
					2,316,892	2,287,535

(i) On August 26, 2022, the Company completed the issuance of 7-Year US$675 million convertible bonds bearing annual interest at 2.5% due in August 2029 ("the 2029 Convertible Bonds") to the bondholders. The proceeds were used to repay previous convertible bonds and for general corporate purposes. The bondholders have the right, at any time on or after 41 days after the date of issue and up to the 10th day prior to the maturity date, to convert part or all of the outstanding principal amount of the 2029 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$9.94 per share, subject to adjustments. The conversion price was adjusted to HK$8.67 per share effective on August 2, 2025. Assuming full conversion of the 2029 Convertible Bonds at the conversion price of HK$8.67 per share, the 2029 Convertible Bonds will be convertible into 610,263,841 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.

(ii) On January 8, 2025, the Company completed the issuance of 3-Year US$2,000 million zero-coupon convertible bonds due in January 2028 ("the 2028 Convertible Bonds") to the bondholder, subject to three months extension upon occurrence of specified condition. The proceeds were used to repay the existing debts and for general corporate purposes. The bondholder has the right, at any time up to 15 calendar days prior to the maturity date, to convert part or all of the outstanding principal amount of the 2028 Convertible Bonds into ordinary shares of the Company at a conversion price of HK$10.02 per share, subject to adjustments. The conversion price was adjusted to HK$9.70 per share effective on August 2, 2025. The conversion shall take place on the maturity date. Assuming full conversion of the 2028 Convertible Bonds at the conversion price of HK$9.70 per share, the 2028 Convertible Bonds will be convertible into 1,610,618,557 shares.

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

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

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

At June 30, 2025 and March 31, 2025, the Group's borrowings were repayable as follows:

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Within 1 year	**65,139**	1,030,352
Over 2 to 5 years	**2,913,753**	2,884,142
Over 5 years	**1,454,017**	1,453,664
	4,432,909	5,368,158

13 Derivative financial liabilities

	June 30, 2025	March 31, 2025
	US$'000	*US$'000*
Current liabilities		
Foreign currency forward and option contracts	**193,415**	109,277
Warrants (Note)	**46,488**	87,919
	239,903	197,196
Non-current liabilities		
Warrants (Note)	**127,844**	241,778
	367,747	438,974

Note:

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

Subject to the terms of the warrants, including the transfer and exercise limit in respect of each 12-month period from the issue date, the warrants holders have the right, at any time up to January 8, 2028, which may be extended by three months, to subscribe for the Company's shares at an initial subscription price of HK$12.31 per share, subject to adjustments. The subscription price was adjusted to HK$11.92 per share effective on August 2, 2025. The Company has the option to satisfy such exercise rights by allotment and issue of the Company's shares, or through cash payments, which is determined with reference to the market price of the Company's shares.

The warrants issued by the Company are initially recognized as financial liabilities at fair value through profit or loss and are subsequently re-measured at each balance sheet date, with any resulting gain or loss recognized as "other operating income/(expenses) — net" in the consolidated income statement.

The fair value of the warrant derivative liabilities as of June 30, 2025, after recognizing fair value gain of US$152,361,000 (March 31, 2025: fair value loss of US$118,275,000), amounted to US$174,332,000 (March 31, 2025: US$329,697,000).

14 Share capital

	June 30, 2025		March 31, 2025	
	Number of shares	***US$'000***	*Number of shares*	*US$'000*
Issued and fully paid:				
Voting ordinary shares:				
At the beginning and 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

	3 months ended June 30, 2025	3 months ended June 30, 2024
	US$'000	*US$'000*
Profit before taxation	**622,104**	312,995
Share of losses of associates and joint ventures	**3,868**	7,502
Finance income	**(27,726)**	(26,405)
Finance costs	**186,563**	200,377
Depreciation of property, plant and equipment	**119,978**	107,323
Depreciation of right-of-use assets	**31,233**	28,922
Amortization of intangible assets	**194,359**	210,112
Write-off of property, plant and equipment	**23**	-
Write-off of construction-in-progress	**121**	-
Impairment and write-off of intangible assets	**2,889**	47,052
Reversal of allowance for inventories	**(3,778)**	(18,953)
Increase in loss allowance of trade receivables	**21,363**	20,955
Unused amounts of loss allowance of trade receivables reversed	**(5,105)**	(3,567)
Increase in loss allowance of lease receivables	**5,487**	1,402
Share-based compensation	**79,915**	61,869
Loss/(gain) on disposal of property, plant and equipment	**568**	(964)
Loss on disposal of intangible assets	**52**	297
Gain on deemed disposal of a subsidiary	**-**	(22,627)
Gain on disposal of interest in an associate	**(727)**	-
Fair value change on financial instruments	**2,246**	(26,603)
Fair value change on financial assets at fair value through profit or loss	**(20,893)**	11,339
Fair value gain on derivative financial liabilities relating to warrants	**(152,361)**	-
Dividend income	**(1,138)**	(691)
Increase in inventories	**(749,949)**	(1,066,504)
Increase in trade, lease and notes receivables, deposits, prepayments and other receivables	**(1,049,599)**	(412,177)
Increase in trade and notes payables, provisions, other payables and accruals	**2,292,092**	1,727,407
Effect of foreign exchange rate changes	**14,372**	(67,457)
Net cash generated from operations	**1,565,957**	1,091,604

(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	**June 30, 2025** ***US$'000***	March 31, 2025 *US$'000*
Short-term loans – current	**65,139**	65,364
Notes – current	**-**	964,988
Notes – non-current	**2,050,878**	2,050,271
Convertible bonds – non-current	**2,316,892**	2,287,535
Derivative financial liabilities relating to warrants – current	**46,488**	87,919
Derivative financial liabilities relating to warrants – non-current	**127,844**	241,778
Lease liabilities – current	**94,599**	94,972
Lease liabilities – non-current	**295,672**	269,828
	4,997,512	6,062,655

Short-term loans – variable interest rates	**37,211**	36,415
Short-term loans – fixed interest rates	**27,928**	28,949
Notes – fixed interest rates	**2,050,878**	3,015,259
Convertible bonds – fixed interest rates	**2,316,892**	2,287,535
Derivative financial liabilities relating to warrants – non-interest bearing	**174,332**	329,697
Lease liabilities – fixed interest rates	**390,271**	364,800
	4,997,512	6,062,655

	Short-term loans current *US$'000*	Notes current *US$'000*	Notes non-current *US$'000*	Convertible bonds non-current *US$'000*	Derivative financial liabilities relating to warrants current *US$'000*	Derivative financial liabilities relating to warrants non-current *US$'000*	Lease liabilities current *US$'000*	Lease liabilities non-current *US$'000*	Total *US$'000*
Financing liabilities at April 1, 2024	50,431	-	3,012,637	556,592	-	-	101,580	240,449	3,961,689
Proceeds from borrowings	17,014,380	-	-	2,000,000	-	-	-	-	19,014,380
Proceeds from issue of warrants	-	-	-	-	56,440	155,212	-	-	211,652
Repayments of borrowings	(17,041,262)	-	-	-	-	-	-	-	(17,041,262)
Issuing cost of borrowings	-	-	-	(20,192)	-	-	-	-	(20,192)
Reclassification	-	964,814	(964,814)	-	-	-	92,620	(92,620)	-
Principal elements of lease payments	-	-	-	-	-	-	(121,071)	-	(121,071)
Foreign exchange adjustments	41,815	-	-	-	(61)	(169)	(1,044)	(7,863)	32,678
Equity component for issue of convertible bonds	-	-	-	(290,608)	-	-	-	-	(290,608)
Other non-cash movements	-	174	2,448	41,743	31,540	86,735	22,887	129,862	315,389
Financing liabilities at March 31, 2025	65,364	964,988	2,050,271	2,287,535	87,919	241,778	94,972	269,828	6,062,655
Financing liabilities at April 1, 2025	**65,364**	**964,988**	**2,050,271**	**2,287,535**	**87,919**	**241,778**	**94,972**	**269,828**	**6,062,655**
Proceeds from borrowings	**4,331,121**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,331,121**
Repayments of borrowings	**(4,340,159)**	**(965,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,305,159)**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**24,592**	**(24,592)**	**-**
Principal elements of lease payments	**-**	**-**	**-**	**-**	**-**	**-**	**(29,023)**	**-**	**(29,023)**
Foreign exchange adjustments	**8,813**	**-**	**-**	**-**	**(801)**	**(2,203)**	**2,666**	**6,985**	**15,460**
Other non-cash movements	**-**	**12**	**607**	**29,357**	**(40,630)**	**(111,731)**	**1,392**	**43,451**	**(77,542)**
Financing liabilities at June 30, 2025	**65,139**	**-**	**2,050,878**	**2,316,892**	**46,488**	**127,844**	**94,599**	**295,672**	**4,997,512**

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 82,287,475 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 three months ended June 30, 2025. Details of these program and plan are set out in the 2024/25 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 three months ended June 30, 2025. 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 three independent non-executive directors and one non-executive director, including Mr. Woo Chin Wan Raymond, being the Chairman, Mr. Gordon Robert Halyburton Orr, Mr. Kasper Bo Roersted and Mr. Wong Wai Ming.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the three months ended June 30, 2025, 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, 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 majority of independent non-executive directors meets regularly on a quarterly basis to review the operations of the Group led by Mr. Yang.

The Board also appointed Mr. John Lawson Thornton 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; in consultation with all other Board members, to prepare an assessment of the performance of the Chairman and/or CEO; calls and chair meeting(s) with all non-executive directors at least once a year on matters deemed appropriate and provide feedback to the Chairman and/or CEO; and serves a key role in the Board evaluation process. Accordingly, the Board believes that the current Board structure with combined roles of Chairman and CEO, the appointment of Lead Independent Director and a majority of independent non-executive directors provide an effective check and balance of powers and authorizations between the Board and the management of the Company.

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

August 14, 2025

As at the date of this announcement, the executive director is Mr. Yang Yuanqing; the non-executive directors are Mr. Zhu Linan, Mr. Zhao John Huan, Mr. Wong Wai Ming, Ms. Laura Green Quatela and Mr. Amit Midha; and the independent non-executive directors are Mr. John Lawson Thornton, Mr. Gordon Robert Halyburton Orr, Mr. Woo Chin Wan Raymond, Ms. Yang Lan, Ms. Cher Wang Hsiueh Hong, Professor Xue Lan and Mr. Kasper Bo Roersted (alias Kasper Bo Rorsted).