INSPUR INTERNATIONAL LIMITED

浪 潮 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 596)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "**Board**") of Inspur International Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2016 as follows:

Financial highlights for the year ended 31 December 2016

— Turnover increased by approximately 19.71% compared with 2015 to approximately HK$1,163,170,000.

— Profit attributable to owners of the Company during the year was approximately HK$59,893,000, increased by approximately 756.35% compared with HK$6,994,000 in 2015.

— Basic earning per share attributable to owners of the Company during the year was approximately HK 6.64 cents, increased by approximately 751.28% compared with HK 0.78 cents in 2015.

— The Board recommends the payment of a final dividend HK$0.03 per share in respect of the year ended 31 December 2016 (2015: HK$0.03).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** ***HK$'000***	2015 *HK$'000* *(restated)*
Continuing operations			
Revenue	2	**1,163,170**	971,659
Cost of sales		**(821,009)**	(679,430)
Gross profit		**342,161**	292,229
Other income	4	**155,199**	94,146
Other gains and losses, net	4	**544**	3,411
Administrative expenses		**(277,353)**	(279,308)
Selling and distribution expenses		**(182,653)**	(160,983)
Change in fair value of investment properties		**20,677**	2,168
Share of profit of an associate		**31,485**	59,113
Share of loss of a joint venture		**(2,323)**	(15,385)
Profit (loss) before tax	5	**87,737**	(4,609)
Income tax expenses	6	**(27,163)**	(12,920)
Profit (loss) for the year from continuing operations		**60,574**	(17,529)
Discontinued operations			
Profit for the year from discontinued operations	11	**—**	22,896
Profit for the year		**60,574**	5,367
Profit (loss) for the year attributable to owners of the Company			
- from continuing operations		**59,893**	(15,902)
- from discontinued operations		**—**	22,896

	NOTES	2016	2015
		HK$'000	HK$'000 (restated)
Profit for the year attributable to owners of the Company		**59,893**	6,994
Profit (loss) for the year attributable to non-controlling interests from continuing operations		**681**	(1,627)
Profit for the year		**60,574**	5,367
Earning (loss) per share	7		
From continuing and discontinued operations			
- Basic		**HK6.64 cents**	HK0.78 cents
- Diluted		**HK6.63 cents**	HK0.78 cents
From continuing operations			
- Basic		**HK6.64 cents**	HK(1.76 cents)
- Diluted		**HK6.63 cents**	HK(1.76 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Profit for the year	**60,574**	5,367
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss:		
Gain on revaluation upon transfer from property, plant and equipment to investment properties	**33,845**	38,136
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties	**(7,653)**	(3,694)
Share of other comprehensive expense of an associate and a joint venture	**(32,409)**	(17,646)
Exchange differences arising on translation to presentation currency	**(103,246)**	(70,358)
Other comprehensive expense for the year, net of tax	**(109,463)**	(53,562)
Total comprehensive expense for the year	**(48,889)**	(48,195)
Total comprehensive (expense) income for the year attributable to:		
- Owners of the Company	**(49,357)**	(46,417)
- Non-controlling interests	**468**	(1,778)
	(48,889)	(48,195)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	NOTE	**31 December 2016** *HK$'000*	31 December 2015 *HK$'000* *(restated)*	1 January 2015 *HK$'000* *(restated)*
Non-current assets				
Property, plant and equipment		**312,869**	505,788	522,449
Investment properties		**506,568**	324,606	21,900
Prepaid lease payments		**32,447**	35,564	38,503
Deposits for acquisition or property, plant and equipment		**—**	—	71,152
Other intangible assets		**—**	—	—
Available-for-sale investment		**20,067**	21,454	22,669
Interest in an associate		**102,926**	127,679	95,640
Interest in a joint venture		**131,174**	166,024	172,666
		1,106,051	1,181,115	944,979
Current assets				
Inventories		**8,294**	1,945	55,648
Trade and bills receivables	9	**160,784**	116,198	375,395
Prepaid lease payments		**818**	874	924
Prepayments, deposits and other receivables		**78,806**	51,108	69,085
Amounts due from customers for contract work		**46,284**	26,073	28,344
Entrusted loan receivables		**326,942**	—	139,598
Amount due from ultimate holding company		**295**	1,166	36,036
Amounts due from fellow subsidiaries		**58,459**	143,833	241,554
Taxation recoverable		**—**	—	113
Pledged bank deposits		**18,449**	14,994	29,537
Bank balances and cash		**852,975**	1,095,218	1,015,994
		1,552,106	1,451,409	1,992,228

	NOTE	31 December 2016 HK$'000	31 December 2015 HK$'000 (restated)	1 January 2015 HK$'000 (restated)
Current liabilities				
Trade and bills payables	10	**96,184**	134,164	302,047
Other payables, deposits received and accrued expenses		**479,857**	470,169	393,287
Amounts due to customers for contract work		**188,819**	117,858	253,034
Amount due to ultimate holding company		**13,409**	1,095	2,781
Amounts due to fellow subsidiaries		**27,855**	43,592	65,121
Deferred income - government grant		**49,753**	12,118	16,884
Taxation payable		**12,852**	10,425	9,798
		868,729	789,421	1,042,952
Net current assets		**683,377**	661,988	949,276
Total assets less current liabilities		**1,789,428**	1,843,103	1,894,255
Non-current liabilities				
Deferred income - government grant		**12,467**	28,074	27,698
Deferred tax liabilities		**42,370**	24,277	20,619
		54,837	52,351	48,317
		1,734,591	1,790,752	1,845,938
Capital and reserves				
Share capital		**9,015**	9,015	9,015
Reserves		**1,725,316**	1,780,572	1,833,980
Equity attributable to owners of the Company		**1,734,331**	1,789,587	1,842,995
Non-controlling interests		**260**	1,165	2,943
Total equity		**1,734,591**	1,790,752	1,845,938

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and revised HKFRSs issued by HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Summary of the effect of changes in accounting policies of investment properties

To more accurately reflect the value of investment properties held by the Group, enhance the comparability of financial information with the peers, assist the Company's management and investors to keep abreast of the financial condition of the Group on a timely basis, the Group has changed the accounting policies for investment properties from the cost model to the fair value model with effect from 1 January 2016 and the board of directors approved the changes of accounting policies of investment properties on 1 January 2016. The Group has adopted this amendment retrospectively and the effect of the changes in the Group's accounting policies on the results for the preceding years by line items presented in the consolidated statements of profit or loss and other comprehensive income is as follows:

	2016 (Recognition of investment properties using cost model) *HK$'000*	**Effect of change in accounting policy** *HK$'000*	**2016 (Recognition of investment properties using fair value model)** *HK$'000* *(audited)*
Revenue	1,163,170	—	1,163,170
Cost of sales	(821,009)	—	(821,009)
Gross profit	342,161	—	342,161
Other income	155,199	—	155,199
Other gains and losses, net	544	—	544
Administrative expenses	(289,349)	11,996	(277,353)
Selling and distribution expenses	(182,653)	—	(182,653)
Change in fair value of investment properties	—	20,677	20,677
Share of profit of an associate	31,485	—	31,485
Share of loss of a joint venture	(2,323)	—	(2,323)
Profit before tax	55,064	32,673	87,737
Income tax expenses	(11,531)	(15,632)	(27,163)
Profit for the year	43,533	17,041	60,574
Profit for the year attributable to			
- Owners of the Company	42,852	17,041	59,893
- Non-controlling interests	681	—	681
Profit for the year	43,533	17,041	60,574

	2016 (Recognition of investment properties using cost model) *HK$'000*	Effect of change in accounting policy *HK$'000*	2016 (Recognition of investment properties using fair value model) *HK$'000* *(audited)*
Other comprehensive expense:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation upon transfer from property, plant and equipment to investment properties	—	33,845	33,845
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties	—	(7,653)	(7,653)
Share of other comprehensive expense of an associate and a joint venture	(32,409)	—	(32,409)
Exchange differences arising on translation to presentation currency	(98,789)	(4,457)	(103,246)
Other comprehensive expense for the year, net of tax	(131,198)	21,735	(109,463)
Total comprehensive expense for the year	(87,665)	38,776	(48,889)
Total comprehensive expense for the year attributable to:			
- Owners of the Company	(88,133)	38,776	(49,357)
- Non-controlling interests	468	—	468
	(87,665)	38,776	(48,889)

	2015	Effect of restatements	2015
	HK$'000	*HK$'000*	*HK$'000*
	(originally stated)		*(restated)*
Continuing operations			
Revenue	971,659	—	971,659
Cost of sales	(679,430)	—	(679,430)
Gross profit	292,229	—	292,229
Other income	94,146	—	94,146
Other gains and losses, net	3,411	—	3,411
Administrative expenses	(284,831)	5,523	(279,308)
Selling and distribution expenses	(160,983)	—	(160,983)
Change in fair value of investment properties	—	2,168	2,168
Share of profit of an associate	59,113	—	59,113
Share of loss of a joint venture	(15,385)	—	(15,385)
Loss before tax	(12,300)	7,691	(4,609)
Income tax expenses	(11,897)	(1,023)	(12,920)
Loss for the year from continuing operations	(24,197)	6,668	(17,529)
Discontinued operations			
Profit for the year from discontinued operations	22,896	—	22,896
(Loss) profit for the year	(1,301)	6,668	5,367

	2015 HK$'000 *(originally stated)*	Effect of restatements HK$'000	2015 HK$'000 *(restated)*
(Loss) profit for the year attributable to owners of the Company			
- from continuing operations	(22,570)	6,668	(15,902)
- from discontinued operations	22,896	—	22,896
Profit for the year attributable to owners of the Company	326	6,668	6,994
Loss for the year attributable to non-controlling interests from continuing operations	(1,627)	—	(1,627)
(Loss) profit for the year	(1,301)	6,668	5,367
Other comprehensive expense:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation upon transfer from property, plant and equipment to investment properties	—	38,136	38,136
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties	—	(3,694)	(3,694)
Share of other comprehensive expense of an associate and a joint venture	(17,646)	—	(17,646)
Exchange differences arising on translation to presentation currency	(68,693)	(1,665)	(70,358)
Other comprehensive expense for the year, net of tax	(86,339)	32,777	(53,562)
Total comprehensive expense for the year	(87,640)	39,445	(48,195)
Total comprehensive expense for the year attributable to:			
- Owners of the Company	(85,862)	39,445	(46,417)
- Non-controlling interests	(1,778)	—	(1,778)
	(87,640)	39,445	(48,195)

The effects of the changes in accounting policies described above for certain line items presented in the consolidated financial position of the Group as at 1 January 2015 and 31 December 2015 are as follows:

	31 December 2016 (Recognition of investment properties using cost model) *HK$'000*	**Effect of change in accounting policy** *HK$'000*	**31 December 2016 (Recognition of investment properties using fair value model)** *HK$'000* *(audited)*
Investment properties	390,474	116,094	506,568
Deferred tax liabilities	(15,879)	(26,491)	(42,370)
Total effect on net assets	374,595	89,603	464,198
Retained profits	601,019	25,051	626,070
Translation reserve	22,989	(6,122)	16,867
Revaluation reserve	—	70,674	70,674
Total effect on equity	624,008	89,603	713,611

	31 December 2015 *HK$'000* *(originally stated)*	**Effect of restatements** *HK$'000*	**31 December 2015** *HK$'000* *(restated)*
Investment properties	269,255	55,351	324,606
Deferred tax liabilities	(19,753)	(4,524)	(24,277)
Total effect on net assets	249,502	50,827	300,329
Retained profits	584,686	8,010	592,696
Translation reserve	153,974	(1,665)	152,309
Revaluation reserve	—	44,482	44,482
Total effect on equity	738,660	50,827	789,487

	1 January 2015 *HK$'000* *(originally stated)*	Effect of restatements *HK$'000*	1 January 2015 *HK$'000* *(restated)*
Investment properties and the effect on net assets	10,518	11,382	21,900
Retained profits	609,278	1,342	610,620
Revaluation reserve	—	10,040	10,040
Total effect on equity	609,278	11,382	620,660

The effect of the changes in accounting policies described above on basic and diluted earning (loss) per share as follows:

	2016 (Recognition of investment properties using costs model)	Effect of change in accounting policy	2016 (Recognition of investment properties using fair value model) *(audited)*
Earning per share			
- Basic	HK4.75 cents	HK1.89 cents	HK6.64 cents
- Diluted	HK4.74 cents	HK1.89 cents	HK6.63 cents

	2015 *(originally stated)*	Effect of restatements	2015 *(restated)*
Earning (loss) per share from continuing and discontinued operations			
- Basic	HK0.04 cents	HK0.74 cents	HK0.78 cents
- Diluted	HK0.04 cents	HK0.74 cents	HK0.78 cents
From continuing operation			
- Basic	HK(2.50 cents)	HK0.74 cents	HK(1.76 cents)
- Diluted	HK(2.50 cents)	HK0.74 cents	HK(1.76 cents)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2017

The Board does not anticipate that the application of other new and amendments to HKFRSs will have a material effect on the amounts recognised in the Group's consolidated financial statements.

2. REVENUE

Continuing operations

Revenue represents revenue arising on software development contracts and software outsourcing contracts. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue from software development contracts		
- sales of IT peripherals and software	**201,732**	219,509
- software development	**627,107**	475,527
Revenue from software outsourcing contracts	**334,331**	276,623
	1,163,170	971,659

3. SEGMENT INFORMATION

The Group's reportable and operating segments are as follows:

1. Software development and solution

2. Software outsourcing

Two types of operations labelled as (i) development of self-help banking facilities and related software and provision of related services ("Finance Business") and (ii) development of telecommunication system network software and provision of system integration service ("Telecommunication Business") that were included in category (1) above were discontinued in September 2015. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 11.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations and information about reportable and operating segment.

For the year ended 31 December 2016

Continuing operations

	Software development and solution	Software outsourcing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	**828,839**	**334,331**	**1,163,170**
Segment profit (loss)	**62,821**	**(17,160)**	**45,661**
Other income, gains and losses, net			**59,058**
Change in fair value of investment properties			**20,677**
Share of profit of an associate			**31,485**
Share of loss of a joint venture			**(2,323)**
Share based payment			**(21,147)**
Amortisation of prepaid lease payments			**(856)**
Central administrative costs			**(44,818)**
Profit before tax			**87,737**

For the year ended 31 December 2015 (restated)

Continuing operations

	Software development and solution	Software outsourcing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	695,036	276,623	971,659
Segment loss	(29,990)	(13,262)	(43,252)
Other income, gains and losses, net			39,224
Change in fair value of investment properties			2,168
Share of profit of an associate			59,113
Share of loss of a joint venture			(15,385)
Share based payments			(20,055)
Amortisation of prepaid lease payments			(456)
Central administrative costs			(25,966)
Loss before tax			(4,609)

Note: All of the segment revenue reported for both years was from external customers.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment.

At 31 December 2016

	Software development and solution *HK$'000*	Software outsourcing *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	**636,621**	**118,963**	**755,584**
Property, plant and equipment			**290,646**
Investment properties			**506,568**
Prepaid lease payments			**33,265**
Interest in an associate			**102,926**
Interest in a joint venture			**131,174**
Entrusted loan receivables			**326,942**
Bank balances and cash			**491,250**
Other unallocated assets			**19,802**
Consolidated total assets			**2,658,157**
LIABILITIES			
Segment liabilities	**699,512**	**89,624**	**789,136**
Deferred tax liabilities			**40,410**
Other unallocated liabilities			**94,020**
Consolidated total liabilities			**923,566**

At 31 December 2015 (restated)

	Software development and solution *HK$'000*	Software outsourcing *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	293,102	114,750	407,852
Property, plant and equipment			491,004
Investment properties			324,606
Prepaid lease payments			36,438
Interest in an associate			127,679
Interest in a joint venture			166,024
Bank balances and cash			1,064,326
Other unallocated assets			14,595
Consolidated total assets			2,632,524
LIABILITIES			
Segment liabilities	588,633	85,767	674,400
Deferred tax liabilities			22,182
Other unallocated liabilities			145,190
Consolidated total liabilities			841,772

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments, other than certain property, plant and equipment and investment properties for Group administrative purpose, prepaid lease payments, interest in an associate, interest in a joint venture, entrusted loan receivables, bank balances and cash and other unallocated assets including certain non-trade portion of amounts due from related parties, prepayments, deposits and other receivables.

- all liabilities are allocated to operating and reportable segments, other than certain deferred tax liabilities and other liabilities including certain non-trade portion of amounts due to related parties and other payable in relation to corporate administrative costs.

Other segment information

For the year ended 31 December 2016

Continuing operations

Amounts included in the measure of segment profit or segment assets:

	Software development and solution	Software outsourcing	Total	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property, plant and equipment	**13,370**	**2,519**	**15,889**	**2,229**	**18,118**
Depreciation of property, plant and equipment	**6,638**	**2,334**	**8,972**	**20,589**	**29,561**
Change in fair value of investment properties	**—**	**—**	**—**	**20,677**	**20,677**
Amortisation of prepaid lease payments	**—**	**—**	**—**	**856**	**856**
Allowance for bad and doubtful debts	**3,664**	**—**	**3,664**	**—**	**3,664**
Reversal of allowance for bad and doubtful debts	**(13,768)**	**—**	**(13,768)**	**—**	**(13,768)**
Impairment loss on amounts due from customers for contract work	**8,954**	**—**	**8,954**	**—**	**8,954**

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating and reportable segment.

	HK$'000
Interest in an associate	**102,926**
Interest in a joint venture	**131,174**
Share of profit of an associate	**31,485**
Share of loss of a joint venture	**(2,323)**

For the year ended 31 December 2015 (restated)

Continuing operations

Amounts included in the measure of segment profit or segment assets:

	Software development and solution *HK$'000*	Software outsourcing *HK$'000*	Total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to property, plant and equipment	5,630	3,875	9,505	166,935	176,440
Depreciation of property, plant and equipment	12,358	925	13,283	10,186	23,469
Change in fair value of investment properties	—	—	—	2,168	2,168
Amortisation of prepaid lease payments	—	—	—	456	456
Allowance for bad and doubtful debts	3,636	—	3,636	—	3,636
Reversal of allowance for bad and doubtful debts	(328)	—	(328)	—	(328)
Impairment loss on amounts due from customers for contract work	6,651	—	6,651	—	6,651

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets and not allocated to any operating and reportable segment.

	HK$'000
Interest in an associate	127,679
Interest in a joint venture	166,024
Share of profit of an associate	59,113
Share of loss of a joint venture	(15,385)

Geographical information

The Group's operations are currently carried out in the PRC (excluding Hong Kong), the country of domicile, and Hong Kong except for some services rendered by the provision of software outsourcing segment which are located in other regions.

Information about the Group's revenue from continuing operations from external customers is presented based on location of markets or customer irrespective of the origin of the services. Information about the Group's non-current assets* by geographic location of assets:

	Revenue from external customers		Non-current assets*	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)
Hong Kong	**—**	—	**29,543**	30,260
The PRC (excluding Hong Kong)	**950,955**	785,794	**1,054,319**	1,126,166
Others	**212,215**	185,865	**2,122**	3,235
	1,163,170	971,659	**1,085,984**	1,159,661

* Non-current assets excluded those relating to available-for-sale investment.

Information about major customers

Continuing operations

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follow:

	2016	2015
	HK$'000	*HK$'000*
Customer A[1]	**177,147**	183,416

1 Revenue from software outsourcing segment.

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		*(restated)*
Other income:		
Interest income on bank deposits	**16,091**	26,287
Interest income on entrusted loan receivables	**10,751**	9,525
Value added tax refund (Note a)	**61,350**	49,979
Government subsidies and grants (Note b)	**31,407**	3,442
Dividend income from available-for-sale investment	**2,861**	1,092
Rental income	**32,487**	3,821
Others	**252**	—
	155,199	94,146
Other gains and losses, net:		
Net foreign exchange gain	**532**	2,823
Net gain (loss) on disposal and written off of property, plant and equipment	**12**	(2)
Others	**—**	590
	544	3,411

Notes:

(a) Inspur (Shandong) Electronic Information Company Limited ("Inspur Shandong Electronic") and Inspur Group Shandong Genersoft Incorporation ("Inspur Genersoft") are engaged in the business of distribution of self-developed and produced software. Under the current PRC tax regulation, it is entitled to a refund of VAT paid for sales of self-developed software in the PRC.

(b) For the year ended 31 December 2016, the amount of approximately HK$3,309,000 (2015: HK$3,134,000) represents the subsidies received from the PRC Government for the purpose of encouraging the development of group entities engaged in new and high technology sector. The subsidies received are in substance a kind of immediate financial support to the group's entities with no future related costs and recognised as income when the approval of the relevant government authority has been obtained. There are no other conditions attached to the subsidies granted to the Group.

For the year ended 31 December 2016, the amount of approximately HK$28,098,000 (2015: HK$308,000) represents the grants from the Government for funding of some feasibility studies which benefit the society as a whole. The grants received are recognised as income when the related feasibility studies have been completed and the approval of the relevant Government authority has been obtained.

5. PROFIT (LOSS) BEFORE TAX

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		*(restated)*
Profit (loss) before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**1,800**	2,000
Allowance for bad and doubtful debts	**3,664**	3,636
Reversal of allowance for bad and doubtful debts	**(13,768)**	(328)
Impairment loss on amounts due from customers for contract work	**8,954**	6,651
Research and development costs recognised as expense	**111,328**	71,793
Cost of inventories recognised as expense in cost of sales	**141,605**	107,636
Depreciation for property, plant and equipment	**29,561**	23,469
Change in fair value of investment properties	**(20,677)**	(2,168)
Amortisation of prepaid lease payments	**856**	912
Less: Prepaid lease payments capitalised into construction in progress	**—**	(456)
	856	456
Directors' remuneration	**5,035**	6,789
Other staff costs		
Salaries and other benefits	**507,989**	443,266
Share based payments	**18,948**	17,187
Retirement benefits scheme contributions	**105,692**	82,279
	637,664	549,521
Operating lease rentals in respect of office premises and staff quarters	**15,970**	21,579

6. INCOME TAX EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		*(restated)*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**11,127**	3,525
Underprovision in prior years:		
EIT	**4,143**	9,147
Deferred taxation	**11,893**	248
	27,163	12,920

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements in both years as there are no assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for Inspur Genersoft. Inspur Genersoft are recognised as "New and High Technology Enterprise" and therefore entitled to apply a tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Inspur Genersoft enjoying this tax benefit were obtained in year 2014.

7. EARNING (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earning (loss) per share attributable to the owners of the Company are based on the profit (loss) for the year attributable to owners of the Company and on the number of shares as follows:

	2016	2015
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earning (loss) per share	**901,536**	901,536
Effect of dilutive potential ordinary shares arising from the outstanding share options	**1,462**	448
Weighted average number of ordinary shares for the purpose of dilutive earning (loss) per share	**902,998**	901,984

From continuing operations

The calculation of basic and diluted earning (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Profit (loss) is calculated as follows:		(restated)
Profit for the year attributable to the owners of the Company	**59,893**	6,994
Less: profit for the year from discontinued operations	**—**	(22,896)
Profit (loss) for the purposes of basic and diluted earning (loss) per share from continuing operations	**59,893**	(15,902)

The denominators used are the same as those detailed above for both basic and diluted earning (loss) per share.

From discontinued operations

For the year ended 31 December 2015, basic and diluted earning per share for the discontinued operation is HK2.54 cents per share based on the profit for the year from the discontinued operations of HK$22,896,000 and the denominators are for both basic and diluted earning (loss) per share.

8. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2015 final dividend - HK$0.03 (2015: 2014 final dividend - HK$0.03) per share	**27,046**	27,046

Subsequent to the end of the reporting period, a final dividend of HK$0.03 in respect of the year ended 31 December 2016 (2015: final dividend of HK$0.03 in respect of the year ended 31 December 2015) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

	2016	2015
	HK$'000	*HK$'000*
Dividend proposed subsequent to the end of the reporting period		
Proposed final dividend for 2016 of HK$0.03 (2015: HK$0.03) per share on 901,536,000 (2015: 901,536,000) shares	**27,046**	27,046

9. TRADE AND BILLS RECEIVABLES

The Group allows a credit period of 30 to 210 days (2015: 30 to 210 days) to its customers. The following is an aged analysis of trade and bills receivables net of allowance for bad and doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**97,110**	29,525
31 to 60 days	**10,118**	5,874
61 to 90 days	**4,051**	6,862
91 to 120 days	**4,114**	19,356
121 to 180 days	**8,675**	6,937
Over 180 days	**36,716**	47,644
	160,784	116,198

10. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables for the purchase of goods and services received presented based on the invoice date at the end of the reporting period.

	2016	2015
	HK$'000	*HK$'000*
Trade and bills payables		
0 - 30 days	**55,032**	36,613
31 - 60 days	**3,624**	16,609
61 - 90 days	**3,633**	3,095
Over 90 days	**33,895**	77,847
	96,184	134,164

11. DISCONTINUED OPERATIONS

On 31 May 2015, the Group has completed the disposal of Telecommunication Business. Details of disposal of Telecommunication Business are set out in the announcement dated on 10 April 2015 and the circular dated on 14 May 2015. On 30 September 2015, the Group has completed the disposal of Finance Business. Details of disposal of Finance Business are set out in the announcement dated on 9 July 2015 and the circular dated on 5 August 2015.

The loss for the year end 31 December 2015 from discontinued Telecommunication Business and Finance Business is set out below:

	Year ended 31.12.2015 *HK$'000*
Loss of Telecommunication Business and Finance Business for the year	(61,994)
Gain on disposals of Telecommunication Business and Finance Business	84,890
	22,896

The results of the Telecommunication Business for the period from 1 January 2015 to 31 May 2015, and Finance business for the period from 1 January 2015 to 30 September 2015, which have been included in the consolidated statement of profit or loss, were as follows:

	Year ended 31.12.2015 *HK$'000*
Revenue	440,896
Cost of sales	(296,964)
Other income	15,996
Administrative expenses	(38,656)
Selling and distribution expenses	(171,695)
Loss before tax	(50,423)
Income tax expense	(11,571)
Loss for the year	(61,994)

FINANCIAL REVIEW

During the year ended 31 December 2016, the revenue of the Group from continuing operations recorded an increase of approximately 19.71% as compared with last year, gross profit of the Group from continuing operations recorded an increase of approximately 17.09% as compared with last year. Profit attributable to owners of the Company during the year was approximately HK$59,893,000 from continuing operations increased by approximately 756.35% as compared with last year.

(1) Revenue from continuing operations

The Group recorded a revenue of HK$1,163,170,000 (2015: HK$971,659,000) representing an increase of 19.71% as compared with last year. The revenue of software development and solution for the year was HK$828,839,000 (2015: HK$695,036,000), representing an increase of 19.25% as compared with last year；On the other hand, the software outsourcing business was HK$334,331,000 (2015: HK$276,623,000), representing a increase of 20.86% as compared with last year. The revenue of software development and solution includes: the revenue of sales of IT peripherals and software were HK$201,732,000 (2015: HK$219,509,000), representing an decrease of 8% as compared with last year and the revenue from self-developed software was HK$627,107,000 (2015: HK$475,527,000), was recorded an increase of 31.88% as compared with last year.

(2) Gross profit from continuing operations

Gross profit of the Group was HK$342,161,000 for the year (2015: HK$292,229,000), representing an increase of 17.09% as compared with last year. The Group's consolidated gross profit margin was 29.42 % (2015: 30.08%) for the year slightly decreased 0.66%. The year-to-year decrease in gross profit margin was mainly due to fierce competition in the software development industry.

(3) Selling and distribution expenses and administrative expenses from continuing operations

During the year, selling and distribution expenses and administrative expenses amounted to HK$460,006,000 (2015: HK$440,291,000), representing an increase of 4.48% as compared with last year. The increase was mainly due to the increase in marketing expenses. In particular, the overall staff cost of the Group increased.

(4) Other incomes and other gains and losses from continuing operations

During the year, the other incomes and other gains and losses amounted HK$155,743,000 (2015: HK$97,557,000) recorded increase of 59.64% as compared with last year mainly due to: 1) VAT refund from software development sale amounted HK$61,350,000 representing 22.75% increase compared with the last year (2015: HK$49,979,000); 2) Rental income from investment property recorded HK$32,487,000 representing 750.22% increase compared with same income of 2015(2015:HK$3,821,000); and 3) the amount of HK$31,407,000 of government subsidies and grants was received and recognised as income in current year(2015: HK$3,442,000).

(5) Profit attributable to owners of the Company

Net profit attributable to owners of the Company for the year was approximately HK$59,893,000 (2015: HK$6,994,000), representing a significant improvement as compared with last year due to: 1)main business developing well and achieving profit and 2) rental income from investment properties and the changes from fair valuation of investment property recorded positive growth.

The Company incurred profit from continuing operations was approximately HK$60,574,000 (2015: loss HK$17,529,000) in 2016 mainly because: (1) Despite the fierce market competition, our management software business keep growing. The growth rate of revenue is much faster than the rate of expenses, which leads our business turning around and making profit. (2) Our rental income from investment properties for current year recorded HK$32,487,000 representing 750.22% growth compared with 2015(2015:HK$3,821,000) and changes in fair valuation of investment properties was HK$20,677,000 (2015: HK$2,168,000).

Basic and diluted earnings per share from continuing operations and discontinued operations were HK6.64 cents (2015: HK0.78 cents). Basic and diluted earing per share from continuing operations were HK6.63 cents (2015: loss of HK1.76 cents).

(6) Financial resources and liquidity

As at 31 December 2016, equity attributable to owners of the Company amounted to HK$1,734,331,000 (at 31 December 2015: HK$1,789,587,000). Current assets amounted to HK$1,552,106,000, of which HK$852,975,000 was bank deposits and cash balance which were mainly denominated in Renminbi.

Current liabilities, including trade and bills payables, other payables and accrued expenses amounted to HK$868,729,000. The Group's current assets were around 1.79 times over its current liabilities (31 December 2015: 1.84 times).

As at 31 December 2016 and 31 December 2015, the Group had no bank borrowings.

FOREIGN EXCHANGE EXPOSURE

All of the Group's purchase and sales are mainly denominated in United States Dollars and Renminbi. The Group has not used any derivative instrument to hedge against its currency exposures. The Directors believe that with its sound financial position, the Group is able to meet its foreign exchange liabilities as and when they become due.

CAPTIAL STRUCTURE

The Group finances its operations mainly from shareholder equity, internal generated funds and operation results in current year.

FINAL DIVIDENDS

The Board recommends the distribution of a final dividend of the year ended 31 December 2016 was HK$0.03 per share (2015: HK$0.03).

EMPLOYEE INFORMATION

As at 31 December 2016, the Group employed 3,408 employees (2015: 3,208).

Total employee remuneration, including directors' remuneration and mandatory provident fund contributions of continuing operations, amounted to approximately HK$637,664,000 (2015: approximately HK$549,521,000).

According to a comprehensive remuneration policy, which was formulated by the Group and reviewed by the management, employees are remunerated based on their performance and experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employees with reference to the Group's and the employee's performance. In addition, the Group provides mandatory provident fund, medical and insurance schemes for employees. The Group also offers continuous education and training programmes to the management and other employees to enhance their skills and knowledge.

On 16 July 2015, 40 million options granted under 2008 Share Option Scheme to our senior management and employees to encourage our staff create and share value with shareholders.

On 13 May 2016, 30 million options granted under 2008 Share Option Scheme to our senior management and employees to encourage our staff create and share value with shareholders.

By the end of year, 43,020,000 options were vested but not exercised.

CHARGES ON ASSETS

As at 31 December 2016, bank deposits approximately HK$18,449,000 of the Group's was pledged (31 December 2015: approximately HK$14,994,000).

BUSINESS REVIEW

During the reporting period, the Group conformed to the trend of Internet + and fully implemented the "data-centric" strategy to establish a wisdom enterprise of "interconnection, refinement and intelligence". By use of technologies as cloud computing, big data, Internet of Things and mobile internet, etc., we have accelerated the transition from software and service to cloud technology with inheritance and innovation, striving to become a leading manufacturer of enterprise management software and cloud services in China.

The Group has launched the new generation of ERP to the market, providing solutions for finance sharing, treasury and finance management, supply chain and e-procurement, intelligent manufacturing, HCM, enterprises' big data and other areas. The pragmatic ERP cloud transformation strategy has been widely recognized in the industry. On the theme of "Internet+Enterprise" Win in the Digital Transformation" as the theme, such national itinerant exhibitions have been held in 16 cities including Jinan, Beijing, etc., by which a lot of enterprise clients were attracted. The Group continued targeting at cloud products, solutions and services for large-scale enterprises and application models of hybrid cloud; more than 80 promotion activities have been held in many provinces and cities, revolving SOE reform, replacement of business tax with value-added tax, tax administration, HCM regional symposium etc. In the annual meeting of IT Market China held in March

2017, INSPUR's Intelligent Manufacturing Solution was awarded as "the Best Solution in 2016". Moreover, the INSPUR's finance sharing service software, treasury and finance management software and HCM Cloud were awarded as "Innovative Products in 2016".

I. MANAGEMENT SOFTWARE AND RELEVANT SERVICES

1. Cloud Services

In this year, following the trend of industrial development, the Company continued adhering to the "professional leadership strategy" to focus on the deployed cloud service fields, increase the investments in R&D and speed up the development. We have obtained great achievements in cloud accounting, human resources and coordination cloud, as well as procurement cloud and other aspects.

With upgrading of electronic invoice and value added tax invoice and implementation of the replacement of business tax with value-added tax, the financial software of small and micro enterprises are facing upgrading and updating; it has become a tendency that the operation and management of small and micro enterprises should be improved through informatization such as cloud computing, big data, mobile internet etc. Through independent R&D and establishment of independent operating entities, the Company focused on promoting the cloud service to small and micro enterprises. INSPUR's cloud accounting has attracted users' attention and got their recognition since its launching in November 2016. The company held the Opening Ceremony for Cloud Accounting News Conference and Intelligent Actions on the theme of "ASSESS INSPUR'S CLOUD & MAKE THE ACCOUNTING BECOME EARSIER" in March 2017. In the future, the Company will further develop new products to take its advantages to be more efficient, professional and convenient, which will help enterprises to realize the integration and intelligence of "bills, finance and tax", establish a connection between small and micro enterprises and professional service organization, and enhance management upgrading. Meanwhile, the Company will actively cooperate with government departments to participate in and drive double engines of entrepreneurship and innovation in order to develop the potential of small and micro enterprises and cloud accounting of INSPUR.

The Company further expands the HCM Cloud's application scenarios and enhances product experience, focusing on providing professional solutions on human resources cloud services for large and medium-sized enterprises. On the basis of continuous optimization of experience of original control, personnel, remuneration and other application scenarios, the in-group enterprises-oriented human resources sharing service solutions have been released, which have been widely used by typical customers, for instance, Aluminum Corporation of China Limited., Shenzhen Metro, SHANGHAI BA-SHI PUBLIC TRANSPORTATION (GROUP) CO., LTD., China Energy Engineering Corporation Limited, and Guangzhou Shengshi Changyun Co., Ltd., etc. In the future, the Company will further accelerate marketing operations, closely take the market hot area and sound management model and enhance the customer experience in both enterprise end and personal end, and further improve the user application quality and expand the user scale.

During this year, e-procurement cloud has been improving with the released standard version iGov5.0, which functionality and stability were further enhanced to support a variety of cloud deployment methods. Now, it has been expanded to electronic supermarket from searching for the source with full coverage of procurement models. E-procurement cloud has been used in China Railway Construction Engineering Group, Shanghai Construction Group, Changchun Yatai, Tianjin Construction Engineering Group (Holding) Co., Ltd. and other users from construction industry, and become the top brand of e-procurement in the construction industry. Meanwhile, it also got customers' recognition and was actively used in the manufacturing industry. In the future, the Company will continue to accelerate the development of next-generation products and expand the application areas of procurement cloud and promote to more industries by using the latest technologies.

2. Software and Data Service Industry

To cope with the challenges of the integration of Internet + and traditional enterprises, INSPUR has launched the "data service" centric hybrid cloud solutions to promote internet-based enterprise by focusing on the operating characteristics of intelligent manufacturing, pharmacy, construction, grain depot, mining, transportation and other industries. Meanwhile, INSPUR further strengthened the product advantages in group management and control, finance sharing and other fields, and promote innovation of large business group.

During the reporting period, the Company further integrated R&D resources to optimize its core products. The Company's finance sharing products have been further strengthened on the integration of capital, tax and business. We have established the largest finance sharing center in China for a typical customer—China Communications Construction. With respect to the funds management products, Finance Company Professional and Automobile Financial Professional have been released to constitute a large treasury solution with the funds management products of the Group. In the applications of enterprise big data, the Company has realized WEB-based and newly increased large-size screen DashBoard in terms of the demand of accurate management and manifestation of enterprise strength externally of customers of the Group, which have further increased the capacity of visualization and broken through the ability of data of Internet of Things from collection to exhibition. Tax management products add new modules and functions based on changes in regulations. The Company continued to enhance the core module of ERP and re-plan the product development path map, and even increase the internationalization and cloud optimization of financial management of GS products and improve the use experience of internet of users. A new version of GSP was released to respond to market integration of business processes, unification of organizational model and other requirements. Taking the opportunity of upgrading of information of national food industry, the Company provided integrated solutions of intelligent grain products based on the Internet of Things and offered informatization integration services with respect to the grain competent departments and different scale of grain depot of large, middle-size, small and micro enterprises. The Company insisted on self-dependent innovation and enhanced the independent R&D of core technology and applied Internet of Things and other technologies to combine with the grain business to improve the intelligent level of solutions. Intelligent grain depot program has been applied in more than seven hundred grain depots nationwide; the One Card Grain Procurement and Marketing System based on INSPUR's procurement management software for grain enterprises has been extensively applied in Heilongjiang, Jilin, Liaoning, Inner Mongolia, Anhui, Jiangsu, Jiangxi and other provinces with good effect. With a deep understanding on the grain industry and the Internet of Things technology, the Company has maintained the leading market share in the field of grain information.

In terms of the implementation and delivery, the Company abided by the ideology of "customer orientated" and maintained the reputation of products and services by virtue of improving customer satisfaction through various measures. In order to further improve the efficiency of implementation and delivery, the Company continued strengthening the delivery management through the establishment of headquarters delivery center and regional delivery center in the hope that we can carry out transregional scheduling of resources. By virtue of training and case discussion to the delivery personnel, the Company continued implementing the project contract responsibility system and arousing the enthusiasm of the implementation of personnel through guidance and increase of implementation tools and other methods, so as to ensure successful acceptance of large projects of the Company.

II. SOFTWARE OUTSOURCING BUSINESS

During the report period, the Group has maintained a close relationship with Microsoft, FITEC, Aspire, Shandong Unicom and other strategic customers to expand new business. The software outsourcing business has been put forward to transform to products, platforms, cloud and big data, and an intelligent business process management platform (iBPM) and artificial intelligence analysis services (aiAnalytics) and other products have been forged as well. We continued cooperating with strategic customers deeply and expanded overseas markets, such as Japan, North America etc. Such new customers as China Telecom, General Administration of Customs, LINK, Haier, Hisense, NEC and other customers have joined us as well. We have been continuing exploiting new business opportunities in European and American market; the Company has won the bid and entered into agreement with Microsoft in connection with Office products test projects that last for three years and cover various core products; finally, we obtained the orders of the first cooperation manufacturer of Microsoft QBE Managed Services. We have successfully registered as the service provider of City of Seattle and City of Bellevue IT and provided automated testing services based on the products of TeraData. Inspur Worldwide Services Ltd., as a subsidiary of the Group, was jointly affirmed as "Leading Enterprise of China's Service Outsourcing Industry" by the Ministry of Commerce, IDC and Gartner and selected as "Top One Hundred Enterprises of Global Service Outsourcing" of IAOP, and now has joined in the Zhongguancun Big Data Industry Alliance.

BUSINESS PLAN

In 2017, the Company will continue to implement the "data-centric" strategy. By focusing on industrial core products, it will implement aggressive market expansion strategies to strengthen the expansion of distribution channels, enlarge the sales teams in primary provinces and regions, carry out our named client system, and offer industrial data service. The Company will accelerate the promotion of the cloud purchase-sell-stock management system and cloud ERP for mid-and-small enterprises and make breakthroughs in the medium, small and micro-sized enterprises to become a leading and professional cloud service provider in internet finance and taxation in China. By increasing investments on platform R&D and international cooperation etc., the Company will have more comprehensive solutions for enterprises cloud services and improve its competitiveness. In addition, it will realize the goal of "comprehensive cloud of traditional software business" and "great-leap-forward development of cloud services" and become the "wind indicator" and "enabler" leading the digital transformation of China's enterprises.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares during the year.

CODE ON COPRPORATE GOVERNANCE PRACTICES

The Group has complied with the applicable code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of Listing Rules for Main Board throughout the period ended 31 December 2016, save as：(a) Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. Mr. Wang Xingshan is both the Chairman and CEO of the Company. This structure does not comply with code provision A.2.1 of the CG Code. The Board considers that vesting the roles of Chairman and CEO in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operation. (b) Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Partial Directors were unable to attend the annual general meeting as they were obliged to be away for business trips. The Company will improve its meeting scheduling and arrangement in order to ensure full compliance with Code A.6.7 in future.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") set out in Appendix 10 of Main Board Listing Rule as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirement set out under the Model Code throughout the period ended 31 December 2016.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2016, including the accounting principles and practices adopted by the Group, and is of the opinion that the preparation of such results comply with applicable accounting standards and requirements, and that adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) The register of members will be closed from 25 May 2017 to 26 May 2017 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17 Floor room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 24 May 2017.

(ii) The register of members will be closed from 9 June 2017, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17 Floor room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 8 June 2017.

By Order of the Board
Inspur International Limited
Wang Xingshan
Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprised Mr. Wang Xingshan and Mr. Jin Xiaozhou, Joe as executive Directors, Mr. Dong Hailong and Mr. Samuel Y Shen as non-executive Directors, and Ms.Zhang Ruijun , Mr. Wong Lit Chor, Alexis and Mr. Ding Xiangqian as independent non-executive Directors.