

LENOVO GROUP LTD:
NEVER MIND THE WAFFLE,
SCAN THE FINANCIALS FOR THE REAL STORY

On reading the statement, assumedly penned by Mr Yang Yuan Qing (), the Chairman and Chief Executive Officer of Lenovo Group Ltd () (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd), one might be tempted to draw the wrong conclusions about this Company.

The one, salient omission from this gentleman's three-page statement, in the opinion of **TARGET** (), was the matter of the Company's poor performance in respect of the 2017-2018 Financial Year.

After all, for most investors, the proof of the pudding is in the eating, is it not?

Lenovo Group Ltd recorded a Net Loss Attributable to Shareholders of about \$US189,323,000.00 (about \$HK1,476,750,305.00) in respect of the Financial Year, ended March 31, 2018.

In respect of the 2016-2017 Financial Year, the Company reported a Net Profit Attributable to Shareholders of about \$US535,084,000.00 (about \$HK4,173,742,548.00).

Therefore, the Results of the 2017-2018 Financial Year must be considered a decided setback, compared with the 2016-2017 Financial Year.

According to the database of **TOLFIN** () (the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provide), the 2017-2018 Financial Year's Results represented the second time in the past five Financial Years that Senior Management of this Company has had to bite the bullet, façon de

parler.

In the 2015-2016 Financial Year, the Company reported a Net Loss Attributable to Shareholders of \$US128,146,000.00 (about \$HK999,559,718.00).

Ironically, the Revenue, derived from the activities of Lenovo Group Ltd, during the 2017-2018-Year, was the second-highest of the past Five Years, at \$US45,349,943,000.00 (about \$HK353,736,958,465.00).

Also, the Net Assets (Shareholders' Funds) rose to the record-breaking level of \$US4,545,988,000.00 (about \$HK35,459,448,501.00), an increase, Year-On-Year, of about 11 percent.

The Business Of Lenovo Group Ltd

The business of Lenovo Group Ltd is the production and sales of commercial personal computers and personal computers, as well as servers, work stations and mobile Internet devices, including tablets and smart phones.

According to the Company's 2017-2018 Annual Report, the four main, geographic regions of the world where the Company's products are sold, as well as the Pre-Tax Income (Loss) derived therefrom, are:

Region	Revenue	Adjusted Pre-Tax Income/Loss	Revenue	Adjusted Pre-Tax Income/Loss
	All Figures Are Denominated In \$US'000			
	2017-2018 Financial Year		2016-2017 Financial Year	
The People's Republic of China (PRC)	11,525,321	557,641	11,794,773	539,137
Asia-Pacific	7,156,293	(133,664,)	7,011,595	(65,155)
Europe - Middle East - Africa	12,481,897	(62,383)	11,187,313	(336,666)
The Americas	14,186,452	71,746	13,041,050	157,452

TOTALS	45,349,943	433,340	43,034,731	294,768
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As is very apparent, on scanning the above table, only in the PRC and The Americas has the Company been able to turn a profit.

The Revenue, derived from its activities in the PRC, represented 25.41 percent of the Company's Total Revenue in respect of the 2017-2018 Financial Year.

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