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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)

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

MASTER AGREEMENT

On 10 March 2008, Inspur Genersoft entered into the conditional Master Agreement with IP Group in relation to sale of software products, computer products and use of common services. Reference is made to the announcement and the circular issued by the Company on 20 December 2007 and 29 February 2008 respectively in relation to the Group's acquisition of the entire issued share capital of Intersource which indirectly owns approximately 21.26% equity interest in Inspur Genersoft. Should the acquisition of the Intersource be successfully completed by the Group, the transactions under the Master Agreement will constitute continuing connected transactions of the Company as IP Group is the controlling and management shareholder of the Company and Inspur Genersoft will become a subsidiary of the Group.

PROCESSING AGREEMENT

On 10 March 2008, Inspur Business entered into the conditional Processing Agreement with Inspur Cheeloo in relation to procurement of raw materials and assembly and manufacture of tax-collection cashier machines. Reference is made to the announcement and the circular issued by the Company on 20 February 2008 and 10 March 2008 respectively in relation to the Group's acquisition of 60% equity interest in Inspur Business. Inspur Cheeloo is a subsidiary of IP Group and is thus a connected person of the Company under Chapter 20 of the GEM Listing Rules. Should the acquisition of 60% equity interest in Inspur Business be successfully completed by the Group, the transactions under the Processing Agreement will constitute the continuing connected transactions of the Company as Inspur Business will become a wholly owned subsidiary of the Group.

GENERAL

As the respective annual amounts of the possible continuing connected transactions under the Master Agreement and the Processing Agreement are expected to exceed the thresholds set out in Rule 20.34 of the GEM Listing Rules, the above transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 20.35 of the GEM Listing Rules. IP Group, its ultimate beneficial owners and their respective associates will abstain from voting in the EGM to be convened for the approval of the above possible continuing transactions.

A circular containing, among other things, further information about the Master Agreement and the Processing Agreement and the relevant cap amounts, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee together with the notice of the EGM will be dispatched to the Shareholders in accordance with the GEM Listing Rules.

MASTER AGREEMENT

Date: 10 March 2008

Parties:

- (1) Inspur Group Limited ("IP Group"); and
- (2) Inspur Group Shandong Genersoft Incorporation ("Inspur Genersoft")

Conditions: Upon the fulfillment of the following two conditions:

- (1) Inspur Genersoft having become a subsidiary of the Group; and
- (2) The approval of the Independent Shareholders of the Master Agreement and the transactions contemplated thereunder having been obtained.

Major terms: (1) Sale of software products

Inspur Genersoft will sell software products to IP Group and its subsidiaries as sale agent at fair market price which is not less than prices offered to other sale agents. In general, Inspur Genersoft will receive 30% of the price of such software products as deposit and the remaining 70% will be received in accordance with the completion schedule of the related products as agreed between the parties. The above payments will be satisfied by cash out of the internal resources of the concerned party.

(2) Purchase of computer and servers (“computer products”)

Inspur Genersoft will purchase computer products from IP Group and its subsidiaries at prices determined on normal commercial terms and by arm’s length negotiation, or on terms no less favourable to Inspur Genersoft than terms available to or from other parties (based on products of same category, quality and quantity). In general, Inspur Genersoft will pay the price of such computer products upon receipt of the products by cash out of its own internal resources.

(3) Common services

IP Group and its subsidiaries will provide services in respect of use of premises, water, electricity, heating and motor vehicles (“common services”) to Inspur Genersoft at fees determined on normal commercial terms and by arm’s length negotiation, or on terms no less favourable to Inspur Genersoft than terms available to or from other parties (based on services of same category). In general, the above fees will be billed on a monthly basis and will be satisfied by cash out of the internal resources of Inspur Genersoft.

Duration:

From the date of the fulfillment of all the above conditions to 31 December 2010 unless terminated earlier by written agreement of both parties.

Annual caps

	Year ending 31/12/2008 <i>RMB</i>	Year ending 31/12/2009 <i>RMB</i>	Year ending 31/12/2010 <i>RMB</i>
Sale of software products	12,000,000	15,000,000	18,000,000
Purchase of computer products	35,000,000	38,000,000	40,000,000
Common services	1,800,000	2,000,000	2,200,000

Reference is made to the announcement and the circular issued by the Company on 20 December 2007 and 29 February 2008 respectively in relation to the major and connection transaction on the Group’s acquisition of the entire issued share capital of Intersource which indirectly owns 21.26% equity interest in Inspur Genersoft. As at the date of this announcement, the Group owns 30.05% equity interest in Inspur Genersoft. The acquisition of Intersource is subject to, among others, approval of the Independent Shareholders in the extraordinary general meeting of the Company which is scheduled to be held on

Major terms: Inspur Business has appointed Inspur Cheeloo to provide services of procurement of raw materials of and assembling and manufacturing tax-collection cashier machines at processing fee calculated at 5% of the value of the raw materials and the said rate is comparable to the rates in the market. In general, Inspur Business will pay the price of the tax-collection cashier machines (including the related processing fees) within 30 days after receipt of the goods by cash out of its own internal resources.

Duration: From the date of the fulfillment of all the above conditions to 31 December 2010 unless terminated earlier by written agreement of both parties.

Annual caps	Year ending 31/12/2008 <i>RMB</i>	Year ending 31/12/2009 <i>RMB</i>	Year ending 31/12/2010 <i>RMB</i>
Value of raw materials and processing fees	100,000,000	150,000,000	200,000,000

Reference is made to the announcement and the circular issued by the Company on 20 February 2008 and 10 March 2008 respectively in relation to the discloseable and connection transaction on the Group's acquisition of the 60% equity interest in Inspur Business. As at the date of this announcement, the Group owns the remaining 40% equity interest in Inspur Business. The acquisition of 60% equity interest in Inspur Business is subject to, among others, approval of the Independent Shareholders in the extraordinary general meeting of the Company which is scheduled to be held on 26 March 2008. Inspur Cheeloo is a subsidiary of IP Group and is thus a connected person of the Company under Chapter 20 of the GEM Listing Rules. Should the above acquisition be successfully completed by the Group, the transactions under the Processing Agreement will constitute the continuing connected transactions of the Company as Inspur Business will become a wholly owned subsidiary of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCESSING AGREEMENT

Inspur Cheeloo owns production facilities of computer terminal units and has well established purchase channel with cost control measures in place in respect of the raw materials of tax-collection cashier machines. As such, through entrusting the procurement of raw materials and assembly and manufacture of the tax-collection cashier machines to Inspur Cheeloo, Inspur Business can secure the supply of tax-collection cashier machines with effective control over cost and quality. In the industry, the processing fee in this type of transactions is in the range of 5% to 10% on the value of raw materials.

The Directors consider that the transactions under the Processing Agreement are on normal commercial terms and entered in the ordinary and usual course of business of the Group. In view of the above reasons, the Directors are also of the view that the possible continuing connected transactions are in the interest of the Company and the Independent Shareholders as a whole.

ANNUAL CAPS

The annual caps in respect of the possible continuing transactions under the Master Agreement and the Processing Agreement are proposed by reference to the existing scale and operations of the concerned parties, the prevailing and expected market conditions and the projected growth in business activities in the three financial years ending 31 December 2010.

INFORMATION ON THE GROUP AND VARIOUS PARTIES

The Group 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.

Inspur Group is a company established in the PRC and through its wholly owned subsidiary, Inspur Electronics (HK) Limited, being the controlling and management shareholder of the Company, is interested in approximately 44.55% of the issued share capital of the Company.

Inspur Genersoft is a domestic company established in the PRC and its subsidiaries are principally engaged in development, distribution of enterprises planning products, and offering all-round services for enterprise informationization.

Inspur Business is a domestic company established in the PRC and is principally engaged in the development, production and sale of computer software and computer peripherals particularly in respect of tax-collection cashier machines and point-of-sale terminals, and the provision of relevant information technology solution services.

Inspur Cheeloo is a domestic company established in the PRC and it together with its subsidiaries are principally engaged in research and development, sale, production and technical advisory services of tax-collection cashier machines, commercial cashier machines, computer hardware and peripherals, network products, communication products and electronic equipment. It is a subsidiary of IP Group.

GENERAL

As the respective annual amounts of the possible continuing connected transactions under the Master Agreement and the Processing Agreement are expected to exceed the thresholds set out in Rule 20.34 of the GEM Listing Rules, the above transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 20.35 of the GEM Listing Rules. IP Group, its ultimate beneficial owners and their respective associates will abstain from voting in the EGM to be convened for the approval of the above possible continuing transactions.

The Company will seek the approvals by the Independent Shareholders by way of a poll in the EGM of the Master Agreement and the Processing Agreement and the proposed annual cap amounts in relation to the possible continuing connected transactions for the three financial years ending 31 December 2010. After obtaining the above approvals of the Independent Shareholders, the Company will comply with Rules 20.37 to 20.40 of the GEM Listing Rules.

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Master Agreement and the Processing Agreement and an independent financial adviser will be appointed to advise the independent board committee in respect of the terms of the Master Agreement and the Processing Agreement and the relevant cap amounts in relation to the possible continuing connected transactions.

A circular containing, among other things, further information about the Master Agreement and the Processing Agreement and the relevant cap amounts, the letter from the independent financial adviser to the independent board committee and the Independent Shareholders and the recommendation from the Independent Board Committee together with the notice of the EGM will be dispatched to the Shareholders in accordance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“associates”	has the meaning ascribed to it 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, the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for approving, amongst other things, the Master Agreement and the Processing Agreement
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Independent Shareholders”	Shareholders other than IP Group and its ultimate beneficial owners and their respective associates
“Inspur Business”	Shandong Inspur Business System Company Limited(山東浪潮商用系統有限公司)
“Inspur Cheeloo”	Inspur Cheeloo soft Company Limited (浪潮齊魯軟件產業有限公司)
“Inspur Genersoft”	Inspur Group Shandong Genersoft Incorporation (浪潮集團山東通用軟件有限公司)
“Intersource”	Intersource Technology Limited, a company incorporated in the British Virgin Islands with limited liability
“IP Group”	Inspur Group Limited (浪潮集團有限公司), which is a company incorporated in the PRC and through its wholly owned subsidiary, Inspur Electronics (HK) Limited, being the management and controlling shareholder for the purpose of the GEM Listing Rules, interested in approximately 44.55% of the issued share capital of the Company as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Master Agreement”	the conditional agreement dated 10 March 2008 between IP Group and Inspur Genersoft in relation to sale of software products, purchase of computer products and use of common services
“PRC”	the People’s Republic of China
“Processing Agreement”	the conditional agreement dated 10 March 2008 between Inspur Cheeloo and Inspur Business in relation to procurement of raw materials and assembly and manufacture of tax-collection cashier machines
“Share(s)”	share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

By Order of the Board
Inspur International Limited
Sun Pishu
Chairman

Hong Kong, 11 March 2008

As at the date of this announcement, the Board comprised 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.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication.

* *For identification purpose only*