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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 on Main Board: 596)

(Stock Code on GEM: 8141)

**TRANSFER OF LISTING
FROM THE GROWTH ENTERPRISE MARKET TO
THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Reference is made to the announcement of the Company dated 7 July 2008. An application has been made by the Company to the Stock Exchange on 7 July 2008 for the Transfer of Listing from GEM to the Main Board in respect of the Company and the Shares including (i) 3,081,971,029 Shares in issue; (ii) 1,171,397,795 Shares which may fall to be issued upon exercise of the conversion rights attaching to the Preferred Shares; (iii) 42,892,524 Shares which may fall to be issued under exercise of the conversion rights attaching to the Convertible Notes; and (iv) 398,150,000 Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the GEM Share Option Schemes.

The Directors confirm that all pre-conditions for the Transfer of Listing from GEM to the Main Board have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

The approval in principle has been granted by the Stock Exchange on 21 August 2008 for the Shares to be listed on the Main Board. The last day of dealings in the Shares on GEM (Stock code: 8141) will be 28 August 2008. Dealings in the Shares on the Main Board (Stock code: 596) in board lots of 5,000 Shares are expected to commence at 9:30 a.m. on 29 August 2008.

REASONS FOR THE TRANSFER OF LISTING

The Directors consider that, in view of the financial performance of the Company, the potential benefits of listing on the Main Board, the Transfer of Listing would enhance the Company's corporate image and help its future growth. In addition, the Company will be more flexible to raise funds which can facilitate its further business expansion.

DETAILS OF THE CONVERTIBLE SECURITIES

Preferred Shares

The Company issued 132,964,342 and 101,315,217 Preferred Shares (dividend at the rate of 6% per annum) at a par value of HK\$0.76 and HK\$0.92 each on 8 December 2005 and 21 April 2006 respectively. The holder of the Preferred Shares shall have the right to convert the Preferred Shares, at any time from the date of allotment of the Preferred Shares and up to the maturity date, which is the sixth anniversary of 8 December 2005 and without payment of any additional consideration at the conversion rate of one Preferred Share to five ordinary shares after Share Subdivision, that is 1,171,397,795 Shares. If the Preferred Shares have not been converted, they will be redeemed on 8 December 2011 at par. Dividend on a quarterly basis in arrears at the rate of 6% will be paid annually up until the settlement date. The Preferred Shares are not listed securities themselves.

Convertible Notes

The Company issued zero-coupon Convertible Notes in aggregate principal amounts of HK\$58,450,500 with 30-month maturity ending 3 January 2011. The holder of the Convertible Notes may request the Company to redeem the outstanding Convertible Notes upon maturity at the amount of Benchmark Price x No. of Conversion Shares. The Conversion Shares, under the Convertible Notes, if fully converted at the conversion price of the Benchmark Price will become 42,892,524 Shares. 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. The Convertible Notes are not listed securities themselves.

NON COMPETITION FROM THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Group is Inspur Group Limited, (together with its subsidiaries, other than the Group, the “Inspur Group”) which is one of the earliest enterprises engaging in the information technology industry in the PRC. The Inspur Group has a number of subsidiaries, including two PRC listed companies - 浪潮電子信息產業股份有限公司 (“Inspur Electronic Information Industry Co., Ltd.” - stock code on Shenzhen Stock Exchange: 000977) and 山東浪潮齊魯軟件產業股份有限公司 (“Shandong Inspur Software Co., Ltd.” - stock code on Shanghai Stock Exchange: 600756). The directors of Inspur Group Limited are 孫丕恕 (Mr. Sun pishu), 辛衛華 (Mr. Xin weihua), 王茂昌 (Mr. Wang maochang), 劉長鎖 (Mr. Liu changsuo), 李亞 (Mr. Li ya), 李荷 (Ms. Li he) and 田勇 (Mr. Tian yong).

The business of the Inspur Group (the “Excluded Business”)

Inspur Electronic Information Industry Co., Ltd. is mainly engaged in the sales and manufacturing of computer servers and computers. Shandong Inspur Software Co., Ltd. is mainly engaged in the development of large scale application software systems for the tobacco industry. The Inspur Group is also engaged in other business activities through its non-listed subsidiaries, such as the manufacture of tax-collection cashier machines, mobile phones, communication related products, properties development, sales and marketing of lottery tickets, computers, special purpose equipment and semi-conductors for lighting products. The business activity of the Inspur Group does not include trading of computer components.

As disclosed in annual report of the Company as at 31 December 2007, the revenue of

the Company derived from i) trading of computer components (being computer hardware such as CPUs, hard disks, RAMs and chipsets); ii) trading of computers (being personal computers and note books), and sales and manufacturing of computer products (being personal computer casings and other computer-related products other than computers); and iii) development and sales of software applications which accounted for approximately 53%, 43% and 3% of the total revenue in the year 2007 respectively.

As disclosed in the Company's 2007 annual report, the sales of computer products in the amount of approximately HK\$401.7 million referred to revenue from the sales of both computers and computer products. Also disclosed in the Company's 2007 annual report, the connected transaction pursuant to the Master Supply Agreement in the amount of approximately HK\$274.8 million referred to revenue from the sales of computers to the Inspur Group. The revenue of approximately HK\$126.9 million was attributable to the sales of computer products to independent third parties. Save as disclosed under the paragraph headed "Sales of computers" in this announcement; the Group did not sell computers to any other party. In recent years, the Group has made a number of acquisitions aiming to diversify its business activities from computer components and computers trading to software application and information technology service provider in a number of areas, such as telecommunication, taxation, enterprise resources planning, e-Government, software outsourcing, tax-collection cashier machines and point-of-sale terminals (the "Software Related Business").

Reasons for the non-inclusion of the Excluded Business

Prior to the listing of the Group in the GEM in 2004, Inspur Electronic Information Industry Co., Ltd. and Shandong Inspur Software Co., Ltd. were already operating as listed companies in the year 2000 and 2001 respectively. The directors of Inspur Group Limited advised that inclusion of the business of the two PRC listed companies into the Group without losing their listing statuses may result in substantial changes in their core businesses which requires approval from its shareholders and relevant regulatory authorities. The directors of Inspur Group Limited also believe that there is high level of uncertainty in obtaining the required approvals, given their long history of operating as listed companies. Furthermore, the separate listing of the Group and the two PRC listed companies will provide more diversified funding sources for the Group and the Inspur Group to finance their existing operating and future expansion. In relation to the Excluded Business conducted by the Inspur Group's non-listed

subsidiaries, the Directors believe that the natures of those business activities are mainly manufacturing and non-software related business that do not fall within the focus and business direction of the Group aiming to diversify its business activities from computer components and computers trading to software application and information technology service.

Due to the reasons as mentioned above, the Excluded Business is not included in the Group and the Directors confirmed that there is no current plan to inject any of the Excluded Business into the Company.

As the Excluded Business included i) sales of computers and ii) sales and development of software applications that are similar to some of the business activities of the Group. The following analysis will highlight the differences and the facts that they are not competing with those business of the Group:

Sales of computers

As indicated above, sales of computers have been a business activity of the Inspur Group. The Group has accumulated extensive experiences in the sourcing of computer components and related products. The Group has entered the business of sourcing and sales of computers as part of its business development. Pursuant to the Master Supply Agreement, the Group supplies computers to the Inspur Group, such computers were for the Inspur Group's onward supply to the Venezuela market. The computers supplied to the Inspur Group by the Group were based on specifications specially tailored for the Venezuela market and different from those computers of the Inspur Group in terms of the hardware and software specifications (such as the operating systems, language, power supply, user interface, etc). As such, the Directors believe that the computers supplied to the Inspur Group with specifications different from the prevailing specifications in the market will not be accepted by the consumer in the PRC. Save as the Inspur Group, the Group did not sell computers to any other party and other than sales to the Venezuela market conducted through the Inspur Group, the Group has no other overseas customer for the sales of computers.

The largest shareholder of Inspur Group Limited is 山東省國有投資控股有限公司 (Shandong State-owned Assets Investment Holding Co., Ltd.) which is wholly owned by 山東省人民政府國有資產管理監督委員會(State-owned Assets Supervision and Administration Commission of Shandong Provincial Government). As such, Inspur Group Limited is a company controlled by the PRC government. The Directors

advised that based on cooperation at the level of the PRC and the Venezuela government, the sales and distribution of the computers to the Venezuela market have to be conducted by the Inspur Group.

In order to clearly delineate the business of the Inspur Group and the Group, it was agreed between the Inspur Group and the Group that the trading of computers to market outside the PRC will be conducted by the Group (the “Overseas Computers Trading Business”) and the Inspur Group will not sell computers in the market outside the PRC. The Directors noted that the export and distribution of the computers to the Venezuela market which were conducted through the Inspur Group is an exception to the above delineation of geographical market. However, the Directors confirmed that such arrangement was determined at the level of cooperation between the PRC and the Venezuela government.

In light of the delineation in geographical sales (except for the sales of computers to the Venezuela market conducted through the Inspur Group), the Directors believe that the sales of computer business of the Inspur Group and the Group are not competing with each other.

Sales and development of software applications

The Inspur Group used to develop large-scale software applications for different governmental departments. Such business focus was ceased in the year 2006. At present, the software applications developed by the Inspur Group mainly applied to the tobacco industry. The software applications and information technology services provided by the Group focused in a number of areas, such as telecommunication, taxation, enterprise resources planning, software outsourcing, tax-collection cashier machines, point-of-sale terminals and application system to facilitate the access and connection for local municipal government. As such, the software applications developed by the Inspur Group and the Group are different both in markets, functions and application areas. Furthermore, there are differences in their respective technical platform of development (Microsoft .net for the Group and J2EE for the Inspur Group). Therefore, each of the Inspur Group and the Group has its own teams of management and engineers to handle the marketing, development and maintenance of its respective software applications business. As mentioned above, the Directors believe that the software applications business of the Inspur Group and the Group is not competing with each other.

Management independence

The board of Directors (the “Board”) consists of 9 members, five of whom, have overlapping directorship in the Company and the Inspur Group (the “Overlapping Directors”). The Overlapping Directors and the details of their directorship in the Inspur Group are as follow:

Mr. Sun Pishu, the Chairman and executive director, holds directorship in Inspur Group Limited and certain members of the Inspur Group. Mr. Sun Pishu has overlapping directorship in the Company and the Inspur Group since the listing of the Shares in the GEM.

Mr. Zhang Lei, an executive director of the Company, holds directorship in 山東浪潮新世紀科技有限公司 (Shandong Inspur New Century Technology Limited), a member company of the Inspur Group that is engaged in the business of sales and marketing of lottery tickets. Mr. Zhang Lei has been holding overlapping directorship in the Company and the Inspur Group since the listing of the Shares in the GEM.

Mr. Wang Miao, executive director of the Company, holds directorships in 委內瑞拉工業科技公司 (Venezuela Industrial Technology Ltd), a member company of the Inspur Group that is engaged in the business of selling and distribution of computers in South America.

Mr. Xin Wei Hua, non-executive director of the Company, holds directorship in Inspur Group Limited and certain members of the Inspur Group. Mr. Xin Wei Hua has been holding overlapping directorship in the Company and the Inspur Group since the listing of the Shares in the GEM.

Mr. Wang Hung, Alex, a non-executive director of the Company, holds directorship in the following members of the Inspur Group: 愛立信浪潮無線技術有限公司 (Ericsson Langchao Wireless Technology Co.,Ltd) that is engaged in the business of selling and manufacturing of wireless communication products and 山東超越數控電子有限公司 (Shandong Chaoyue Digital Electronics Company Limited) that is engaged in the business of selling and manufacturing of special purpose equipment.

Save as the interests of the Overlapping Directors as disclosed above, the Overlapping

Directors do not have i) any share holdings in the Inspur Group; ii) directorship other than those in the Inspur Group; and iii) any interest in any other business which competes or is likely to compete, either directly or indirectly with the business of the Group .

The day-to-day business of the Group is operated and managed by its senior management. Save as Mr. Zhang Lei, the general manager of the Group and Mr. Wang Miao, the deputy general manager and compliance officer of the Group, who both hold directorship in certain members of the Inspur Group, the other members of senior management have no overlapping management position in the Inspur Group. Despite Mr. Zhang Lei and Mr. Wang Miao hold directorship in the Inspur Group, both Mr. Zhang Lei and Mr. Wang Miao, as well as the Inspur Group have confirmed that their directorships in the Inspur Group are on nominal basis and they have not involved in the day-to-day management of the Inspur Group. Furthermore, both Mr. Zhang Lei and Mr. Wang Miao have devoted more than half of their time to the management of the Group. Furthermore, the Group's management and staff are all full time employees of the Group.

Under the articles of association of the Company (the "Articles of Association"), a Director shall not vote (nor be counted in the quorum) on a resolution of the board of Directors of the Company (the "Board") approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested.

With a view to strengthen the credibility of the Board and the protection of the interests of the minority shareholders of the Company, the Board has strictly followed the practice that the Overlapping Directors shall not participate in any discussions in respect of any resolution where any contract or arrangement or any other proposal involving the Inspur Group.

The Board advised that the Articles of Association will be revised to reflect that a Director shall not vote (nor be counted in the quorum) and shall excuse himself from any meeting or part of a meeting of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested. Furthermore, the Overlapping Directors shall not participate in any resolution where any contract or arrangement or any other proposal involving the Inspur Group.

In the event that the Overlapping Directors are required to abstain from participating in any relevant Board meetings as aforesaid, the other executive Director together

with all the independent non-executive Directors, will maintain the effective functioning of the Board by leveraging on their collective expertise and business acumen in respect of corporate governance practices in public companies and the information technology industry in general.

As mentioned above, the decision-making mechanism of the Board as set out in the Articles of Association and its general practice has already included the mechanism to avoid the conflict of interest with the Inspur Group as well as the protection of the interests of the minority shareholders of the Company. Furthermore, such mechanism will also ensure that the Company can perform its operation independently from the Inspur Group.

Based on the above, the Directors are satisfied that there is sufficient independence of the Board and management for independent operation of the Group.

Financial independence

As advised by the Directors, the non-trade payable to the Inspur Group is the cash consideration payment for the acquisition of Langchao Worldwide Services Limited of approximately HK\$66.2 million as disclosed in the circular of the Company dated 13 June 2008. Such payment will be settled before the transfer of listing to the Main Board. Save as the above mentioned, the Directors confirmed that there is no other non-trade payable due to or due from the Inspur Group, furthermore, there is no financial assistance or guarantee in any form being provided by the Inspur Group to the Group.

Operational independence

The Directors confirmed that the Group and the Inspur Group conducted their operation independently of each other. The Group has its respective personnel and capabilities to handle all operational functions and aspects, including sales and marketing, research and development, finance and accounting, human resources and procurements independent from the Inspur Group.

The Directors consider that, the Group can function and is capable of carrying on its business independently from the Inspur Group notwithstanding that some of the directors have overlapping directorship of the Inspur Group for the following reasons:

- The day-to-day business of the Group is operated and managed by its senior management who are all full time employees of the Group and are all independent from the Inspur Group. Save as Mr. Zhang Lei and Mr. Wang Miao (the “Two Overlapping Executive Directors”) hold directorship in the Inspur Group, the Two Overlapping Executive Directors and the Inspur Group have confirmed that their directorship in the Inspur Group are on nominal basis and they have not involved in the day-to-day management of the Inspur Group. Furthermore, the Two Overlapping Executive Directors have devoted more than half of their time to the management of the Group.

- In addition, the Group and the Inspur Group have different and separate focus on target customers and products, delineation in geographical market and business plan. As confirmed by the Directors that there was no common customer amongst the top 5 customers of the Group and the Inspur Group in the year 2007, as such the Group has its independent sources and access to its customers.

- The independent non-executive directors of the Company, namely Mr. Wong Lit Chor, Alexis, (“Mr. Wong”) possesses extensive experiences in banking, finance and investment. Moreover, Mr. Wong holds other independent non-executive directorship of three other companies listed in the Hong Kong Stock Exchange. Mr. Meng Xiang Xu and Mr. Liu Ping Yuan hold senior positions in the academic and governmental sectors in the PRC respectively. Therefore, they possess the necessary knowledge and experience in respect of corporate governance practices in public companies and the information technology industry in general. The Company is expected to benefit from the independent advice from the independent non-executive directors on different aspects of the Group’s operations.

- The Board has put in place adequate arrangements to manage conflict of interest, to protect the interests of the minority shareholders of the Company and to ensure independent decision-making by strictly followed the practice that the Overlapping Directors shall not participate in any discussions in respect of any resolution where any contract or arrangement or any other proposal involving the Inspur Group.

Notwithstanding that there are numerous continuing connected transactions between the Group and the Inspur Group, the Directors believe that the continuing connected transactions and their overall effects will not affect the independent operation of the

Group. Furthermore, the continuing connected transactions have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms based on the following facts:

- The terms of the continuing connected transactions that involved the supply (or purchase) of products or services to (or from) the Inspur Group specified that generally, the Group shall not be obliged to accept any terms and conditions which are less favourable than i) the prevailing market rate/price; ii) those available to independent third party customers. As such, the entering into actual sales or purchases for the continuing connected transactions will be subject to the Group's independent evaluation and final acceptance to such price and terms.
- The Board, including the independent non-executive Directors, has reviewed and confirmed that the continuing connected transactions have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms and are in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of shareholders as a whole. The Board confirmed that all continuing connected transactions have complied with the relevant requirements of the GEM Listing Rules and approvals from independent shareholders of the Company have been obtained.
- The Directors confirmed that the Group has the resources and capabilities to independently delivery the products or provide the services in relation to the continuing connected transactions.
- According to the annual report of the Company for the year ended 31 December 2007, the amount of sales to and purchase from the Inspur Group as part of the continuing connected transactions were approximately 50% and 7% to the total sales and total cost of sales of the Group, respectively. The sales of computers to the Inspur Group already accounted for approximately 30% of the total sales of the Group in the year 2007. Based on the Company's unaudited management account for the six months period ended 30 June 2008, the amount of sales to the Inspur Group as a percentage to total sales of the Group was lowered significantly to approximately 30% and purchase from the Inspur Group as a percentage to total cost of sales of the Group was increased to approximately 13%. The changes in the above figures were the result of the increase in scale and operation of the Group due to the acquisitions of new business. As such, the

overall effects of the continuing connected transactions to the total sales and cost of sales of the Group were less significant.

Based on the above, the Directors confirmed that there are sufficient and effective preventive measures to manage conflict of interests and that the Company can carry on its business and operation independently without reliance on the support from the Inspur Group. Furthermore, the Company has confirmed that all previous continuing connected transactions between the Company and its shareholders have complied with the relevant requirements of the GEM Listing Rules, and that the Company will comply with the requirements of Chapter 14A of the Main Board Listing Rules for all future continuing connected transactions.

Deed of non-competition

On 8 April 2004, Inspur Group Limited has entered into a deed of non-competition undertaking which provides that for as long as the Inspur Group is beneficially interested in, directly or indirectly, the issued share capital of the Company, Inspur Group Limited will not, and Inspur Group Limited will procure that none of its subsidiaries and any of its associates, other than the Group, be interested in any company or engaged or otherwise be involved in any business which competes or is likely to compete, directly or indirectly, with any business which is being carried on or will be carried on by any member of the Group relating to the distribution, reselling and sourcing of computer components (the “Restricted Business”) in Hong Kong, Taiwan and the PRC or any other regions where the Group is engaged in and undertakes the Restricted Business.

In order to protect the Group’s interest in its current business activities, on 20 August 2008, a supplemental deed of non-competition undertaking was entered into between Inspur Group Limited and the Company which enlarged the list of the Restricted Business to include the Overseas Computers Trading Business (save for the export and distribution of computers to the Venezuela market), computer components, computer products and the Software Related Business of the Group.

As the software applications developed for the tobacco industry (the “Tobacco Software Business”) is the business operation of the Inspur Group, therefore, the Tobacco Software Business will not be included in the deed of non-competition undertaking.

SHARE OPTION SCHEME

The Company has adopted a Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) and Share option Scheme (the “Share Option Scheme”) together (the “GEM Share Option Scheme”) pursuant to written resolutions of all shareholders on 8 April 2004. The Pre-IPO Share Option Scheme which was already expired on the date of the Company’s listing on GEM and the Share Option Scheme, which will be expired on 7 April 2014.

Pursuant to the terms of the Share Option Scheme, the operation of the Share Option Scheme was conditionally terminated by the Board on 20 August 2008. Upon the listing of the Shares being transferred from GEM to the Main Board, the termination of the Share Option Scheme will become effective and no further options may be offered or granted under the Share Option Scheme. The Company may consider to adopt a new share option scheme which will be in compliance with the requirements of Chapter 17 of the Main Board Listing Rules and convene an extraordinary general meeting to approve such adoption.

As at the date of this announcement, there are 120,000,000 outstanding share options under Pre-IPO Option Scheme and 278,150,000 outstanding share options under Share Option Scheme. All the outstanding 398,150,000 options previously granted but unexercised under the GEM Share Option Scheme will remain valid and exercisable in accordance with their terms of issue upon the listing of the Shares being transferred from GEM to the Main Board.

The table below sets out the outstanding options of the Company:

Date of options granted and share option scheme involved	Options outstanding	% as to the total issued share capital
8th April 2004 Pre-IPO Share Option Scheme	120,000,000	3.9%
28th December 2004 Share Option Scheme	21,000,000	0.7%
30th January 2007 Share Option Scheme	257,150,000	8.3%
Total (<i>Note</i>)	398,150,000	12.9%

Note: As at 7th July 2008

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

During the Company’s annual general meeting held on 28 April 2008, a general

mandate to allot, issue and deal with Shares not exceeding 20% of the then issued share capital of the Company (equivalent to 606,100,000 Shares) was granted to the Directors. Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandate granted to the Directors on 28 April 2008 will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the company or any other applicable laws of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 29 April 2004, the date on which the Shares were first listed on GEM. Subject to the Listing Committee granting approval of the listing of, and permission to deal in, the Shares on the Main Board and the continual compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence. All activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title of the Shares and will not involve any transfer or exchange of the existing share certificates. No change will be made to the board lot size (being 5,000 Shares), the trading currency of the Shares (being Hong Kong dollars) and the share registrars of the Company (being Computershare Hong Kong Investor Services Limited) in connection with the Transfer of Listing. The last day of dealings in the Shares on GEM (Stock code: 8141) will be 28 August 2008. Dealings in the Shares on the Main Board (Stock code: 596)

in board lots of 5,000 Shares are expected to commence at 9:30 a.m. on 29 August 2008.

The Transfer of Listing will not involve any issue of new Shares by the Company.

GENERAL

The following documents are available for viewing on the website of the Stock Exchange at www.hkgem.com and www.hkexnews.hk as well as the website of the Company at www.inspur.com.hk:

- (a) the Company's 2007 Annual Report;
- (b) the Company's 2008 Interim Report;
- (c) the Company's memorandum and articles of association;
- (d) the Company's circulars to shareholders issued in 2007 and 2008 (including (i) proposed general mandates to issue and repurchase shares dated 30 March 2007, (ii) discloseable and connected transaction and possible continuing connected transaction dated 27 November 2007, (iii) proposed subdivision of shares and change of board lot size dated 29 November 2007, (iv) major and connected transaction in relation to the acquisition of Inspur Group Shandong Genersoft Incorporation dated 29 February 2008, (v) discloseable and connected transaction in relation to the acquisition of 60% equity interest in Shangdong Inspur Business System Company Limited dated 11 March 2008, (vi) proposed grant of general mandates to issue new shares and repurchase by the Company of its own shares, proposed re-election of directors, proposed refreshment of scheme mandate limited under the share option scheme and notice of annual general meeting dated 31 March 2008, (vii) continuing connected transactions with Inspur Group Limited and Inspur Cheeloosoft Company Limited dated 11 April 2008, (viii) major and connected transaction in relation to the acquisition of the entire issued share capital of Langchao Worldwide Services Limited dated 13 June 2008); and
- (e) the Company's announcements and other corporate communications as required under the GEM Listing Rules.

DEFINITIONS

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

“2008 Convertible Notes”	the convertible notes of principal amount HK\$29,225,250 (after adjustment made to the principal amount initially set at HK\$27,337,500) issued by the Company under the terms of the acquisition agreement dated 5 May 2008
“2009 Convertible Notes”	the convertible notes of principal amount HK\$29,225,250 (after adjustment made to the principal amount initially set at HK\$27,337,500) issued by the Company under the terms of the acquisition agreement dated 5 May 2008
“Benchmark Price”	HK\$1.36272 per Share in relation to the Convertible Notes
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Inspur International Limited
“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, comprising 2008 Convertible Notes and 2009 Convertible Notes of principal amount HK\$58,450,500 (after adjustment made to the initially set principal amount of HK\$54,675,000) to be issued to Accord Star as partial settlement of the consideration pursuant to the terms of the acquisition agreement dated

5 May 2008

“Director(s)”	the director(s) of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“GEM Share Option Schemes”	the Pre-IPO Share Option Scheme and Share Option Scheme adopted by the Company pursuant to the written resolutions of all shareholders passed on 8 April 2004
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inspur Business”	Shandong Inspur Business System Company Limited
“Inspur Cheeloosoft”	Inspur Cheeloosoft Company Limited
“Inspur Communication”	浪潮通信信息系統有限公司 (Inspur Communication Information System Limited)
“Inspur Group”	Inspur Group Limited and its subsidiaries
“Inspur Genersoft”	Inspur Group Shandong Genersoft Incorporation, being the Company’s subsidiary
“Listing Committee”	the listing sub-committee of the board of directors of the

Stock Exchange responsible for the Main Board listing matters

“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“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
“Shares”	share(s) of HK\$0.002 each in the share capital of the Company
“Share Subdivision”	the subdivision of every existing issued and unissued shares into 5 subdivided shares announced on 19 November 2007 and approved on 14 December 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	the transfer of listing from GEM to the Main Board
“%”	per cent

By Order of the Board
Inspur International Limited
Sun Pishu
Chairman/Executive Director

Hong Kong, 21 August 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, and Mr. Wang Hung, Alex 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 includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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 posting, on the “Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk and on the website of the Company at www.inspur.com.hk.

* For identification purpose only