


Lenovo Danmark ApS

Vandtårnsvej 83A, 2860 Søborg
CVR No. 28 51 13 45

Annual Report for the year ended March 31, 2016

10th financial year

Approved in the Annual General Meeting of shareholders
on 29th August 2016


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Director

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COMPANY DETAILS

Lenovo Danmark ApS
Vandtårnsvej 83A
2860 Søborg

Supervisory Board

Christophe Laurent
Colm Gleeson
Jørn Rønning

Executive Board

Jørn Rønning

Shareholders

Lenovo International Coöperatief U.A.

Parent

Lenovo International Coöperatief U.A., De Entrée 250A, 1101 EE
Amsterdam, The Netherlands

Final Parent

Lenovo Group Limited (Hong Kong)
Taikoo Place, 979 King's Road, Quarry Bay
Hong Kong

Annual report available at:
www.lenovo.com

Auditors

PricewaterhouseCoopers

Bankers

Citibank International PLC, Denmark Branch

Requiring Group accounts:

Lenovo Group Limited (Hong Kong)
Taikoo Place, 979 King's Road, Quarry Bay
Hong Kong

MANAGEMENT'S STATEMENT

The Executive and the Supervisory Boards have presented the Annual Report for the year ended 31 March 2016. The Annual Report was discussed and adopted on today's date.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the Annual Report includes the information which is relevant for an assessment of the Company's financial position. Against this background, it is our opinion that the Annual Report gives a true and fair view of the Company's assets and liabilities, financial position and results of operations for the year ended 31 March 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted by the Annual General Meeting of shareholders.

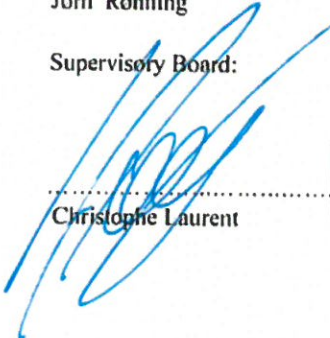
Soborg, 29th August 2016

Executive Board:

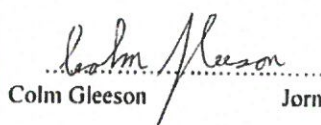


Jørn Ronning

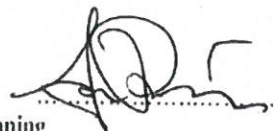
Supervisory Board:



Christophe Laurent



Colm Gleeson



Jørn Ronning

INDEPENDENT AUDITORS REPORT

To the Shareholders of Lenovo Danmark ApS

Report on the Financial Statements

We have audited the Financial Statements of Lenovo Danmark ApS for the financial year 1 April 2015 – 31 March 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of the results of the Company operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

Declaration regarding other legislation and other regulations

Emphasis of matter concerning other matters

Contrary to section 12 of the Danish Bookkeeping Act, part of the accounting records are kept abroad; consequently, Management may incur liability.

Statement on Management's Review

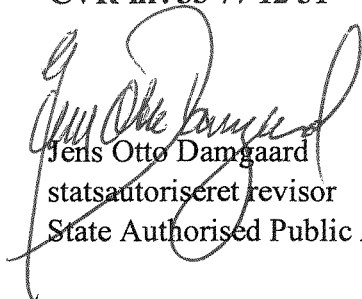
We have read the Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Management's Review is consistent with the Financial Statements.

Copenhagen, 29 August 2016

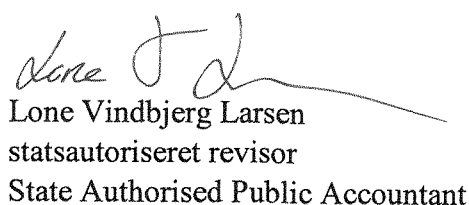
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31



Jens Otto Damgaard
statsautoriseret revisor
State Authorised Public Accountant



Lone Vindbjerg Larsen
statsautoriseret revisor
State Authorised Public Accountant

FINANCIAL HIGHLIGHTS

5-year summary:

Key figures (in DKK thousands)	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
Revenue	2.324.738	1.990.980	1.493.226	1.386.778	-
Gross profit	116.069	111.747	86.926	70.941	76.408
Profit/loss before net financials (EBIT)	25.137	45.937	24.811	19.814	17.038
Net financials	-11.912	-32.822	-16.275	-11.999	-9.383
Net profit for the year	9.907	9.653	6.327	5.714	5.699
Shareholders' equity at year-end	62.954	53.047	43.393	37.067	31.353
Total assets	212.149	450.134	356.088	456.830	196.759
Investments in the year	4.642	981	58	442	117
Number of employees	77	59	53	56	54
Ratios (%)					
Return on assets	7,6	11,4	6,1	6,1	11,1
Current ratio	112,8	102,0	114,7	110,1	122,6
Equity ratio	29,7	11,8	12,2	8,1	15,9
Return on equity	17,1	20,0	15,7	16,7	20,0

Definition of financial ratios:

Return on assets: Profit/loss before net financials / Average total assets * 100

Current ratio: Current assets / Short-term liabilities * 100

Equity ratio: Shareholders' equity / Total assets * 100

Return on equity: Net profit/loss for the year / Average shareholders' equity in the year * 100

MANAGEMENT'S REVIEW

Business activities and mission

Lenovo Group Limited is one of the world's leading computer technology companies. The Group has broadened its device business from PC to include mobile and enterprise businesses. Lenovo has been listed on The Stock Exchange of Hong Kong since 1994.

Lenovo Danmark ApS is a wholly owned subsidiary of Lenovo International Coöperatief U.A. in Amsterdam. The company's activities consist of sales to Danish companies. The product portfolio consists of desktop and notebook computers and related equipment. The vast majority of the sales takes place through CP retailers.

Business review

The company shows a net profit for 2015/2016 of 9.907 TDKK and a total balance as at March 31, 2016 of 212.149 TDKK and equity of 62.954 TDKK, which management considers satisfying in view of the world wide financial market. The actual results are in line with the expectations set out for the year 2015/16.

Expectations for the future

On the same level as this year, the management expect a positive result before tax for the accounting year 2016/17.

Unusual risks

Lenovo Danmark ApS is assessed not to be subject to any special risks, including operating and financial risks, apart from the usual risks in the line of business.

Knowledge resources

Lenovo Danmark ApS is assessed not to have any special knowledge resources, apart from the normal knowledge resources in the line of business.

Effect on the external environment

Lenovo products comply with all applicable environmental regulations, such as WEEE and RoHS. Lenovo seeks to be among the environmental leaders in all business activities.

Human Rights

Details about Lenovo policies regarding human rights are included within the Corporate Social Responsibility Report of Lenovo Group Limited's Annual Report.

Statutory Report on Social Responsibility, cf. Section 99a of the Danish Financial Statements

Lenovo Denmark is, as part of the Lenovo Group, subject to the CSR policies that are implemented across the Group. In accordance with the policies, Lenovo Denmark works actively with a range of sustainability areas and, in particular, with the environment and human rights, that are mandatory for Lenovo Denmark to disclose on following Section 99 a of the Danish Financial Statements Act. More information on our work within sustainability are available in the Lenovo Group Sustainability Report 2015/16 through which Lenovo Denmark comply with the Danish disclosure requirements. Please refer to the Annual Report 2015/16 here http://www.lenovo.com/ww/lenovo/pdf/report/E_099220160603a.pdf

Statutory Report on Gender Composition in Management, cf. Section 99b of the Danish Financial Statements Act

Lenovo's Commitment to Diversity and Nondiscrimination is accessible on our website along with other corporate policies at <http://www.lenovo.com/CSRPolicies>.

Lenovo wants to promote a corporate culture according to which appointments are based on competencies. It is important for everybody to have equal access to the Board of Directors and Top Management irrespective of gender, age, national origin, religion or political orientation.

The diversity policy is being revised and implemented continuously.

In compliance with Danish law, Lenovo Denmark ApS will set a target to elect at least one female member of the supervisory board at the annual general meeting before the end of 2017. The supervisory board currently consists of 3 member who all are male. The target was not achieved in the financial year 2015/16 due to the new male board member elected in 2015 was considered as the best candidate.

It is the company's target to have at least 40% women in the management group. In the financial year 2015/16 the goal was not met as 18% of the management group comprised by women. The company has according to group policies continued in the financial year to encourage women in management and strive to always have both genders represented in job interviews regarding management positions. Mentoring scheme for women in management are in place. Annual performance review/personal development interviews take place to ensure woman are on the correct path to achieve the management position they have as their career goal.

Post balance sheet events

After the end of the financial year, no significant events have occurred that might influence the evaluation of the company's financial condition.

ACCOUNTING POLICIES

The Annual Report of Lenovo Danmark ApS has been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises. Accounting policies are unchanged from previous year.

In accordance with the Danish Financial Statements Act, the Company has not disclosed a cash flow statement, since the Company's cash flows are included in the cash flow statement of the parent company.

Reporting currency

The Annual Report is presented in Danish kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Income statement

Revenue

Income from the sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer. VAT, indirect taxes and discounts are excluded from the revenue.

Income from the supply of services is recognised as revenue with reference to the stage of completion.

ACCOUNTING POLICIES - continued

Cost of goods sold

Cost of goods sold comprises expenses incurred to generate the revenue for the year.

Other external expenses

Other external expenses include distribution expenses and expenses regarding management and administration of the company.

Staff costs

Staff costs comprises salary, pension and other staff related expenses for the year.

Amortisation/depreciation and write-downs

This item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment. Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the below assessments of the useful life of the assets.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff.

Property, plant and equipment are depreciated on a straight-line basis, based on the cost.

Amortisation/depreciation are measured by reference to the following assessment of the useful life:

	Useful life
Goodwill	10 years
Other fixtures and fittings, tools and equipment	3-5 years
Demomodels	1 year

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income, the year's deferred tax adjustments less the share of the tax for the year that concerns items recognised directly in equity.

Current and deferred tax concerning changes in equity is taken directly to equity.

ACCOUNTING POLICIES - continued

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and write-downs.

An impairment test is made for goodwill if there are indications of decreases in value. The impairment test is made for the activity or business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or the business area to which the goodwill relates (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment

Other plant and equipment comprise other fixtures, fittings, tools and equipment. Other plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for other plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

Income taxes

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 23.5% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

ACCOUNTING POLICIES - continued

Provisions

Provisions comprise expected expenses relating to future reinstalment costs, WEEE costs etc. Provisions are recognised when, at the balance sheet date, the enterprise has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value.

Liabilites payable

Liabilites payable are measured to amortised cost value, which in all are equal to nominal value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent reporting years.

INCOME STATEMENT for April 1, 2015 - March 31, 2016

		2015/16	2014/15
	Notes	DKK	DKK
Revenue	1	2.324.738.024	1.990.980.474
Cost of Goods Sold		2.181.175.196	1.863.457.366
Other External Expenses		27.493.858	15.776.118
Gross margin		116.068.971	111.746.990
Staff costs	2	85.508.163	64.334.833
Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	3	5.423.721	1.475.007
Profit before net financials		25.137.086	45.937.150
Other financial income	4	4.778.877	8.746.137
Other financial expenses	5	16.690.959	41.567.835
Profit before tax		13.225.004	13.115.452
Tax for the year	6	3.317.746	3.462.179
NET PROFIT FOR THE YEAR		9.907.258	9.653.273
Appropriation of profit			
Profit to be appropriated:			
Transferred from previous years		42.574.030	32.920.756
Net profit for the year		9.907.258	9.653.273
Available for appropriation		52.481.287	42.574.030
the Supervisory Board recommends the following appropriation of the profit:			
Retained earnings		52.481.287	42.574.029
Total appropriation		52.481.287	42.574.029

BALANCE SHEET at March 31

		2016	2015
	Notes	DKK	DKK
ASSETS			
Fixed assets			
Goodwill	7	42.044.266	46.680.302
Intangible assets		42.044.266	46.680.302
Other plant, operating equipment	8	4.408.719	1.078.594
Tangible assets		4.408.719	1.078.594
Total fixed assets		46.452.985	47.758.896
Current assets			
Trade receivables		49.542.488	57.192.195
Receivables from group enterprises		85.235.628	125.288.630
Other receivables		22.306.631	64.903.899
Deferred tax asset		1.798.049	1.736.228
Prepaid corporate income tax		0	199.839
Prepayments	9	2.094.872	145.303.802
Receivables		160.977.667	394.624.593
Cash		4.717.941	7.750.265
Total current assets		165.695.609	402.374.858
TOTAL ASSETS		212.148.594	450.133.755

BALANCE SHEET at March 31

		2016	2015
	Notes	DKK	DKK
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	10	126.000	126.000
Share premium		10.346.645	10.346.645
Retained earnings		52.481.288	42.574.029
Total shareholders' equity		62.953.933	53.046.674
Provisions			
Reinstalment provision		1.659.375	2.536.508
Provision for waste disposal of electronic equipment		679.773	137.890
Total provisions		2.339.148	2.674.398
Liabilities other than provisions			
Trade payables		9.481.822	10.448.491
Payables to group enterprises		27.486.252	89.643.319
Income taxes payable		565.909	0
Other payables		80.724.120	97.526.246
Deferred income	11	28.597.410	196.794.627
Short-term liabilities		146.855.513	394.412.683

BALANCE SHEET at March 31

		2016	2015
	Notes	DKK	DKK
EQUITY AND LIABILITIES - continued			
Total liabilities other than provisions		146.855.513	394.412.683
TOTAL EQUITY AND LIABILITIES		212.148.594	450.133.755
Contingent liabilities	12		
Related parties	13		
Share-based remuneration	14		
Fee to auditors appointed at the general meeting	15		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings/ Accumulated loss	Total
Shareholders' equity at 1/4 2015	126.000	10.346.645	42.574.029	53.046.674
Transfer in the year			9.907.258	9.907.258
Shareholders' equity at 31/3 2016	126.000	10.346.645	52.481.288	62.953.933

NOTES

Note 1. Revenue

The whole of revenue is attributable to one continuing activity, the wholesale of personal computing equipment and peripherals.

All revenue arose within Denmark.

	2015/16	2014/15
	DKK	DKK

Note 2. Staff costs

Analysis of staff costs:

Wages and salaries	75.855.498	57.020.459
Pension costs	8.129.469	6.122.739
Other staff costs	1.523.197	1.191.635
	85.508.163	64.334.833
Average number of employees	77	59

Pursuant to section 98b (3), (ii) of the Financial Statement Act, salaries to the Executive Board are not disclosed. No remuneration has been paid to the Supervisory Board.

Note 3. Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment

Goodwill	4.636.036	1.196.931
Other plant, operating equipment and inventory	787.685	278.076
	5.423.721	1.475.007

NOTES

	2015/16	2014/15
	DKK	DKK
Note 4. Other financial income		
Interest income	155	0
Exchange gains	4.778.722	8.746.137
	<u>4.778.877</u>	<u>8.746.137</u>
Note 5. Other financial expenses		
Interest expenses	77.188	46.765
Invoice financing fees	15.164.902	16.919.268
Exchange losses	1.448.869	24.601.802
	<u>16.690.959</u>	<u>41.567.835</u>
Note 6. Tax for the year		
Estimated income tax charge, excl. interest surcharges	3.379.567	2.250.734
Change in provision for deferred tax	-61.821	1.211.445
	<u>3.317.746</u>	<u>3.462.179</u>
analysed as follows:		
Tax for the year	3.317.746	3.462.179
Total	<u>3.317.746</u>	<u>3.462.179</u>

NOTES

**2016
DKK**

Note 7. Intangible assets

Goodwill

Cost

Balance at April 1	47.877.233
Acquisitions in the year	
Impairment adjustment	0
Cost at March 31	47.877.233

Amortisation

Balance at April 1	1.196.931
Amortisation in the year	4.636.036
Impairment adjustment	0
Amortisation at March 31	5.832.967
Carrying amount at March 31	42.044.266

NOTES

	2016	2015
	DKK	DKK
Note 8. Other plant and equipment		
Other plant, operating equipment		
Cost		
Balance at April 1	4.117.390	3.146.652
Additions in the year	4.642.304	980.978
Disposals in the year	2.097.459	10.240
Cost at March 31	6.662.234	4.117.390
Depreciation and write-downs		
Balance at April 1	3.038.796	2.766.734
Depreciation in the year	787.685	278.076
Accumulated depreciation and write-downs of disposals	1.572.966	6.014
Depreciation and write-downs at March 31	2.253.516	3.038.796
Carrying amount at March 31	4.408.719	1.078.594

NOTES

	2016	2015
	DKK	DKK

Note 9. Prepayments

Other prepayments	2.094.872	1.491.571
Deferred expenses	-	143.812.231
	<u>2.094.872</u>	<u>145.303.802</u>

Note 10. Share capital

Analysis of the Company's share capital, DKK 126,000:

126 class A shares of DKK 1,000 each	126.000	126.000
	<u>126.000</u>	<u>126.000</u>

The share capital has not changed in the last 5 years.
All shares have the same share class.

Note 11. Deferred income

Prepayments received	28.597.410	23.630.810
Deferred income	-	173.163.817
	<u>28.597.410</u>	<u>196.794.627</u>

NOTES

	2016	2015
	DKK	DKK

Note 12. Contingent liabilities

Rent payments concerning a contract which is interminable until 2020 amounts to 8.747 T.DKK

Payments under operating leases concerning cars is 4.758 T.DKK

Note 13. Related parties

The Company buys goods and receives certain administrative services from other group companies.

Lenovo International Coöperatief U.A. hold 100% of the shares in Lenovo Danmark Aps. The ultimate parent is Lenovo Group Limited.

Lenovo Group Limited is the largest group which consolidates these financial statements. Copies of the financial statements of this undertaking may be obtained from 23rd Floor, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

Note 14. Share-based remuneration

At March 31, 2016, share options had been issued, at market value on the time of issue, to a number of managing employees in the Company. The allotment of share options depends on the fulfillment of certain financial accounting performance measures, both short-term and long-term. The option scheme concerns shares in the ultimate parent, Lenovo Group Limited (Hong Kong). The share options can be utilized by 25 % p.a. from the date of issue. The utilization depends on the executives' employment at the time of utilization. At March 31, 2016, the share option scheme consists of 502.316 shares. Costs related to payment of the option scheme are paid by the ultimate parent, Lenovo Group Limited (Hong Kong), where it is taken to their profit and loss account.

Note 15. Fee to auditors appointed at the general meeting

Statutory audit	362.305	362.305
Other services	58.400	58.400
	<u>420.705</u>	<u>420.705</u>