
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Inspur International Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 60% EQUITY INTEREST IN
SHANDONG INSPUR BUSINESS SYSTEM COMPANY LIMITED**

Independent financial adviser to the Company



REXCAPITAL (Hong Kong) Limited

The notice convening an extraordinary general meeting of the Company to be held at Hong Kong International Trade & Exhibition Centre, Meeting Room 6, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, at 10:00 a.m. on 26 March 2008 is set out on pages 28 to 29 herein.

A form of proxy for the extraordinary general meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy and return the same to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for seven days from the date of its publication.

11 March 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Acquisition”	the acquisition by the Purchaser of the Sale Shares from the Vendor subject to and upon the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 19 February 2008 and entered into between the Vendor and the Purchaser in respect of the Acquisition
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Inspur International Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Conditions”	the conditions precedent to the Acquisition Agreement which are set out in the paragraph headed “Conditions” in this circular
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	the consideration of RMB36,000,000 for the Acquisition, subject to adjustment pursuant to the terms of the Acquisition Agreement
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Target Company immediately after Completion
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee, comprising Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis, all being the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than IP Group (including its ultimate beneficial owners and respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates)
“IP Group”	Inspur Group Limited, which is a company established in the PRC and through its wholly owned subsidiary, Inspur Electronics (HK) Limited, being the management Shareholder and controlling Shareholder for the purpose of the GEM Listing Rules interested in 44.55% of the existing issued share capital of the Company
“Latest Practicable Date”	7 March 2007, being the latest practicable date prior to the printing of this circular of the purpose of ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China, and for the purposes for this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Inspur (Shandong) Electronic Information Company Limited [#] (浪潮(山東)電子信息有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“REXCAPITAL”	REXCAPITAL (Hong Kong) Limited, a licensed corporation to carry out type 6 regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Acquisition and the transactions contemplated thereunder
“Sale Shares”	60% of the registered capital of the Target Company which is beneficially owned by the Vendor as at the date of this circular
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shandong Inspur Business System Company Limited [#] (山東浪潮商用系統有限公司), a company established in the PRC with limited liability and its principal business is the development, production and sale of computer software and computer peripherals particularly in respect of computerized cashier machines and point-of-sale terminals, and the provision of relevant information technology solution services
“Vendor”	Jinan Inspur Network Technology Development Limited [#] (濟南浪潮網絡科技發展有限公司), a company established in the PRC with limited liability and its principal business is the production and sale of computers and computer software, development of network technology, integration of information systems and provision of related services
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

The English translation of Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

For illustration purpose, an exchange rate of HK\$1.06 to RMB1.00 is used in this Circular.

LETTER FROM THE BOARD



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8141)

Executive Directors:

Mr. Sun Pishu (*Chairman*)
Mr. Zhang Lei
Mr. Wang Miao
Mr. Leung Chi Ho

Non-executive Directors:

Mr. Xin Wei Hua
Mr. Wang Hung, Alex
Mr. William James Fass

Independent non-executive Directors:

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

11 March 2008

To the Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 60% OF THE EQUITY INTEREST IN
SHANDONG INSPUR BUSINESS SYSTEM LIMITED**

INTRODUCTION

Reference is made to the announcement of the Company dated 20 February 2008 in relation to the Acquisition Agreement entered into by the Group pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing 60% of the registered capital of the Target Company.

LETTER FROM THE BOARD

The purposes of this circular are, among others, (i) to provide you with further information relating to the Acquisition and the Acquisition Agreement; (ii) to set out the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) to set out the recommendation from REXCAPITAL to the Independent Board Committee and the Independent Shareholders; and (iv) to give you the notice of EGM.

ACQUISITION AGREEMENT

Date: 19 February 2008

Parties: Vendor: Jinan Inspur Network Technology Development Limited#
Purchasers: Inspur (Shandong) Electronic Information Company Limited#, a wholly-owned subsidiary of the Company

The Vendor is beneficially owned as to 80% by IP Group (which is principally engaged in investment holding) and is therefore regarded as a connected person (as defined under the GEM Listing Rules) of the Company. The other 20% equity interest of the Vendor is beneficially owned by Shandong Mingzhu Shijia Estate Company Limited (山東名築世家置業有限公司), which is principally engaged in real estate development, property management and high new technology industry.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Group has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares (representing 60% of the registered capital of the Target Company). The Sale Shares were acquired by the Vendor at RMB30,000,000.

Consideration

The Consideration shall be RMB36,000,000 which shall be satisfied in cash by internal resources of the Group in the following manner:

- (a) RMB10,000,000 has been paid from the Group to the Vendor as deposit as at the Latest Practicable Date; and
- (b) subject to the fulfilment of the Conditions, the Group shall pay RMB26,000,000 to the Vendor within 15 days after the date of EGM.

The Consideration is subject to adjustment as follows:

If the actual audited profit (the “2007 Actual Profit”) after tax (based on the accounting principles generally accepted in Hong Kong) of the Target Company for the financial year ended 31 December 2007 is less than RMB6,000,000, the Vendor shall refund to the Group an amount calculated from the formula below:

$$\text{Refund} = (\text{RMB6,000,000} - \text{2007 Actual Profit}) \times 10 \times 60\%$$

LETTER FROM THE BOARD

If the 2007 Actual Profit is greater than RMB6,000,000, no additional sum is required to be paid to the Vendor by the Purchaser.

The Consideration was arrived at after arm's length negotiation between the parties to the Acquisition Agreement with reference to, among other things, the price adjustment mechanism mentioned above and the strategic reasons mentioned under the paragraph headed "Reasons for the Acquisition" below.

The Directors consider that the Consideration and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions

The Acquisition is conditional upon the following conditions having been fulfilled at or before 12:00 noon on 30 April 2008 or such later date as may be agreed by the Group in writing:

- (i) the Independent Shareholders passing at the EGM the necessary resolution approving the Acquisition;
- (ii) the Group having satisfied with the results of the due diligence exercise to be carried out by it on the Target Company; and
- (iii) all relevant approvals and consents for the Acquisition having been obtained.

If the Conditions cannot be fulfilled by the time specified, the Acquisition Agreement shall be terminated and the deposit of RMB10,000,000 paid by the Group shall be refunded without interest by the Vendor within 10 days thereafter..

As at the Latest Practicable Date, none of the above condition has been fulfilled.

Completion

Completion is expected to take place on the second business day after the fulfillment of all the Conditions (or such later date as may be agreed by the parties to the Acquisition Agreement in writing).

INFORMATION OF THE TARGET COMPANY

The Target Company is a domestic limited liability company established in the PRC in April 2003, and is principally engaged in the development, production and sale of computer software and computer peripherals particularly in respect of computerized cashier machines and point-of-sale terminals, and the provision of relevant information technology solution services.

LETTER FROM THE BOARD

As at the date of the Acquisition Agreement, the Target Company is beneficially owned (i) as to 40% by the Group and (ii) as to 60% by the Vendor. The Group first acquired its 40% interest in the Target Company in 2005, details of which were disclosed in the Company's announcement dated 21 April 2005 and the Company's circular dated 13 May 2005.

Immediately after Completion, the Company will own 100% equity interest in the Target Company and the financial results (including its earnings, assets and liabilities) of the Target Company will be consolidated into the accounts of the Group.

The following table shows the turnover, net profit before tax and net profit after tax of the Target Company based on its audited financial statements for the year ended 31 December 2006, and the unaudited management accounts for the year ended 31 December 2007 (prepared under the generally accepted accounting principles in the PRC):.

	For the year ended 31 December 2007 <i>(unaudited)</i> <i>RMB'000</i>	For the year ended 31 December 2006 <i>(audited)</i> <i>RMB'000</i>
Turnover	61,271	72,944
Net profit before tax	6,536	94
Net profit after tax	6,254	94

The audited net asset value of the Target Company as at 31 December 2006 was about RMB36,404,227. Based on the information available to the Board, the unaudited net asset value of the Target Company as at 31 December 2007 was about RMB 42,699,848.

REASONS FOR THE ACQUISITION

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 Group has been keeping abreast with market developments and product trends in the information technology sector in order to further procure its existing and other information technology products.

The State Administration of Taxation of the PRC and the Ministry of Finance of the PRC have launched a pilot scheme to require tax-paying companies of substantial size in the retail, food and beverage, entertainment, service and transportation industry which have permanent places of business to purchase tax-collection cashier machines. Such a pilot scheme has been successful in several provinces in the PRC. In 2007, the provincial and city tax administration has begun to launch tender

LETTER FROM THE BOARD

for tax-collection cashier machines. With the support of national policy, it is expected that the use of such tax-collection cashier machines will enter into a peak season. At present there are more than 30,000,000 tax entities in the PRC. It is estimated that the market size for tax-collection cashier machine would be up to about RMB60 billion with a yearly growth rate of about 15%.

Based on the information available to the Group, the computerized cashier machines manufactured by the Target Company for tax collection is the best-seller among other similar products made by other competitors in the PRC for three consecutive years. The Target Company is a market leader of such product in 2007, with more than 25% market share. In view of the anticipated widespread use of the computerized cashier machines for tax collection in the next 5 years as encouraged by the national policy, the Directors consider that the Acquisition will enable the Group to take a leading role in the market of such equipment, capturing the rapid market growth, thereby further enhancing the Group's overall business performance, strengthening its revenue base and diversifying its business risk by enlarging its product and service base.

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Acquisition Agreement and that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

After Completion, the financial results of the Target Company will be consolidated into the accounts of the Group. It is expected that the total assets and the total liabilities of the Group will both increase after such consolidation. With respect to the prospects of the Target Company, it is expected that there will be an increase in the earnings of the Group after Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

IP Group, through its wholly owned subsidiary, Inspur Electronics (HK) Limited, beneficially holding 44.55% of the entire issued share capital of the Company, is a substantial Shareholder. The Vendor is beneficially owned as to 80% by IP Group and is therefore regarded as a connected person (as defined under the GEM Listing Rules) of the Company. As such, the Acquisition constitutes a connected transaction for the purposes of the GEM Listing Rules. Since the relevant percentage ratios are more than 5% but less than 25%, the Acquisition is a discloseable transaction on the part of the Company.

EGM

Set out on pages 28 to 29 of this circular is a notice convening the EGM which will be held at Hong Kong International Trade & Exhibition Centre, Meeting Room 6, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, at 10:00 a.m. on Wednesday, 26 March 2008 at which resolutions will be proposed to approve, among others, the Acquisition Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Acquisition is subject to, among other things, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. IP Group (including its ultimate beneficial owners and their respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates) shall abstain from voting for the relevant resolution at the EGM due to their interest in the Acquisition. Other than the above, no other Shareholders have material interest in the Acquisition and will abstain from voting at the EGM. As at the Latest Practicable Date, IP Group (including its ultimate beneficial owners and their respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates) control or are entitled to control over the entire voting right in respect of their Shares. Therefore, a total of 1,350,000,000 Shares, representing 44.55% of the issued Shares shall abstain from voting at the EGM. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon IP Group (including its ultimate beneficial owners and their respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates); and (ii) no obligation or entitlement of each of IP Group (including its ultimate beneficial owners and their respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates) as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the form of proxy and return the same to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

According to articles of association of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

LETTER FROM THE BOARD

Notwithstanding the above, the resolution approving the Acquisition Agreement and the transactions contemplated thereunder will be voted on by way of a poll in the EGM.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 11 to 12 of this circular. The Independent Board Committee, having taken into account the advice of REXCAPITAL, the text of which is set out on pages 13 to 20 of this circular, considers that the Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties thereto and that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully
By order of the board of Directors of
Inspur International Limited
Sun Pishu
Chairman



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8141)

11 March 2008

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 60% EQUITY INTEREST IN
SHANDONG INSPUR BUSINESS SYSTEM COMPANY LIMITED**

We refer to the circular dated 11 March 2008 issued by the Company (the “Circular”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Acquisition Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition, and to recommend how the Independent Shareholders should vote at the EGM. REXCAPITAL has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 10 of the Circular, and the letter from REXCAPITAL to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Acquisition, as set out on pages 13 to 20 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice of REXCAPITAL, we consider that the Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties thereto, and that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee

Meng Xiang Xu
*Independent non-executive
Director*

Liu Ping Yuan
*Independent non-executive
Director*

Wong Lit Chor, Alexis
*Independent non-executive
Director*

LETTER FROM REXCAPITAL

The following is the text of a letter of advice from REXCAPITAL to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, and is prepared for inclusion in this circular.



REXCAPITAL (Hong Kong) Limited

34th Floor, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

11 March 2008

*The Independent Board Committee and
the Independent Shareholders*

Inspur International Limited

Room 726
Nan Fung Comm Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the terms of the Acquisition Agreement, details of which are set out in the circular to the Shareholders dated 11 March 2008 (the "Circular"), of which this letter forms a part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The Company announced that on 19 February, the Company entered into the Acquisition Agreement, pursuant to which, the Company has agreed to purchase and the Vendor has agreed to sell the Sale Shares (representing 60% of the registered capital of the Target Company) at a cash consideration of RMB 36,000,000 (subject to adjustment).

LETTER FROM REXCAPITAL

As stated in the Letter from the Board (the “Letter”), IP Group, through its wholly owned subsidiary, Inspur Electronics (HK) Limited, beneficially holding 44.55% of the entire issued share capital of the Company, is a substantial Shareholder. The Vendor is beneficially owned as to 80% by IP Group and is therefore regarded as a connected person (as defined under the GEM Listing Rules) of the Company. As such, the Acquisition constitutes a connected transaction for the purposes of the GEM Listing Rules. Since the relevant percentage ratios are more than 5% but less than 25%, the Acquisition is a discloseable transaction on the part of the Company. The Acquisition is subject to, among other things, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. IP Group (including its ultimate beneficial owners and their respective associates) and the Vendor (including its ultimate beneficial owners and their respective associates) shall abstain from voting for the relevant resolution at the EGM due to their interest in the Acquisition.

The Independent Board Committee, comprising Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the terms of the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company and its Director(s). We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company and the Director(s), for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Director(s) and have been confirmed by the Director(s) that no material facts and representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendation regarding the Acquisition Agreement.

LETTER FROM REXCAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Acquisition Agreement, we have taken into consideration the following factors and reasons:

I. THE ACQUISITION

1. Background and Reasons for the Acquisition

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.

As set out in the Letter, the Target Company is a domestic limited liability company established in the PRC in April 2003, and is principally engaged in the development, production and sale of computer software and computer peripherals particularly in respect of computerized cashier machines and point-of-sale terminals, and the provision of relevant information technology solution services. As at the date of the Acquisition Agreement, the Target Company is beneficially owned (i) as to 40% by the Group and (ii) as to 60% by the Vendor. The Group first acquired its 40% interest in the Target Company in 2005, details of which were disclosed in the Company's announcement dated 21 April 2005 and the Company's circular dated 13 May 2005.

As set out under the section headed "INFORMATION OF THE TARGET COMPANY" in the Letter, the following table shows the turnover, net profit before tax and net profit after tax of the Target Company based on its audited financial statements for the year ended 31 December 2006, and the unaudited management accounts for the year ended 31 December 2007 (prepared under the generally accepted accounting principles in the PRC):

	For the year ended 31 December 2007 (unaudited) RMB'000	For the year ended 31 December 2006 (audited) RMB'000
Turnover	61,271	72,944
Net profit before tax	6,536	94
Net profit after tax	6,254	94

The audited net asset value of the Target Company as at 31 December 2006 was about RMB36.4 million. Based on the information available to the Board, the unaudited net asset value of the Target Company as at 31 December 2007 was about RMB42.7 million.

LETTER FROM REXCAPITAL

As advised by the Company, the Group has been keeping abreast with market developments and product trends in the information technology sector in order to further procure its existing and other information technology products.

As disclosed in the Letter, the State Administration of Taxation of the PRC and the Ministry of Finance of the PRC have launched a pilot scheme to require tax-paying companies of substantial size in the retail, food and beverage, entertainment, service and transportation industry which have permanent places of business to purchase tax-collection cashier machines. Such a pilot scheme has been successful in several provinces in the PRC. In 2007, the provincial and city tax administration has begun to launch tender for tax-collection cashier machines. With the support of national policy, it is expected that the use of such tax-collection cashier machines will enter into a peak season. At present there are more than 30,000,000 tax entities in the PRC. It is estimated that the market size for tax-collection cashier machine was up to about RMB60 billion with a yearly growth rate of about 15%.

Based on the information available to the Group, the computerized cashier machines manufactured by the Target Company for tax collection is the best-seller among other similar products made by other competitors in the PRC for three consecutive years. The Target Company is a market leader of such product in 2007 with more than 25% market share. In view of the anticipated widespread use of the computerized cashier machines for tax collection in the next 5 years as encouraged by the national policy, the Directors consider that the Acquisition will enable the Group to take a leading role in the market of such equipment, capturing the rapid market growth, thereby further enhancing the Group's overall business performance, strengthening its revenue base and diversifying its business risk by enlarging its product and service base.

We have reviewed the financial statements of the Target Company, enquired and discussed with the management of the Company in respect of, among others, the business, the customers network and the positioning of the Target Company in its industry and investigate for the information in relation to (i) the tax-collection cashier machines; and (ii) the market share of the Target Company through the internet and a research report regarding the industry of tax-collection cashier machines in PRC for the year 2006 to 2007 (the "Report") issued by a independent professional consulting firm. As set out in the Report, the Target Company has more than 25% market share in the industry of tax-collection cashier machines for the year 2006. We have also reviewed the financial statements of the Group and note from the interim report 2007 of the Group (the "IR 2007") that the Group will continue to look for opportunities to cooperate with new technology partners who can complement its own products and business; and it is also looking for opportunities in PRC and will utilize the expertise and connections with its reseller network to accelerate entry to the PRC market. Based on the website of the State Administration of Taxation (www.chinatax.gov.cn) and available information from the Company, we observed that the use of the tax-collection cashier machines has been actively encouraged by the State Council of PRC in order to strengthen the tax control policy in PRC. We have reviewed the license issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (中華人民共和國國家質量監督檢驗檢疫總局) to the Target Company for engaging in the business of manufacturing tax-collection cashier machines and the license is expected to be expired in July 2010 but, as advised by the Company, could be renewed for 5 years upon expiry without any renewal fee. Also advised by the Company, it does not expect that there would be any impediment in renewal of such license by the Company upon expiry.

LETTER FROM REXCAPITAL

Having considered (i) the Acquisition provides opportunities to the Company to enhance its revenue sources and therefore diversify its business risks; (ii) the Target Company has more than 25% market share in the industry of tax-collection cashier machines; (iii) the profitability of the Target Company for the year ended 31 December 2007; (iv) the potential synergies to be realized through the Acquisition such that the Company and the Target Company could share the expertise and the client network with each other and therefore complement both of the existing and new diversified products and business and therefore align with the business strategy of the Group as stated in IR 2007; and (v) the national policy in respect of the tax-collection cashier machines, we agree with the view of the Directors as stated above and are of the opinion that the Acquisition is in the ordinary course of business of the Company and in the interests of the Company and its Shareholders as a whole.

2. Consideration for the Acquisition

The Consideration of RMB36,000,000 shall be satisfied in cash and subject to adjustment (the “Adjustment”) as follows:

If the actual audited profit (the “2007 Actual Profit”) after tax (based on the accounting principles generally accepted in Hong Kong) of the Target Company for the financial year ended 31 December 2007 is less than RMB6,000,000 (the “Guaranteed Profit”), the Vendor shall refund to the Group an amount calculated from the formula below:

$$\text{Refund} = (\text{RMB6,000,000} - \text{2007 Actual Profit}) \times 60\% \times 10$$

If the 2007 Actual Profit is greater than RMB6,000,000, no additional sum is required to be paid to the Vendor by the Purchaser.

As stated in the Letter, the Consideration was arrived at after arm’s length negotiation between the parties to the Acquisition Agreement with reference to, among other things, the Adjustment and the strategic reasons mentioned under the paragraph headed “Reasons for Acquisition” in the Letter. The Directors consider that the Consideration and the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration of RMB36,000,000 for 60% equity interest in the Target Company (which equal to RMB60,000,000 for 100% equity interest in the Target Company) represents a price-earning ratio (“PER”) of 10 times the Guaranteed Profit.

In order to assess the reasonableness of the PER, we have identified comparable companies (the “Comparables”) being listed companies on the Stock Exchange (on GEM or Mainboard) engaged in similar businesses of the Target Company. To the best of our knowledge, we have identified 9 Comparables whose principal activities are mainly engaged in, among others, PRC, Hong Kong and America by searching through published information on the Stock Exchange’s website. The Comparables may not contain all listed companies in the related industries. The PER is based on their respective market capitalization determined in according to the Stock Exchange as at 19 February 2008, being the date of the Acquisition Agreement, and their respective latest publicly available full

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year information available in the Stock Exchange's website. As the Comparables are engaged in similar business of the Target Company and their respective PER are determined with reference to the date of the Acquisition Agreement, we consider the Comparables are fair and representative samples. Shareholders should note that the stated PERs of the respective companies could be sensitive to, amongst other things, each of their particular businesses, financial position and market price performance of the shares of the respective companies and therefore, the PERs of the Comparables listed below are for information and reference purposes only.

Comparables	Principal business	PER (times)
Lenovo Group Ltd. (Stock code: 992)	Provision of advanced information technology products and services	36.22
EC-Founder (Holdings) Co. Ltd. (Stock code: 618)	Distribution of information products and computer hardwares	16.03
Pine Technology Holdings Limited (Stock code: 8013)	Design, development, manufacture and distribution of high-quality computer components, computer-related communication products and computer-related consumer electronic products	9.62 <i>(Note 1)</i>
Glory Mark Hi-Tech (Holdings) Ltd. (Stock code: 8159)	Design, development, manufacture and sale of connectivity products mainly for computers and computer peripheral products	3.79
FlexSystem Holdings Limited (Stock code: 8050)	Development and sale of software products and provision of application software services	42.11
ZZNode Technologies Co. Ltd. (Stock code: 2371)	Sales of self-developed software, sales of third party software and hardware, system integration and maintenance, training and other services	56.76 <i>(Note 2)</i>
Qianlong Technology International Holdings Ltd. (Stock code: 8015)	Development and trading of computer software, provision of the related maintenance and consulting services and investment in IT companies	26.56 <i>(Note 2)</i>

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Comparables	Principal business	PER (times)
SiS International Holdings Ltd. (Stock code: 529)	Wholesale distribution of computer and related hardware and software products	5.52
Karrie International Holdings Ltd. (Stock code: 1050)	Manufacture and sale of computer and server casings, video cassette housings, office automation products, moulds and other plastic and metal parts	2.58
	Range:	2.58 to 56.76
	Mean:	22.13

Source: www.hkex.com.hk

Notes:

1. For calculation purposes, the earning per share recorded in US\$ will converted into HK\$ under the exchange rate of HK\$7.75 to US\$1.0.
2. For calculation purposes, the earning per share recorded in RMB will converted into HK\$ under the exchange rate of HK\$1.09 to RMB1.0.

As indicated in the above table, the PERs based on the Guaranteed Profit, being 10 times, is within the range from 2.58 times to 56.76 times and below the mean of the PERs of the Comparables.

Having considered the above and the unaudited net profit after tax of the Target Company for the year ended 31 December 2007 (based on the accounting principles generally accepted in PRC) has already exceeded the Guaranteed Profit, we consider the Adjustment and the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

3. Financial effects of the Acquisition

(i) *Net asset value*

As reported in the annual report of the Group for the year ended 31 December 2006 and the IR 2007, the audited consolidated net asset value of the Group as at 31 December 2006 was approximately HK\$164.85 million and the unaudited consolidated net asset value of the Group as at 30 June 2007 was approximately HK\$160.72 million. As advised by the Company, upon completion of the Acquisition, there will not be significant impact to the net asset value of the Group.

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(ii) *Earnings*

As mentioned above, upon completion of the Acquisition, the Target Company will be consolidated into the Group. In view of the Guaranteed Profit and the synergy effects to the Group as a result of the Acquisition, we consider that it is a fair expectation that the Acquisition will have a positive impact on the future earning growth potential of the Group.

(iii) *Gearing ratio*

According to the IR 2007, the Group has an unaudited bank balances and cash of approximately HK\$218 million as at 30 June 2007. As stated in the Letter, the Consideration will be satisfied in cash, hence, the bank balances and cash classified under the current assets of the consolidated balance sheet of the Group will be decreased to the extent of the Consideration of RMB36,000,000. As the Consideration will be settled by internal resources of the Group, it is expected that there is no significant impact on the gearing ratio as a result of the Acquisition.

RECOMMENDATION

Taking into account the foregoing, we consider the terms of the Acquisition are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We would therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to approve the Acquisition to be proposed at the EGM.

Yours faithfully,
For and on behalf of
REXCAPITAL (Hong Kong) Limited
Sam Lum
Executive Director

1. RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and is not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS**(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long positions in Shares

Name of Director	Type of interests	Number of Shares	Percentage of interests
Wang Miao	Beneficial owner	75,000,000	2.47%
Wang Hung, Alex	Beneficial owner	75,000,000	2.47%

(ii) *Long positions in underlying Shares of the Company.*

Name of Director	Type of interests	Description of equity derivatives <i>(Note 1)</i>	Number of underlying Shares	Percentage of interests
Sun Pishu	Beneficial owner	share option	20,000,000	0.66
Zhang Lei	Beneficial owner	share option	20,000,000	0.66
Leung Chi Ho	Beneficial owner	share option	20,000,000	0.66
Wang Miao	Beneficial owner	share option	20,000,000	0.66
Wang Hung, Alex	Beneficial owner	share option	20,000,000	0.66
Xin Wei Hua	Beneficial owner	share option	20,000,000	0.66

Note 1: The share options were granted under the pre-IPO share option scheme adopted by the Company on 8 April 2004 at a subscription price of HK\$0.0648 per Share. Up to the Latest Practicable Date, none of the above share options had been exercised.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) **Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group:

Long positions in Shares

Name of Shareholders	Type of interests	Number of Shares	Approximate percentage of interests
Inspur Group Limited	Interest in a controlled corporation (<i>Note 1</i>)	1,350,000,000	44.55%
Inspur Electronics (HK) Limited	Beneficial owner	1,350,000,000	44.55%

Note 1: Inspur Group Limited is taken to be interested in 1,350,000,000 Shares due to its being 100% shareholder in the issued share capital of Inspur Electronics (HK) Limited.

Long positions in series A senior redeemable convertible voting preferred shares of the Company

Name of Shareholders	Type of interests	Number of Preferred Shares	Number of underlying Shares	Approximate percentage of interests
Microsoft Corporation	Beneficial owner	234,279,559	1,171,397,795	100%

Long positions in members of the Enlarged Group

Name of shareholders	Equity interest held	Approximate percentage of shareholding in the members of the Enlarged Group
Shandong Inspur Cheeloosoft Company Limited	RMB19,442,624.48 in the registered capital of Inspur Group Shandong Gensoft Incorporation	48.69%
Shandong Inspur Cheeloosoft Company Limited	RMB7,000,000 in the registered capital of Shandong Langchao Electronic Business Software Company Limited	46.67%

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group.

3. DIRECTORS' OTHER INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or the management shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2006, being the date to which the latest published audited financial statements of the Company were made up.

There is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Enlarged Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Enlarged Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

5. LITIGATION AND CLAIMS

As at the Latest Practicable Date, neither the Company nor any other member of the Enlarged Group is engaged in any litigation or claims of material importance pending and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date to which the latest audited financial statements of the Company were made up.

7. EXPERT

REXCAPITAL has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s) and/or references to its name in the form and context in which they respectively appear.

The following are the qualifications of the expert who has provided its advice and reports (as the case may be), which are contained in this circular:

Name	Qualification
REXCAPITAL	A licensed corporation to carry out type 6 (advising on corporate finance) of the regulated activity under the SFO

As at the Latest Practicable Date, REXCAPITAL was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Enlarged Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2006), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. DIRECTORS AND SENIOR MANAGEMENT PROFILE

Directors

Mr. Sun Pishu (孫丕恕), aged 45, is the chairman of the Board, and a director of Inspur Group Limited and Inspur Electronics (HK) Limited, a Shareholder holding 44.55% interest in the Company.

Mr. Wang Miao (王渺), aged 45, is the deputy general manager and compliance officer of the Group, an executive director of the Company. Mr. Wang is also a director of Inspur Electronics (HK) Limited.

Mr. Xin Wei Hua (辛衛華), aged 52, is a non-executive director of the Company, and a director of Inspur Electronics (HK) Limited and Inspur Group Limited.

Mr. Wang Hung, Alex (王衡), aged 45, is a non-executive director of the Company, and a director of Inspur Electronics (HK) Limited.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies, and the head office and principal place of business in Hong Kong of which is at Room 726, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Butterfield Bank (Cayman) Ltd. at Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands, British West Indies, and the Hong Kong branch share registrar and transfer office of which is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong
- (c) The company secretary and qualified accountant of the Company is Mr. Chung Kwok Fai who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The compliance officer of the Company is Mr. Wang Miao, an executive Director, who is a graduate from Shandong University with a bachelor degree in computer science.
- (e) The Company has established an audit committee on 8 April 2004 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The audit committee has three members comprising the three independent non-executive Directors, namely, Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis. Further details of them are set out below:

Mr. Meng Xiang Xu, aged 45, currently holds a senior position in a number of universities and committees including the dean of Computer Science and Technology College of Shandong University (山東大學計算機科學與技術學院), dean, professor and PhD tutor of Shandong University Qilu Software College (山東大學齊魯軟件學院), head of the expert group for the digitalisation of Shandong province (山東省信息化工作領導小組專家組) and supervisor of Shandong Province Manufacturing Information Technical Engineering Technology Research Center (山東省製造業信息化工工程技術研究中心). He is mainly engaged in the research and development of computer-aided design and graphics, and human interaction with computers.

Mr. Liu Ping Yuan, aged 72, has over 41 years of experience in information technology related industry. He has undertaken a number of important positions in the PRC such as Ministry of Posts and Telecommunications (中華人民共和國郵電部), deputy chairman and secretary general of the Chinese Committee of the 22nd Meeting of the International Postal Association (萬國郵政聯盟大會中國組委會) and member of the Ninth National Political Consultative Committee (中華人民共和國政治協商會議). He is currently chairman of Chinese Postal Association (中華全國集郵聯合會).

Mr. Wong Lit Chor, Alexis, aged 49, has over 21 years of banking, investment, corporate finance and securities dealing experience gained by working as a senior executive in a number of listed local and PRC financial services companies. He is currently a director of Quam Capital Holdings Limited, a subsidiary of Quam Limited which in turn is a company listed on the Main Board of the Stock Exchange providing comprehensive financial services both through conventional and on-line platforms. Mr. Wong is also an independent non-executive director of Wing Hing International (Holdings) Limited, a company listed on the Main Board of the Stock Exchange engaged in construction and waste water treatment businesses and Argos Enterprises Holdings Limited, a company listed on GEM engaged in bus operation, city touring and sightseeing business in China.

- (f) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

10. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Acquisition Agreement is available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(stock code: 8141)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Inspur International Limited (the “**Company**”) will be held at Hong Kong International Trade & Exhibition Centre, Meeting Room 6, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, at 10:00 a.m. on Wednesday, 26 March 2008 for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the acquisition agreement dated 19 February 2008 (the “**Acquisition Agreement**”) between Jinan Inspur Network Technology Development Limited[#] (濟南浪潮網絡科技發展有限公司) as vendor and Inspur (Shandong) Electronic Information Company Limited[#] (浪潮(山東)電子信息有限公司) as purchaser in relation to the acquisition of the 60% equity interest in Shandong Inspur Business System Company Limited[#] (山東浪潮商用系統有限公司), a copy of the which has been produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to do all other acts and things and execute all documents which they consider necessary or expedient for the implementation of and giving effect to the Acquisition Agreement and the transactions contemplated thereunder.”

By order of the Board
Inspur International Limited
Sun Pishu
Executive Director

Hong Kong, 11 March 2008

NOTICE OF EGM

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

***Head office and principal place of
business in Hong Kong:***

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. The voting on the resolution at the EGM will be conducted by way of a poll.