

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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.

慧聰網有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

**REFRESHMENT OF SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME
AND
CONTINUING CONNECTED TRANSACTIONS
NEW PRINTING SUPPLEMENTAL AGREEMENT**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Kingsway Group

A letter from the board of directors of the Company is set out on pages 5 to 13 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on pages 14 to 15 of this circular. A letter from Kingsway Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 23 of this circular.

The notice convening the extraordinary general meeting of the Company to be held at Tower B, Jieneng Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100082) at 4:00 p.m. on 20 June 2008 (the "EGM") is set out on pages 34 to 35 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting 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 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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“associates”	has the meanings ascribed to it in the GEM Listing Rules
“Beijing HC International”	Beijing Huicong International Information Co., Ltd (北京慧聰國際資訊有限公司), a Sino-foreign co-operative joint venture company established in the PRC, which is 82% owned by Hong Kong HC International and 18% owned by HC Construction
“Board”	the board of Directors
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	The extraordinary general meeting of the Company proposed to be convened and held in respect of the approval of the refreshment of the Scheme Mandate Limit and the New Printing Supplemental Agreement
“Existing Printing Supplemental Agreement”	the supplemental agreement entered into between HC Advertising and Huimei Printing on 1 September 2005 in respect of the provision of printing services to HC Advertising, the terms of which were substantially the same as those set out in the Printing Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HC Advertising”	Huicong Shangqing Advertising (Beijing) Co., Ltd. (慧聰商情廣告(北京)有限公司), a limited liability company established in the PRC on 25 June 1996, 80% of the registered capital of which is owned by Huixiang Network and the remaining 20% of which is owned by HC Hulian

DEFINITIONS

“HC Construction”	Beijing Huicong Construction Information Consulting Co., Ltd. (北京慧聰建設信息諮詢有限公司), a limited liability company established in the PRC on 11 September 1998, the registered capital of which is beneficially owned as to 80% by Mr. Guo, 10% by Mr. Wang Chong and 10% by Ms. Wang Yonghui
“HC Hulian”	Beijing Huicong Hulian Information Technology Co., Ltd. (北京慧聰互聯信息技術有限公司), a limited liability company established in the PRC on 4 February 2004, the registered capital on which is owned as to 80% by Beijing HC International and as to 20% by Huixiang Network
“Hong Kong HC International”	Hong Kong Huicong International Group Limited (香港慧聰國際集團有限公司), a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of the Company
“Huimei Printing”	Beijing Huimei Printing Co., Ltd. (北京慧美印刷有限公司), a limited liability company established in the PRC in 2002, the registered capital of which is owned as to 65% and 35% by HC Construction and Mr. Fan Yousheng, an Independent Third Party, respectively
“Huixiang Network”	Beijing Huixiang Network Technology Co., Ltd. (北京慧翔網絡技術有限公司), a limited liability company established in the PRC on 5 May 1993, the registered capital of which is owned as to 85% by Beijing HC International and as to 15% by Mr. Wang Chong and Ms. Wang Yonghui, who hold their respective share of registered capital on behalf of Beijing HC International
“Independent Board Committee”	a board committee, comprising the independent non-executive Directors who are not interested in the transactions contemplated under the New Printing Supplemental Agreement, established to advise the Independent Shareholders in respect of the terms of the New Printing Supplemental Agreement
“Independent Shareholders”	the Shareholders other than Mr. Guo and his associates
“Independent Third Party(ies)”	party(ies) who is (are) independent from and not connected with any of the Directors, chief executive, substantial shareholders (as defined under the GEM Listing Rules) or management shareholders (as defined under the GEM Listing Rules) of the Company or any of their respective associates

DEFINITIONS

“Latest Practicable Date”	2 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Kingsway”	Kingsway Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Mr. Guo”	Mr. Guo Fansheng, an executive Director, the chairman of the Board, a substantial shareholder and an initial management shareholder of the Company. As at the Latest Practicable Date, Mr. Guo owns an approximate 13.00% equity interest in the Company
“New Printing Supplemental Agreement”	the supplemental agreement entered into between HC Advertising and Huimei Printing on 19 May 2008 in respect of the provision of printing services to HC Advertising, the terms of which are substantially the same as those set out in the Existing Printing Supplemental Agreement and its effectiveness is subject to the approval of Independent Shareholders at the EGM
“Options”	options to subscribe for Shares granted and to be granted under the Share Option Scheme
“Pre-IPO Options”	options to subscribe for Shares granted under the Pre-IPO Scheme
“Pre-IPO Scheme”	the Company’s pre-IPO share option scheme adopted on 30 November 2003, the principal terms of which are set out in the prospectus of the Company dated 8 December 2003
“PRC”	the People’s Republic of China
“Printing Agreement”	the agreement entered into between HC Advertising and Huimei Printing on 1 September 2002, pursuant to which Huimei Printing was appointed by HC Advertising to print various publications published by HC Advertising at a consideration based on market prices no less favourable than as charged by Independent Third Parties on a monthly basis
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Scheme Mandate Limit”	the total number of Shares in respect of which Options may be granted pursuant to the Share Option Scheme and any other share option schemes of the Company, not exceeding 10% of the issued share capital of the Company as at the date of approval of Share Option Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Share Option Scheme”	the Company’s post-IPO share option scheme adopted on 30 November 2003
“Shares”	the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Unless otherwise specified in this circular and for the purpose of illustration only, RMB is translated to HK\$ at an exchange rate of RMB1.00 = HK\$1.12. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rate or at all.

LETTER FROM THE BOARD



HC INTERNATIONAL, INC.

慧聰網有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

Executive Directors:

Guo Fansheng (*Chairman*)

Guo Jiang (*Chief Executive Officer*)

Wu Hui

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

Jieneng Building

42 North Street

Xizhimen Haidian District

Beijing

The People's Republic of China

5 June 2008

To the Shareholders

Dear Sir or Madam,

**REFRESHMENT OF SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME
AND
CONTINUING CONNECTED TRANSACTIONS
NEW PRINTING SUPPLEMENTAL AGREEMENT**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM relating to:

- (a) the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme; and

* For identification purposes only.

LETTER FROM THE BOARD

- (b) the New Printing Supplemental Agreement and the relevant cap amounts referred to in such agreement.

REFRESHMENT OF SCHEME MANDATE LIMIT

Pursuant to a Shareholders' resolution dated 30 November 2003, the Pre-IPO Scheme and the Share Option Scheme were adopted.

Upon listing of the Shares on GEM on 17 December 2003, no further option was granted under the Pre-IPO Scheme. As at the Latest Practicable Date, Pre-IPO Options to subscribe for a total of 46,984,080 Shares were granted pursuant to the Pre-IPO Scheme (representing 11.75% of the issued capital of the Company as at the date on which dealings of the Shares on GEM first commenced) with 37,836,960 Pre-IPO Options exercised. The remaining 9,147,120 Pre-IPO Options will lapse on 17 December 2013, that is, 10 years from 17 December 2003, being the date on which trading in Shares first commenced on GEM.

Under the GEM Listing Rules and the Share Option Scheme:

- (i) the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if such grant would result in the above limit being exceeded;
- (ii) subject to Shareholders' approval, the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme, when aggregated with any other schemes, shall not exceed 10% of the Shares in issue as at the date of the relevant approval, and the maximum number of Shares in respect of which options may be granted to any one participant may not exceed 1% of the Shares in issue from time to time in a 12 month period; and
- (iii) the Scheme Mandate Limit may be refreshed by Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the date of approval of the "refreshed" Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Based on 400,000,000 Shares in issue as at the date of adoption of the Share Option Scheme, the Scheme Mandate Limit is 40,000,000 Shares. During the period from the date of adoption of the Share Option Scheme to the Latest Practicable Date, the Scheme Mandate Limit has not been refreshed.

LETTER FROM THE BOARD

As at the Latest Practicable Date, a total of 26,000,000 Options exercisable at HK\$2.40 under the Share Option Scheme were granted to certain employees of the Company on 18 February 2004, of which no Options had been exercised, 17,200,000 Options had been lapsed and 8,800,000 Options remain outstanding.

As at the Latest Practicable Date, a total of 10,000,000 Options exercisable at HK\$1.49 under the Share Option Scheme were granted to certain employees of the Company on 23 June 2006, of which no Options had been exercised, 2,696,000 Options had been lapsed and 7,304,000 Options remain outstanding.

As at the Latest Practicable Date, a total of 23,000,000 Options exercisable at HK\$1.24 under the Share Option Scheme were granted to certain employees of the Company on 11 July 2007, of which no Options had been exercised, 3,100,000 Options had been lapsed and 19,900,000 Options remain outstanding.

In accordance with the above, as at the Latest Practicable Date, a total of 59,000,000 Options under the Share Option Scheme have been granted to the certain employees of the Company, of which no Options had been exercised, 22,996,000 Options had been lapsed and 36,004,000 Options remain outstanding. The Directors have no present intention to grant any further Options under the Share Option Scheme prior to the EGM.

The Directors notice that nearly 90% of the existing Scheme Mandate Limit has been utilized and only up to 3,996,000 Options may be further granted under the Share Option Scheme unless the Scheme Mandate Limit is refreshed, and consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole as it enables the Company to grant Options to the certain employees to reward and motivate them to strive for the future developments and expansion of the Group.

The Directors consider that the Company should refresh the Scheme Mandate Limit so that the Company will have more flexibility to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board wishes to take this opportunity to recommend for the Shareholders' approval at the EGM that the existing Scheme Mandate Limit be refreshed so that, assuming that no Shares are repurchased or further issued prior to the EGM and based on the 492,836,960 Shares in issue as at the Latest Practicable Date and up to the date of the EGM, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 49,283,696 Shares under the "refreshed" Scheme Mandate Limit, representing 10% of the Shares in issue as at the date of passing the relevant resolution at the EGM. Options previously granted under the Pre-IPO Scheme and the Share Option Scheme (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

LETTER FROM THE BOARD

Conditions

The proposed refreshment of the Scheme Mandate Limit will be conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders to approve the refreshment of the Scheme Mandate Limit at the EGM; and
- (b) the Stock Exchange granting the listing of, and the permission to deal in the Shares to be issued pursuant to the exercise of the Options to be granted under the refreshed Scheme Mandate Limit.

The Company confirms that the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period has not exceeded 1 per cent of the issued share capital of the Company in compliance with Rule 23.03(4) of the GEM Listing Rules.

An ordinary resolution will be proposed at the EGM to approve the refreshment of the Scheme Mandate Limit. None of the Shareholders are required to abstain from voting on the relevant resolution at the EGM pursuant to Rule 23.03 of the GEM Listing Rules.

Application for Listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, any Shares, representing up to 10% of the total number of Shares in issue as at the date of the EGM, to be issued and allotted upon exercise of the options under the refreshed Scheme Mandate Limit.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 19 May 2008. On 19 May 2008, Huimei Printing and HC Advertising entered into the New Printing Supplemental Agreement pursuant to which Huimei Printing was appointed by HC Advertising to print various publications issued by HC Advertising at a price not less favourable than that charged by Independent Third Parties.

The Directors (including the independent non-executive Directors) consider that the New Printing Supplemental Agreement was made on normal commercial terms and that the terms of the New Printing Supplemental Agreement are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

The transactions contemplated under the New Printing Supplemental Agreement constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement requirements and Independent Shareholders' approval by way of poll under the GEM Listing Rules.

An EGM will be held to approve the New Printing Supplemental Agreement. Apart from Mr. Guo and his associates, no other Shareholder is required to abstain from voting at the EGM.

LETTER FROM THE BOARD

An Independent Board Committee has been appointed to consider the terms of the New Printing Supplemental Agreement and Kingsway has been appointed to advise the Independent Board Committee.

The New Printing Supplemental Agreement

Date:	19 May 2008
Parties involved:	(i) Huimei Printing and (ii) HC Advertising
Services provided:	Huimei Printing was appointed by HC Advertising to print various publications issued by HC Advertising, including but not limited to Huicong Trade Catalogues.
Consideration:	The printing fees payable by HC Advertising shall be the total amount payable in cash on a monthly basis in arrears for the provision of the printing services by Huimei Printing at market price, being a price not less favourable than that charged by Independent Third Parties.
Term:	Extended the term under the Existing Printing Supplemental Agreement for a three-year period from 1 January 2008 to 31 December 2010.

The terms for the provision of printing services under the New Printing Supplemental Agreement were arrived at after arm's-length negotiations between the parties. The Directors (including the independent non-executive Directors) believe the terms of the New Printing Supplemental Agreement, which are substantially the same as those set out in the Existing Printing Supplemental Agreement, conform with existing industry practice and are no less favourable to the Group than terms available from Independent Third Parties.

The Company makes reference to the section headed "Business" in the prospectus of the Company dated 8 December 2003 which contains details regarding the waiver in respect of the Printing Agreement granted by the Stock Exchange at the time of the listing of the Shares on GEM and the announcement and the circular of the Company dated 1 September 2005 and 22 September 2005 respectively in relation to the continuing connected transactions contemplated under the Existing Printing Supplemental Agreement and the proposed new caps.

Reasons for the New Printing Supplemental Agreement and the Cap

The management of the Company consistently reviews and monitors the continuing connected transactions of the Company under the GEM Listing Rules to ensure compliance with the requirements in respect of connected transactions under the GEM Listing Rules. Based on the most recent internal review and estimate of demand for the Company's printed publications, together with other considerations which include previous

LETTER FROM THE BOARD

transactions and figures, long-established relationship, capabilities and experience, the Company proposes to enter into the New Printing Supplemental Agreement to extend the term of the Existing Printing Supplemental Agreement for a three-year period from 1 January 2008 to 31 December 2010 and to adopt the proposed new annual caps in respect of the New Printing Supplemental Agreement as set out below.

The existing caps, as disclosed in the Company's announcement dated 1 September 2005, for the three years ended 31 December 2007 are RMB36,000,000 (equivalent to approximately HK\$40,320,000), RMB45,000,000 (equivalent to approximately HK\$50,400,000) and RMB52,000,000 (equivalent to approximately HK\$58,240,000), respectively. The printing fees paid pursuant to the Existing Printing Supplemental Agreement amounted to approximately RMB28,416,000 (equivalent to approximately HK\$31,825,920), RMB26,651,000 (equivalent to approximately HK\$29,849,120) and RMB25,310,000 (equivalent to approximately HK\$28,347,200) for the three financial years ended 31 December 2007, respectively.

During the past two years, the Company divested of its non-core businesses and has placed its focus, attention and resources on its B2B business. After two years' transformation, the Group has formed a multi-facet matrix of products and resources, comprising both on-line and off-line products. The Company's traditional off-line products, including "HC Trade Catalogues" still contributes to the development of the Company as an important supplemental service. The "HC Trade Catalogues" is an authoritative industry procurement guide in China and is one of the leading catalogues in the industry in terms of coverage and reference. The Directors believe that the demand in the publications of the Company indicates stable growth for the foreseeable future. Due to the termination of part of the Group's printed periodicals and by taking into consideration the historical data in previous similar transactions, the Directors have made an assumption that the printing fees of the Company's publications will grow at a rate of approximately 26%, 16% and 14%, respectively, for each of the three years ending 31 December 2010. In addition, since the production costs of the printing industry in the PRC foreseen to be increased continuously for the coming years, the Directors believe that the printing fees will increase accordingly. Accordingly, the Directors propose to set an annual limit on the printing fees payable to Huimei Printing under the New Printing Supplemental Agreement for each of the three years ending 31 December 2010 at RMB32,000,000 (equivalent to approximately HK\$35,840,000), RMB37,000,000 (equivalent to approximately HK\$41,440,000) and RMB42,000,000 (equivalent to approximately HK\$47,040,000), respectively.

The Directors (including the independent non-executive Directors) consider that the terms of the New Printing Supplemental Agreement are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole. The New Printing Supplemental Agreement was negotiated on an arm's-length basis and was arrived at on commercial terms no less favourable to the Group than terms available from Independent Third Parties.

The New Printing Supplemental Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

Implications under the GEM Listing Rules

Mr. Guo is an executive Director, the chairman of the Board, a substantial shareholder and an initial management shareholder of the Company who owns an approximate 13.00% equity interest in the Company as at the Latest Practicable Date. He also owns 80% in the equity interest of HC Construction, which in turn holds a 65% equity interest in Huimei Printing. Accordingly, Huimei Printing is regarded as a connected person of the Company pursuant to Rule 20.11(4) of the GEM Listing Rules. The transactions contemplated under the New Printing Supplemental Agreement constitute non-exempt continuing connected transactions of the Company under Rule 20.14 of the GEM Listing Rules.

Since each of the applicable percentage ratios for the transactions under the New Printing Supplemental Agreement on an annual basis will be more than 2.5%, but less than 25%, and the annual consideration will exceed HK\$10,000,000, such transactions are subject to the reporting and announcement requirements, and Independent Shareholders' approval by way of poll under Rules 20.35 to 20.41 of the GEM Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been appointed to consider the terms of the New Printing Supplemental Agreement. Kingsway has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the New Printing Supplemental Agreement.

Principal Business Activities of the Group, Huimei Printing and HC Advertising

The Group is one of the leading e-commerce communities in the PRC. The Group aims to provide business information through different means to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions.

Currently, the Group provides business information through four main types of communication channels: (i) industry portals, trade catalogues and yellow page directories, (ii) search engine services, (iii) print periodicals and (iv) market research and analysis.

Huimei Printing is principally engaged in the provision of printing services. HC Advertising, an indirect subsidiary of the Company, is principally engaged in conducting media advertising activities in the PRC.

EGM

A notice for convening the EGM is set out from pages 34 to 35. The EGM will be convened at Tower B, Jieneng Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100082) at 4:00 p.m. on 20 June 2008 for the purpose of considering and, if thought fit, passing the ordinary resolution(s) to approve the New Printing Supplemental Agreement and the cap amounts referred to in such agreement, and the refreshment of Scheme Mandate Limit under the Share Option Scheme. A form of proxy for the use at the EGM is enclosed with this circular.

LETTER FROM THE BOARD

None of the Shareholders are required to abstain from voting at the EGM on the resolution in relation to the refreshment of the Scheme Mandate Limit under the Share Option Scheme as set out in the notice of the EGM as resolution number 1. Apart from Mr. Guo (who owns 64,088,863 Shares, which represents approximate 13.00% equity interest in the Company and he has control over the voting rights of such Shares as at the Latest Practicable Date) and his associates, no other Shareholder is interested in the transactions contemplated under the New Printing Supplemental Agreement and is required to abstain from voting at the EGM on the relevant resolution as set out in the notice of the EGM as resolution number 2.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

PROCEDURES FOR DEMANDING A POLL AT THE EGM BY THE SHAREHOLDERS

- (a) Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of poll is required by the rules of the Stock Exchange or (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 by:
 - (i) the chairman of such meeting;
 - (ii) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting;
 - (iii) a member or members present in person or in the case of a member 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 members having the right to vote at the meeting;
 - (iv) a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company 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; or
 - (v) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

LETTER FROM THE BOARD

RECOMMENDATION

The Board is of the opinion that the proposed refreshment of the Scheme Mandate Limit is in the best interest of the Company and the Shareholders as a whole. The Board also considers that the transactions under the New Printing Supplemental Agreement were entered into in the ordinary and usual course of business of the Company and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution in relation to the refreshment of the Scheme Mandate Limit under the Share Option Scheme and the Independent Shareholders to vote in favour of the resolution in relation to the approval of the New Printing Supplemental Agreement and the cap amounts referred to in such agreement to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee and the letter from Kingsway contained in this circular and the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Guo Jiang
Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HC INTERNATIONAL, INC.

慧聰網有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

Independent Non-executive Directors:

Zhang Ke

Xiang Bing

Guo Wei

5 June 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

NEW PRINTING SUPPLEMENTAL AGREEMENT

INTRODUCTION

We refer to the circular dated 5 June 2008 (the “Circular”) of HC International, Inc. (the “Company”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Under the GEM Listing Rules, the continuing connected transactions as contemplated under the New Printing Supplemental Agreement and the cap amounts as specified in such agreement are required to be approved by the Independent Shareholders at the EGM. We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to advise you as to whether the terms of the New Printing Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Kingsway has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of New Printing Supplemental Agreement.

* For identification purposes only.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 5 to 13 of this circular and the letter from Kingsway as set out on pages 16 to 23 of this circular which contains, inter alia, its advice and recommendations to us and the Independent Shareholders regarding the terms of the New Printing Supplemental Agreement and the principal factors and reasons taken into consideration for its advice and recommendations.

RECOMMENDATION

Having taken into account the advice and recommendations of Kingsway, we are of the opinion that the New Printing Supplemental Agreement has been entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Printing Supplemental Agreement.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Zhang Ke
Independent Non-Executive Director

LETTER FROM KINGSWAY

The following is the full text of a letter received from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions pursuant to the New Printing Supplemental Agreement for inclusion in this Circular.



5/F, Hutchison House,
10 Harcourt Road,
Central, Hong Kong
Tel. No.: (852) 2877-1830
Fax. No.: (852) 2283-7722

5 June 2008

*To the Independent Board Committee and
the Independent Shareholders of HC International, Inc.*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS NEW PRINTING SUPPLEMENTAL AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions pursuant to the New Printing Supplemental Agreement (“**Continuing Connected Transactions**”) and their relevant annual caps, details of which are set out in a circular (the “**Circular**”) of HC International, Inc. to the Shareholders dated 5 June 2008, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

As set out from the “Letter from the Board” of this Circular, Huimei Printing and HC Advertising entered into the New Printing Supplemental Agreement on 19 May 2008 pursuant to which Huimei Printing was appointed by HC Advertising to print various publications issued by HC Advertising, including but not limited to Huicong Trade Catalogues. As Huimei Printing is a connected person of the Company and the annual consideration will exceed HK\$10,000,000, continuing transactions between members of the Group and Huimei Printing constitute non-exempt continuing connected transactions and are subject to the reporting and announcement requirements, and Independent Shareholders’ approval by way of poll under the GEM Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the Continuing Connected Transactions are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. In our capacity as the

LETTER FROM KINGSWAY

independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether (i) the entering into of the Continuing Connected Transactions are in the interests of the Company and its Shareholders as a whole and in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms and fair and reasonable; and (ii) the proposed relevant annual caps for Continuing Connected Transactions are fair and reasonable.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts provided by the Company and have assumed that any representation made to us, in all material aspect, are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and shall continue to be true, accurate and complete at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided, and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations have the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, Huimei Printing, or HC Advertising, nor have we conducted an independent investigation into the business and affairs of the Group.

CONTINUING CONNECTED TRANSACTIONS

1. Background

HC Advertising, an indirect subsidiary of the Company, is principally engaged in conducting media advertising activities in the PRC, whereas Huimei Printing is principally engaged in the provision of printing services.

LETTER FROM KINGSWAY

Huimei Printing and HC Advertising entered into the Printing Agreement dated 1 September 2002 in relation to the appointment of Huimei Printing by HC Advertising for the provision of printing services. On 1 September 2005, Huimei Printing and HC Advertising entered into the Existing Printing Supplemental Agreement to extend the term of the Printing Agreement until 31 December 2007, pursuant to which Huimei Printing was appointed by HC Advertising to print various publications issued by HC Advertising, including but not limited to Huicong Trade Catalogues which contain information of market players in different industries and information such as product descriptions, prices and contact details.

Based on the most recent internal review and estimate of demand of the Company's printed publications, together with other considerations which include previous transactions and figures, long-established relationship, capabilities and experience, HC Advertising entered into the New Printing Supplemental Agreement on 19 May 2008 to further extend the term of the Existing Printing Supplemental Agreement for a three-year period from 1 January 2008 to 31 December 2010 and to adopt the proposed new annual caps in respect of the New Printing Supplemental Agreement.

The printing fees payable by HC Advertising to Huimei Printing shall be the total amount payable in cash on a monthly basis in arrears for the provision of the printing services by Huimei Printing at market price, being a price not less favourable than that charged by Independent Third Parties.

2. Principal reasons and factors considered

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, we have considered the following principal reasons and factors:

a. Principal business of the Group

The Group is one of the leading e-commerce communities in the PRC. The Group aims to provide business information through different means to facilitate buyers and sellers in the commercial world to disseminate and/or obtain such information to assist them in locating and matching their counterparties and to make business decisions. Currently, the Group provides business information through four main types of communication channels: (i) industry portals, trade catalogues and yellow page directories; (ii) search engine services, (iii) print periodicals and (iv) market research and analysis.

The Group publishes trade catalogue collections, including but not limited to Huicong Trade Catalogues which contain business information of market players in the industry and information such as quotations, product advertisement and production technology information through HC Advertising.

LETTER FROM KINGSWAY

The Group's yellow page directories are also a means of print advertising. The yellow page directories provides the contacts and product details of each of the market players and technical articles on certain industries and are published on an annual basis. The contribution of trade catalogues and yellow page directories business segment to the turnover of the Group is set out below:

<i>(RMB'000)</i>	For the year ended 31 December		
	2005	2006	2007
The Group's total turnover	320,519	291,291	279,262
Turnover generated from the trade catalogues and yellow page directories business segment	173,304	145,909	136,247
Percentage of contribution to the Group's total turnover	54.1%	50.1%	48.8%

As set out above, the percentage contribution of the trade catalogues and yellow page directories business segment to the Group's total turnover for the three years ended 31 December 2007 has remained relatively stable, with an annual average of approximately 51%. Therefore, we consider that the trade catalogues and yellow page directories business segment contributed a significant portion of the Group's total turnover for the three years ended 31 December 2007 and forms the main revenue base to the Group.

Huimei Printing was appointed by HC Advertising to print various publications issued by HC Advertising, including but not limited to Huicong Trade Catalogues which contain information of market players in different industries and information such as product descriptions, prices and contact details in accordance with the terms of the New Printing Supplemental Agreement.

Based on the above, we are of the view that the continuing connected transactions under the New Printing Supplemental Agreement are in line with the principal business of the Group, and are in the ordinary and usual course of business of the Company.

b. Overview of the advertising industry in the PRC

According to the China Statistics Yearbook 2007, the gross domestic product ("GDP") of the tertiary sector, comprising, among others, the finance industry, insurance industry, commercial industry, advertising industry, tourism and properties industry, in the PRC has been growing steadily at a compound annual growth rate ("CAGR") of approximately 13.4% for the period 2004 to 2006.

According to the China Advertising Expenditure Trends and Outlook for 2008 Press Conference materials released by CTR Media Intelligence in February 2008, the total annual advertising expenditure in the PRC were approximately RMB243 billion, approximately RMB286 billion and approximately RMB312 billion,

LETTER FROM KINGSWAY

respectively for the three years ended 31 December 2007, representing a CAGR of approximately 13.3%. The Directors are of the view that given the huge potential opportunities driven by the 2008 Beijing Olympic Games, the demand for advertising in the PRC will increase substantially.

According to the Directors' industry knowledge and analysis, in general, substantial revenue will be generated for the Olympic Games host country. According to the internal research of the Company, huge economic benefits were realised in 2000 Sydney Olympic Games. Likewise, Directors are of the view that 2008 Beijing Olympic Games will generate economic benefits in the PRC mostly in the tertiary industry and especially for advertising, television, newspaper, magazines etc. In addition, according to the Directors' past experience, companies tend to spend more in advertising during the Olympic Games period as more than three billion people all over the world will be watching the Olympic Games. Thus, the Directors expect the demand for advertising medium in the PRC will increase substantially during the Olympic Games period.

The Group's other product, yellow page directories, are also a means of print advertising. According to an article of People's Daily Online dated 4 July 2005, the total revenue of the yellow pages industry in the PRC was approximately USD33 million in 2004, representing 0.3% of the total revenue of the advertising industry in the PRC.

Considering the above, the Directors believe that the demand for the Company's publications, being mainly the trade catalogue collections and yellow page directories, will grow steadily in the foreseeable future and the Company will continue to require printing services from printing companies to support its business growth.

Having taken into account the above, we consider that the Continuing Connected Transactions (i) are in line with the Group's principal activities; and (ii) support the Group in capturing the opportunities from the growing demand of the advertising industry. Therefore, we consider the New Printing Supplemental Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

c. Pricing basis

As set out in the "Letter from the Board" of the Circular, the printing fees payable by HC Advertising shall be the total amount payable in cash on a monthly basis in arrears for the provision of the printing services by Huimei Printing at market price, being a price not less favourable than that charged by Independent Third Parties. Such printing fees will only be determined among the parties when the transaction actually takes place. In the event that the parties could not reach an agreement on the printing fee in the future, HC Advertising is not obliged to engage Huimei Printing to carry out the printing activities.

LETTER FROM KINGSWAY

The terms for the provision of printing services under the New Printing Supplemental Agreement were arrived at after arm's-length negotiations between the parties. The Directors (excluding the independent non-executive Directors who will give their opinions on the terms of the New Printing Supplemental Agreement after the consideration of our suggestions) believe that the terms of the New Printing Supplemental Agreement, which are substantially the same as those set out in the Existing Printing Supplemental Agreement, conform with existing industry practice and are not less favourable to the Group than terms available from Independent Third Parties.

We have reviewed similar sample printing services agreements entered into between HC Advertising and Independent Third Parties provided by Company. Based on our review of the sample printing services agreements, our review of the terms of selected actual transactions between HC Advertising and Huimei Printing and those between HC Advertising and Independent Third Parties in the past, and our discussions with the management of the Company, we are of the opinion that the terms of the New Printing Supplemental Agreement are no less favourable to the Group than the terms available from Independent Third Parties.

Taking into account the price payable by HC Advertising, which will be not less favourable to Huimei Printing as compared with that payable to Independent Third Parties, we are of the view that the New Printing Supplemental Agreement is on normal commercial terms, in the ordinary course of business of the Company, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

d. Annual caps

Set out below are the actual printing fees payable by the Group to Huimei Printing pursuant to the Existing Printing Supplemental Agreement for the three years ended 31 December 2007 and the four months ended 30 April 2008:

<i>(RMB'000)</i>	For the year ended 31 December		For the four months ended 30 April	
	2005	2006	2007	2008
Actual printing fees payable	28,416	26,651	25,310	7,312

The proposed new annual caps for the Continuing Connected Transactions for each of the three years ending 31 December 2010 are set out as follow:

<i>(RMB'000)</i>	For the year ended 31 December		
	2008	2009	2010
Annual caps	32,000	37,000	42,000

LETTER FROM KINGSWAY

The Directors, when determining the annual caps for each of the three years ending 31 December 2010, have made reference to (i) the historical amount of the printing fees payable to Huimei Printing; (ii) the historical amount of previous similar transactions; (iii) the estimated future growth of the demand of the Company's publications (considering also the termination of part of the Group's printed periodicals); (iv) the seasonal factors affecting the demand of the Company's publications; and (v) the increase in printing expenses due to inflation.

The Directors have made an assumption that the printing fees of the Company's publications will grow at a rate of approximately 26%, 16% and 14%, respectively, for each of the three years ending 31 December 2010.

Proposed annual cap for 2008

In formulating our opinion in relation to the fairness and reasonableness of the proposed annual cap for 2008, we have reviewed the Company's unaudited management accounts for the four months ended 30 April 2008 and noted that the actual printing fees payable to Huimei Printing for the four months ended 30 April 2008 amounted to approximately RMB7,312,000, representing approximately 22.85% of the proposed annual cap for 2008. We have discussed with the Directors and understood that the demand for the Company's publications during the first quarter of each year normally is lower than the other period due to the Chinese New Year holidays in the PRC.

In addition, as mentioned in the subsection headed "Overview of the advertising industry in the PRC", we consider that as the overall advertising industry will exhibit a growth trend in 2008 due to the 2008 Beijing Olympic Games, it is reasonable for the Company to expect the demand for its trade catalogue collections and yellow page directories to increase in 2008.

Furthermore, according to the newsletters issued by the National Bureau of Statistics of China on 28 February 2008 and 18 April 2008, the consumer price increased by 4.8% in 2007 and by 8.0% for the first quarter of 2008. In light of the above, the Directors expect that the price level in general is on an increasing trend and so will its cost of production.

Proposed annual caps for 2009 and 2010

According to the statistics released by the National Bureau of Statistics of China, the GDP of the PRC for 2006 increased by approximately 11.1% as compared to the previous year. Under the Eleventh Five-Year Plan, the PRC government expects the GDP to grow at a CAGR of approximately 7.5% from 2005 to 2010. In addition, given that the general price level in the PRC is expected to be increasing in the coming years, so will the cost of printing to the Group during the period 2009 to 2010. As such, we consider the estimated growth of the transaction amount considered by the Directors in deriving the annual cap of RMB37,000,000 and RMB42,000,000 for the year ended 2008 and 2009 are fair and reasonable.

LETTER FROM KINGSWAY

Taking into account (i) the historical amount of the printing fees payable to Huimei Printing; (ii) the historical amount of previous similar transactions; (iii) the estimated future growth of the demand of the Company's publications; (iv) the seasonal factors affecting the demand of the Company's publications; (v) the opportunities and potential increase in demand in 2008 due to 2008 Beijing Olympic Games; and (vi) the expected increase in printing expenses due to inflation, we are of the opinion that the annual caps for the three years ending 31 December 2010 are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

CONCLUSION AND RECOMMENDATION FOR THE CONTINUING CONNECTED TRANSACTIONS

Having considered the above principal factors and reasons, in particular,

- (i) the background of and the reasons for carrying out the continuing connected transactions contemplated under the New Printing Supplemental Agreement;
- (ii) the basis of price determination of the printing fees payable by the Group to Huimei Printing; and
- (iii) the basis of setting the corresponding annual caps;

we are of the view that the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group. The terms of the New Printing Supplemental Agreement, including the annual caps, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Printing Supplemental Agreement and their respective annual caps.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tai Hoi
Executive Director

1. 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(a) Directors' Long Positions in the Shares of the Company

Name of Directors	Capacity	Personal interests	Family interests	Corporate Interests	Other Interests	Total number of shares	Percentage of shareholding
Guo Fansheng	Beneficial owner	64,088,863	-	-	-	64,088,863	13.00%
Li Jianguang	Beneficial owner	-	-	40,000,384 (Note 1)	-	40,000,384 (Note 1)	8.12%
Guo Jiang	Beneficial owner	8,509,923 (Note 2)	-	-	-	8,509,923 (Note 2)	1.73%
Wu Hui	Beneficial owner	800,000 (Note 3)	-	-	-	800,000 (Note 3)	0.16%

Notes:

1. 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.
2. Such interest in the Company comprises:
 - (a) 3,575,923 shares of the Company of which 1,074,625 shares of the Company are held by Mr. Guo's spouse; and
 - (b) 4,934,000 underlying shares derived from the share options granted under the Share Option Scheme of which 734,000 underlying shares derived from the share options granted to Mr. Guo's spouse under the Share Option Scheme.
3. The references to 800,000 underlying shares are derived from the share options granted under the Share Option Scheme.

(b) Directors' Short Positions in the Shares of the Company

None of the Directors had short positions in the shares of the Company.

(c) Directors' Long Positions in the rights to acquire Shares of the Company

Name of grantee	Date of grant	Exercised price per share HK\$	Number of share options				As at Latest Practicable Date
			As at 1 January 2008	Granted during the period	Exercise during the period	Cancelled during the period	
GUO Jiang	18 February 2004	2.40	1,000,000	-	-	-	1,000,000
GUO Jiang	23 June 2006	1.49	1,000,000	-	-	-	1,000,000
GUO Jiang	11 July 2007	1.24	2,200,000	-	-	-	2,200,000
WU Hui	11 July 2007	1.24	800,000	-	-	-	800,000

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interest of substantial shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholder	Class of shares	Long position	Short position	Nature of Interests/Holding capacity	Approximately Percentage of shareholding
McGovern Patrick J.	Ordinary	104,790,697 (Note 1)	–	Interest in controlled corporation	21.26%
McCarthy Kent C.	Ordinary	103,210,000 (Note 2)	–	Interest in controlled corporation	20.94%
Zhou Quan	Ordinary	79,316,743 (Note 3)	–	Interest in controlled corporation	16.09%

Notes:

- 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.
- Such interest in the Company comprises 772,000 shares, 88,026,659 shares, 8,869,000 shares and 5,542,341 shares owned by Jayhawk China Fund (Cayman), Ltd., Jayhawk Private Equity Fund, L.P., Buffalo Jayhawk China Fund 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.
- 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.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions of substantial shareholders or other persons in the shares and underlying shares of the Company which are required to be kept under Section 336 of the SFO.

4. SHARE OPTION SCHEMES

Pursuant to written resolutions of the shareholders of the Company dated 30 November 2003, two share option schemes, a pre-IPO share option scheme (the "Pre-IPO Scheme") and a post-IPO share option scheme (the "Share Option Scheme"), were adopted by the Company. The principal terms of the Pre-IPO Scheme and the Share Option Scheme were summarised in the paragraph headed "Share options" under the section headed "Statutory and general information" in Appendix V of the prospectus of the Company dated 8 December 2003.

(a) Pre-IPO Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 9,147,120 shares of the Company granted pursuant to the Pre-IPO Scheme were outstanding. Details of which were as follows:

Name of grantee	Date of grant	Exercise price per share HK\$	Number of share options				As at Latest Practicable Date (Note 1)
			As at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Ex-employees</i>							
FAN Qimiao	2 December 2003	0.44	5,111,104	-	-	-	5,111,104
GU Yuanchao	2 December 2003	0.44	3,777,774	-	-	-	3,777,774
<i>Other employees</i>							
In aggregate (Note 2)	2 December 2003	0.44	258,242	-	-	-	258,242
Total			<u>9,147,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,147,120</u>

Notes:

- Each option has a 10-year exercise period, which may be exercised after the expiry of twelve months from the date on which trading in the shares of the Company first commenced on GEM (the "Listing Date"), being 17 December 2003. Commencing from the first, second and third anniversaries of the Listing Date, the relevant grantee may exercise options up to 33.3%, 66.6% and 100%, respectively, of the shares of the Company comprised in his or her option (less any number of shares of the Company in respect of which the option has been previously exercised).
- As at latest practicable date, there were 3 employees who had been granted with options under the Pre-IPO Scheme to acquire an aggregate of 258,242 shares of the Company.

(b) Share Option Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 36,004,000 shares of the Company granted pursuant to the Share Option Scheme were outstanding. Details of which were as follows:

Name of grantee	Date of grant	Exercise price per share HK\$	Number of share options				As at Latest Practicable Date (Note 1)
			As at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Director</i>							
GUO Jiang	18 February 2004	2.40	1,000,000	-	-	-	1,000,000
	23 June 2006	1.49	1,000,000	-	-	-	1,000,000
	11 July 2007	1.24	2,200,000	-	-	-	2,200,000
WU Hui	11 July 2007	1.24	800,000	-	-	-	800,000
<i>Senior management</i>							
GENG Yi	18 February 2004	2.40	300,000	-	-	-	300,000
	23 June 2006	1.49	434,000	-	-	-	434,000
ZHANG Chuanjun	18 February 2004	2.40	50,000	-	-	-	50,000
	23 June 2006	1.49	200,000	-	-	-	200,000
	11 July 2007	1.24	980,000	-	-	-	980,000
WANG Lijie	18 February 2004	2.40	175,000	-	-	-	175,000
	23 June 2006	1.49	266,000	-	-	-	266,000
	11 July 2007	1.24	1,460,000	-	-	-	1,460,000
<i>Other employees</i>							
In aggregate (Note 2)	18 February 2004	2.40	7,275,000	-	-	-	7,275,000
In aggregate (Note 3)	23 June 2006	1.49	5,404,000	-	-	-	5,404,000
In aggregate (Note 4)	11 July 2007	1.24	14,460,000	-	-	-	14,460,000
Total			<u>36,004,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,004,000</u>

Notes:

1. Each option has a 10-year exercise period, which may be exercised after the expiry of twelve months from the date of the grant of options.

For the options exercisable at HK\$2.40 granted on 18 February 2004, the relevant grantees may exercise options up to 33.3%, 66.6% and 100%, respectively, of the shares of the Company comprised in his or her option (less any number of shares of the Company in respect of which the option has been previously exercised), commencing from the first, second and third anniversaries of the date of the grant of options.

For the options exercisable at HK\$1.49 granted on 23 June 2006, the relevant grantees may exercise these options in a 10-year period starting from the expiry of twelve months from the date of the grant of options.

For the options exercisable at HK\$1.24 granted on 11 July 2007, the relevant grantees may exercise options up to 50% and 100%, respectively, of the shares of the Company comprised in his or her option (less any number of shares of the Company in respect of which the option has been previously exercised), commencing from the first and second anniversaries of the date of the grant of options.

2. 87 employees have been granted options under the Share Option Scheme to acquire an aggregate of 7,275,000 shares of the Company at HK\$2.40 per share.
3. 65 employees have been granted options under the Share Option Scheme to acquire an aggregate of 5,404,000 shares of the Company at HK\$1.49 per share.
4. 88 employees have been granted options under the Share Option Scheme to acquire an aggregate of 14,460,000 shares of the Company at HK\$1.24 per share.
5. The fair value of options granted under the Share Option Scheme on 18 February 2004, determined using the Binomial Model value model, was approximately RMB20,193,000. The significant inputs into the model were the exercise price of HK\$2.4, standard deviation of expected share price returns of 32%, expected life of options ranging from 5.4 to 6.6 years, expected dividend paid out rate of 0% and annual risk-free interest rate ranging from 1.34% to 4.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
6. The fair value of options granted under the Share Option Scheme on 23 June 2006, determined using the Binomial Model valuation model, was approximately RMB3,919,000. The significant inputs into the model were exercise price of HK\$1.49, standard deviation of expected share price returns of 34.8%, expected life of options ranging from 3.2 to 5.5 years expected dividend paid cut rate of 0% and annual risk free interest rate 4.911%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
7. The fair value of options granted under the Share Option Scheme on 11 July 2007, determined using the Binomial Model valuation model, was approximately RMB9,390,000. The significant inputs into the model were exercise price of HK\$1.24 standard deviation of expected share price returns of 49.0%, expected life of options ranging from 2.4 to 6.2 years expected dividend paid cut rate of 0% and annual risk-free interest rate 4.757%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.

5. DIRECTORS INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS

- (a) (i) Each of Mr. Guo Fansheng, Mr. Guo Jiang and Mr. Wu Hui has entered into a director's service contract with the Company, whereby each of them has accepted the appointment as an executive director of the Company for a term of three years from 30 November 2006, 1 August 2006 and 22 October 2007, respectively, which may be terminated by either party giving three months' prior written notice or otherwise in accordance with the terms of their respective service contracts; and
- (ii) Each of the independent non-executive Directors, Mr. Guo Wei, Mr. Xiang Bing and Mr. Zhang Ke, has entered into a director's service contract with the Company, whereby Mr. Guo Wei and Mr. Xiang Bing have accepted the appointment as independent non-executive directors of the Company for a term of one year from 1 January 2004 while Mr. Zhang Ke has accepted the appointment for a term of one year from 28 March 2004, and the service contracts shall be renewed automatically at the end of the term. Either party may terminate the service contract at any time by giving one month's prior written notice or in accordance with the terms of their respective service contracts.
- (iii) Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (b) As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors has any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

7. FINANCIAL POSITION

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the latest audited financial statements of the Company were made up.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions in this circular:

Name	Qualification
Kingsway	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Kingsway did not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

As at the Latest Practicable Date, Kingsway did not have any direct or indirect interest in any assets which have been since 31 December 2007, the date to which the latest published audited account of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.

Kingsway has on 5 June 2008 given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 5 June 2008 and the references to its name included herein in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. from Monday to Friday (except for public holidays) at Flat A, 16/F., United Centre, 95 Queensway, Hong Kong, up to and including 20 June 2008:

- (a) the Pre-IPO Scheme;
- (b) the Share Option Scheme;
- (c) the service contracts referred to in the section headed "Directors' Interests in Contracts" in this Appendix;

- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;
- (e) the letter from Kingsway to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 23 of this circular;
- (f) the written consent from Kingsway referred to in the paragraph headed “Expert’s Qualification and Consent” in this Appendix;
- (g) the Printing Agreement;
- (h) the Existing Printing Supplemental Agreement; and
- (i) the New Printing Supplemental Agreement.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance were pending or threatened by or against any member of the Group.

11. GENERAL

- (a) The registered office of the Company is located at 4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company is Tower B, Jieneng Building, 42 North Street, Xizhimen Haidian District, Beijing, the PRC.
- (c) The principal place of business of the Company in Hong Kong is 18th Floor, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong.
- (d) The compliance officer of the Company is GUO Fansheng. Mr. Guo is an executive Director.
- (e) The qualified accountant of the Company is Mr. Li Lulu, an associate member of the Association of Chartered Certified Accountants.
- (f) The company secretary of the Company is Ms. Leung Pui Ki, a member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She holds a bachelor degree in business administration.

- (g) The share registrar of the Company is Hong Kong Registrars Limited located at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (h) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

NOTICE OF EGM



HC INTERNATIONAL, INC.

慧聰網有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of the members of HC International, Inc. (the "Company") will be held at Tower B, Jieneng Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100082) on 20 June 2008 at 4:00 p.m. the ("EGM") for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. "THAT subject to and conditional upon the The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of HK\$0.10 each in the capital of the Company issuable upon exercise of the options to be granted pursuant to the authority hereby given, the board of directors of the Company be and is hereby authorized to grant options under the share option scheme of the Company adopted on 30 November 2003 pursuant to which Shares representing up to 10% of the number of Shares in issue as at the date of passing of this resolution may be issued upon the exercise of such options (the "Refreshed Scheme Mandate Limit") and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Refreshed Scheme Mandate Limit."
2. "THAT the entering into of the continuing connected transactions as contemplated under the New Printing Supplemental Agreement and the cap amounts as specified in such agreement be and are hereby approved and any director be and is hereby authorised to make such amendments to the above document of a non-material nature as appropriate."

By Order of the board of the Directors

HC INTERNATIONAL, INC.

GUO Jiang

Chief Executive Officer and Executive Director

Beijing, PRC, 5 June 2008

* For identification purposes only.

NOTICE OF EGM

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, Jieneng Building,
42 North Street,
Xizhimen, Haidian District,
Beijing, the PRC

Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or, if he holds two or more shares of the Company ("Shares"), more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. 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, Hong Kong Registrars Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or at any adjourned meeting thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any Shares, any one of such holders may vote at the EGM, either personally or by proxy in respect of such Shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any Share stands shall for this purpose be deemed joint holders thereof.
6. Resolution number 1 is a resolution which is required the approval by shareholders of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"). No shareholders of the Company are required to abstain from voting.
7. Resolution number 2 is a resolution which is required the approval by independent shareholders of the Company under the GEM Listing Rules. Mr. Guo Fansheng, an executive Director, the chairman of the Board, a substantial shareholder and an initial management shareholder of the Company, and his associates (as defined under the GEM Listing Rules) will abstain from voting.
8. The Register of Members of the Company will be closed from Wednesday, 18 June 2008 to Friday 20 June 2008, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2008.

As at the date of this notice, the board of directors of the Company comprises:

Mr. Guo Fansheng (*Executive Director*)
Mr. Guo Jiang (*Executive Director and Chief Executive Officer*)
Mr. Wu Hui (*Executive Director*)
Mr. Li Jianguang (*Non-executive Director*)
Mr. Zhang Ke (*Independent non-executive Director*)
Mr. Xiang Bing (*Independent non-executive Director*)
Mr. Guo Wei (*Independent non-executive Director*)