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INSPUR DIGITAL ENTERPRISE TECHNOLOGY LIMITED

浪潮數字企業技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 596)

**CONTINUING CONNECTED TRANSACTION:
RENEWAL OF LEASE WITH INSPUR GROUP LIMITED**

New Framework Lease Agreement

The Board announces that, on 29 December 2023, the Company (for itself and on behalf of the other members of the Group) entered into the New Framework Lease Agreement with Inspur Group Limited (“IPG”) (for itself and on behalf of the other members of the Inspur Group) to extend the Lease Transactions for one financial year ending 31 December 2024.

General

IPG is a controlling shareholder of the Company holding approximately 54.44% of the issued share capital of the Company, and thus is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the New Framework Lease Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Rule 14.07 of the Listing Rules in respect of the revised annual cap of the Lease Transactions is expected to be more than 0.1% but less than 5%, the Lease Transactions are subject to reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and independent shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

Reference is made to the framework agreement between the Company and IPG dated 31 December 2020 in relation to, *inter alia*, the Lease Transactions. As the existing framework agreement for the Lease Transactions will be expired upon 31 December 2023, the Company (for itself and on behalf of the other members of the Group) entered into the New Framework Lease Agreement with IPG (for itself and on behalf of the other members of the Inspur Group) on 29 December 2023 in respect of (1) the Lease Transactions, and (2) the renewal of the annual caps of the Lease Transactions for one financial year ending 31 December 2024.

BACKGROUND OF THE LEASE TRANSACTIONS

Lease Transactions

The Group indirectly owns the Beijing Office Building through its wholly-owned subsidiary. The research office property currently has excess space which has not been occupied by the Group. The Company receives rent from Inspur Group by leasing out the excess space in the research office property.

For determination of the rent, the administration department of the Company will refer to at least the prevailing rent of two comparable premises in the vicinity of the Beijing Office Building as a base factor, taking into account of the gross area which a potential lessee intends to lease, the creditworthiness of a potential lessee and the principal activities to be carried out by the lessee.

ANNUAL CAPS

HISTORICAL ANNUAL CAPS

Set out below are the historical amounts of the Lease Transactions for the three years ended 31 December 2023 (with the relevant annual caps set out in brackets):

(All amounts in RMB'000)	Year ended 31 December 2021	Year ended 31 December 2022	11 months end 30 November 2023
Lease Transactions	12,860 (20,940)	13,570 (31,940)	9,900 (35,140)

NEW FRAMEWORK LEASE AGREEMENT AND NEW ANNUAL CAP

The New Cap under the New Framework Lease Agreement are:

(All amounts in RMB'000)	Year ending 31 December 2024
Lease Transactions	10,000

BASIS OF THE NEW CAP

The following factors have been taken into account by the Company in determining the New Cap for the Lease Transactions: (a) the recent historical amounts and the expected amount of the Lease Transactions for the 11 months end 30 November 2023; and (b) the rent determined at arm's length negotiation and calculated on the basis of the prevailing market rent for comparable commercial properties near the Beijing Office Building.

Internal control measures for the transactions

The Directors (including independent non-executive directors of the Company) will review the Lease Transactions each year so as to confirm that the relevant lease terms are fair and reasonable, on normal commercial terms or better than those offered to or by the Independent Third Parties and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE INSPUR GROUP

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

IPG is an investment holding company established in the PRC. The Inspur Group are committed to be the leading cloud computing and big data service suppliers in China, providing IT products and services to customers from more than 120 countries and regions around the world.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK LEASE AGREEMENT

For the Lease Transactions, apart from own use by the Group, the remaining office space of the Beijing Office Building has leased to the Inspur Group and its respective subsidiaries with reference to the market price of the surrounding properties in order to increase the property utilisation rate, which would increase the Group's rental income. Meanwhile, due to the brand awareness of the Inspur Group, its entry will also help attract other tenants.

LISTING RULES IMPLICATIONS

IPG is a company established in the PRC and, as at the date of the announcement, is interested in approximately 54.44% of the issued share capital of the Company through its subsidiaries. Under the Listing Rules, IPG is a connected person of the Company and the transactions contemplated under the New Framework Lease Agreement will constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio under the Rule 14.07 of the Listing Rules in respect of the revised annual cap of the Lease Transactions is expected to be more than 0.1% but less than 5%, the Lease Transactions are subject to reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transactions contemplated under the New Framework Lease Agreement. No Director was required to abstain from voting on the Board resolutions of the Company approving the New Framework Lease Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Beijing Office Building”	an office building owned by the Company's subsidiary which is located at Building No. 20, Zpark Zone (East), 10 Xibeiwang East Road, Haidian District, Beijing, PRC

“Company”	Inspur Digital Enterprise Technology Limited (浪潮數字企業技術有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 596)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IPG”	Inspur Group Limited* (浪潮集團有限公司), a company established in the PRC with limited liability, a controlling shareholder of the Company
“Inspur Group”	IPG and its subsidiaries (other than the Group), unless otherwise specified
“Lease Transactions”	the lease of the excess space in Beijing Office Building by any Inspur Group Companies from the Group under the New Framework Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Cap”	the new annual cap of the Lease Transaction to be entered into by the relevant parties for the year ended 31 December 2024
“New Framework Lease Agreement”	agreement dated 29 December 2023 between the Company and the IPG in relation to the Lease Transactions for the financial year ending 31 December 2024
“PRC” or “China”	the People’s Republic of China

“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
“%”	per cent

** The English translation of certain Chinese names or words in this announcement is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board
Inspur Digital Enterprise Technology Limited
Wang Xingshan
Chairman

Hong Kong, 29 December 2023

As at the date of this announcement, the Board comprised Mr. Wang Xingshan, Mr. Wang Yusen and Mr. Cui Hongzhi as executive Directors, Ms. Li Chunxiang as non-executive Director and Ms. Zhang Ruijun, Mr. Wong Lit Chor, Alexis, and Mr. Ding Xiangqian as independent non-executive Directors.