
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Inspur International Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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
AND
CHANGE OF BOARD LOT SIZE**

The notice convening an extraordinary general meeting (“EGM”) of Inspur International Limited (the “Company”) to be held at Hong Kong International Trade & Exhibition Centre, Meeting Room 5, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong at 10:30 a.m. on Friday, 14 December 2007 is set out on pages 9 to 10 of this circular. Shareholders of the Company are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for the EGM is enclosed with this circular. Whether you are able to attend or not, please complete and return the enclosed form of proxy to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM in person.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for 7 days from the date of its posting.

** For identification purpose only*

29 November 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The Growth Enterprise market (“GEM”) of the Hong Kong Stock Exchange of Hong Kong Limited (“Stock Exchange”) has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid Announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 the circular 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 herein misleading; and
- (iii) all opinions expressed in this circular have been arrived after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 November 2007, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“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)

DEFINITIONS

“Share Option(s)”	Outstanding share options granted by the Company pursuant to Pre-IPO Scheme or Option Schemes
“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

EXPECTED TIMETABLE

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

Latest time for lodging proxy forms for the EGM	10:30 a.m. on Wednesday, 12 December 2007
EGM	10:30 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

LETTER FROM THE BOARD



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8141)

Executive Directors:

Mr. Sun Pishu (*Chairman*)
Mr. Zhang Lei
Mr. Wang Miao
Mr. Leung Chi Ho

Non-executive Directors:

Mr. Xin Wei Hui
Mr. Wang Hung, Alex
Mr. Marc Evan Brown
Mr. William James Fass

Independent Non-executive Directors:

Mr. Meng Xiang Xu
Mr. Liu Ping Yuan
Mr. Wong Lit Chor, Alexis

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

29 November 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSED SUBDIVISION OF SHARES
AND
CHANGE OF BOARD LOT SIZE**

INTRODUCTION

On 19 November 2007, the Board announced the proposal to implement the Share Subdivision on the basis 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 purpose of this circular is to provide you with further information regarding, among other things, the Share Subdivision and change of board lot size and to give you the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Share Subdivision.

LETTER FROM THE BOARD

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 the Latest Practicable Date, 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 Latest Practicable Date, there were the following outstanding Share Options :

Option Scheme	Date of Grant	Exercise Period	Exercise Price HK\$	Outstanding Share Options
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 Latest Practicable Date, 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 Latest Practicable Date to the date of the EGM.

LETTER FROM THE BOARD

The auditors of the Company have confirmed to the Directors that the following adjustments which will be made to Share Options are made on a fair and reasonable basis and in compliance with Rule 23.03(13) of the GEM Listing Rules and the supplementary guidance on adjustments of share options enclosed in the letter dated 5 September 2005 from the Stock Exchange to the listed issuers:

Date of grant	Before the Share Subdivision becoming effective		After the Share Subdivision becoming effective	
	Original exercise price per Share (HK\$)	Number of Shares issuable upon exercise in full of the outstanding Share Options	Exercise price per Subdivided Share (HK\$)	Number of Subdivided Shares issuable upon exercise in full of the outstanding Share Options
8 April 2004	0.324	24,000,000	0.0648	120,000,000
28 December 2004	0.280	26,000,000	0.0560	130,000,000
30 January 2007	0.560	51,430,000	0.1120	257,150,000

Moreover, in accordance with Article 9A(7)(a)(i) of the articles of association of the Company, the conversion rate of the Preferred Shares will be changed from the existing rate of one Preferred Share to one Share to the new rate of one Preferred Share to five Subdivided Shares after the Share Subdivision. Therefore, the holder of the outstanding 234,279,559 Preferred Shares is entitled to convert the Preferred Shares in full into 1,171,397,795 Subdivided Shares in accordance with the terms of the Preferred Shares after the Share Subdivision.

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.

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 base. Accordingly, the Board considers that the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Other than the expenses (estimated to be about HK\$100,000) 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.

Trading Arrangements for Subdivided Shares

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on 17 December 2007. Arrangements for parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) will be established with the Stock Exchange and will be operated from 3 January 2008 to 24 January 2008 (both days inclusive). Full details of the expected timetable and trading arrangements are set out on page 3 of this circular.

Free Exchange of Share Certificates

Subject to the Share Subdivision becoming 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.

Listing and Dealings

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

Subject to the granting of the listing of, and permission to deal in the Subdivided Shares, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

EGM

The notice convening the EGM to be held at Hong Kong International Trade & Exhibition Centre, Meeting Room 5, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong at 10:30 a.m. on Friday, 14 December 2007 is set out on pages 9 to 10 of this circular. Shareholders of the Company are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether you are able to attend or not, please complete and return the enclosed form of proxy to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM in person.

PROCEDURES FOR DEMANDING A POLL

According to the articles of association of the Company, where a resolution is put to vote at any general meeting, the resolution shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

On a poll votes may be given either personally or by proxy.

RECOMMENDATION

The Directors are of the opinion that the Share Subdivision is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the resolution to be proposed at the EGM.

By Order of the Board
Inspur International Limited
Sun Pishu
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



INSPUR INTERNATIONAL LIMITED

浪潮國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8141)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Inspur International Limited (the “Company”) will be held at 10:30 a.m. on Friday, 14 December 2007 at Hong Kong International Trade & Exhibition Centre, Meeting Room 5, 7th Floor, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the Subdivided Shares (as hereinafter defined), each of the issued and unissued shares of HK\$0.01 each in the share capital of the Company be and is hereby subdivided into five shares of HK\$0.002 each (the “Subdivided Shares”) with effect from the business day immediately following the date on which this resolution is passed (the “Share Subdivision”) and that the directors of the Company be and are hereby authorized to do all things and acts and sign all documents as they may consider necessary, desirable or expedient to implement and/or give effect to any matters relating to or in connection with the Share Subdivision.”

By Order of the Board
Inspur International Limited
Sun Pishu
Chairman

Hong Kong, 29 November 2007

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and Principal place of business in Hong Kong:

Room 726
Nan Fung Commercial Centre
19 Lam Lok Street
Kowloon Bay
Kowloon
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting convened by the above notice is entitled to appoint one or more proxies (if a member who is the holder of two or more shares) to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight hours before the time appointed for the Extraordinary General Meeting (or any adjournment thereof).
3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Extraordinary General Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any Shares, any one of such joint holders may vote either in person or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Extraordinary General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. A poll may be so demanded before or on the declarations of the result of the show of hand.