

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 596)

**CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

THE DISPOSAL

On 21 April 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 100% equity interest in the Target Company at the Consideration in cash.

Upon completion of the Disposal, the Company will no longer hold any equity interest in the Target Company, and the financial results of the Target Company will no longer be consolidated into the Company's financial statements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company. The Purchaser is a wholly-owned subsidiary of Inspur Group Limited, a controlling shareholder of the Company indirectly interested as to 54.44% of the total issued shares of the Company, and hence the Purchaser is regarded as an associate to a connected person pursuant to Rule 14A.13 of the Listing Rules. As a result, the Disposal constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval requirements under the Listing Rules.

THE DISPOSAL

On 21 April 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 100% equity interest in the Target Company at the Consideration in cash.

Upon completion of the Disposal, the Company will no longer hold any equity interest in the Target Company, and the financial results of the Target Company will no longer be consolidated into the Company’s financial statements.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

- Date of the agreement: 21 April 2022 (after trading hours)
- Parties (1) the Vendor; and
(2) the Purchaser.
- Assets Proposed to be Disposed: 100% equity interest in the Target Company
- Consideration The Consideration for the Disposal as agreed under the Equity Transfer Agreement shall be RMB25,986,200.00 (approximately equivalent to HK\$31,183,440.00). The Consideration shall be payable in cash within 10 days after the Completion Date.
- Conditions Precedent: The completion of the Disposal shall be conditional upon the satisfaction of certain conditions precedent as set out below:
 - (1) The Purchaser having been satisfied with the results of its due diligence investigation in relation to the Target Company; and
 - (2) Each of the Parties having effectively completed all necessary internal approval procedures required by their respective internal approval procedures, and having obtained all necessary approvals from authoritative organizations and/or governmental organizations (if applicable).
- Completion: Completion of the Disposal shall take place within 10 business days from the date all conditions precedent have been fulfilled (the “**Completion Date**”).

INFORMATION OF THE GROUP AND THE VENDOR

The principal activities of the Group are software development, cloud service and Internet of Things (IOT).

The Vendor is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in software development.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability. The Purchaser is a wholly-owned subsidiary of Inspur Group Limited, a controlling shareholder of the Company indirectly interested as to 54.44% of the total issued shares of the Company, and hence the Purchaser is regarded as an associate to a connected person pursuant to Rule 14A.13 of the Listing Rules. It is principally engaged in investment holding.

INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated in the PRC in September 2010 and is principally engaged in investment holding.

According to the audited consolidated financial statements prepared in accordance with the generally accepted accounting standards in the PRC, the total assets and net assets of the Target Company as at 31 December 2021 were approximately RMB24,254,000 and RMB19,574,000 respectively. The audited profit or loss of the Target Company for the two years ended 31 December 2020 and 2021 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>(Approximately RMB)</i>	<i>(Approximately RMB)</i>
Profit (loss) before tax	(9,522)	8,602
Profit (loss) after tax	(9,522)	8,602

FINANCIAL EFFECTS OF THE DISPOSAL

Subject to final audit, it is expected that upon the completion of the Disposal, the Group will record a gain on the Disposal of approximately RMB12.31 million. Such gain is estimated based on the Consideration plus the accumulated dividend income less the carrying amount of the cost of investment of the Company in the Target Company. The Company intends to utilize the proceeds for general working capital purpose.

Upon completion of the Disposal, the Vendor shall dispose 100% equity interests in the Target Company and the Target Company shall cease to be a subsidiary of the Company, and the financial results of the Target Company will no longer be consolidated into the Company's financial statements.

The Disposal will not have a material adverse effect on the Company's financial condition.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Target Company, being an investment holding company, holds 2.35% equity interest in Beijing Shenzhou Aerospace Software Technology Co., Ltd* (北京神州航天軟件技術股份有限公司) (“**Beijing Shenzhou**”) as its major asset. Beijing Shenzhou is principally engaged in software development for artificial intelligence manufacturing, management controls and database of corporate and government clients.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the market value of RMB25,986,200 (approximately equivalent to HKD31,183,440) of the Target Company, appraised by an independent valuer in the PRC as at 31 January 2022 based on the asset-based approach.

REASONS FOR AND BENEFITS OF THE DISPOSAL

After completion of the Disposal, the Company will be able to withdraw the investment amounts in Beijing Shenzhou and will no longer hold, whether directly or indirectly, any financial instruments at FVTOCI. The Disposal may facilitate the Company in focusing its resources on the development of its principal business of management software and cloud service, and the management structure of the Company can also be streamlined after the Disposal.

After making all reasonable and due enquiries, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms. The proposed Disposal is in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors had material interests in the Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company. The Purchaser is a wholly-owned subsidiary of Inspur Group Limited, a controlling shareholder of the Company indirectly interested as to 54.44% of the total issued shares of the Company, and hence the Purchaser is regarded as an associate to a connected person pursuant to Rule 14A.13 of the Listing Rules. As a result, the Disposal constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Inspur International Limited (浪潮國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 596);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the Disposal to be determined in accordance to the Equity Transfer Agreement;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the disposal of 100% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement;

“Equity Transfer Agreement”	the equity transfer agreement dated 21 April 2022 in relation to the Disposal;
“FVTOCI”	Fair value through other comprehensive income;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Parties”	parties to the Equity Transfer Agreement, being the Vendor and the Purchaser, and “Party” shall mean any of them;
“PRC”	The People’s Republic of China, and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Purchaser”	Jinan Inspur Internet Technology Development Limited* (濟南浪潮網絡科技發展有限公司), a company incorporated in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share (s)”	ordinary shares of HKD0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Shangdong Inspur Genersoft Information Technology Limited* (山東浪潮通軟信息科技有限 公司), a company incorporated in the PRC with limited liability and an wholly-owned subsidiary of the Vendor;

“Vendor” Inspur Genersoft Co., Ltd* (浪潮通用軟件有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company; and

“%” Per cent.

* Translation for reference purpose only

For the purpose of this announcement and for illustration only, the conversion rate of RMB into HK\$ is RMB1.00 to HK\$1.20. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

By Order of the Board
Inspur International Limited
Wang Xingshan
Chairman

Hong Kong, 21 April 2022

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