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INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8141)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

AND

RESUMPTION OF TRADING

Financial Adviser



VISION FINANCE
睿 | 智 | 金 | 融

Vision Finance International Company Limited

Placing Agent



VISION FINANCE
睿 | 智 | 金 | 融

Vision Finance International Company Limited

THE PLACING

The Board is pleased to announce that the Company and the Placing Agent entered into the Placing Agreement on 4 January 2008 pursuant to which the Company has conditionally agreed to place, through the Placing Agent and on a best effort basis, 100,000,000 Placing Shares to Legg Mason, Atlantis and Merrill Lynch at the Placing Price of HK\$1.25 per Placing Share.

The Placing Shares represent approximately 3.41 per cent. of the issued share capital of the Company of 2,930,500,000 Subdivided Shares as at the date of this announcement and approximately 3.30 per cent. of the issued share capital of the Company of 3,030,500,000 Subdivided Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise caution when trading in the Shares.

The Placing Price of HK\$1.25 per Share represents: (i) a discount of approximately 10.71 per cent. to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement; (ii) a discount of approximately 5.45 per cent. to the average closing price of HK\$1.322 per Share as quoted on the Stock Exchange for the last five trading days up to and including 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement; and (iii) a premium of approximately 0.48 per cent. to the average closing price of HK\$1.244 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement.

The gross proceeds from the Placing will be HK\$125 million. The net proceeds from the Placing of approximately HK\$121.1 million (being a net placing price of approximately HK\$1.21 per Placing Share) are intended to be used as general working capital of the Group.

Resumption of trading

Trading in the Shares has been suspended on the Stock Exchange with effect from 2:30 p.m. on 4 January 2008 at the request of the Company pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 9 January 2008.

THE PLACING AGREEMENT

The Company and the Placing Agent entered into the Placing Agreement on 4 January 2008 pursuant to which the Company has conditionally agreed to place, through the Placing Agent and on a best effort basis, 100,000,000 Placing Shares to Legg Mason, Atlantis and Merrill Lynch at the Placing Price of HK\$1.25 per Placing Share.

Date

4 January 2008

Issuer

The Company

Placing Agent

The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

The Placing Shares

The aggregate of 100,000,000 Placing Shares represent (i) approximately 3.41 per cent. of the issued share capital of the Company of 2,930,500,000 Subdivided Shares as at the date of this announcement; and (ii) approximately 3.30 per cent. of the issued share capital of the Company of 3,030,500,000 Subdivided Shares as enlarged by the allotment and issue of the Placing Shares.

General Mandate

The Placing Shares under the Placing will be issued under the general mandate to allot, issue and deal with unissued shares granted to the Directors by the resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM (i.e. 102,860,000 Pre-subdivided Shares and equivalent to 514,300,000 Subdivided Shares). Pursuant to the Subscription Agreements dated 24 September 2007 in relation to the Subscription, 50,000,000 Pre-subdivided Shares (equivalent to 250,000,000 Subdivided Shares), have been issued and allotted under the general mandate (as stated in the Company's announcement dated 24 September 2007). Following the Share Subdivision becoming effective on 17 December 2007 (as stated in the Company's circular dated 29 November 2007), the balance of Shares which may be

issued under the general mandate is 264,300,000 Subdivided Shares, before completion of the Placing. After completion of the Placing, the remaining balance of Shares which may be issued under the general mandate is 164,300,000 Subdivided Shares.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will be fully paid up and rank pari passu in all respects with the issued Shares and will receive all dividends and distributions declared, made or paid on or after the date of allotment.

Placees

The aggregate of 100,000,000 Placing Shares have been conditionally placed as to 40,000,000 Placing Shares with Legg Mason, 50,000,000 Placing Shares with Atlantis and 10,000,000 Placing Shares with Merrill Lynch.

Each of the abovementioned placees and their respective ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

It is expected that none of such placees will become a substantial shareholder (as defined under the GEM Listing Rules) of the Company as a result of the Placing.

Placing Price

The Placing Price of HK\$1.25 per Placing Share represents:

- (i) a discount of approximately 10.71 per cent. to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement;
- (ii) a discount of approximately 5.45 per cent. to the average closing price of HK\$1.322 per Share as quoted on the Stock Exchange for the last five trading days up to and including 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement; and
- (iii) a premium of approximately 0.48 per cent. to the average closing price of HK\$1.244 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 4 January 2008, being the last trading day of the Shares immediately before the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent.

Placing commission

Subject to Completion, a placing commission of 2.5 per cent. on the gross proceeds of the Placing will be payable to the Placing Agent. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

Conditions of the Placing

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon:

- (i) the GEM Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) there not having been, at any time before the end of the Placing Period: (a) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company which is material in the context of the Placing; (b) the occurrence of any event or the existence of any circumstances which would render any of the warranties in the Placing Agreement untrue or inaccurate in any material respect.

The Company shall use its best endeavors to procure the fulfillment of the conditions on or before 5:00 p.m. on 6 February 2008. If the conditions are not fulfilled on or before the timeframe, the Placing Agreement shall (unless otherwise agreed in writing by the parties) terminate and none of the parties will have any claim against the other in respect of the Placing Agreement save among others any antecedent breach of any obligations under the Placing Agreement.

Termination events

The Placing Agreement contains provisions granting the Placing Agent the right to terminate the Placing Agreement by notice in writing to the Company any time on or prior to 5:00 pm on the date of Completion on the occurrence of certain events including force majeure, any adverse change in the trading, business or financial position of the Company or its subsidiaries taken as a whole, any breach of any of the representations, warranties and undertakings in the Placing Agreement.

If the Placing Agent exercises such right to terminate the Placing Agreement, the Placing will not proceed and further announcement will be made by the Company.

As at the date of this announcement, the Directors are not aware of the occurrence of any of the above-mentioned events.

Completion of the Placing

Completion of the Placing is expected to take place on the third Business Day after the day on which the conditions of the Placing are satisfied, or such later date as may be agreed by the Company and the Placing Agent in writing.

As the Placing may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will issue a further announcement if the Placing does not proceed or the Placing Shares are not fully subscribed for.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the distribution, sourcing and reselling of information technology products in Hong Kong, the PRC and other overseas markets. The Group also provides information technology advisory services to complement the Group's distribution business.

The Board considers that the Placing represents a great opportunity in which the Company can raise further capital to strengthen the Group's general working capital base as well as the shareholders base of the Company. The Board considers the Placing is in the interest of the Company and the Shareholders as a whole. The gross proceeds from the Placing will amount to HK\$125 million. The net proceeds from the Placing of approximately HK\$121.1 million (being a net placing price of approximately HK\$1.21 per Share) will be applied by the Group as general working capital.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company upon issue of the Placing Shares are set out below:

	Approximate shareholding percentage in the Company			
	As at the date of this announcement		Upon allotment and issue of the Placing Shares under the Placing	
	<i>Subdivided Shares</i>	<i>%</i>	<i>Subdivided Shares</i>	<i>%</i>
Inspur Electronics (HK) Limited	1,350,000,000	46.07	1,350,000,000	44.55
Wang Miao, an executive Director	75,000,000	2.56	75,000,000	2.47
Wang Hung, Alex, a non- executive Director	75,000,000	2.56	75,000,000	2.47
Public — other Shareholders	1,430,500,000	48.81	1,430,500,000	47.21
Public — Placees	—	—	100,000,000	3.30
Total	<u>2,930,500,000</u>	<u>100.00</u>	<u>3,030,500,000</u>	<u>100.00</u>

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Save for the issue of the 50,000,000 Pre-subdivided Shares at a subscription price of HK\$0.94 per Pre-subdivided Share under the Subscription to the subscribers pursuant to the Subscription Agreements dated 24 September 2007 as announced in the announcement of the Company dated 24 September 2007, the Company has not conducted any fund raising activities in the past 12 months before the date of this announcement. The net proceeds from the Subscription of approximately HK\$46.5 million was applied for general working capital of the Group as to approximately HK\$17 million for the repayment of outstanding payables and as to the remaining for the purchase of inventory such as computer spare parts. As of the date of this announcement, the net proceeds from the Subscription have been fully utilised as originally intended.

APPLICATION FOR LISTING

Application will be made by the Company to the GEM Listing Committee for the grant of the listing of, and permission to deal in, the Placing Shares.

RESUMPTION OF TRADING

Trading in the Shares has been suspended on the Stock Exchange with effect from 2:30 p.m. on 4 January 2008 at the request of the Company pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 9 January 2008.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“AGM”	the annual general meeting of the Company held on 26 April 2007
“associate”	has the meaning as defined in the GEM Listing Rules
“Atlantis”	Atlantis Investment Management Limited
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Company”	Inspur International Limited (浪潮國際有限公司*), a company incorporated in the Cayman Islands with limited liability, with its shares listed on the GEM board of the Stock Exchange
“Completion”	completion of the Placing
“Director(s)”	director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of the Stock Exchange with responsible for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Legg Mason”	Legg Mason International Equities (Singapore) Pte. Ltd.
“Merrill Lynch”	Merrill Lynch International
“Placing”	the placing of up to 100,000,000 Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Vision Finance International Company Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Placing Agent in relation to the Placing
“Placing Agreement”	the conditional agreement entered into by the Company and the Placing Agent on 4 January 2008 in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the Business Day immediately following the date on which the conditions of the Placing are satisfied
“Placing Price”	HK\$1.25 per Placing Share under the Placing Agreement
“Placing Share(s)”	up to 100,000,000 new Subdivided Shares to be placed under the Placing
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-subdivided Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Share Subdivision becoming effective
“Share(s)” or “Subdivided Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company as a result of the Share Subdivision
“Shareholder(s)”	shareholder of the Company

“Share Subdivision”	the subdivision of every then existing issued and unissued Pre-subdivided Shares into five Subdivided Shares as stated in the Company’s circular dated 29 November 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the 50,000,000 Pre-subdivided Shares by the subscribers pursuant to the Subscription Agreements as stated in the Company’s announcement dated 24 September 2007
“Subscription Agreements”	six subscription agreements all dated 24 September 2007 and entered into between the Company and the subscribers in respect of the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date of this announcement, the Board comprises Mr. Sun Pishu, Mr. Zhang Lei, Mr. Wang Miao and Mr. Leung Chi Ho as executive Directors, Mr. Xin Wei Hua, Mr. Wang Hung, Alex and Mr. William James Fass as non-executive Directors, and Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis as independent non-executive Directors.

By Order of the Board
Inspur International Limited
Sun Pishu
Chairman

Hong Kong, 8 January 2008

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its posting.

** For identification purposes only*