

# Corporate Governance Report

## Corporate Governance

### 01 Corporate Governance Principles and Structure

- Compliance with Corporate Governance Code
- Governance Structure

### 02 Leadership *How the Board leads from the front*

- Board Roles
- Board Composition
- Appointment and Election
- Directors' Securities Transactions
- Induction and Continuous Professional Development
- Remuneration of Directors and Senior Management
- Company Secretary

### 03 Effectiveness *How the Board Operates*

- Board's Responsibilities and Delegation
- Board Process
- Board Activities
- Board Committees
- Board and Board Committees' Effectiveness Review

### 04 Accountability and Audit *How the Board fulfils its oversight responsibilities*

- Financial Reporting
- Risk Management and Internal Control
- External Auditor

### 05 Investor Relations *How we maintain relations with our investors*

- Communications with Investors
- Market Recognitions
- Index Recognition

### 06 Shareholders *How we communicate with our shareholders and their rights*

- Communications with Shareholders
- Shareholders' Rights
- Shareholding Structure

### 07 Key Shareholders Information

## CORPORATE GOVERNANCE PRINCIPLES AND STRUCTURE

The board of directors (the “**Board**”) and the management of Lenovo Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) strive to attain and uphold a high standard of corporate governance and to maintain sound and well-established corporate governance practices for the interest sake of shareholders and other stakeholders including customers, suppliers, employees and the general public. The Company abides strictly by the governing laws and regulations of the jurisdictions where it operates and observes the applicable guidelines and rules issued by regulatory authorities. It regularly undertakes review of its corporate governance system to ensure it is in line with international and local best practices.

### Compliance with Corporate Governance Code

Throughout the year ended March 31, 2018, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), and where appropriate, met the recommended best practices in the CG Code, with the exception that the roles of the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**CEO**”) have not been segregated as required by code provision A.2.1 of the CG Code.

Since November 3, 2011, Mr. Yang Yuanqing (“**Mr. Yang**”) has been performing both the roles as the Chairman and the CEO. The Board has recently reviewed the organization human resources planning of the Company and is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Yang to continue to hold both the positions as it would help to maintain the continuity of the strategy execution and stability of the operations of the Company. The Board comprising a vast majority of independent non-executive directors meets regularly on a quarterly basis to review the operations of the Company led by Mr. Yang.

The Board also appointed Mr. William O. Grabe (“**Mr. Grabe**”) as the lead independent director (the “**Lead Independent Director**”) with broad authority and responsibility. Among other responsibilities, the Lead Independent Director chairs the Nomination and Governance Committee meeting and/or the Board meeting when considering (i) the combined roles of Chairman and CEO; and (ii) assessment of the performance of Chairman and/or CEO. The Lead Independent Director also calls and chairs meeting(s) with all independent non-executive directors without management and executive director present at least once a year on such matters as are deemed appropriate. 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 balance on power and authorizations between the Board and the management of the Company.

Apart from the foregoing, the Company met the recommended best practices in the CG Code as disclosed in the respective sections of this report. Particularly, the Company published quarterly financial results and business reviews in addition to interim and annual results. Quarterly financial results enhanced the shareholders’ ability to assess the performance, financial position and prospects of the Company. The quarterly financial results were also prepared using the accounting standards consistent with the policies applied to the interim and annual financial statements.

# Corporate Governance Report

The Board has established a clear governance structure and the overall approach has been designed to support and work within our organizational structure to meet the challenges of the future.

## Governance Structure



## KEY MATTERS RESERVED TO THE BOARD DECISION

The Board has adopted a schedule of key matters relating to the strategy, finance and governance which are for decision by the Board. The table on page 65 sets out these key matters reserved by the Board for decision.

## CEO, LENOVO EXECUTIVE COMMITTEE AND DELEGATED AUTHORITIES

CEO who manages the business in line with the strategy agreed by the Board and is accountable to it. Details of the responsibilities of CEO are set out on page 51.

The CEO is supported by the Lenovo Executive Committee which helps to implement strategy and manage operational performance. The CEO has also established authority framework adopted by the Group through which he delegates certain management decisions to specific individuals and management.

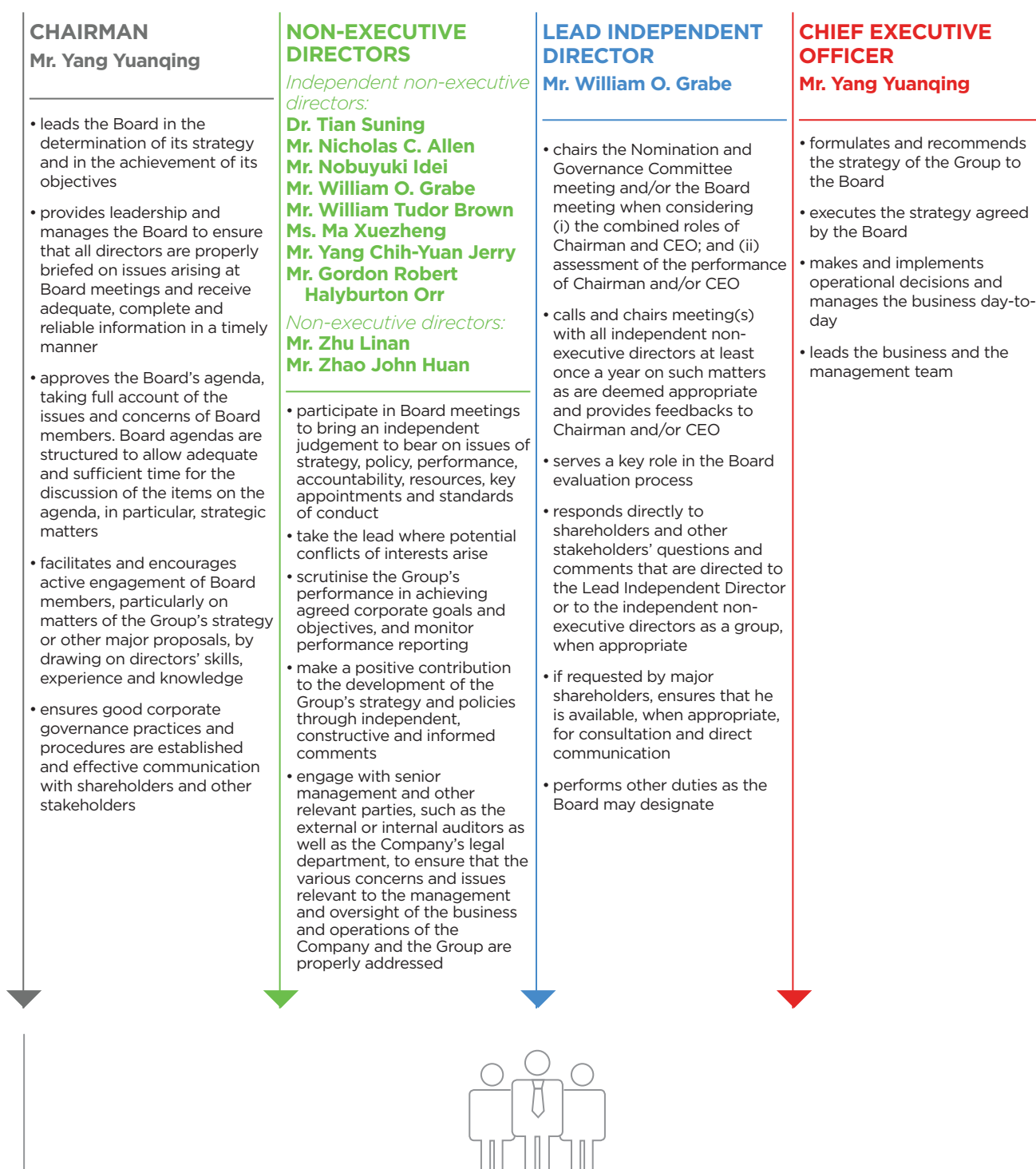
## BOARD COMMITTEES STRUCTURE

The Board has delegated authority for its key governance functions to three main committees with the responsibilities outlined on page 72. Details of the activities and decisions taken by these committees during the year are shown in the relevant committees reports.

## LEADERSHIP

### Board Roles

As of the date of this annual report, there are eleven Board members consisting of one executive director, two non-executive directors and eight independent non-executive directors. The Board has a coherent framework with clearly defined responsibilities and accountabilities designed to safeguard and enhance long-term shareholder values and provide a robust platform to realise the strategy of the Group. A summary of responsibilities of leadership of the Company and those of the Lead Independent Director is given in the diagram below.



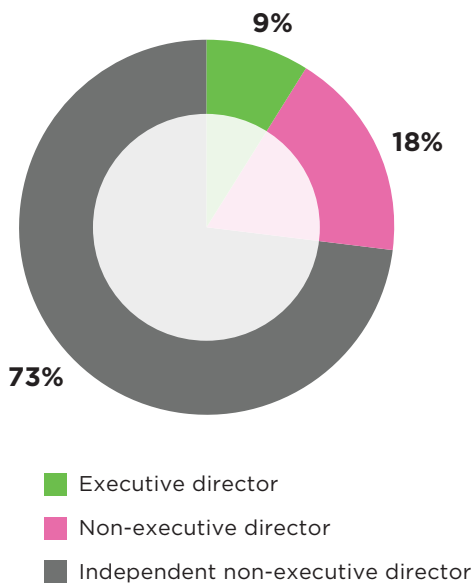
# Corporate Governance Report

## Board Composition

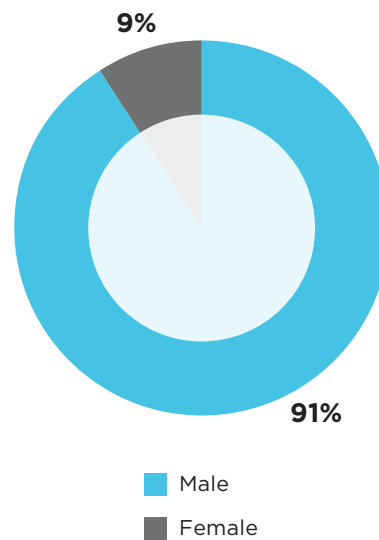
The structure, size and composition (including, for example, gender, age, and length of service) of the Board will be reviewed from time to time by the Nomination and Governance Committee to ensure that the Board has a balance of skills and expertise for providing effective leadership to the Company and meeting the needs of the Group.

The Board diversity mix is shown below while the detailed biographies and snapshot of the Board's experience are set out on pages 142 to 145 of this annual report.

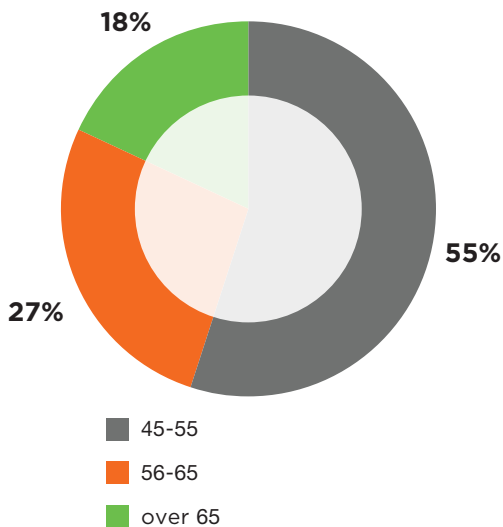
### DESIGNATION



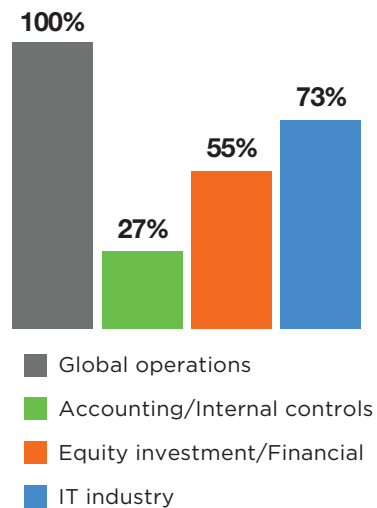
### GENDER



### AGE GROUP



### AREAS OF EXPERIENCE



---

## Key Features of the Board Composition

### Diversity

The Board adopted a Board diversity policy (the “**Board Diversity Policy**”) which relates to the selection of candidates for the Board. A summary of the Board Diversity Policy including the views and measurable objectives is set out on page 54 of this report.

### Independence

The current composition of the Board exceeds the requirements under rule 3.10A of the Listing Rules, as more than half of its members are independent non-executive directors, thus exhibiting a strong independent element which enhances independent judgement.

---

Mr. Grabe, an independent non-executive director of the Company was appointed as Lead Independent Director for enhancing corporate governance of the Company. The roles and responsibilities of the Lead Independent Director are set out on page 51 of this report.

---

The Company has maintained on its website and Hong Kong Exchanges and Clearing Limited’s website (the “**HKEx’s website**”) an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.

---

Independent non-executive directors are also identified as such in all corporate communications that disclose the names of directors of the Company.

### Professional qualification

Mr. Nicholas C. Allen, an independent non-executive director of the Company, has the appropriate professional qualifications, or accounting or related financial management expertise, as required under the Listing Rules.

### Relationship among directors

Mr. Zhu Linan and Mr. Zhao John Huan, non-executive directors of the Company, also serve on the board of directors of Legend Holdings Corporation, which company held approximately 29.102% of the total number of shares in issue of the Company as of March 31, 2018 according to the interest as recorded in the register maintained under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). The details are set out on page 99 of this report.

---

To the best knowledge of the Board members, there is no other relationship among the members of the Board as of the date of this annual report except for the relationships (including financial, business, family, and other material and relevant relationships) as mentioned in this report and in the biographies of directors set out on pages 142 to 145 of this annual report.

# Corporate Governance Report

## Appointment and Election

### Diversity

The Board values diversity as a factor in selecting candidates to serve on the Board, and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company.

The Board believes that a key success factor of an effective Board is that it comprises a range and balance of skills, experience, knowledge and independence, with individuals that work as a team. The Board Diversity Policy which relates to the selection of candidates for the Board was adopted to ensure that diversity in its broadest sense continues to remain a feature of the Board. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires being effective. The details of the appointment process can be found on page 55 of this report.

The Nomination and Governance Committee has been delegated with the responsibilities for the review of the Board Diversity Policy on an annual basis. During the fiscal year 2017/18, the Nomination and Governance Committee reviewed the below measurable objectives and the progress in achieving these objectives:

Measurable Objectives		Progress for Achieving Objectives
<b>Objective 1</b>	Consider candidates for appointment as independent non-executive directors from a wide pool of backgrounds, skills, experience and perspectives that would complement the existing Board	<ul style="list-style-type: none"> <li>On-going search for appropriate candidates to be appointed as independent non-executive directors</li> <li>In the ordinary course of the Board succession process</li> </ul>
<b>Objective 2</b>	Report annually against the objectives and other initiatives taking place within the Company which promote diversity	<ul style="list-style-type: none"> <li>The Board evaluation process includes an assessment of the Board's diversity helping to objectively consider the Board composition and effectiveness</li> <li>FY2018/19 and ongoing</li> </ul>
<b>Objective 3</b>	Report annually on the outcome of the composition and structure of the Board as well as any issues and challenges the Board is facing when considering the diverse make-up of the Company	<ul style="list-style-type: none"> <li>Make use of the Board evaluation process as an important means of monitoring the progress</li> <li>Remain committed to getting the right balance of the composition of the Board and work towards understanding and managing some of the challenges we face in the global information technology sector, particularly in internet, mobile, software and clouds areas</li> <li>FY2018/19 and ongoing</li> </ul>

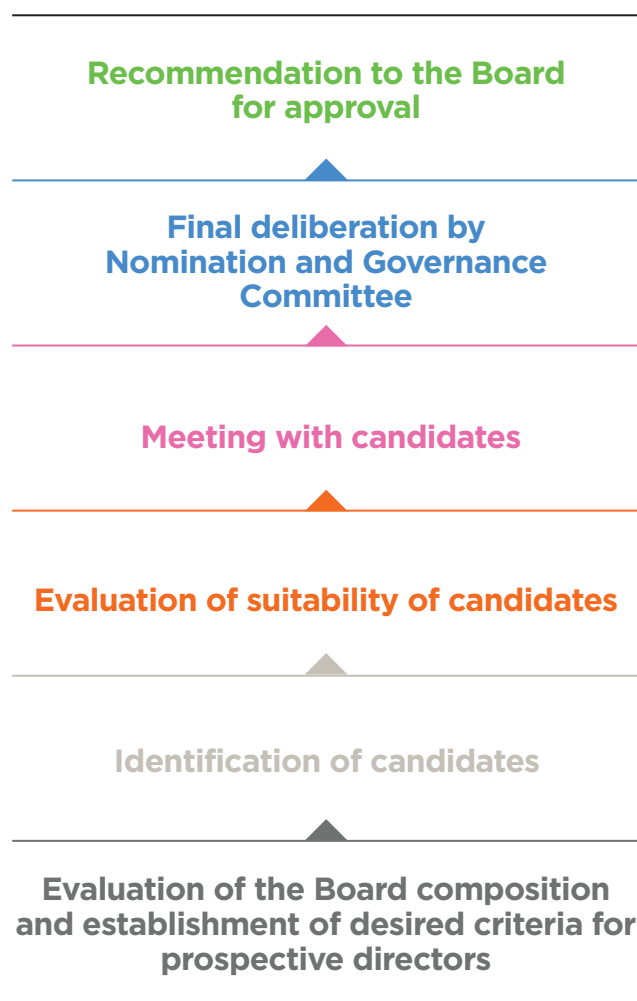
### **Appointment process**

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

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

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

The Nomination and Governance Committee also ensures that candidates satisfy the requisite skills and core competencies to be deemed fit and proper, and to be appointed as director. The nomination process involves the following six stages:





# Corporate Governance Report

## Succession

The Nomination and Governance Committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board and makes recommendations to the Board as appropriate. The Board has satisfied itself that the appropriate plan has been in place for orderly succession to the Board as well as procedures to ensure an appropriate balance of skills on the Board and its committees. The Board and the Nomination and Governance Committee have regularly discussed and reviewed Board composition and succession planning during the year and this will continue in the fiscal year 2018/19.

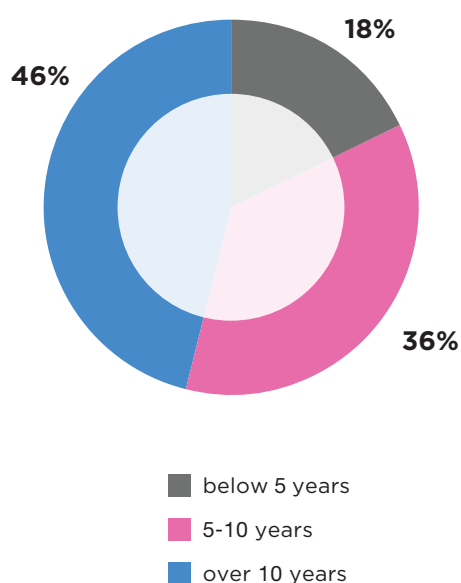
## Tenure

In accordance with the articles of association of the Company (the “**Articles of Association**”), all directors are subject to retirement by rotation. At each annual general meeting, one-third of the directors for the time being shall retire from office. The retiring directors shall be eligible for re-election. New appointments either to fill a casual vacancy or as an addition to the Board are subject to re-election by shareholders of the Company at the next following annual general meeting of the Company. The chart beside this paragraph shows the tenure of the Board members as of March 31, 2018.

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

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

## BOARD TENURE



### **Independence**

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

Each of the independent non-executive directors has made a confirmation of independence pursuant to rule 3.13 of the Listing Rules. On May 23, 2018, the Nomination and Governance Committee conducted an annual review of the independence of all independent non-executive directors of the Company for the year ended March 31, 2018. Having taken into account the factors as set out in rule 3.13 of the Listing Rules in assessing the independence of independent non-executive directors, the Nomination and Governance Committee (with the relevant committee member abstaining from voting on the resolutions concerning his own independence) concluded that all of the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

In addition, the Nomination and Governance Committee affirmed that all independent non-executive directors of the Company provided a strong independent element on the Board, were free from any business or other relationship which could materially interfere with the exercise of their judgement, and remained independent for the year ended March 31, 2018.

## **Independence Assessment**

### **Before and on appointment**

- Nomination and Governance Committee will evaluate the suitability of the candidates, including an assessment of their independence
- Upon his/her appointment, he/she is required to confirm with the Stock Exchange his/her independence having regard to the criteria under rule 3.13 of the Listing Rules

### **Ongoing process**

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

### **Annual assessment**

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

# Corporate Governance Report

## Conflicts of interest

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

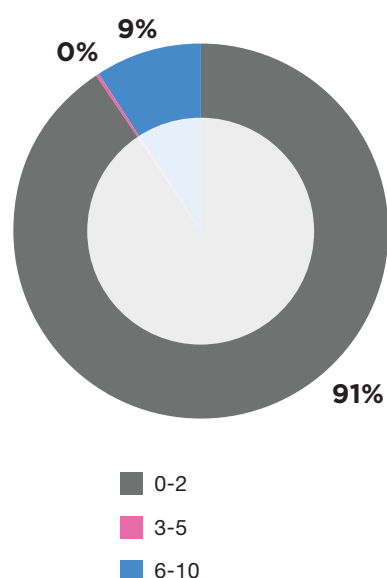
- The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.
- Prior to taking additional responsibilities or external appointments, directors are obliged to ensure that they will be able to meet the time commitment expected of them in their role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

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

## Commitments

All directors are committed to devote sufficient time and attention to the affairs of the Company. Directors are given guidelines on their time commitments to the affairs of the Company and corresponding confirmations were received from the directors in their letters of appointment. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations. Directors are reminded to notify the Company in a timely manner and bi-annually confirm to the Company of any changes of such information. The chart beside shows the number of directorship of the directors with other listed public companies as at March 31, 2018.

## DIRECTORSHIP WITH OTHER LISTED PUBLIC COMPANIES



With respect to those directors who stand for election or re-election at the forthcoming annual general meeting, all of their directorships held in listed public companies in the past three years are also set out in the document accompanying the notice of the forthcoming annual general meeting.

### ***Share ownership***

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

### **Directors' Securities Transactions**

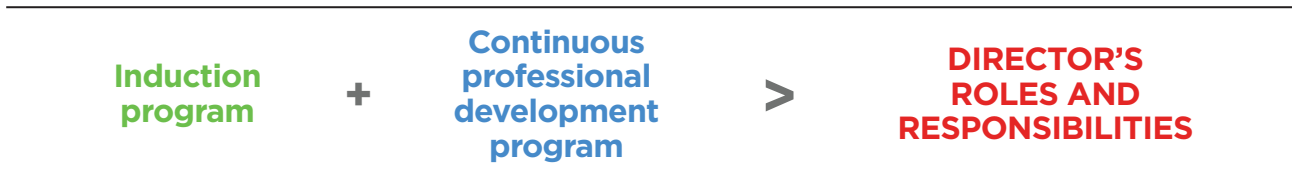
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules from time to time and devised based on the principles of the Model Code a comprehensive and operative company policy to govern securities transactions by directors and designated senior management of the Company. All directors of the Company have confirmed, after specific enquiry, their compliance with the required standard during the year ended March 31, 2018.

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

# Corporate Governance Report

## Induction and Continuous Professional Development

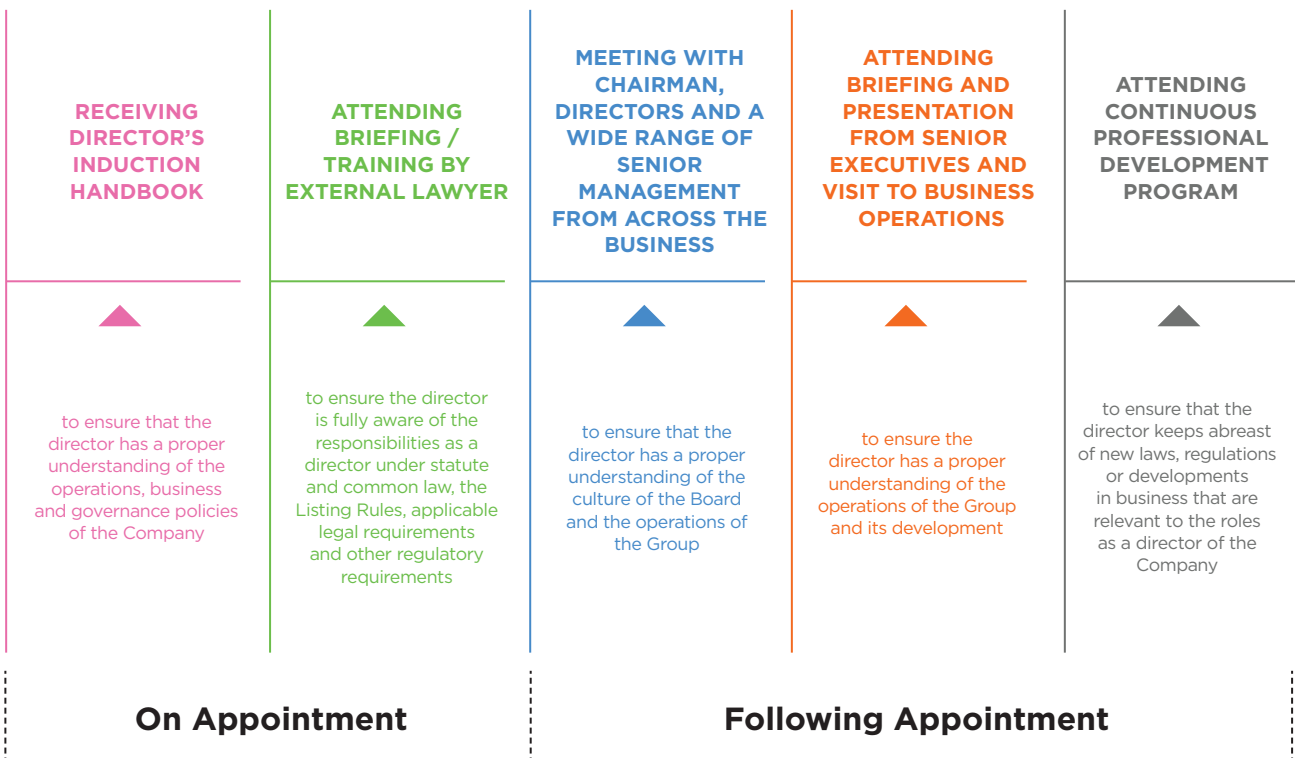
The Company is aware of the requirement to regularly review and agree with each director their training needs. Keeping up-to-date with key business developments is essential for directors to maintain and enhance their effectiveness.



### Induction program

*For new director*

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



*For new Board committee members*

Directors to be appointed to the Board committee are provided with an induction handbook which is designed to provide Board committee members with information regarding the roles of a committee member, making the most of their time on the committee, meeting annual agendas, and general information about the respective Board committee of the Company.

**Continuous professional development program**

As part of the continuous professional development program, the Board members from time to time receive presentations from senior executives in the business on matters of significance. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. The Company would arrange appropriate visits and seminars covering the Group's operations, the industry and governance matters for directors to facilitate their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

During the year ended March 31, 2018, the trainings and activities for the Board were set out below:

**Site Visit**



In order to enhance greater interaction between Board members and senior management, the Company arranged directors to attend the Global Leadership Team (“GLT”) annual meeting in Shenzhen, China. The GLT meeting presented an excellent opportunity for Lenovo's leaders on the one hand to work together, share ideas, identify challenges and, most importantly, develop solutions; and on the other hand, to build cross-functional networking. Taking this opportunity of GLT meeting, directors and senior management also visited the headquarter of Tencent Holdings Limited in Shenzhen to understand its operations and the latest internet technology and business development.

On October 31 2017, directors visited NTT DoCoMo R&D Center in Yokosuka Research Park. This R&D Center is a hub for intelligent manufacturing activities in mobile and telecommunications. During the visit, directors and management were provided with demonstrations on mobile access including 5G (Fifth-Generation Mobile Communications System) and approach to AI (Artificial Intelligence). These arrangements provided the Board an excellent opportunity of understanding development on 5G and AI which were very relevant to Lenovo's business strategies.



# Corporate Governance Report



During the third quarter Board meeting in Silicon Valley, home to the world's leading technology startups, the Company invited a number of top end startups to demonstrate to directors their most advanced technologies in various areas such as big data intelligence, quantum computing, telecommunication technology and foods technology. These startups demos provided directors an insight into new technologies, innovations and business opportunities.

## Industry Congress



Lenovo operates in an industry which is rapidly changing in terms of market trends, consumer preferences and technologies. In order to keep directors updated with the latest technologies and products development in the industry, the Company has made arrangements for directors to attend Consumer Electronics Show ("CES") and Mobile World Congress (the "MWC") in Las Vegas and Barcelona respectively. During the visits, directors were given the best product reviews, product demos and displays that showcased the technologies of the Company and also those of other players in the market. These events provided excellent opportunities for directors not only to acquire the most advanced technological knowledge in the market, but also to meet with the senior management of the Company and other innovators, builders, technologists and customers there.

## Experts Briefing and Seminar

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

During the year, the Company arranged experts briefing and in-house seminar for directors on topics relating to New US Administration, Artificial Intelligence, Super-Computing and DCG technologies.



*Mr. Andrew Ng, a computer scientist in Artificial Intelligence and Deep Learning and formerly a Professor at Stanford University and the Director of the Stanford Artificial Intelligence Lab, was invited to be a guest speaker to give directors an update of the latest technology development in Artificial Intelligence.*



*Mr. Ryota Kanai, a scientist in Artificial Intelligence and Neuroscience and formerly an Associate Professor at University of Sussex in Neuroscience, gave directors a presentation on Artificial Intelligence and Neuroscience in Japan.*

## Regulatory Updates

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

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

The Board considers the aforementioned training attended and/or participated in by the directors, and the continuing legal updates provided to the directors, as adequate to enhance the directors' skills and knowledge to carry out their duties as directors.

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



# Corporate Governance Report

In addition to directors' attendance at meetings and review of relevant materials provided by senior management during the year, the professional trainings attended by the directors are set out as follows:

Name of directors	Type of training	Reading regulatory updates/ Company policies	Visiting the place of operations, Company's facilities and meeting with local management	Attending experts briefing/ seminar/ conference relevant to the Company's business or director's duties
<b>Executive director</b>				
Mr. Yang Yuanqing		√	√	√
<b>Non-executive directors</b>				
Mr. Zhu Linan		√	-	√
Mr. Zhao John Huan		√	√	√
<b>Independent non-executive directors</b>				
Dr. Tian Suning		√	√	√
Mr. Nicholas C. Allen		√	√	√
Mr. Nobuyuki Idei		√	√	√
Mr. William O. Grabe		√	√	√
Mr. William Tudor Brown		√	√	√
Ms. Ma Xuezheng		√	√	√
Mr. Yang Chih-Yuan Jerry		√	√	√
Mr. Gordon Robert Halyburton Orr		√	√	√

## Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of directors and senior management is in place. Details of remuneration policies, remuneration payable to senior management and other relevant information are set out in the Compensation Committee Report of this annual report on pages 110 to 122.

## Company Secretary

The Company Secretary, Mr. Mok Chung Fu, Eric is responsible for facilitating the Board process, as well as communications among Board members with shareholders and management. During the year, the Company Secretary undertook appropriate professional training to update his skills and knowledge.

## EFFECTIVENESS

### Board's Responsibilities and Delegation

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

The Company has a formal schedule of matters specifically reserved to the Board and those delegated to management. The management is responsible for the daily operations and administration function of the Group under the leadership of the CEO. The Board has given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company or entering into any commitments on behalf of the Group. The types of decisions to be delegated by the Board to management include implementation of the strategy and direction determined by the Board, operation of the Group's businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. These arrangements will be reviewed periodically to ensure that they remain appropriate to the Company's needs. A list of senior management and their biographies are set out on pages 145 to 147 of this annual report.

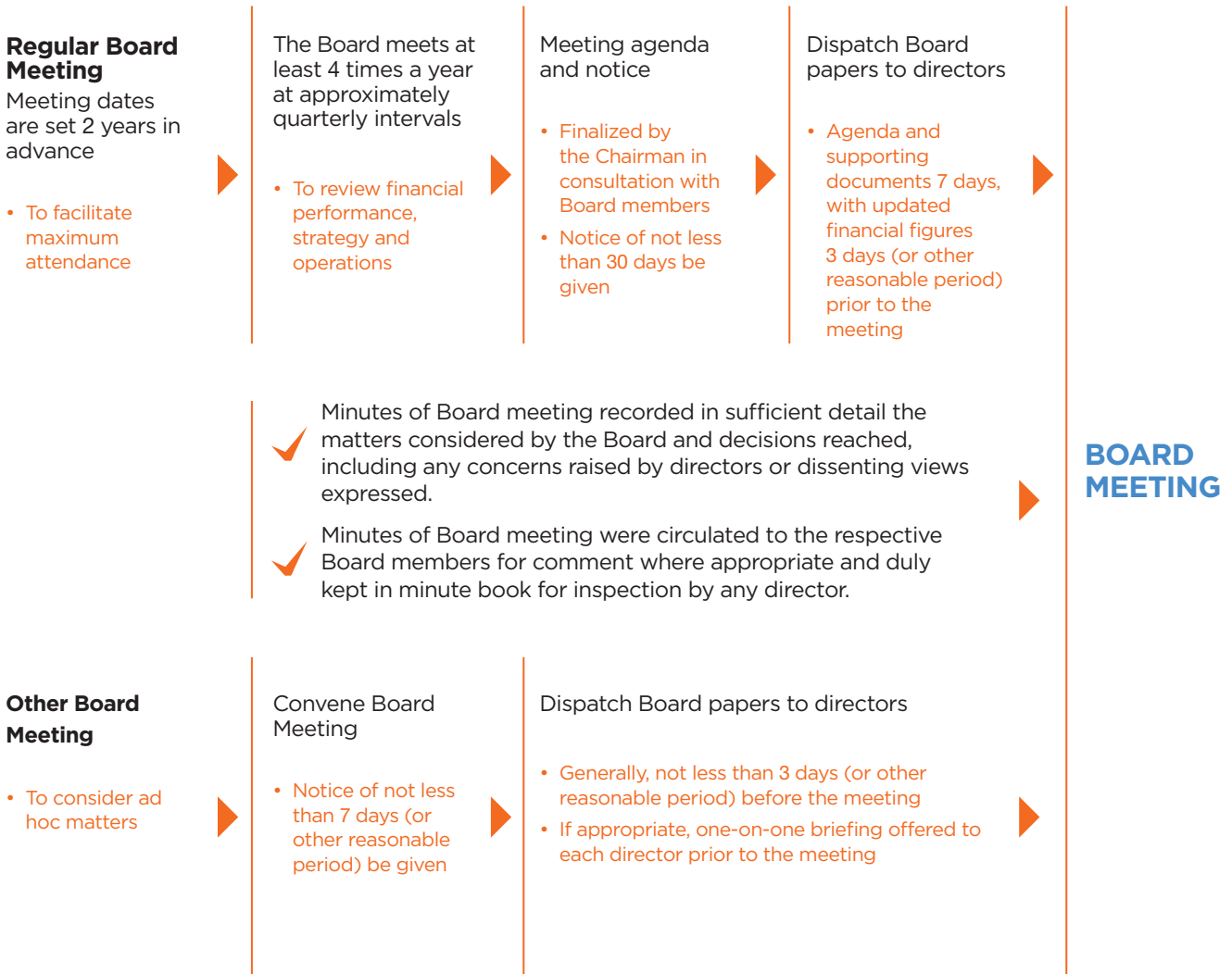
### Key Matters Reserved for Board Approval

<b>Group strategy and management</b> <ul style="list-style-type: none"> <li>• formulation of the Group's strategy and long term objectives</li> <li>• approval of changes to capital structure</li> <li>• approval of major capital and equity transactions</li> <li>• approval of major disposals and acquisitions</li> </ul>	<b>Financial</b> <ul style="list-style-type: none"> <li>• approval of the Group's financial statements and results announcements</li> <li>• recommendation on appointment or reappointment of external auditor</li> <li>• recommendation or declaration of dividend</li> <li>• monitoring the Group's businesses against plan and budget</li> </ul>
<b>Board membership and committees</b> <ul style="list-style-type: none"> <li>• appointment to the Board</li> <li>• setting of terms of reference of Board committees</li> </ul>	<b>Corporate governance and sustainability</b> <ul style="list-style-type: none"> <li>• review the performance of Board and its committees</li> <li>• approval of shareholder communications, circular and notices of meetings</li> <li>• review sustainability practices and approval of sustainability report of the Group</li> <li>• review and approval of certain Group's policies, for example, Board Diversity Policy, Continuous Disclosures Policy and Shareholders Communication Policy</li> </ul>

# Corporate Governance Report

## Board Process

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



---

## Other Key Features of Board Process

### Timely updates and discussion

The directors are supplied in a timely manner with all relevant documentation and financial information to assist them in the discharge of their duties. Monthly updates of the financial performance of the Company are furnished to the Board between regular Board Meetings.

In addition to standing agenda items, there may be discussions on “deep-dive” topics. During the year “deep-dive” presentations included the Group’s specific strategy and business in a specific market.

In addition to the quarterly regular Board meetings, Board meetings focusing on the Group’s strategy will be held on the day before each regular Board meeting starting from the fiscal year 2018/19. During the year, two Board meetings on strategy were held.

Senior management are invited to attend Board meetings, where appropriate, to report on matters relating to their areas of responsibility, and also to brief and present details to the directors on recommendations submitted for the Board’s consideration. Additional information or clarification may be required to be furnished, particularly with respect to complex and technical issues tabled to the Board.

The Company has established continuous disclosure policy (**the “Continuous Disclosure Policy”**) and its implementation guideline on monitoring, reporting and disseminating inside information. The critical concerns of the Group’s operations and developments are communicated and addressed to the Board in a timely manner.

### Executive sessions

As a good corporate governance practices, separate executive sessions were arranged for (i) the Chairman to meet with non-executive directors in the absence of management; and (ii) the Lead Independent Director to meet with other independent non-executive directors in the absence of executive director and management to discuss matters relating to any issue or other matters such persons would like to raise.

To enhance communication with and contribution from all the directors, the Chairman meets with each non-executive director on a one-on-one basis at least once a year.

As a follow up action item from FY2017/18 Board evaluation, the Company has started to arrange one-on-one meeting at least once a year for (1) the Lead Independent Director to meet with each independent non-executive director; and (2) the Committee Chairman to meet with each Committee member.

# Corporate Governance Report

## Other Key Features of Board Process

<b>Professional advices</b>	<p>All directors have direct access to the Chief Legal Officer and the Company Secretary of the Company who are responsible for advising the Board on corporate governance and compliance issues.</p> <hr/> <p>Written procedures are in place for directors to seek, at the Company's expense, independent professional advice in performing directors' duties. No request was made by any director for such advice during the year.</p>
<b>Access to information</b>	<p>All directors were provided with a tablet and a notebook to gain access to meeting materials of the Board and Board committees meetings through an electronic platform.</p>
<b>Communication with senior management</b>	<p>To enhance the communication between directors and senior management and have an understanding of management planning, directors are invited to attend Lenovo's GLT event and participate in small group discussions with relevant senior management.</p>
<b>Indemnification and insurance</b>	<p>As permitted by the Articles of Association, a director or a former director of the Company may be indemnified out of the Company's assets against any liability incurred by the director to a person other than the Company or an associated company of the Company that attaches to such director in his or her capacity as a director of the Company, to the extent permitted by law. Such permitted indemnity provision has been in force since the adoption of the new Articles of Association of the Company on July 2, 2014.</p> <hr/> <p>The Company has arranged appropriate insurance to cover the liabilities of the directors arising from corporate activities. The insurance coverage is reviewed on an annual basis.</p>

## Board Activities

Board activities are structured to assist the Board in achieving its goal to support and advise senior management on the delivery of the Group's strategy within a transparent governance framework. The diagram below shows the key areas of focus for the Board, which appear as items on the Board's agenda at relevant times throughout the financial year. Concentrated discussion of these items assists the Board in making the most appropriate decision based on the long-term opportunities for the business.

### FINANCIAL AND OPERATIONAL PERFORMANCE

- CEO and Chief Financial Officer reports
- Financial and operational updates
- Annual budget
- Treasury items

### STRATEGY AND RISKS

- Discussion of main strategic issues relating to technologies and other commercial, geographic and structural areas
- Review of processes and controls for strategic and operational risks
- Customer experience

### GOVERNANCE AND SUSTAINABILITY

- Review and discussion of the practices of governance and sustainability matters
- Board and Board Committees' effectiveness review
- Board diversity and succession planning
- Board Committees' reports

### OTHERS

- Employee engagement survey
- Ad hoc projects

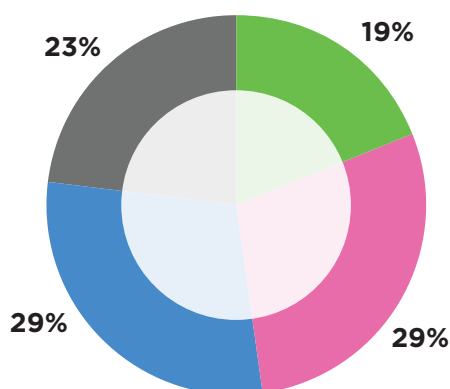
# Corporate Governance Report

## Main activities during FY2017/18

During the fiscal year 2017/18, a total of eight Board meetings were held, of which four Board meetings were primarily to review quarterly business performance and strategy execution, two Board meetings were for reviewing specific strategy in the geography, business or other relevant areas and the remaining two were for approving ad hoc projects. Given the geographical spread of the Group's businesses, in addition to the meetings in Hong Kong and the United States, the Company also held a meeting in Tokyo with a particular focus on discussing the 5G challenges to and opportunities in the core businesses which also provided an opportunity for directors to visit NTT DoCoMo R&D Center. Offsite Board meetings give the Board further insights into the businesses of the Group. The below chart shows how the Board allocated its agenda time during the year.

### THE BOARD

Allocation of agenda time



	FY2017/18	FY2016/17
Financial and operational performance	19%	23%
Strategic matters	29%	42%
Governance, sustainability, training and Board Committee's reports	29%	15%
Others matters (including Ad hoc projects and human resources matters)	23%	20%

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

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

The main matters and areas that the Board reviewed and considered at its eight meetings during the year were as follows:

## FINANCIAL AND OPERATIONAL PERFORMANCE

Throughout the year, the Board received and discussed:

- reports from the CEO and the Chief Financial Officer on performance of operations of different business groups
- information on the financial performance of the Group
- approved FY2018/19 annual budget and operating plan
- approved FY2017/18 financial results and the respective results announcements and reports
- declared/recommended the declaration of dividends
- reviewed updates on capital market
- approved annual caps for the NEC continuing connected transactions for the coming three financial years
- approved the formation of a funding committee for executing funding activities to raise funds for a determined aggregate amount

## STRATEGIC MATTERS

The Board continued to focus on overseeing the execution of the strategy.

The Board:

- received updates on Lenovo new launched products and technology outlook
- received updates on Lenovo Capital and Incubator Group
- received regular business developments reports
- received updates on strategy in different business groups
- held a strategy meeting, focusing on the 5G (Fifth-Generation Mobile Communications System) and Customer Experience
- held a strategy meeting focusing on DCG transformation and planning of the 3 core businesses

## GOVERNANCE AND SUSTAINABILITY

The Board dealt with governance and sustainability matters, including:

- received reports from the three Board committees
- approved and recommended the re-appointment of external auditor
- discussed the Board matrix and the recommendations following the Board evaluation
- received updates on sustainability and also discussed and approved FY2016/17 sustainability report and approved rules relating to Lenovo supply chain and UK Anti-Slavery Disclosure Statement
- received the directors' professional trainings
- received update on US Tax Reform impact and approved the publication of an announcement to inform shareholders and potential investors

## OTHERS

### *Talents and Employee Survey*

The SVP of HR updated the Board during the year on:

- organization human resources planning
- results of the Lenovo-Listens Survey 2017, an employee engagement survey

### *Ad hoc projects*

The Board reviewed and approved:

- the acquisition of equity interests in joint venture and specified corporations and sale of property and equity interests in specified corporation
- the subscription agreement in connection with the issue of new shares and bonus warrants of the Company



# Corporate Governance Report

## Board Committees

As at the date of this annual report, the Company has preserved three Board committees (the “**Board Committees**”) with defined terms of reference (which are posted on the Company’s website and HKEX’s website) – Audit Committee, Compensation Committee, and Nomination and Governance Committee. The terms of reference of the Audit Committee, Compensation Committee, and Nomination and Governance Committee reference those set out in the CG Code prevailing from time to time.

## BOARD OF DIRECTORS

### Chairman and Executive Director

Mr. Yang Yuanqing (CEO)

### Non-executive Directors

Mr. Zhu Linan

Mr. Zhao John Huan

### Independent Non-executive Directors

Dr. Tian Suning

Mr. Nicholas C. Allen

Mr. Nobuyuki Idei

Mr. William O. Grabe (Lead Independent Director)

Mr. William Tudor Brown

Ms. Ma Xuezheng

Mr. Yang Chih-Yuan Jerry

Mr. Gordon Robert Halyburton Orr

### Key Responsibilities

- Set strategy, mission and values
- Provide leadership of the Company and direction for management
- Collective responsibility and accountability to shareholders for the long term success of the Group
- Review the performance of management and the operating and financial performance of the Group

## AUDIT COMMITTEE

### Chairman

Mr. Nicholas C. Allen

### Members

Ms. Ma Xuezheng

Mr. William Tudor Brown

Mr. Gordon Robert Halyburton Orr

### Key responsibilities

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

## COMPENSATION COMMITTEE

### Chairman

Ms. Ma Xuezheng

### Members

Mr. William O. Grabe

Mr. William Tudor Brown

Mr. Gordon Robert Halyburton Orr

Mr. Zhao John Huan

### Key responsibilities

- Assist the Board to assess and make recommendation on the compensation policy; and to determine the compensation level and package for the Chairman of the Board, CEO, other directors and senior management

## NOMINATION AND GOVERNANCE COMMITTEE

### Chairman

Mr. Yang Yuanqing

### Members

Mr. Nobuyuki Idei

Mr. William O. Grabe

Dr. Tian Suning

### Key responsibilities

- Assist the Board in overseeing Board organization, succession planning, and developing the corporate governance principles and policy and responsible for the assessment of the performance of the Chairman of the Board and/or the CEO and the independence of independent non-executive directors

The Board may also establish committees on an ad hoc basis to approve specific projects as deemed necessary. Should the need arise, the Board will authorize an independent board committee comprising the independent non-executive directors to review, approve and monitor connected transactions (including continuing connected transactions) that should be approved by the Board.

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

## Audit Committee

The Audit Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Audit Committee, including its membership, responsibilities and main activities during the fiscal year 2017/18, are summarized in the Audit Committee Report as stated on pages 102 to 109 of this annual report.

## Compensation Committee

The Compensation Committee is delegated by the Board to perform its duties within its terms of reference. Details of the Compensation Committee, including its membership, responsibilities and work done during the fiscal year 2017/18, are summarized in the Compensation Committee Report as stated on pages 110 to 122 of this annual report.

## Nomination and Governance Committee

### **Membership**

The Nomination and Governance Committee (defined as "Committee" in this section) of the Board of the Company as at the date of this annual report is comprised of four members, a majority of whom are independent non-executive directors of the Company.

The members who held office during the year and up to the date of this annual report are:

Chairman	Mr. Yang Yuanqing	Chairman, CEO and executive director
Member	Mr. Nobuyuki Idei	Independent non-executive director
Member	Mr. William O. Grabe	Independent non-executive director and Lead Independent Director
Member	Dr. Tian Suning	Independent non-executive director

More information on the skills and experience of the members of the Committee may be found in the directors' biographies set out on pages 142 to 145 of this annual report.

# Corporate Governance Report

## **Responsibilities**

The Committee is delegated by the Board with responsibility to review the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skills, experience and diversity. In addition to this, it is also responsible for:

- making recommendation to the Board on succession planning for directors and CEO;
- assessment of the performance of the Chairman and/or CEO and making proposals to the Compensation Committee;
- monitoring corporate governance issues and developments to ensure that the Company is in line with the international best practices;
- reviewing and determining the director induction and continuous professional development programs; and
- reviewing and monitoring the annual Board and Board Committees' evaluation and the progress of the implementation actions.

## **Key Features**

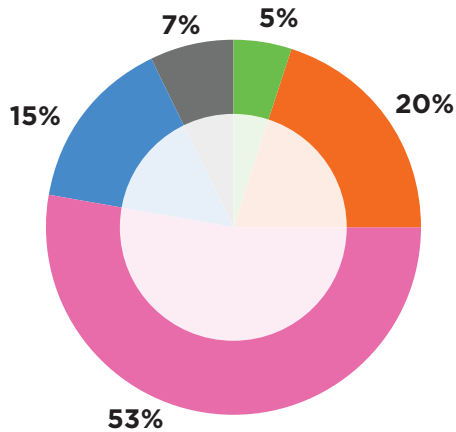
- The Committee's terms of reference which clearly deal with its membership, authority, duties and frequency of meetings are published on the Company's website and HKEx's website.
- The Committee is provided with sufficient resources to perform its duties.
- The Committee is authorised to obtain outside legal or other independent professional advice in performing its duties at the Company's expense. No request was made by any member for such advice during the year.
- Chief Legal Officer and Company Secretary are invited to attend the Committee meetings in order to provide insight and enhance the Committee's awareness of corporate governance issues and developments.
- The chairman of the Committee being also the Chairman and CEO, is required to excuse himself from the agenda items relating to succession planning of the Chairman and/or CEO and the assessment of performance of the Chairman and/or CEO.

**Main Activities During FY2017/18**

In the fiscal year ended March 31, 2018, the Committee held two meetings. The attendance record of the Committee's members is set out on page 77 in this report and the chart below shows how the Committee allocated its time during the fiscal year 2017/18.

**NOMINATION AND GOVERNANCE COMMITTEE**

Allocation of agenda time



	FY2017/18	FY2016/17
Board and Board Committees' compositions	5%	3%
Assessment of the performance of the Chairman and CEO	20%	36%
Corporate Governance	53%	32%
Board and Board Committees' evaluation	15%	12%
Others	7%	17%

The main matters and areas that the Committee reviewed and considered during the year were as follows:

<p><b>Board and Board Committees' compositions</b></p>	<ul style="list-style-type: none"> <li>Reviewed and recommended to the Board on the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience of the directors.</li> <li>Reviewed and discussed the progress against Board diversity targets.</li> </ul>
<p><b>Assessment of the performance of the Chairman and CEO</b></p>	<ul style="list-style-type: none"> <li>Assessed the performance of the Chairman and CEO for the fiscal year 2016/17 and provided recommendation to the Compensation Committee.</li> <li>Reviewed the arrangement of same person acting as Chairman and CEO.</li> </ul>

# Corporate Governance Report

<p>Corporate Governance</p>	<ul style="list-style-type: none"><li>• Reviewed corporate governance disclosures in 2016/17 annual report and 2017/18 interim report.</li><li>• Reviewed and assessed the independence of independent non-executive directors and affirmed the Committee's view over their independence.</li><li>• Reviewed and discussed the continuous professional development programs for the directors of the Company.</li><li>• Reviewed the policies and practices on corporate governance, and the compliance with legal and regulatory requirements of the Group.</li></ul>
<p>Board and Board Committees' evaluation</p>	<ul style="list-style-type: none"><li>• Discussed and approved the Board evaluation proposal for the fiscal year 2017/18.</li><li>• Reviewed report on the results of the Board evaluation for the fiscal year 2017/18 and discussed and proposed actions to be taken.</li></ul>

### Board and Board Committees Meetings

During the year ended March 31, 2018, the overall attendance rate of directors at Board and Board Committees meetings was 94% (2016/17: 95%).

The individual attendance records of each director at the meetings of the annual general meeting, general meeting, Board, Audit Committee, Compensation Committee, and Nomination and Governance Committee during the year ended March 31, 2018 are set out below:

Name of directors	Meetings attended/held					
	Board (Notes 1 & 2)	Audit Committee (Notes 1 & 4)	Compensation Committee (Note 1)	Nomination and Governance Committee (Notes 1 & 5)	Annual General Meeting (Notes 3 & 4)	General Meeting held on November 10, 2017
<b>Executive director</b>						
Mr. Yang Yuanqing (Chairman & CEO)	8/8	-	-	2/2	1/1	1/1
<b>Non-executive directors</b>						
Mr. Zhu Linan	7/8	-	-	-	0/1	0/1
Mr. Zhao John Huan	7/8	-	4/4	-	0/1	0/1
<b>Independent non-executive directors</b>						
Dr. Tian Suning	6/8	-	-	2/2	0/1	0/1
Mr. Nicholas C. Allen	8/8	4/4	-	-	1/1	1/1
Mr. Nobuyuki Idei	8/8	-	-	2/2	1/1	0/1
Mr. William O. Grabe (Lead Independent Director)	8/8	-	4/4	2/2	1/1	0/1
Mr. William Tudor Brown	8/8	4/4	4/4	-	1/1	0/1
Ms. Ma Xuezheng	8/8	4/4	4/4	-	1/1	0/1
Mr. Yang Chih-Yuan Jerry	5/8	-	-	-	0/1	0/1
Mr. Gordon Robert Halyburton Orr	7/8	4/4	4/4	-	0/1	1/1

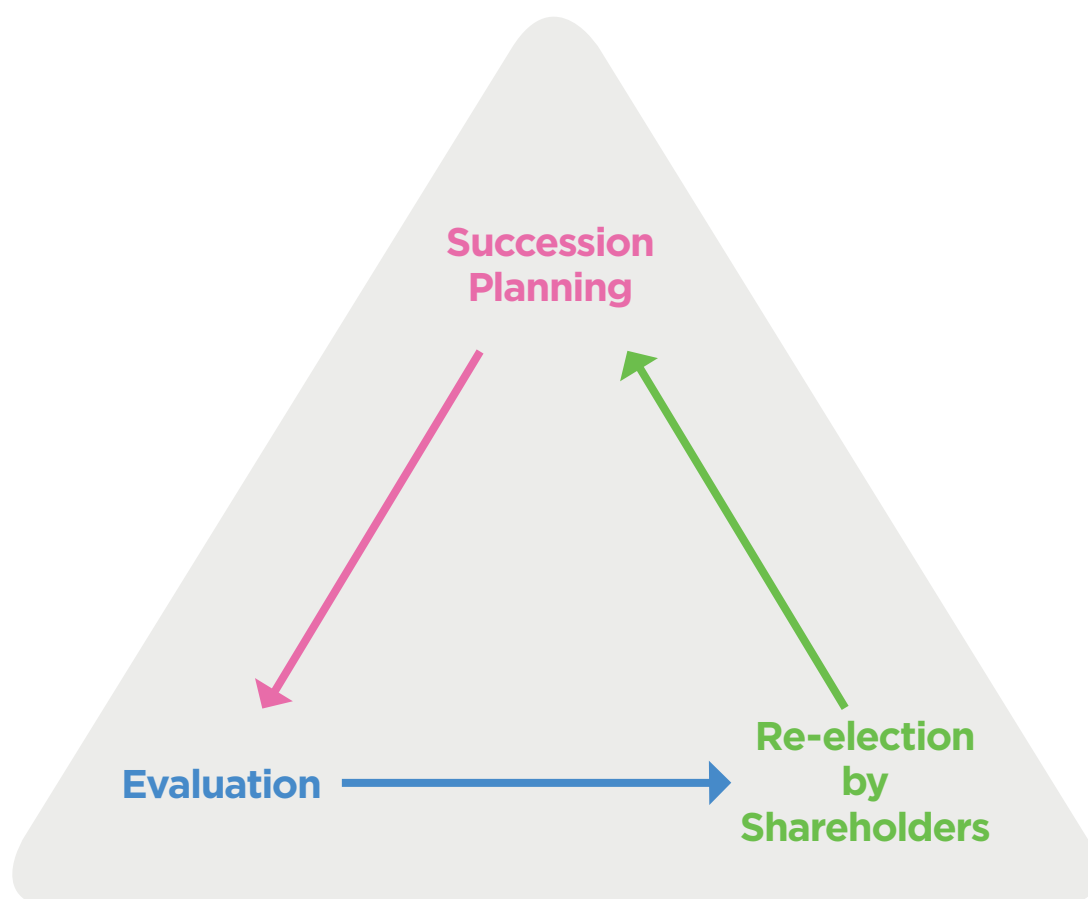
#### Notes:

- (1) The attendance figure represents actual attendance/the number of meetings a director is entitled to attend.
- (2) The Board held four regular meetings, two strategic meetings and two ad hoc projects meetings during the year.
- (3) The Company held the annual general meeting on July 6, 2017.
- (4) Representatives of the external auditor participated in every Audit Committee meeting and the annual general meeting held during the year.
- (5) For corporate governance reasons, Mr. Yang Yuanqing was required to excuse himself from the agenda item relating to assessment of the performance of the Chairman and CEO of the Nomination and Governance Committee meeting to avoid conflict of interest.

# Corporate Governance Report

## Board and Board Committees' Effectiveness Review

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



## Succession Planning

The Board is ultimately responsible for succession planning for directorships and key management roles. During the year, the Board and the Nomination and Governance Committee have discussed and reviewed Board composition and succession planning to ensure that the successors for key roles are identified and their performance are also assessed.

## Evaluation

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

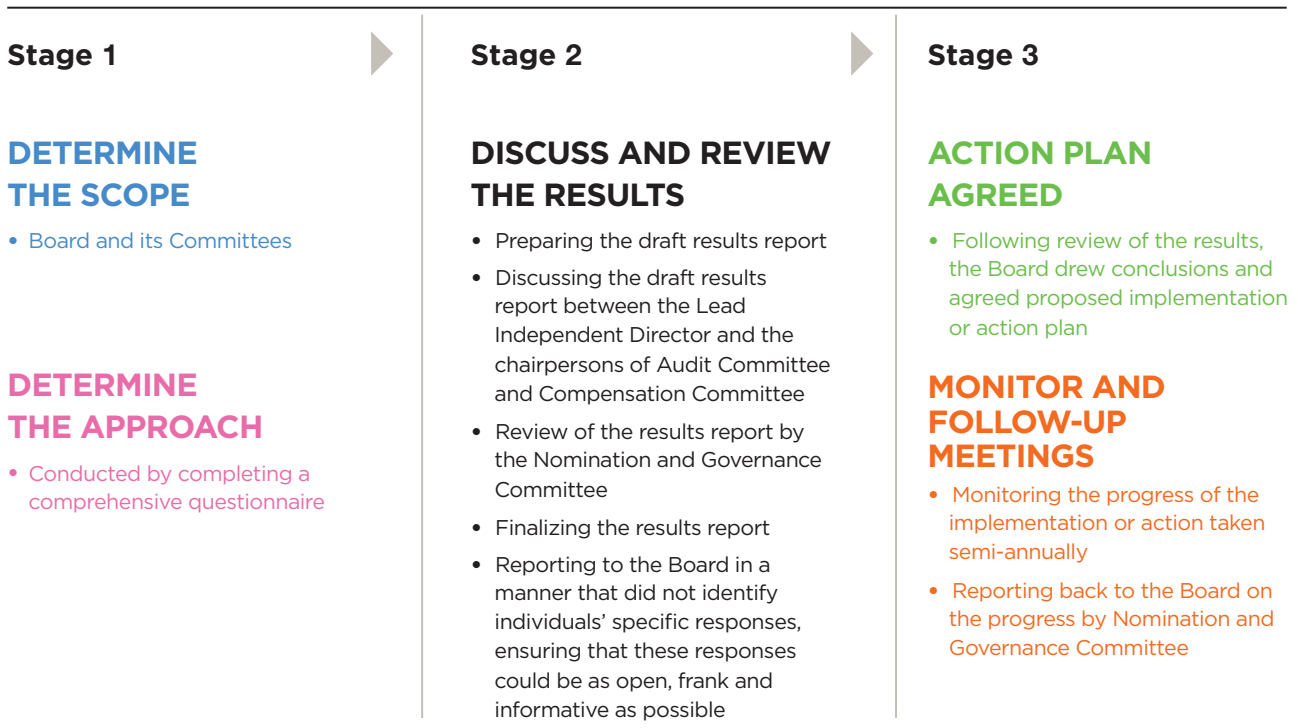
Mr. Grabe, the Lead Independent Director, is delegated with authority to take a key role in the Board evaluation process. Mr. Grabe, in consultation with the Chairman and supported by the Chief Legal Officer and the Company Secretary, will compile and circulate a comprehensive questionnaire for completion by all directors, the aim of which is to evaluate the performance and effectiveness of the Board and its committees.

The evaluation covered:

- Board processes and their effectiveness
- Time management of Board meetings
- Board composition and dynamics
- Strategic and operational oversight
- Succession planning
- Board support
- Communications with shareholders and stakeholders

### **Evaluation process**

The evaluation process involves the following three stages:





# Corporate Governance Report

## **Evaluation results**

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

## **Re-election by Shareholders**

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

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

The Board acknowledges its responsibility for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Board is also responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Group on going concern basis while the external auditor's responsibilities to shareholders are set out in the Independent Auditor's Report on pages 162 to 166 of this annual report.

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

### **Annual Results**

- Announced within 2 months
- Published the annual report within 14 days following the annual results announcement

### **Interim Results**

- Announced within 1.5 months
- Published the interim report within 14 days following the interim results announcement

### **Quarterly Results**

- Announced within 7 weeks

## **Risk Management and Internal Control**

At Lenovo, risk is defined as a potential action, event or circumstance that could impact the Company's ability, favorably or unfavorably, to meet its strategic goals. Risk is an inherent part of the Company and needs to be understood and managed properly to provide a foundation for the Company's sustained growth.

In line with the commitment to deliver sustainable value, Lenovo adopts a holistic risk management and internal control framework to proactively manage risks. This framework is put into effect by Lenovo's Board of Directors and the Audit Committee to support the Board in monitoring risk exposures, the design and operating effectiveness of the underlying risk management and internal control systems.

---

### **Board**

- Has overall responsibility for the Lenovo's risk management and internal control systems.
- Oversees and monitors the overall effectiveness of the risk management system and internal audit function through the Audit Committee.

---

### **Audit Committee**

- Supports the Board in reviewing and monitoring the performance of the risk management and internal control systems.
  - Reviews the process for identifying, assessing and reporting key risks and control issues of the Company.
  - Reviews the adequacy and efficiency of the Company's internal audit function.
  - Reviews the enterprise risk management approach.
  - Reviews risks raised during annual risk registration exercise, and other risks and concerns.
  - Approves Company's risk tolerance
-

# Corporate Governance Report

---

## Internal Audit

- Supports the Audit Committee in reviewing the effectiveness of internal control system.
- Capitalizes on the audit processes to independently assess the effectiveness of established system of controls.
- Independent investigations regarding certain allegations of fraud and violations of Lenovo's Code of Conduct (**the "Code"**) and other company policies.

## Senior Management

- Provides leadership and guidance for the balance of risk and return.
- Designs, implements and reviews Lenovo's risk management framework.
- Ensures that salient risks are highlighted to the Audit Committee, along with the status of actions taken to manage these risks.

## Enterprise Risk Management (ERM)

- Responsible to design, implement, review and update Lenovo ERM framework.
- Coordinates the risk identification and assessment process, highlights identified risks to the Audit Committee, along with the status of actions taken to manage these risks.
- Risk projects.

## Business Functions

- ERM Risk Champions are appointed in each function where risk ownership is established
- Identify risk, assess and initiate control and mitigation measures in their areas of responsibility
- Establish group-wide policies and guidelines where appropriate
- Quarterly management disclosure and certification process trigger reporting of unusual items, occurring in the ordinary course of our business, which raise significant financial or business risks

---

This risk management and internal control framework is in place to improve communication of identified risks with management, measure the impact of the identified risks and facilitate implementation of coordinated mitigating measures.

## Internal Control

For many years, the Company has had an integrated approach for internal control which is consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework.

### Monitoring:

The internal control process is continually monitored. Modifications are made to improve internal control activities as a result of the monitoring process.



### Control Environment:

The internal organizational environment driven by the management operating philosophy, risk appetite, integrity, and ethical values.



### Control Activities:

Policies and procedures are implemented to ensure organizational objectives and risk-mitigation activities are effectively implemented.



### Information and Communication:

Relevant information is communicated in an acceptable format and timely fashion to enable the organization to meet its objectives.



### Risk Assessment:

Risks are identified and the likely impact on the organization is assessed.

Within this framework, management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal control. Other teams such as Finance, Legal, and Human Resources provide assistance and expertise to management to assist it in undertaking its responsibilities. The Board and its Audit Committee oversee the actions of management and monitor the effectiveness of the established controls, assisted by assurance provided by the external and internal auditors. Lenovo's internal control framework is designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, provides reasonable (rather than absolute) assurance against material misstatement or loss.

### Management of internal control

Essential to this internal control system are well defined policies and procedures that are properly documented and communicated to employees. The corporate policies form the basis of all the Company's major guidelines and procedures and set forth the control standards required for the functioning of the Company's business entities. The policies address legal, regulatory, and operational topics, including, for example, intellectual property, data privacy, employee health and safety, delegation of authority, information security, and business continuity.

# Corporate Governance Report

Additionally, Lenovo has a strong corporate culture based on good business ethics and accountability. Lenovo's Code, which applies to all employees, forms the basis of Lenovo's commitment to conducting all business with uncompromising integrity and ethical behavior. The Code also helps employees determine when to ask for advice, and how to obtain it. All Lenovo employees are required to comply with the Code, which is available in multiple languages and is accessible on the Company's website and internal intranet, and to participate in regular training to reinforce the Company's commitment to compliance and conducting business with integrity. Lenovo regards any violation of the Code as a serious matter and is committed to investigating all reported concerns. Furthermore, in keeping with best practices, Lenovo has developed and implemented numerous policies to reinforce the Code and provide specific guidance to employees regarding compliance with rules and laws related to bribery and corruption. These policies include an Anti-Bribery and Anti-Corruption Policy, a Conflict of Interest Policy, and a policy with specific guidance on accepting or receiving gifts, entertainment, travel or corporate hospitality.

Along with establishing guidelines, principles and values, Lenovo recognizes that an environment where employees feel free to bring concerns to management is also required to make the Company's internal control system successful. Lenovo provides employees with multiple confidential methods to raise concerns and Lenovo's corporate policy on reporting unlawful or inappropriate conduct makes it clear that all reports will be kept anonymous and confidential to the extent possible.

Most importantly, Lenovo incorporates an anti-retaliation policy within the Code itself. If an employee seeks advice, raises a concern relating to a potential compliance issue, reports suspected misconduct, or cooperates with an investigation, Lenovo will not tolerate any form of retaliation or harassment against that employee.

Another feature of Lenovo's internal control system is the execution of key control self-testing by management to reasonably assure that internal controls are working as intended and that necessary actions have been taken to address control weaknesses. Specific employees with controls knowledge and expertise have been identified within the business to further assist management with designing, executing, and monitoring controls. The Group Controller oversees controls related activities of these individuals across organizations and process owners.

This comprehensive internal control framework established by the Company covers all activities and transactions. Management performs periodic enterprise wide risk assessments and continuously monitors and reports progress of action plans to address these key risks. Management also assesses business risks when formulating corporate strategies, and tracks and reports on the implementation of strategic initiatives, business plans, budgets and financial results regularly to the Board. Additionally, as part of Lenovo's commitment to financial integrity, all relevant senior executives regularly verify the accuracy and completeness of the quarterly financial statements and confirm compliance with key internal controls.

To assist the Audit Committee in its oversight and monitoring activities, the Company maintains an independent, worldwide Internal Audit function. Internal Audit provides objective assurance to the Audit Committee that the system of internal controls is effective and operating as intended. The mission of Internal Audit is to provide the Board and Lenovo management with:

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

To enable it to fulfill its mission, Internal Audit has unrestricted access to all corporate operations, records, data files, computer programs, property, and personnel. To preserve the independence of the Internal Audit function, the Head of Internal Audit reports directly to the Audit Committee on all audit matters and to the Chief Financial Officer on administrative matters. The Head of Internal Audit is authorized to communicate directly with the Chairman of the Board, the Chairman of the Audit Committee and other Board members as deemed necessary. To help ensure the quality of the Internal Audit function and provide assurance that the Internal Audit function is in conformity with the standards of the Institute of Internal Auditors, Internal Audit has implemented a comprehensive and continuous quality assurance program covering all Internal Audit activities. In addition, the Audit Committee periodically commissions an independent, external quality assurance review of the Internal Audit function.

In selecting the audits to perform each year, Internal Audit performs a risk assessment using information collected from process owners, the enterprise risk management team, senior executives, the external auditor and the Board along with an analysis of prior audit issues and other data. Internal Audit develops an audit plan that prioritizes areas with significant risks or deemed to be strategic in nature to the business. The audit plan is reviewed by the Audit Committee, which is also given quarterly updates on the performance of the plan and key findings. As necessary throughout the year, the audit plan will be modified to reflect emerging risks or changes to business plans. Ad hoc reviews of areas of concern identified by management or the Audit Committee may also be performed. During the last year, Internal Audit issued multiple reports covering all significant operational and financial units worldwide. In keeping with best practices, Internal Audit regularly monitors the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to the Audit Committee. Audit Committee reporting also includes identified key control issues to provide the Audit Committee full visibility to the status of Lenovo's control environment.

Furthermore, Internal Audit is responsible for investigating certain allegations of potential violations of the Code, or any other company policies as appropriate. Internal Audit partners with Legal, Ethics and Compliance, Human Resources, and other subject matter experts where necessary to ensure the appropriate expertise when performing these investigations. Management and the Audit Committee are informed of the results of these investigations, any resulting required actions, and status updates on actions.

#### ***Inside information***

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

- (i) is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately if it is the subject to the requirements and the safe harbors as provided in SFO;
- (ii) conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong;
- (iii) has included in the Code a strict prohibition on the unauthorized use of non-public or inside information;
- (iv) has established a Continuous Disclosures Policy along with its guidance notes for monitoring, reporting and disseminating inside information to our shareholders, investors, analysts and media. These policy and guidance notes also identify who are the Company's authorized spokespersons and their responsibilities for communications with stakeholders; and
- (v) has communicated to all relevant staff regarding the implementation of the Continuous Disclosures Policy and the relevant trainings are also provided.

# Corporate Governance Report

## **Control effectiveness**

The Board, through the Audit Committee of the Company, conducts a continuous review of the effectiveness of the internal control system operating in the Company and considers it to be adequate and effective. The review covers all material controls, including financial, operational, information technology, and compliance controls, and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Company has fully complied with the code provisions on internal controls as set forth in the CG Code.

## **Enterprise Risk Management**

Lenovo's ERM framework is effected by Lenovo's Board of Directors and management team, and is applied in strategy setting and across all major functions of the Company. It involves:-

- The ERM team, who is responsible to design, implement, review, and update Lenovo ERM framework.
- All Lenovo major functions, where risk ownership is established via the appointment of ERM Champions in each function.

Lenovo recognizes that risk management is the responsibility of everyone within Lenovo, and that risk is best managed when business functions take responsibility and are accountable for risks. Rather than being a separate and standalone process, risk management is therefore incorporated as part of Lenovo annual strategic planning process across all major functions of the Company. During strategy planning, all business functions are required to identify material risks that may impact their strategy objectives. They also identify, assess and evaluate operational risks. Many aspects of risks are considered, including and not limited to:-

- Business continuity
- Financial impact
- Reputational risk
- Safety and health
- External regulations
- Social responsibility

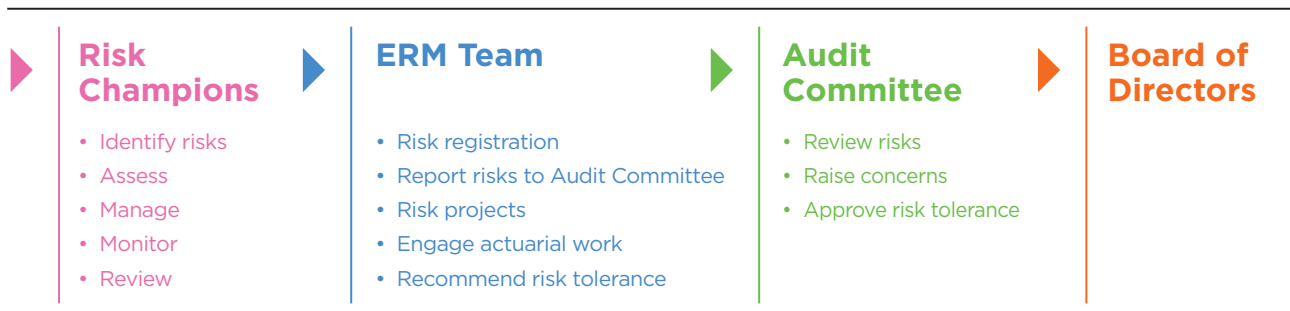
Plans to mitigate the identified risks are, at the same time, developed for implementation, to continuously deliver sustainable value.

With this practical and effective framework, risk management features are integrated into each function. Critical and major risks of the business functions, especially in view of the changing business environment, are identified and assessed based on risk assessment matrix that helps to rank the risks and prioritize risk management effort to determine the appropriate risk mitigation plans.

IMPACT		Risk Rating Matrix				
		4	3	2	1	
	Extreme	H	H	VH	VH	
	High	M	M	H	H	
	Moderate	L	L	M	M	
	Low	L	L	L	L	
Risk Rating		Remote	Unlikely	Possible	Almost Certain	
	VH	Very High	1	2	3	4
	H	High				
	M	Moderate				
	L	Low				

**LIKELIHOOD**

The risks are monitored and reviewed by each business function as well as at the group level. And at least annually, the ERM team coordinates the risk identification and assessment process and the identified risks are highlighted to the Audit Committee, along with the status of actions taken to manage these risks.



Details of some of these risks may be found under “Material Risks of the Group” on Page 24. This framework will continue to be strengthened to create a robust and holistic risk management culture to safeguard the value of the Company.

At the enterprise level, Lenovo’s risk tolerance is also reviewed periodically, and changes are approved by the Audit Committee. The ERM team engages actuarial studies to quantify risks, and the Company’s risk tolerance is adjusted when appropriate. The risk tolerance represents the amount of risk the Company is willing to undertake in the pursuit of its strategic and business objectives. Where necessary, ERM employs risk transfer strategies through insurance management. ERM also initiates risk projects to improve risk awareness.



# Corporate Governance Report

## External Auditor

### *Independence of external auditor*

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

During the year, PwC provided audit and non-audit services to the Group.

### *Remuneration of external auditor*

The fees paid or payable to PwC for audit and non-audit services for the financial year ended March 31, 2018 and the comparative figures for the financial year ended March 31, 2017 are as follows:

<b>Nature of services</b>	<b>2018 US\$ million</b>	<b>2017 US\$ million</b>
Audit services	8.4	7.7
Non-audit services		
- Tax	1.4	1.8
- IT	1.9	1.9
- Advisory	0.1	0.4
- Other services	0.5	0.9
<b>Total</b>	<b>12.3</b>	12.7

## INVESTOR RELATIONS

Lenovo puts great emphasis on promoting open, transparent, efficient and consistent communications with shareholders, investors and equity analysts. The investor relations team is committed to maintain interactive communications with the capital market and offering all necessary information, data and services in a timely and accurate manner. The team also proactively responds to major issues the capital market concerns about in order to help the investment community to better understand the Company's strategy, operations and latest development.

### Communications with Investors



During the fiscal year 2017/18, the Company maintained comprehensive and effective communications with its investors and analysts through multiple channels including investor conferences, roadshows, company visits, one-on-one meetings, teleconferences, IR website, social media, new product newsletters and email alerts on Lenovo events. The senior management team presented its annual and quarterly earnings results through webcast, conference calls, social media and face-to-face meetings to communicate with international and domestic shareholders, investors and analysts. The frequent communication enhanced the understanding of the capital market on the business strategy, development tactics and competitive edges of the Company.

### **Lenovo Transform**

June 20, 2017 | New York City



Lenovo organized its inaugural Tech World Transform event to explore how technologies like artificial intelligence and next generation infrastructure are impacting the industry and our customers, and introduced a range of new solutions that will better enable our customers to achieve success in the age of digital transformation. During the event, Lenovo showcased how new data center solutions bring the simplicity of cloud, speed insights to decisions, and enable new levels of flexibility in infrastructure, and Lenovo also shared its vision for the future of personal computing including the office of the

future, smart office, AR/VR, and PC as a service (PCaaS). The visitors could also test out the newest products along with product experts who are designing the next generations of our famed ThinkPad.

# Corporate Governance Report

## **Lenovo Tech World**

July 20, 2017 | Shanghai, China

Lenovo organized its third Tech World event in Shanghai in 2017 after the success of the events in Beijing and San Francisco in previous years. With the theme “A world powered by AI”, the innovation summit shared Lenovo’s vision for the future of AI and showed how AI can make life better. Lenovo believe an intelligent future makes people’s lives better, and that starts with smart devices. Cloud enabled devices – such as PCs, tablets, smartphones, smart speakers, smart TV and AR/VR – bring content, services and experiences in a new way.

Lenovo hosted global equity analysts and investors to the Tech World event. A roundtable dinner for top management of the Data Center Group to meet with sell-side analysts was organized during the Tech World event. IR breakouts were arranged and the attending analysts and investors had the opportunity to have face-to-face interactions with the Company’s C-suite management team and leaders of the Company’s different business units, helping the attendees to have more thorough understanding of the Company’s strategy and future plans of the businesses. Most of the attendees found the event very useful and it well positioned Lenovo’s leadership in the global tech industry.



### Plant Visits

During the fiscal year, the Company continued to cooperate with different securities houses in organizing trips to the Company's brand experience center in Beijing, so as to help the investor community better understand the Company's strategy and operating environment through a different perspective.

### Social Media

The Company and the investor relations team have been devoting in leveraging various social media platforms to blast out updates on results announcements and key company events, with an aim to have multi-point engagement via social media with the Company's stakeholders. The team also proactively pushed out updates and key event news wrap up, e.g. Lenovo Tech World, CES, MWC and results announcements, to provide an one-stop snapshot to the investors. During the fiscal year, the followers of and mentions to the Company's social media platforms have continued to increase.



### Investor Conferences

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

#### Investor Conferences Attended FY2017/18

Date	Conference	Location
June 2017	JP Morgan Global China Summit 2017	Beijing
Sept 2017	Credit Suisse Annual Asian Technology Conference	Taipei
Sept 2017	CLSA Investors' Forum	Hong Kong
Nov 2017	BofAML 2017 China Conference	Beijing
Nov 2017	Daiwa Investment Conference	Hong Kong
Nov 2017	UBS Global Technology Conference	San Francisco
Mar 2018	Daiwa Investment Conference	Tokyo
Mar 2018	BofAML 2018 Asia Pacific TMT Conference	Taipei
Mar 2018	Credit Suisse Asian Investment Conference	Hong Kong

# Corporate Governance Report



Kirk Skaugen, President of the Data Center Group, was invited as the keynote speaker at Credit Suisse 18th Annual Asia Technology Conference in September and UBS Global Technology Conference in November 2017. Kirk presented the three wave strategy and the solid progress in our transformation, and updated the investors with our improving results and latest development across the different business groups. He also highlighted the way forward for Data Center Group and our competitive edges.

## Market Recognitions

Lenovo has devoted continuous effort in investor relations and the Company was well-recognized by the investment community.



### **Forbes 2017 Global Top Regarded Companies 2000**

Lenovo was named one of the “Global 2000 – Top Regarded Companies” by the Forbes.

The award is based on the results of an independent survey and the companies receiving the highest total scores are awarded as the Best Regarded Companies within the Global 2000 list. The evaluation was based on the dimensions “Trustworthiness/Honesty”, “Social Conduct”, “Company as an Employer” and “Performance of the Product/Services”.



### **Zhitong Finance 2017 Golden Hong Kong Equities Awards – The Best Value TMT Company Award**

Lenovo won the awards of “The Best Value TMT Company” co-organized by the PRC leading financial media Zhitong Finance and Tonghuashun Finance. The judging included results from online polling and a review by a judging panel made up of renowned securities firms and economists.



### **HKIRA Investor Relations Awards**

Lenovo has received the “Certificate of Excellence” from the Investor Relations Awards organized by the Hong Kong Investor Relations Association (“HKIRA”).



### **HKMA Best Annual Reports Awards**

Lenovo’s fiscal year 2016/17 annual report with the theme “Different is Better” has won the “Excellence Award for H Share & Red Chip Entries” by The Hong Kong Management Association (HKMA). Such award fully demonstrates our leading international best practices of our Annual Report.

## Index Recognition

Lenovo has always been well recognized by the capital market and the Company is currently a constituent stock of the following indexes:

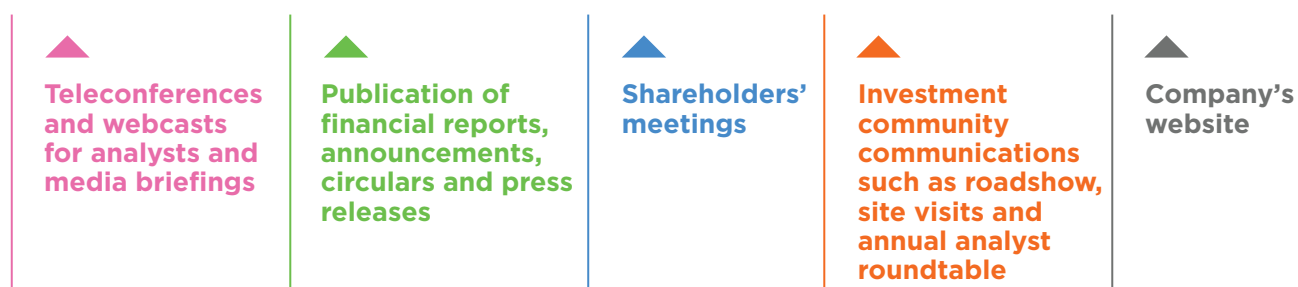
- Global Compact 100
- Hang Seng China-Affiliated Corporations Index
- Hang Seng China (Hong Kong-listed) 100 Index
- Hang Seng Commerce & Industry Index
- Hang Seng Composite Index
- Hang Seng Composite Industry Index - Information Technology
- Hang Seng Composite LargeCap Index
- Hang Seng Corporate Sustainability Index
- Hang Seng Corporate Sustainability Benchmark Index
- Hang Seng (Mainland and HK) Corporate Sustainability Index
- Hang Seng Equal Weighted Index
- Hang Seng Global Composite Index
- Hang Seng High Dividend Yield Index
- Hang Seng Internet & Information Technology Index
- Hang Seng IT Hardware Index
- Hang Seng SCHK High Dividend Low Volatility Index
- Hang Seng Stock Connect Hong Kong Index
- MSCI China Index
- MSCI China Information Technology Index

## SHAREHOLDERS

### Communications with Shareholders

The Company is committed to safeguard shareholders' interests and believes that effective communication with shareholders and other stakeholders is essential for enhancing investor relations and investor understanding of the business performance and strategies of the Group. To achieve this, the Company has established the shareholders communication policy (the "**Shareholders Communication Policy**") setting out various formal channels of communication with shareholders and other stakeholders for ensuring fair disclosure and comprehensive and transparent reporting of the Company's performance and activities. The Nomination and Governance Committee of the Company reviews the Shareholders Communication Policy on a regular basis to ensure its effectiveness.

## COMMUNICATION CHANNELS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS



# Corporate Governance Report

## **Constructive use of the general meetings**

The annual general meeting and other general meetings of the Company are the primary forum for communication by the Company with its shareholders and for shareholders' participation. The Board encourages shareholders to participate in general meetings as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. Notice of the annual general meeting and related papers are sent to shareholders at least 20 clear business days prior to the date of the annual general meeting. The information sent to shareholders includes a summary of the business to be covered at the annual general meeting, where a separate resolution is prepared for each substantive matter.

The Company arranges a question and answer session in the annual general meeting for shareholders and media to communicate directly with Chairman and senior management. The Company also arranges a product display at the annual general meeting venue to update shareholders on the latest products strategy of the Company, if practicable.

## **2017 Annual General Meeting**

The annual general meeting of the Company held on July 6, 2017 (the "2017 Annual General Meeting") was attended by, among others, the CEO, Chief Financial Officer, chairpersons of the Audit Committee, Compensation Committee and Nomination and Governance Committee or his/her delegates, the Lead Independent Director and representatives of the external auditor PwC to answer questions raised by shareholders at the meeting.



Separate resolutions were proposed on each issue, including the re-election of individual retiring directors. The matters resolved and the percentages of votes cast in favour of the resolutions are summarised below:

<b>Matters Being Voted Upon</b>	<b>Percentage of Affirmative Votes</b>
Received and considered the audited consolidated financial statements and the reports of the directors and the independent auditor for the year ended March 31, 2017	99.99%
Declaration of a final dividend for the issued shares of the Company for the year ended March 31, 2017	99.99%
Re-election of retiring directors and authorization of the Board to fix directors' fees	99.44% to 99.99% with respect to each individual resolution
Re-appointment of PwC as auditor and authorization of the Board to fix auditor's remuneration	99.86%
Approval of granting the general mandate to the directors to allot, issue and deal with additional shares not exceeding 20% of the aggregate number of shares in issue of the Company	73.18%
Approval of granting the general mandate to the directors to buy back shares not exceeding 10% of the aggregate number of shares in issue of the Company	99.84%
Approval of extending the general mandate to the directors to issue new shares by adding the number of shares bought back	73.46%
Approval of The Lenovo Group Limited Matching Share Plan and The Lenovo Group Limited Matching Share Plan Subplan for California State Securities Law Compliance	82.93%



# Corporate Governance Report

## General Meeting

During the year, the Company convened and held a general meeting on November 10, 2017 (the “**2017 General Meeting**”) to consider and approve the subscription agreement, the specific mandate for the allotment and issue of the subscription shares, the warrant shares and the bonus warrants, the whitewash waiver, the relevant management participation and the authorization to Directors signing all necessary documents to give effect to the foregoing. which meeting was attended by the CEO, Chief Financial Officer, members of the independent board committee and representatives from the independent financial advisor to independent shareholders of the Company.



Separate resolutions were proposed on each issue. The matters resolved and the percentages of votes cast in favour of the resolutions are summarised below:

Matters Being Voted Upon	Percentage of Affirmative Votes
Approval of the subscription agreement and the transactions contemplated thereby	62.94%
Approval of specific mandate for the allotment and issue of the subscription shares, the warrant shares and the bonus warrants	62.87%
Approval of the whitewash waiver	62.87%
Approval of relevant management participation	62.54%
Approval of granting authorization to Directors signing all necessary documents to give effect to the foregoing	62.94%

All of the resolutions proposed at the 2017 Annual General Meeting and the 2017 General Meeting were decided by way of poll voting. Procedures for conducting the polls were explained by the Chairman at the commencement of these meetings. The polls were conducted by Tricor Abacus Limited, the Company’s share registrar, as scrutineer and the details of poll voting results were posted on the Company’s website ([www.lenovo.com/hk/publication](http://www.lenovo.com/hk/publication)) and HKEx’s website ([www.hkex.com.hk](http://www.hkex.com.hk)) on July 6, 2017 and November 10, 2017 respectively.

### **2018 Annual General Meeting**

All shareholders are encouraged to attend and participate in the Company's 2018 annual general meeting. Details of the proposed resolutions for the 2018 annual general meeting are set out in the circular which will be dispatched to the Company's shareholders with this annual report.

### **Shareholders' Rights**

#### ***Procedures for convening a general meeting***

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

#### ***Procedures for putting forward proposals at an annual general meeting***

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

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

#### ***Constitutional documents***

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

# Corporate Governance Report

## Shareholding Structure

### *Shareholding as recorded in the register of members of the Company as of March 31, 2018*

According to the register of members of the Company as of March 31, 2018, there were 912 registered shareholders of whom 98.14% had their registered addresses in Hong Kong. However, the actual number of investors in the ordinary shares of the Company (the “Shares”) may be larger than that as a substantial portion of the Shares are held through nominees, custodian houses and HKSCC Nominees Limited.

(i) Details of registered shareholders by domicile as of March 31, 2018 are as follows:

Domicile	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of the total number of shares in issue
Canada	2	0.22%	50,000	0.00%
China	7	0.77%	1,128,000	0.01%
Hong Kong	895	98.14%	12,013,533,614	99.99%
Macau	2	0.22%	40,000	0.00%
Malaysia	2	0.22%	20,000	0.00%
Philippines	1	0.11%	2,000	0.00%
United Kingdom	3	0.33%	18,000	0.00%
<b>Total</b>	<b>912</b>	<b>100.00%</b>	<b>12,014,791,614</b>	<b>100.00%</b>

(ii) Details of registered shareholders by size of shareholding as of March 31, 2018 are as follows:

Size of shareholding	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of the total number of shares in issue
1-2,000	251	27.52%	346,446	0.00%
2,001-10,000	412	45.18%	2,858,000	0.02%
10,001-100,000	218	23.90%	7,319,665	0.06%
100,001-1,000,000	26	2.85%	8,288,000	0.07%
1,000,001 and above	5	0.55%	11,995,979,503	99.84%
<b>Total</b>	<b>912</b>	<b>100.00%</b>	<b>12,014,791,614</b>	<b>100.00%</b>

Remarks:

(i) A board lot size comprises 2,000 Shares.

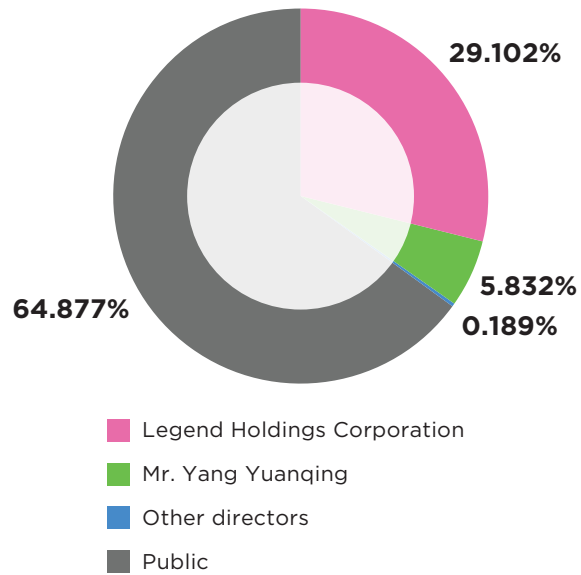
(ii) According to the addresses registered/shown on the register of members of the Company.

(iii) 73.10% of all the issued Shares were held through HKSCC Nominees Limited.

**Shareholding structure according to the interest disclosed under the Securities and Futures Ordinance as of March 31, 2018**

---

**SHAREHOLDING STRUCTURE AS OF MARCH 31, 2018**



---

Remarks:

- (i) The approximate percentage of shareholding is calculated based on the aggregate long positions held in the total number of shares in issue of the Company (other than the positions held in or pursuant to equity derivatives) by the relevant holder or group of holders as recorded in the registers maintained under the SFO.
- (ii) The approximate percentage of shareholding is calculated on the basis of 12,014,791,614 Shares of the Company in issue as of March 31, 2018.

# Corporate Governance Report

## KEY SHAREHOLDERS INFORMATION

### Listing Information

Lenovo Group Limited's Shares are listed on the Stock Exchange of Hong Kong. In addition, the Shares are traded in the United States through an American Depositary Receipt (ADR) Level 1 Programme.

### Market Capitalization and Public Float

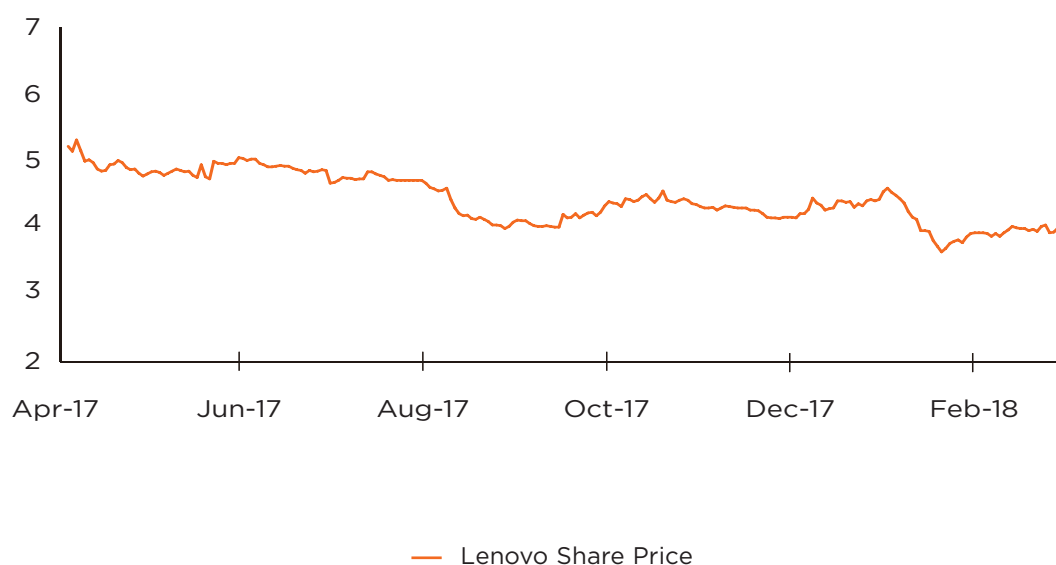
As at March 31, 2018, the market capitalization of listed shares of the Company was approximately HK\$48.18 billion based on the total number of 12,014,791,614 issued Shares of the Company and the closing price of HK\$4.01 per share.

The daily average number of traded Shares was approximately 53.56 million Shares over an approximate free float of 7,795 million Shares in the fiscal year 2017/18. The highest closing price for the Shares was HK\$5.4 per share on April 7, 2017 and the lowest was HK\$3.82 per share on February 13, 2018.

### Ordinary Shares (as of March 31, 2018)

Listing	Hong Kong Stock Exchange
Stock code	992
Board lot size	2,000 Shares
Ordinary shares outstanding as of March 31, 2018	12,014,791,614 Shares
Free float	7,795 million Shares
Market capitalization as of March 31, 2018	HK\$48.18 billion (Approx. US\$6.18 billion)

### Lenovo's share price Apr 1, 2017 to Mar 31, 2018



<b>American Depositary Receipts Level I Program</b>	
Ordinary share to ADR	20:1
Stock code	LNVG Y
<b>Basic Loss per Share</b>	
Basic loss per share for the year ended March 31, 2018	(1.67) U.S. cents
<b>Dividend per Share</b>	
Dividend per ordinary share for the year ended March 31, 2018	
- Interim	6.0 HK cents
- Final <sup>1</sup>	20.5 HK cents
<b>Financial Calendar 2017/2018 (Hong Kong Time)</b>	
First Quarter Results Announcement	August 18, 2017
Interim Results Announcement	November 2, 2017
Third Quarter Results Announcement	February 1, 2018
Annual Results Announcement	May 24, 2018
Annual General Meeting	July 5, 2018

The investor relations team values and is eager to hear suggestions and comments from shareholders and investors. For enquiries from institutional investors and equity analysts please contact [ir@lenovo.com](mailto:ir@lenovo.com).

Note:

<sup>1</sup> Subject to shareholders' approval at the forthcoming annual general meeting.