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## **INSPUR INTERNATIONAL LIMITED**

**浪潮國際有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8141)

### **PROPOSED SUBDIVISION OF SHARES; CHANGE OF BOARD LOT SIZE; AND UNUSUAL PRICE MOVEMENT**

#### **Share Subdivision and Change of Board Lot Size**

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company be subdivided into five Subdivided Shares of HK\$0.002 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

The Shares are currently traded in board lots of 8,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the timetable for implementation of the Share Subdivision and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

#### **Unusual Price Movement**

The Board noted the increase in the price of the Shares on 19 November 2007 and wishes to state that it is not aware of any reasons for such increase.

### **SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE**

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company be subdivided into five Subdivided Shares of HK\$0.002 each. The Shares are currently traded in board lots of 8,000 Shares.

Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. No odd lots of Subdivided Shares will be resulted from the Share Subdivision and the change of the board lot size, other than those already existed before the Share Subdivision becoming effective.

### Share Capital of the Company

As at the date of this announcement, the authorized share capital of the Company is HK\$13,000,000 divided into 1,300,000,000 Shares, of which 564,300,000 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Subdivision becoming effective, the authorized share capital of the Company will be HK\$13,000,000 divided into 6,500,000,000 Subdivided Shares and the issued share capital of the Company will be HK\$5,643,000 divided into 2,821,500,000 Subdivided Shares on the assumption of no new Shares will be issued before the effective date of the Share Subdivision. The Subdivided Shares will rank pari passu in all respects with each other.

As at the date of this announcement, there are the following outstanding Share Options :

<b>Option Scheme</b>	<b>Date of Grant</b>	<b>Exercise Period</b>	<b>Exercise Price HK\$</b>	<b>Outstanding Share Options</b>
Pre-IPO Scheme	8 April 2004	8/4/2004 — 7/4/2014	0.324	24,000,000
Option Scheme	28 December 2004	28/12/2004 — 27/12/2014	0.280	26,000,000
Option Scheme	30 January 2007	30/1/2007 — 29/1/2017	0.560	51,430,000
Total				<u>101,430,000</u>

At the date of this announcement, the Company has issued an aggregate of outstanding 234,279,559 Preferred Shares. The holder of the Preferred Shares is entitled to convert the Preferred Shares, at any time from the date of the allotment of the Preferred Shares and up to 7 December 2011 and without the payment of any additional consideration at the conversion rate of one Preferred Share to one Share.

Save as disclosed above, there are no other outstanding convertible securities issued or options granted which carry rights to acquire, subscribe or exchange Shares and the Directors have no present intention to grant any Share Options under Option Scheme or Pre-IPO Scheme during the period from the date of this announcement to the date of the EGM.

Pursuant to the terms of Option Scheme and Pre-IPO Scheme and the Preferred Shares, the exercise price and number of Subdivided Shares to be issued under the Share Option Scheme and the conversion rate of the Preferred Shares will be adjusted in accordance with the relevant terms upon the Subdivision becoming effective. Such adjustments will be verified by an independent financial adviser or the auditors of the Company and the Company will announce the adjustments in due course.

### **Conditions of the Share Subdivision**

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Share Subdivision; and
- (b) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subdivided Shares.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subdivided Shares.

### **Reasons for the Share Subdivision**

The Board believes that the Share Subdivision will improve the liquidity in trading in shares of the Company and enable the Company to attract more investors and broaden the Shareholder's base. Accordingly, the Board considers that the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

Other than the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

### **Expected Timetable**

The expected timetable for implementation of the Share Subdivision and the associated trading arrangements are set out below:

Despatch of circulars and proxy forms in relation  
to the Share Subdivision to the Shareholders .....Thursday,  
29 November 2007

Latest time for lodging proxy forms for the EGM ...10:00 a.m. on Wednesday, 12  
December 2007

EGM .....10:00 a.m. on Friday, 14 December 2007

Effective date of the Share Subdivision .....Monday, 17 December 2007

Dealings in Subdivided Shares commence .....Monday, 17 December 2007

Original counter for trading in existing Shares  
in board lots of 8,000 Shares temporarily closes .....9:30 a.m. on Monday,  
17 December 2007

Temporary counter for trading in board lots of  
40,000 Subdivided Shares (in the form of  
Existing Share Certificates) opens .....9:30 a.m. on Monday,  
17 December 2007

First day for free exchange of Existing Share Certificates  
for New Share Certificates .....Monday, 17 December 2007

Original counter for trading in Subdivided Shares  
in board lots of 5,000 Subdivided Shares  
(in the form of New Share Certificates) reopens .....9:30 a.m. on Thursday,  
3 January 2008

Parallel trading in Subdivided Shares  
(in the form of New Share Certificates  
and Existing Share Certificates) commences .....9:30 a.m. on Thursday,  
3 January 2008

Parallel trading in Subdivided Shares  
(in the form of New Share Certificates  
and Existing Share Certificates) ends .....4:00 p.m. on Thursday,  
24 January 2008

Temporary counter for trading in board lots of  
40,000 Subdivided Shares (in the form of  
Existing Share Certificates) closes .....4:00 p.m. on Thursday,  
24 January 2008

Last day for free exchange of Existing Share Certificates  
for New Share Certificates .....Tuesday, 29 January 2008

If the Share Subdivision becomes effective, the Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on 24 January 2008 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for 5 Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between 9:00 a.m. to 4:30 p.m. on 17 December 2007 and 29 January 2008 (both days inclusive); or on payment at a fee of HK\$2.50 per existing share certificate cancelled or new share certificate issued (whichever is the higher) at any time after 4:30 p.m. on 29 January 2008. Shareholders are requested to submit their Existing Share Certificates to the Company's branch share registrar, Computershare Hong Kong Investors Limited of Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. It is expected that the New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates. The New Share Certificates will be issued in green colour in order to distinguish them from the Existing Share Certificates which are in blue colour.

## **GENERAL**

A circular containing, amongst other things, details of the Share Subdivision, the timetable for implementation of the Share Subdivision and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **UNUSUAL PRICE MOVEMENT**

The Board has noted the increase in the price of the Shares on 19 November 2007 and wishes to state that it is not aware of any reasons for such increase.

The Board also confirms that save and except for the Share Subdivision and change of board lot size, there are no negotiation or agreements relating to intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of price-sensitive nature.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Inspur International Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the approving, amongst other things, the Share Subdivision
“Existing Share Certificates”	certificates of existing Shares
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share Certificates”	new certificates of the Subdivided Shares
“Option Scheme”	the employee share option scheme adopted by the Company on 8 April 2004
“Pre-IPO Scheme”	the pre-IPO employee share option scheme adopted by the Company on 8 April 2004
“Preferred Shares”	132,964,342 and 101,315,217 series A senior redeemable convertible voting preferred shares issued by the Company at HK\$0.76 and HK\$0.92 each on 8 December 2005 and 21 April 2006 respectively to Microsoft Corporation
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Share Option(s)”	Outstanding share options granted by the Company pursuant to Pre-IPO Scheme or Option Scheme
“Share Subdivision”	the subdivision of every existing issued and unissued Shares into 5 Subdivided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	share(s) of HK\$0.002 each in the share capital of the Company upon the Share Subdivision becoming effective
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**Inspur International Limited**  
**Sun Pishu**  
*Chairman*

Hong Kong, 19 November 2007

*As at the date of this announcement, the Board comprised Mr. Sun Pishu, Mr. Zhang Lei, Mr. Wang Miao and Mr. Leung Chi Ho as executive Directors, Mr. Xin Wei Hua, Mr. Wang Hung, Alex, Mr. Marc Evan Brown and Mr. William James Fass as non-executive Directors, and Mr. Meng Xiang Xu, Mr. Liu Ping Yuan and Mr. Wong Lit Chor, Alexis as independent non-executive Directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication.*

\* *For identification purpose only*