

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 **HC International, Inc.** (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular, 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, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this 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 in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



HC INTERNATIONAL, INC.

慧聪网有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 08292)

**GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS**

The notice convening the annual general meeting of the Company to be held at Tower B, Jingyi Technical Building, No. 9 Dazhongsi East Road, Haidian District, Beijing, the PRC (100098) on 4th May 2009, at 4:00 p.m. (the “AGM”) is set out in the annual report of the Company for the year ended 31st December 2008 (the “Annual Report”).

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return the same to the Company’s Hong Kong branch share registrar, Hong Kong Registrars Limited, at 1806–1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish.

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

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

TABLE OF CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	3
Appendix I – Explanatory Statement	6
Appendix II – Details of Directors for Re-election	11

DEFINITIONS

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

“AGM”	an annual general meeting of the Company for the year ended 31st December 2008 to be held at Tower B, Jingyi Technical Building, No. 9 Dazhongsi East Road, Haidian District, Beijing, the PRC on 4th May 2009 at 4:00 p.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31st December 2008
“Articles of Association”	the articles of association of the Company, adopted on 30th November 2003 and as amended from time to time
“Board”	the board of directors of the Company
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25th March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Registrar”	the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited, at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

DEFINITIONS

“Repurchase Mandate”	the general mandate to be granted to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in the Repurchase Resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution in the terms set out in resolution no. 4(B) of the notice of the AGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



HC INTERNATIONAL, INC.

慧聪网有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 08292)

Executive Directors:

Guo Fansheng (*Chairman*)

Guo Jiang (*Chief Executive Officer*)

Non-executive Director:

Li Jianguang

Independent Non-executive Directors:

Zhang Ke

Xiang Bing

Guo Wei

Registered Office:

4th Floor

One Capital Place

P.O. Box 847

George Town

Grand Cayman

Cayman Islands

British West Indies

Head Office and Principal

Place of Business:

Tower B

Jingyi Technical Building

No. 9 Dazhongsi East Road

Haidian District

Beijing

The People's Republic of China

30th March 2009

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed general mandates to issue shares and to repurchase shares, and the re-election of certain Directors in accordance with the Articles of Association.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed in the terms set out in resolutions no. 4(A) and 4(C) of the notice of the AGM whereby if passed, the Directors

* For identification purposes only

LETTER FROM THE BOARD

will be given a general and unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company as at the date of the passing of the relevant resolution (the “Share Issue Mandate”).

In addition, if the Repurchase Resolution is passed, an ordinary resolution in the terms set out in resolution no. 4(B) of the notice of the AGM whereby if passed, the Directors will be given a general and unconditional mandate to allot or issue further Shares up to an amount equal to the aggregate nominal amount of the issued share capital of the Company purchased under the Repurchase Mandate.

The Share Issue Mandate allows the Company to allot, issue and deal with Shares only during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by its Articles of Association or any applicable law; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company (the “Relevant Period”).

As at the Latest Practicable Date, the issued share capital of the Company comprised 488,178,960 Shares. Subject to the passing of the relevant resolution for the Share Issue Mandate and on the basis that no further Shares are allotted and issued or repurchased prior to the AGM, the Company will be allowed to allot, issue and deal with a maximum of 97,635,792 Shares under the Share Issue Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, the Repurchase Resolution will be proposed for the Directors to be granted the Repurchase Mandate. The Repurchase Mandate allows the Company to make purchases only during the Relevant Period.

As at the Latest Practicable Date, the issued share capital of the Company comprised 488,178,960 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are allotted and issued or repurchased prior to the AGM, the Company will be allowed to repurchase a maximum of 48,817,896 Shares under the Repurchase Mandate.

ANNUAL GENERAL MEETING

The notice convening the AGM is set out in the Annual Report.

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Registrar in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

LETTER FROM THE BOARD

EXPLANATORY STATEMENT

An explanatory statement required to be sent to the Shareholders under the GEM Listing Rules is attached herewith to provide the requisite information to you to make an informed decision in relation to the Repurchase Resolution.

RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Articles of Association, Mr. Guo Jiang and Mr. Li Jianguang will retire as Directors by rotation and being eligible, offer themselves for re-election at the AGM.

The biographical details and interests in Shares of the above-mentioned Directors to be re-elected at the AGM and their relationships with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company (if any) are provided in Appendix II.

VOTING BY POLL

Under Rule 17.47(4) of the GEM Listing Rules, vote(s) of shareholders at general meeting(s) shall be taken by poll.

RECOMMENDATION

The Directors are of the opinion that the proposed granting of the Share Issue Mandate and Repurchase Mandate, and the re-election of the Directors mentioned above are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Guo Jiang

Chief Executive Officer and Executive Director

This appendix serves as an explanatory statement as required to be sent to the Shareholders pursuant to Rule 13.08 of the GEM Listing Rules to provide the requisite information to you to make an informed decision in relation to the Repurchase Resolution proposed under the notice convening the AGM.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 488,178,960 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are allotted and issued or repurchased prior to the AGM, the Company will be allowed to repurchase a maximum of 48,817,896 Shares, representing 10% of the issued share capital of the Company during the Relevant Period.

REASONS FOR REPURCHASES

The Directors believe that the grant of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Any repurchase thereunder may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share. The Repurchase Mandate will only be exercised when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

DIRECTORS AND CONNECTED PERSONS

As at the Latest Practicable Date, to the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors and their respective associates have a present intention, in the event that the Repurchase Mandate is approved and exercised, to sell securities to the Company. No connected persons have notified the Company that they have a present intention to sell securities to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved and exercised.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company will only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and the GEM Listing Rules. The Company will not purchase the Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the financial position of the Company as at 31st December 2008 (being the date of its latest published audited consolidated accounts) in the event that the repurchase of Shares were to be carried out in full at any time during the Relevant Period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM during each of the previous twelve months were as follows:

Month	Highest HK\$	Lowest HK\$
2008		
April	0.520	0.295
May	0.900	0.470
June	0.750	0.460
July	0.880	0.520
August	0.700	0.530
September	0.670	0.500
October	0.590	0.240
November	0.420	0.158
December	0.500	0.290
2009		
January	0.350	0.209
February	0.350	0.240
1st March 2009 up to the Latest Practicable Date	0.350	0.200

UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands and have confirmed to the Stock Exchange that neither the Explanatory Statement nor the proposed share repurchase pursuant to the Repurchase Mandate has unusual features.

THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, the following persons were interested in 5% or more of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the interest of such persons will be increased to approximately the percentage set out in the last column as follows:

Name of substantial Shareholder	Class of Shares	Long position	Short position	Nature of Interests/Holding capacity	Approximate percentage of Share Capital	Approximate Percentage of Shareholding if the repurchase mandate is exercised in full (Note 1)
McGovern Patrick J.	Ordinary	104,790,697 (Note 2)	-	Interest in controlled corporation	21.47%	23.85%
McCarthy Kent C.	Ordinary	100,170,000 (Note 3)	-	Interest in controlled corporation	20.52%	22.80%
Zhou Quan	Ordinary	79,316,743 (Note 4)	-	Interest in controlled corporation	16.25%	18.05%
Li Jianguang	Ordinary	40,000,384 (Note 5)	-	Interest in controlled corporation	8.19%	9.10%
Guo Fansheng	Ordinary	39,447,015 (Note 6)	-	Beneficial Owner	8.08%	8.98%
Guo Jiang	Ordinary	28,149,146 (Note 6)	-	Beneficial Owner	5.77%	6.41%
Geng Yi	Ordinary	1,074,625 (Note 6)	-	Beneficial Owner	0.22%	0.24%

Notes:

1. Assuming no repurchase of any of the shares held by stated shareholders.
2. Such interest in the Company comprises 25,473,954 shares, 16,664,743 shares and 62,652,000 shares owned by IDG Technology Venture Investment, Inc., a wholly-owned subsidiary of International Data Group, Inc., the majority shareholder of which is Mr. Patrick McGovern, IDG Technology Venture Investments, L.P., a Delaware limited partnership controlled by IDG Technology Venture Investments, LLC, which is in turn jointly controlled by Mr. Patrick McGovern and Mr. Quan Zhou, and IDG Technology Venture Investment III, L.P., a Delaware limited partnership controlled by IDG Technology Venture Investment III, LLC, which is in turn jointly controlled by Mr. Patrick McGovern and Mr. Quan Zhou, respectively.

3. Such interest in the Company comprises 94,236,665 shares and 5,933,335 shares owned by Jayhawk Private Equity Fund, L.P. and Jayhawk Private Equity Co-Invest Fund, L.P., respectively. The entire issued share capital of each of the abovementioned companies is owned by Mr. McCarthy.
4. Such interest in the Company comprises 16,664,743 shares and 62,652,000 shares owned by IDG Technology Venture Investments, L.P., a limited partnership controlled by IDG Technology Venture Investments, LLC, which is in turn jointly controlled by Mr. Patrick McGovern and Mr. Quan Zhou, and IDG Technology Venture Investment III, L.P., a Delaware limited partnership controlled by IDG Technology Venture Investment III, LLC, which is in turn jointly controlled by Mr. Patrick McGovern and Mr. Quan Zhou, respectively.
5. The references to 40,000,384 shares of the Company relate to the same block of shares of the Company held by Callister Trading Limited, the entire share capital of which is owned by Mr. Li.
6. The references to 39,447,015 shares of the Company relate to the same block of shares of the Company held by Mr. Guo. Mr. Guo and his concert parties, including Mr. Guo Jiang (Mr. Guo's nephew) and Ms. Gengyi (Mr. Guo Jiang's spouse), together hold 68,670,786 shares of the Company.

The Directors will not repurchase the Shares on GEM if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the Stock Exchange.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate.

SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company, in the opinion of the Directors that the market price of the Shares had deviated significantly from its intrinsic value, repurchased 446,000 Shares. The details of the repurchases are set out below:-

Date of Purchase	No. of shares purchased	Method of repurchase	Price per Share paid (HK\$)	Total Price Paid (HK\$)
25 September 2008	2,000	On the Exchange	0.58	1,160.00
25 September 2008	200,000	On the Exchange	0.59	118,000.00
25 September 2008	226,000	On the Exchange	0.60	135,600.00
25 September 2008	<u>18,000</u>	On the Exchange	0.61	<u>10,980.00</u>
	<u>446,000</u>			<u>265,740.00</u>

All the relevant share certificates in respect of the repurchases have been duly cancelled and destroyed by the share registrar of the Company in Hong Kong.

Save as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the period.

Mr. Guo Jiang, an executive director

Age 35

Qualification and Experience

Mr. Guo is an executive Director and the Chief Executive Officer of the Company. Mr. Guo joined the Group in 1996 as a Sale Manager and became the Chief Executive Officer of the Group in 2008 and is responsible for overseeing the operations of the Group. Prior to that, Mr. Guo spent two years at the Broadcasting Science Institute of the State Administration of Radio, Film and Television as an assistant to director. Mr. Guo graduated from the Harbin University of Commerce in 1994 with a bachelor degree in computer science. He also attended the Business Administration Course for Senior Management of Modern Enterprises conducted by Guanghua Business School of Peking University in 2002. Mr. Guo does not hold any directorship in other public listed company in the past three years.

Length of Service

Mr. Guo was appointed as an executive director for a term of three years commencing from 1st August 2006, which may be terminated by either the Company or Mr. Guo by giving three months' written notice or otherwise in accordance with the terms of the director's service contract entered into between Mr. Guo and the Company. Pursuant to Article 87 of the Articles of Association of the Company, Mr. Guo will be subject to, and eligible for re-election at the AGM.

Relationship with other Directors, senior management, substantial or controlling shareholders

Save and except that being the nephew of Mr. Guo Fansheng, who is also an executive Director of the Company and the spouse of Ms. Gengyi, who is the senior management of the Company, Mr. Guo does not have any relationship with any other directors, senior management, management shareholders, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Guo is deemed to be interested in a long position of 37,157,771 Shares under the SFO, of which 7,934,000 Shares were derived from the share options granted under the Share Option Scheme. The principal terms of the Share Option Scheme were summarised in the paragraph headed "Share Options" under the section headed "Statutory and general information" in Appendix V to the prospectus of the company dated 8th December 2003. Save as disclosed above, Mr. Guo does not have any other interest in the securities of the Company within the meaning of Part XV of the SFO.

Amount of Emoluments

Under the service contract entered into between the Company and Mr. Guo, Mr. Guo is entitled to basic annual salaries of RMB600,000, which was determined with reference to his roles and responsibility and the prevailing market conditions, and discretionary bonus, which is determined with reference to his performance during the relevant period of time. Save for the said salary and discretionary bonus, Mr. Guo is not entitled to any other emolument for holding his office as an executive director of the Company.

Save as disclosed above, Mr. Guo and the Company are not aware of any other matter that needs to be brought to the attention of holders of securities of the Company pursuant to the GEM Listing Rules.

There is no information which is required to be disclosed under Rule 17.50(2)(h)-(v) of the GEM Listing Rules.

Mr. Li Jianguang, a non-executive director

Age 43

Qualification and Experience

Mr. Li is a non-executive Director of the Company. Mr. Li is the Vice-president of IDG Technology Venture Investment, Inc. ("IDG"), a substantial shareholder of the Company. Mr. Li is also a member of IDG Technology Venture Investments, LLC, which is the general partner of IDG Technology Venture Investments, LP. Mr. Li is responsible for the investment management of IDG's China-related early funds and IDG-Accel China Growth Fund. Prior to that, Mr. Li worked in Crosby Asset Management Limited as an investment manager. Mr. Li graduated from Peking University in 1987 with a bachelor's degree in economics and attained a master degree from Guelph University in Canada in 1994. Mr. Li has been serving as a non-executive Director since August 2006. Mr. Li does not hold any directorship in other public listed company in the past three years.

Length of Service

Mr. Li was appointed as a non-executive director of the Company on 1st August 2006. Pursuant to Article 87 of the Articles of Association of the Company, Mr. Li will be subject to, and eligible for re-election at the AGM.

Relationship with other Directors, senior management, substantial or controlling shareholders

Mr. Li does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholder of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Li is deemed to be interested in a long position of 40,000,384 Shares under the SFO. Such interest is derived from the his shareholdings in Callister Trading Limited, the entire share capital of which is owned by Mr. Li. Save as disclosed above, Mr. Guo does not have any other interest in the securities of the Company within the meaning of Part XV of the SFO.

Amount of Emoluments

Mr. Li is not entitled to any emolument for holding his office as a non-executive director of the Company.

Save as disclosed above, Mr. Li and the Company are not aware of any other matter that needs to be brought to the attention of holders of securities of the Company pursuant to the GEM Listing Rules.

There is no information which is required to be disclosed under Rule 17.50(2)(h)-(v) of the GEM Listing Rules.