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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)

**(1) MAJOR TRANSACTION IN RELATION TO THE
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
LANGCHAO WORLDWIDE SERVICES LIMITED;
(2) CONNECTED TRANSACTION;
AND
(3) RESUMPTION OF TRADING**

On 5 May 2008, the Company entered into the Acquisition Agreement with IEHK and Accord Star (collectively, the “**Vendors**”) pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Target at the consideration of HK\$182,250,000.

The Consideration shall be subject to adjustment by reference to the consolidated audited net profits after tax and minority interest of Target for the year ended 31 December 2007. The Company shall settle the Consideration by (i) cash payment of HK\$61,965,000 to IEHK; (ii) issue and allotment of 48,146,354 Consideration Shares at issue price of HK\$1.36272 per Share to Accord Star; and (iii) the issue of zero-coupon Convertible Notes in aggregate principal amounts of HK\$54,675,000 with 30-month maturity to Accord Star.

As certain relevant percentage ratios for the Acquisition are more than 25% and less than 100%, the Acquisition constitutes a major transaction on the part of the Company under the GEM Listing Rules. Since IEHK, being one of the Vendors and beneficially interested in 1,352,130,000 Shares (representing approximately 44.62% of the issued share capital of the Company), is the management and controlling shareholder of the Company under the GEM Listing Rules, the acquisition of 34% equity interest in the Target by the Company from IEHK also constitutes a connected

transaction of the Company (the “**Connected Transaction**”). As such, the Acquisition Agreement and the transaction contemplated thereunder (including the issue of Consideration Shares, Convertible Notes, and Conversion Shares upon full conversion of the Convertible Notes) shall require the approval of Independent Shareholders’ approval at the EGM by way of a poll pursuant to the GEM Listing Rules. IEHK, Accord Star and their ultimate beneficial owners and their respective associates shall abstain from voting in respect of the proposed resolution approving the Acquisition at the EGM.

A circular containing, among other things, further information about the Acquisition, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transaction, the recommendation from the Independent Board Committee and financial information in respect of Target together with the notice of the EGM will be dispatched to the Shareholders in accordance with GEM Listing Rules.

At the request of the Company, trading in Shares was suspended with effect from 2:30 p.m. on 5 May 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares with effect from 9:30a.m. on 9 May 2008.

THE ACQUISITION AGREEMENT

Date : 5 May 2008

Parties : (1) Vendors: (a) Accord Star Limited (“**Accord Star**”); and
(b) Inspur Electronics (HK) Limited (“**IEHK**”); and
(2) Purchaser: The Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Accord Star and its ultimate beneficial owner are third parties independent of and not connected with the Company and its subsidiaries and their connected persons. However, IEHK is the management and controlling shareholder of the Company and therefore is a connected person of the Company. IEHK is an investment holding company incorporated in Hong Kong and one of its major assets is the interest in 1,352,130,000 Shares. Accord Star is an investment holding company incorporated in the British Virgin Islands. Save for its investment in the Target, Accord Star is not engaged in other business activities.

Assets to be acquired

Pursuant to the Acquisition Agreement, the assets to be acquired by the Company represent the entire issued share capital of the Target which is owned by Accord Star as to 66% and IEHK as to 34%. As IEHK is the founding shareholder of the Target, IEHK has contributed a sum of capital of amount US\$1,724,599.52 (equivalent to approximately HK\$13,451,876) in respect of its 34% equity interest in the Target.

Consideration

The Consideration of HK\$182,250,000 which shall be settled on the Completion in the following manner:

- (i) as to HK\$61,965,000 (“**Consideration Payment**”) by cash payment to IEHK upon Completion;
- (ii) as to HK\$65,610,000 by issue and allotment of 48,146,354 Consideration Shares at the issue price of HK\$1.36272 per Share to Accord Star (or its designated nominee);

Accord Star undertakes that the total number of Consideration Shares disposed of on or before 13 October 2008 will not exceed 35% of the original number of Consideration Shares.

- (iii) as to HK\$54,675,000 by issue of Convertible Notes to Accord Star in the following manner :

	Principal amount (HK\$)
2008 Convertible Notes	HK\$27,337,500
2009 Convertible Notes	<u>HK\$27,337,500</u>
Total amount	<u>HK\$54,675,000</u>

The Consideration is subject to adjustments as follows :

- (i) if the actual audited consolidated net profit after tax and minority interest of the Target (including the results of its subsidiaries) for the year ended 31 December 2007 (based on the generally accepted accounting principles in Hong Kong) is less than HK\$12,150,000, the Consideration (including the Consideration Payment, the Consideration Shares and the Convertible Notes maintaining their respective percentages of 34%, 36% and 30% of the Consideration) shall be reduced to such an extent that the adjusted Consideration shall be equal to 15 times of the aforesaid profit; and

(ii) if the actual audited consolidated net profit after tax and minority interest of the Target (including the results of its subsidiaries) for the year ended 31 December 2007 (based on the generally accepted accounting principles in Hong Kong) is more than HK\$12,150,000, the Consideration (including the Consideration Payment, the Consideration Shares and the Convertible Notes maintaining their respective percentages of 34%, 36% and 30% of the Consideration) shall be increased to such an extent that the adjusted Consideration shall be equal to 15 times of aforesaid profit up to a maximum cap of HK\$205,000,000 (“**maximum cap of consideration**”).

In case the Consideration is increased to the maximum cap of consideration (HK\$205,000,000), then

- (a) the Consideration Payment will be increased to HK\$69,700,000;
- (b) the number of the Consideration Shares will be increased to 54,156,393 and the issue price for the Consideration Shares will remain at HK\$1.36272 per Share; and
- (c) the aggregate principal amounts of the Convertible Notes will be increased to HK\$61,500,000 (principal amount of 2008 Convertible Notes and 2009 Convertible Notes both will be HK\$30,750,000).

When the auditors’ report on the consolidated financial statements of Target for the year ended 31 December 2007 has been issued, the Company will make an announcement on the actual amount of Consideration (including details of Consideration Payment, Consideration Shares and Convertible Notes) which has been finalized in accordance with the terms of the Acquisition Agreement as soon as possible.

The Consideration was arrived at arm’s length negotiation between the parties to the Acquisition Agreement with reference to, among other things, the consolidated net profit after tax and minority interest of the Target for the year ended 31 December 2007 as shown in the management accounts of Target (at the price earning ratio of 15 times) and the reasons set out in the paragraph headed “Reasons for and benefits derived from 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 Independent Shareholders as a whole.

(a) Consideration Shares

The Consideration Shares will be issued at the issue price of HK\$1.36272 per Consideration Share which represents:

- (i) a premium of approximately 3.23% to the closing price of HK\$1.32 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (ii) a premium of approximately 2.46% to the average closing price of HK\$1.33 per Share as quoted on the Stock Exchange for the last five trading days prior to and including the Last Trading Day.

Based on Consideration being equal to HK\$182,250,000, the number of Consideration Shares to be issued will be 48,146,354, representing approximately 1.59% of the existing issued share capital of the Company as at the date of this announcement, 1.56% of the Company's issued share capital as enlarged by the issue of Consideration Shares and 1.54% of the Company's issued share capital as enlarged by the issue of Consideration Shares and full conversion of the Convertible Notes (number of Conversion Shares being 40,121,962).

In case the Consideration is increased to the maximum cap of consideration (HK\$205,000,000), the number of Consideration Shares to be issued will become 54,156,393, representing approximately 1.79% of the existing issued share capital of the Company as at the date of this announcement, 1.76% of the Company's issued share capital as enlarged by the issue of Consideration Shares and 1.73% of the Company's issued share capital as enlarged by the issue of Consideration Shares and full conversion of the Convertible Notes (number of Conversion Shares being 45,130,326).

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued on Completion, will rank *pari passu* in all respects with the existing Shares in issue.

(b) Convertible Notes

Pursuant to the Acquisition Agreement, the number of Conversion Shares shall be determined as follows :

- (i) 2008 Convertible Notes

Case 1 : if NP08 is equal to or more than NP08 Target, then :

$$\text{No. of Conversion Shares} = \frac{\text{Principal Amount}}{\text{Benchmark Price}}$$

subject to the maximum limit of 22,565,163 Shares (based on the principal amount of HK\$30,750,000) representing 0.745% of the existing issued share capital of the Company and 0.739% of the issued share capital of the Company as enlarged by the issued of the Conversion Shares in respect of the 2008 Convertible Notes and the conversion price will be equal to the Benchmark Price of HK\$1.36272 per Share.

Case 2 : if NP08 is less than NP08 Target, then :

$$\text{No. of Conversion Shares} = \frac{\text{Principal Amount}}{\text{Benchmark Price}} - \frac{15 \times (\text{NP08 Target} - \text{NP08})}{\text{Benchmark Price}}$$

subject to the maximum limit of 22,565,163 Shares (based on the principal amount of HK\$30,750,000) representing 0.745% of the existing issued share capital of the Company and 0.739% of the issued share capital of the Company as enlarged by the issued of the Conversion Shares in respect of the 2008 Convertible Notes (or in other words, the conversion price will be equal to the Benchmark Price of HK\$1.36272 per Share).

Where

Principal amount = the principal amount of the 2008 Convertible Notes

Benchmark Price = HK\$1.36272, same as the issue price of the Consideration Shares

NP07 = the actual audited consolidated net profit after tax and minority interest of the Target (including the results of its subsidiaries) for the year ended 31 December 2007

NP08 = the actual audited consolidated net profit after tax and minority interest of the Target (including the results of its subsidiaries) for the year ended 31 December 2008

NP08 Target = 150% x NP07

(ii) 2009 Convertible Notes

Case 1 : if NP09 is equal to or more than NP09 Target, then :

$$\text{No. of Conversion Shares} = \frac{\text{Principal Amount}}{\text{Benchmark Price}}$$

subject to the maximum limit of 22,565,163 Shares (based on the principal amount of HK\$30,750,000) representing 0.745% of the existing issued share capital of the Company and 0.739% of the issued share capital of the Company as enlarged by the issued of the Conversion Shares in respect of the 2009 Convertible Notes and the conversion price will be equal to the Benchmark Price of HK\$1.36272 per Share.

Case 2 : if NP09 is less than NP09 Target, then :

$$\text{No. of Conversion Shares} = \frac{\text{Principal Amount}}{\text{Benchmark Price}} - \frac{15 \times (\text{NP09 Target} - \text{NP09})}{\text{Benchmark Price}}$$

subject to the maximum limit of 22,565,163 Shares (based on the principal amount of HK\$30,750,000) representing 0.745% of the existing issued share capital of the Company and 0.739% of the issued share capital of the Company

as enlarged by the issued of the Conversion Shares in respect of the 2009 Convertible Notes (or in other words, the conversion price will be equal to the Benchmark Price of HK\$1.36272 per Share).

Where

Principal amount = the principal amount of the 2009 Convertible Note

Benchmark Price = HK\$1.36272, same as the issue price of the Consideration Shares

NP09 = the actual audited consolidated net profit after tax and minority interest of the Target (including the results of its subsidiaries) for the year ended 31 December 2009

NP09 Target = 225% x NP07 (as defined above)

Based on Consideration being equal to HK\$182,250,000, the number of the Conversion Shares under the Convertible Notes, if fully converted at the conversion price of the Benchmark Price (same as the issue price of Consideration Share) will be 40,121,962, representing approximately 1.32% of the existing issued share capital of the Company as at the date of this announcement, 1.31% of the issued share capital as enlarged by the issue of Conversion Shares only and 1.29% of the issued share capital as enlarged by the issue of Consideration Shares (being 48,146,354 Shares) and full conversion of the Convertible Notes.

In case the Consideration reaches the maximum cap of consideration, the number of the Conversion Shares under the Convertible Notes, if fully converted at the conversion price of the Benchmark Price (same as the issue price of Consideration Share) will become 45,130,326, representing approximately 1.49% of the existing issued share capital of the Company as at the date of this announcement, 1.47% of the issued share capital as enlarged by the issue of Conversion Shares only and 1.44% of the issued share capital as enlarged by the issue of Consideration Shares (being 54,156,393 Shares) and full conversion of the Convertible Notes.

The other material terms of the Convertible Notes to be issued as at Completion are set out under the Acquisition Agreement as follows:

Issuer:	The Company
Holder:	Accord Star
Principal Amount :	(a) HK\$27,337,500 for 2008 Convertible Notes; and (b) HK\$27,337,500 for 2009 Convertible Notes.
Maturity :	30 months after the issue date

Interest :	Non-interest bearing
Transferable :	Not transferable except with the consent of the Company
Conversion Period :	(a) 2008 Convertible Note - at any time from the second date after the issue of the auditors' report on the financial statement of the Target for the year ending 31 December 2008 to the maturity date; and (b) 2009 Convertible Note - at any time from the second date after the issue of the auditors' report on the financial statement of the Target for the year ending 31 December 2009 to the maturity date.
Redemption at maturity:	The holder of the Convertible Notes may request the Company to redeem the outstanding Convertible Notes upon maturity and the amount payable by the Company is equal to Benchmark Price x No. of Conversion Shares (as determined above)
Adjustment to the number of Conversion Shares :	The initial number of Conversion Shares is subject to usual adjustments due to change in capital structure of the Company (including share consolidation, share subdivision and capitalisation issue and other similar corporate actions) to ensure fair and reasonable treatment to the holders of the Convertible Notes.

The Conversion Shares, when issued on the conversion of the Conversion Notes, will rank *pari passu* in all respects with the existing Shares in issue.

In case any part or the whole of the Convertible Notes are proposed to be transferred to a connected person of the Company, the Company will notify the Stock Exchange of such transfer.

The Convertible Notes is not transferable unless with the consent of the Company and is not to be listed on the Stock Exchange or any other exchange and no application to list the Convertible Notes will be made to the Stock Exchange or any other exchange. An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Notes.

Conditions precedent and Completion

The Completion of the Acquisition Agreement is conditional upon having been fulfilled or waived (limited to conditions (iv) and (v) below) by the Purchaser on or before 30 September 2008 or such later date as agreed by the parties to the Acquisition Agreement :

- (i) the Independent Shareholders passing at the EGM the necessary resolution approving the Acquisition;
- (ii) the Company having satisfied with the results of due diligence exercise to be carried out by it on Target Group;
- (iii) the GEM Listing Committee of the Stock Exchange having granted (whether conditionally or unconditionally) the listing of, and permission to deal in, the Consideration Shares and Conversion Shares under exercise of the conversion rights attaching to the Convertible Notes;
- (iv) auditors' report on the consolidated financial statements of Target for the year ended 31 December 2007 having been issued to the satisfaction of the Company;
- (v) (save for having been disclosed) the warranties given by the Vendors in the Acquisition having not been breached;
- (vi) (if necessary) all relevant approvals and consents or registration and filings for the Acquisition having been obtained or completed.

Completion of the Acquisition Agreement is expected to take place within 30 days after the fulfillment of all the Conditions (or such other date as agreed by the parties to the Acquisition Agreement).

REASONS FOR AND BENEFITS DERIVED FROM THE ACQUISITION

In recent years, the software outsourcing business in the PRC has witnessed remarkable growth. The PRC will develop into one of the largest country in the software outsourcing business. Both the double digit growth in the Target Group's annual revenue and net profit in the year 2007 have demonstrated the effect of the promising prospect of the software outsourcing business. In addition, after several years of development, the Target Group has grown into competent and leading enterprise in the software outsourcing business in the PRC. Through synergy of becoming members of the Group, the Target Group can develop and strengthen the strategic business relationship with the existing business partners of the Group, resulting in gaining long-term clients for sustainable growth. Also, the current management team enjoys solid and extensive experience in software product development and outsourcing management.

In view of the above, the Directors are of the view that the Acquisition Agreement and the transactions contemplated thereunder are in the interest of the Company and the Independent Shareholders as a whole. The Directors also consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable.

INFORMATION ON THE GROUP AND TARGET GROUP

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 Target is an investment holding company incorporated in the Cayman Islands and its subsidiaries are principally engaged in the software outsourcing in Hong Kong, the PRC, Japan and the United States of America and other overseas markets.

Upon completion of the Acquisition Agreement, each of the Target and its subsidiaries will become a subsidiary of the Company whose results, asset and liabilities will be consolidated in the consolidated accounts of the Company.

The following table sets out the consolidated turnover, consolidated net profit before tax and consolidated net profit after tax and minority interest of Target based on its unaudited financial statements for the period from 13 March to 31 December 2006 and for the year ended 31 December 2007 (prepared under the generally accepted accounting principles in Hong Kong) :

	For the year ended 31 December 2007	For period from 13 March to 31 December 2006
	(Unaudited)	(Unaudited)
	<i>HK'000</i>	<i>HK'000</i>
Consolidated Turnover	94,059	59,075
Consolidated net profit before tax	12,150	3,588
Consolidated net profit after tax and minority interest	12,150	3,602

Note : The Target was incorporated on 13 March 2006.

Based on the management accounts, the unaudited consolidated net assets of Target (after deduction of minority interest) amounted to HK\$55,435,000 as at 31 December 2007.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following illustrates the Company's shareholding structure, assuming there is no further change to the share capital of the Company : (i) as at the date of this announcement; (ii) immediately upon the issue and allotment of the Consideration Shares; (iii) immediately upon the issue and allotment of the Consideration Shares and full conversion of the Convertible Notes at the Benchmark Price (without any change pursuant to the Agreement); (iv) immediately upon the issue and allotment of the Consideration Shares, full conversion of the Convertible Notes at the Benchmark Price (without any change pursuant to the Agreement), full conversion of the Preferred Shares and full exercise of the Options in the following two scenarios of (A) The Consideration equal to HK\$182,250,000; and (B) The Consideration equal to HK\$205,000,000 :

(A) The Consideration equal to HK\$182,250,000:

	As at the date of this announcement		Upon allotment and issue of the Consideration Shares		Upon allotment and issue of the Consideration Shares and full exercise of the Convertible Notes at the Benchmark Price		Upon allotment and issue of the Consideration Shares, full exercise of the Convertible Notes at the Benchmark Price, full conversion of the Preferred Shares and full exercise of Options	
					Shares	%	Shares	%
	Shares	%	Shares	%	Shares	%	Shares	%
IEHK	1,352,130,000	44.62%	1,352,130,000	43.92%	1,352,130,000	43.35%	1,352,130,000	28.84%
Wang Miao (Note 1)	75,000,000	2.47%	75,000,000	2.44%	75,000,000	2.40%	95,000,000	2.03%
Wang Hung, Alex (Note 1)	75,000,000	2.47%	75,000,000	2.44%	75,000,000	2.40%	95,000,000	2.03%
Other Directors (who are Option holders) (Note 3)	-	-	-	-	-	-	80,000,000	1.71%
Accord Star	-	-	48,146,354	1.56%	88,268,316	2.83%	88,268,316	1.88%
Microsoft Corporation (Note 2)	-	-	-	-	-	-	1,171,397,795	24.99%
Option holders (not Directors) (Note 3)	-	-	-	-	-	-	278,150,000	5.93%
Other public shareholders	1,528,370,000	50.44%	1,528,370,000	49.64%	1,528,370,000	49.02%	1,528,370,000	32.59%
Total	3,030,500,000	100%	3,078,646,354	100%	3,118,768,316	100%	4,688,316,111	100%

(B) The Consideration equal to HK\$205,000,000 (maximum cap of consideration):

	As at the date of this announcement		Upon allotment and issue of the Consideration Shares		Upon allotment and issue of the Consideration Shares and full exercise of the Convertible Notes at the Benchmark Price		Upon allotment and issue of the Consideration Shares, full exercise of the Convertible Notes at the Benchmark Price, full conversion of the Preferred Shares and full exercise of Options	
	Shares	%	Shares	%	Shares	%	Shares	%
	IEHK	1,352,130,000	44.62%	1,352,130,000	43.83%	1,352,130,000	43.20%	1,352,130,000
Wang Miao (Note 1)	75,000,000	2.47%	75,000,000	2.43%	75,000,000	2.40%	95,000,000	2.02%
Wang Hung, Alex (Note 1)	75,000,000	2.47%	75,000,000	2.43%	75,000,000	2.40%	95,000,000	2.02%
Other Directors (who are Option holders) (Note 3)	-	-	-	-	-	-	80,000,000	1.70%
Accord Star	-	-	54,156,393	1.76%	99,286,719	3.17%	99,286,719	2.11%
Microsoft Corporation (Note 2)	-	-	-	-	-	-	1,171,397,795	24.93%
Option holders (not Directors) (Note 3)	-	-	-	-	-	-	278,150,000	5.92%
Other public shareholders	1,528,370,000	50.44%	1,528,370,000	49.55%	1,528,370,000	48.83%	1,528,370,000	32.53%
Total	3,030,500,000	100%	3,084,656,393	100%	3,129,786,719	100%	4,699,334,514	100%

Notes

- (1) Wang Miao is executive Director and Wang Hung, Alex is non-executive Director.
- (2) Microsoft Corporation is the holder of the Preferred Shares.
- (3) As at the date of this announcement, there are outstanding 398,150,000 Options which entitle the holders to subscribe for 398,150,000 Shares. The outstanding Options comprise 20,000,000 Options granted to Wang Miao, 20,000,000 Options granted to Wang Hung, Alex, 80,000,000 Options to other Directors and 278,150,000 Options to other eligible non-Director participants to the share option schemes of the Company.

GENERAL

As certain relevant percentage ratios for the Acquisition are more than 25% and less than 100%, the Acquisition constitutes a major acquisition on the part of the Company under the GEM Listing Rules. Since IEHK, being one of the Vendors and beneficially

interested in 1,352,130,000 Shares (representing approximately 44.62% of the issued share capital of the Company), is the management and controlling shareholder of the Company under the GEM Listing Rules, the acquisition of 34% equity interest in the Target by the Company from IEHK also constitutes a connected transaction of the Company (the “**Connected Transaction**”). As such, the Acquisition Agreement and the transaction contemplated thereunder (including the issue of Consideration Shares, Convertible Notes, and Conversion Shares upon full conversion of the Convertible Notes) shall require the approval of Independent Shareholders’ approval at the EGM by way of a poll pursuant to the GEM Listing Rules. IEHK, Accord Star and their ultimate beneficial owners and associates shall abstain from voting in respect of the proposed resolution approving the Acquisition at the EGM.

A circular containing, among other things, further information about the Acquisition, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transaction, the recommendation from the Independent Board Committee and financial information in respect of the Target together with the notice of the EGM will be dispatched to the Shareholders in accordance with GEM Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in Shares was suspended with effect from 2:30 p.m. on 5 May 2008 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares with effect from 9:30a.m. on 9 May 2008.

DEFINITIONS

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

“Accord Star”	Accord Star Limited, a company incorporated in the British Virgin Islands and one of the Vendors
“Acquisition”	the Acquisition by the Company of the entire issued share capital of Target from the Vendors subject to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 5 May 2008 entered into by the Company as purchaser and the Vendors as vendors in relation to the Acquisition
“associates”	has the meaning ascribed to it under the GEM Listing Rules

“Benchmark Price”	HK\$1.36272 per Share
“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
“Completion”	The completion of the Acquisition pursuant to the terms of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Connected Transaction”	the acquisition of 34% equity interest in the Target by the Company from IEHK under the Acquisition
“Consideration”	the consideration for the Acquisition
“Consideration Payment”	payment of HK\$61,965,000 (subject to maximum amount of HK\$69,700,000) payable to IEHK as partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement
“Consideration Shares”	48,146,354 (subject to maximum number of 54,156,393) new Shares to be allotted and issued to Accord Star as partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement
“Conversion Shares”	the Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	the convertible notes of principal amount HK\$54,675,000 (subject to maximum principal amounts of HK\$61,500,000) to be issued to Accord Star as partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement, comprising 2008 Convertible Notes and 2009 Convertible Notes
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the approving, amongst other things, the Acquisition
“GEM”	The Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“IEHK”	Inspur Electronics (HK) Limited which is a company incorporated in Hong Kong and is interested in approximately 44.62% of the issued share capital of the Company as at the date of this announcement
“Independent Shareholders”	Shareholders other than IEHK, Accord Star and their ultimate beneficial owners and their respective associates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	5 May 2008, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading of the Shares on the Stock Exchange with effect on 2:30 p.m. on 5 May 2008
“maximum cap of consideration”	HK\$205,000,000, being the maximum cap of the Consideration as set out in the Acquisition Agreement
“Option(s)”	outstanding share options granted by the Company pursuant to pre-IPO employee share option scheme adopted by the Company on 8 April 2004 or the employee share option scheme adopted by the Company on 8 April 2004
“PRC”	the People’s Republic of China
“Preferred Shares”	234,279,559 series A senior redeemable convertible voting preferred shares attached with rights of conversion to 1,171,397,795 Shares issued by the Company to Microsoft Corporation
“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
“Target”	Langchao Worldwide Services Limited, a company incorporated in the Cayman Islands
“Target Group”	Target and its subsidiaries

“Vendors”	Accord Star and IEHK
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“2008 Convertible Notes”	the convertible notes of principal amount HK\$27,337,500 (subject to a maximum principal of HK\$30,750,000) to be issued by the Company under the terms of the Acquisition Agreement
“2009 Convertible Notes”	the convertible notes of principal amount HK\$27,337,500 (subject to a maximum principal of HK\$30,750,000) to be issued by the Company under the terms of the Acquisition Agreement
“%”	per cent

For the purpose of illustration only and unless otherwise stated, the conversion of HK\$ into US\$ is based on the exchange rate of HK\$7.80 to US\$1.00.

By Order of the Board
Inspur International
Limited
Sun Pishu
Chairman

Hong Kong, 8 May 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