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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.

慧聰國際資訊有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

CONTINUING CONNECTED TRANSACTIONS PRINTING SUPPLEMENTAL AGREEMENT

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



PLATINUM
Securities

A letter from the board of directors of the Company is set out on pages 4 to 8 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 9 to 10 of this circular. A letter from Platinum Securities containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 21 of this circular.

The notice convening the extraordinary general meeting of the Company to be held at Tower B, Huaxing Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100088) at 4:00 p.m. on 14 October 2005 (the “EGM”) is set out on pages 31 to 32 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.

* For identification purposes only.

22 September 2005

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 Printing Supplemental 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”	Beijing Huicong Shangqing Advertising Co., Ltd. (北京慧聰商情廣告有限公司) (formerly known as Beijing Huicong Advertising Co. Ltd. (北京市慧聰廣告有限公司)), 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
“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

DEFINITIONS

“HC Hulian”	Beijing Huicong Hulian Information Technology Co., Ltd. (北京慧聰互聯信息技術有限公司) (formerly known as Beijing Huixiang Information Technology Co. Ltd.(北京慧翔信息技術有限公司)), a limited liability company established in the PRC, 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) (formerly known as Beijing Huixiang Industry Company (北京市慧翔實業公司)), 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 Printing Supplemental Agreement, established to advise the Independent Shareholders in respect of the terms of the 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
“Latest Practicable Date”	22 September 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Mr. Guo”	Mr. Guo Fansheng, an executive Director, the chief executive officer, a substantial shareholder and an initial management shareholder of the Company. As at the Latest Practicable Date, Mr. Guo owns an approximate 13.75% equity interest in the Company
“Platinum Securities”	Platinum Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Printing Supplemental Agreement and the cap amounts referred to in such agreement
“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 for a term up to 31 December 2005 as agreed between the parties under the supplemental agreement dated 18 November 2003
“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 are substantially the same as those set out in the Printing Agreement and its effectiveness is subject to the approval of Independent Shareholders at the EGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“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 RMB1.04 = HK\$1.00. 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.



HC INTERNATIONAL, INC.

慧聰國際資訊有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

Executive Directors:

Guo Fansheng (*Chief Executive Officer*)

Wu Ying

Lai Sau Kam, Connie

Non-executive Directors:

Hugo Shong (*Non-executive Chairman*)

Yang Fei

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

Huaxing Building

42 North Street

Xizhimen Haidian District

Beijing

The People's Republic of China

22 September 2005

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PRINTING SUPPLEMENTAL AGREEMENT**

INTRODUCTION

The Directors announce that, on 1 September 2005, Huimei Printing and HC Advertising entered into the 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 Printing Supplemental Agreement was made on normal commercial terms and that the terms of the Printing Supplemental Agreement are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

* For identification purposes only.

LETTER FROM THE BOARD

The transactions contemplated under the 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 Printing Supplemental Agreement. Apart from Mr. Guo and his associates, no other Shareholder is required to refrain from voting at the EGM.

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

THE PRINTING SUPPLEMENTAL AGREEMENT

Date:	1 September 2005
Parties involved:	(i) Huimei Printing and (ii) HC Advertising
Services provided	Huimei Printing was appointed by HC Advertising to print part of the trade catalogue collection published by HC Advertising, including but not limited to Huicong Trade Catalogues (《慧聰商情廣告》), trade catalogues published by the Group which contain business information of market players in different industries and information such as product descriptions, prices and contact details.
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 Printing Agreement to 31 December 2007

The terms for the provision of printing services under the 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 Printing Supplemental Agreement, which are substantially the same as those set out in the Printing 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.

LETTER FROM THE BOARD

REASONS FOR THE 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 long-established relationship, capabilities and experience, the Company proposes to enter into the Printing Supplemental Agreement to extend the terms of the Printing Agreement to 31 December 2007 and to revise the existing caps in respect of the Printing Agreement as set out below.

The existing caps, as disclosed in the Company's prospectus dated 8 December 2003, for the three years ending 31 December 2005 are RMB18,000,000 (equivalent to approximately HK\$17,308,000), RMB22,000,000 (equivalent to approximately HK\$21,154,000) and RMB27,000,000 (equivalent to approximately HK\$25,962,000), respectively. The printing fees paid pursuant to the Printing Agreement amounted to approximately RMB15,190,000 (equivalent to approximately HK\$14,606,000) and RMB21,958,000 (equivalent to approximately HK\$21,113,000) for the two financial years ended 31 December 2004, respectively, and RMB14,961,000 (equivalent to approximately HK\$14,386,000) for the six months ended 30 June 2005.

According to publicly available market data, including the statistics published by the State Administration for Industry and Commerce in May 2003 and April 2004 and the research report issued by Shanghai iResearch Co., Ltd. in July 2005, the PRC domestic advertising industry has achieved considerable growth in total revenue at a rate of approximately 13.6%, 19.4% and 17.2% for 2003, 2004 and 2005, respectively. As such, the Directors believe that the demand for high-quality business information services and products such as the publications of the Company will remain strong in the foreseeable future. According to the business plan of the Company as disclosed in the Company's prospectus dated 8 December 2003, the Company has broadened the coverage of its trade catalogues to new industry sectors since the listing of its shares on GEM and will continue to do so in the future if the Directors consider appropriate. Based on the expected increase in industry sector coverage of the Company's trade catalogues and by taking into consideration the historical data in previous similar transactions for the two years and six months ended 30 June 2005, the Directors have made an assumption that the printing volumes of the Company's publications will grow at a rate of approximately 20%, 18% and 12%, respectively, for each of the three years ending 31 December 2007. Accordingly, the Directors estimate that the printing fees payable by HC Advertising will also increase during the period. In order to provide for, among other things, an unexpected surge in demand for the publications of the Company, the Directors propose to set an annual limit on the printing fees payable to Huimei Printing under the Printing Supplemental Agreement for each of the three years ending 31 December 2007 at RMB36,000,000 (equivalent to approximately HK\$34,615,000), RMB45,000,000 (equivalent to approximately HK\$43,269,000) and RMB52,000,000 (equivalent to approximately HK\$50,000,000), respectively. The proposed increase in the cap amount for the year ending 31 December 2005 from RMB27,000,000 (equivalent to approximately HK\$25,962,000) to RMB36,000,000 (equivalent to approximately HK\$34,615,000) is mainly due to the Company's plan to issue trade catalogues covering new industry sectors in the second half of 2005 and other seasonal factors such as the publication of annual editions of the Company's existing trade catalogues towards the end of each year.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the 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 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 Printing Supplemental Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

GEM LISTING RULES IMPLICATIONS

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.

Mr. Guo is an executive Director, the chief executive officer, a substantial shareholder and an initial management shareholder of the Company who owns an approximate 13.75% 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 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 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 Printing Supplemental Agreement. Platinum Securities 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 Printing Supplemental Agreement.

EGM

An EGM will be held to approve the Printing Supplemental Agreement and the cap amounts referred to in such agreement. Set out on pages 31 to 32 is a notice convening the EGM to be held at Tower B, Huaxing Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100088) at 4:00 p.m. on 14 October 2005 for the purpose of considering and, if thought fit, passing the resolution in respect of the Printing Supplemental Agreement.

Apart from Mr. Guo and his associates, no other Shareholder is interested in the transactions contemplated under the Printing Supplemental Agreement and is required to refrain from voting at the EGM.

LETTER FROM THE BOARD

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.

PRINCIPAL BUSINESS ACTIVITIES OF THE GROUP

The Group is one of the leading business information services providers 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) television and print periodicals and (iv) market research and analysis.

RECOMMENDATION

The Board is of the opinion that the terms of the Printing Supplemental Agreement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the Printing Supplemental Agreement.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Guo Fansheng

Chief Executive Officer and Executive Director



HC INTERNATIONAL, INC.

慧聰國際資訊有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8292)

Independent Non-executive Directors:

Zhang Ke

Xiang Bing

Guo Wei

22 September 2005

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PRINTING SUPPLEMENTAL AGREEMENT**

INTRODUCTION

We refer to the circular dated 22 September 2005 (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 transaction as contemplated under the 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 Printing Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Platinum Securities 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 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 4 to 8 of the Circular and the letter from Platinum Securities as set out on pages 11 to 21 of the Circular which contains, inter alia, its advice and recommendations to us and the Independent Shareholders regarding the terms of the 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 Platinum Securities, we consider that the terms of the Printing Supplemental Agreement are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Printing Supplemental Agreement.

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

LETTER FROM PLATINUM

The following is the text of the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

22/F Standard Chartered Bank Building
4 Des Voeux Road, Central
Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

22 September 2005

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

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 terms of the Printing Supplemental Agreement and the annual limit on the printing fees payable to Huimei Printing under the Printing Supplemental Agreement for each of the three years ending 31 December 2007 (the “Annual Caps”), details of which are contained in the letter from the Board as set out in the circular of the Company dated 22 September 2005 to the Shareholders (the “Circular”), 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.

In our capacity as the independent financial adviser, our role is to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether: (i) the Printing Supplemental Agreement; and (ii) the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise Independent Shareholders on how to vote.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the Printing Agreement; (ii) the printing supplemental agreement between Huimei Printing and HC Advertising dated 18 November 2003; (iii) the Printing Supplemental Agreement; (iv) the annual reports and accounts of the Company for the two years ended 31 December 2004; (v) the unaudited interim report of the Company for the six months ended 30 June 2005; and (vi) similar printing services agreements entered into between HC Advertising and Independent Third Parties. We have also discussed with management of the Company about their plans and the prospects of business of HC Advertising.

LETTER FROM PLATINUM

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular.

We have no reason to suspect that such information is inaccurate or that any material facts have been omitted or withheld from the information supplied or opinions expressed in the Circular. In line with normal practice, we have not, however, conducted a verification process of the business and affairs of the Group. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Printing Supplemental Agreement and the Annual Caps.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Printing Supplemental Agreement and the Annual Caps, and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors:

A. Reasons for and benefits of the Printing Supplemental Agreement:

1. Background of the Printing Supplemental Agreement

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 18 November 2003, these two parties entered into the printing supplemental agreement to extend the term of the Printing Agreement until 31 December 2005.

The Directors announced on 1 September 2005 that Huimei Printing and HC Advertising entered into the Printing Supplemental Agreement to further 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.

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.

HC Advertising is effectively owned as to 82% by the Company. Mr. Guo is an executive Director, the chief executive officer, a substantial shareholder and an initial management shareholder of the Company who owns an approximate 13.75% 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 Printing Supplemental Agreement constitute non-exempt continuing connected transactions of the Company under Rule 20.14 of the GEM Listing Rules.

LETTER FROM PLATINUM

2. *Business of the Group*

The Group is principally engaged in the provision of trade information and advertising platforms, and value added business information services and products. It provides business information through four main types of communication channels, namely: (i) industry portals, trade catalogues and yellow page directories; (ii) search engine services; (iii) television and print periodicals; and (iv) market research and analysis.

3. *Business of Huimei Printing*

Huimei Printing is a limited liability company established in the PRC in 2002 which is principally engaged in the provision of printing services.

4. *Business of HC Advertising*

HC Advertising is an indirect subsidiary of the Company which is principally engaged in conducting media advertising activities in the PRC.

The Group publishes trade catalogues and yellow page directories through HC Advertising. It has published trade catalogues, namely, Huicong Trade Catalogues, which contains business information of market players in the industry and information such as quotations, product advertisement and production technology information. Huicong Trade Catalogues has approximately 85 different kinds of publications covering more than 25 industry sectors in the PRC.

The Group's yellow page directories contain the contacts, product details of each of the market players and technical articles on certain industries and are published on an annual basis. In 2004, the Group launched approximately 35 yellow page directories covering 25 specific industries. The contribution of industry portal, trade catalogues and yellow page directories business segment to the turnover of the Group is set out in Table 1 below:

Table 1: Contribution of industry portal, trade catalogues and yellow page directories business segment to the turnover of the Group

	2002	For the year ended 31 December, 2003	2004	For the six months ended 30 June, 2005
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group's total turnover	278,029	322,511	462,563	241,349
Turnover from the industry portal, trade catalogues and yellow page directories business segment	113,273	135,442	179,195	86,991
% of contribution to the Group's total turnover	41%	42%	39%	36%

Source: 2003 and 2004 Annual reports and accounts, and unaudited 2005 interim report of the Company

As illustrated in Table 1 above, the percentage contribution of the industry portal, trade catalogues and yellow page directories business segment to the Group's turnover has remained relatively stable at approximately 40% from 2002 to 2004. Moreover, turnover from this business segment increased at an annual rate of approximately 20% and approximately 32%, respectively, in 2003 and 2004. Therefore, we consider that the industry portal, trade catalogues and yellow page directories business segment contributed a significant portion of the total turnover of the Group for the three years ended 31 December 2004, which suggested its importance to the Group's overall business operations.

Furthermore, we also note from the Company's unaudited interim report and accounts for the six months ended 30 June 2005 that the Company intends to further strengthen the Group's industry portal, trade catalogues and yellow page directories segment and other business segments in the coming years.

In light of the above, namely, the relative significance of industry portal, trade catalogues and yellow page directories business segment to the Group and the steady increasing contribution to turnover of the Group from this business segment, we are of the view that this business segment is an important part in the long term strategy and the future growth and development of the Group.

As the Printing Supplemental Agreement is part and parcel, and pertinent to the industry portal, trade catalogues and yellow page directories business segment, we are of the opinion that the Printing Supplemental Agreement is entered into in the ordinary and usual course of business of the Group and is in line with the long term business strategy of the Group.

5. *Overview of the advertising industry in the PRC*

According to the iResearch China Advertising Industry Research Report 2004 published by Shanghai iResearch Co., Ltd ("iResearch") in July 2005 (the "July iResearch Report") and the statistics from State Administration for Industry and Commerce, the annual advertising revenue of advertising companies in the PRC were approximately RMB90.3 billion, approximately RMB107.9 billion and approximately RMB126.5 billion, respectively, for the three years ended 31 December 2004. This represented an annual growth rate of approximately 19% and approximately 17%, respectively, for 2003 and 2004.

The total advertising revenue in the PRC as a percentage of gross domestic products was approximately 0.93% in 2004, which was more than double the figure in 2002 of approximately 0.45%. According to the July iResearch Report, there were approximately 113,508 business units and approximately 913,832 professionals engaged in the PRC advertising industry in 2004 which represented an annual growth rate of approximately 12% and approximately 5% from 2003, respectively.

Based on the China Print Media Advertising Research Report published by iResearch in April 2005, the 2004 aggregate PRC print media advertising revenue of 17 major industries increased by approximately 38% to approximately RMB24.1 billion when compared to 2003. In addition, based on an article published by Xinhua News Agency dated February 2004, PricewaterhouseCoopers

Limited estimated that the total advertising revenue in the PRC will exceed RMB200 billion in 2007, which represents a growth rate of approximately 58% from approximately RMB126.5 billion in 2004.

With respect to the aforesaid, we consider that the PRC advertising industry in general, in particular the print media advertising industry, has shown considerable growth in recent years in terms of advertising revenue and is expected to continue to maintain stable growth in the coming years, and we concur with the view of the Directors that the growth of demand in the publications of the Company will remain strong in the coming years.

6. *Reasons for entering into the Printing Supplemental Agreement*

As stated in the letter from the Board, the Printing Supplemental Agreement is a supplemental agreement to the Printing Agreement and the terms of the Printing Supplemental Agreement are substantially the same as those set out in the Printing Agreement. The terms of the provision of printing services under the Printing Supplemental Agreement were also arrived at after arm's length negotiations between Huimei Printing and HC Advertising. The Directors (including the independent non-executive Directors) believe the terms of the Printing Supplemental Agreement conform with the existing industry practice and are no less favourable to the Group than terms available from Independent Third Parties.

In this regard, we have reviewed similar printing services agreements entered into between the Group and Independent Third Parties provided by the management of the Company. According to information provided by the management of the Company, we note that the printing fee under the Printing Supplemental Agreement is payable monthly and is calculated based on the total number of publications printed. Based on our review of the sample printing agreement and our discussions with the management of the Company, we are of the opinion that the terms of the Printing Supplemental Agreement are no less favorable to the Group than terms available from Independent Third Parties.

In light of the above, in particular:

- (i) the importance of the industry portal, trade catalogues and yellow page directories business segment to the Group;
- (ii) the Board's intention to further strengthen the Group's industry portal, trade catalogues and yellow page directories business segment and other business segments;
- (iii) the Printing Supplemental Agreement is part and parcel, and pertinent to both the industry portal, trade catalogues and yellow page directories business segment of the Group;
- (iv) the considerable growth in the advertising industry in the PRC in recent years; and
- (v) the terms of the Printing Supplemental Agreement conform to the existing industry practice and are no less favourable to the Group than terms available from Independent Third Parties,

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we are of the view that the Printing Supplemental Agreement was entered into in the ordinary and usual course of business of the Group, in line with the long term business strategy of the Group, on normal commercial terms, fair and reasonable and in the interest of the Shareholders and the Group as a whole.

B. Basis of the Annual Caps

In formulating our opinion in relation to the fairness and reasonableness of the Annual Caps, we have reviewed the calculation of the Annual Caps of the Printing Supplemental Agreement. As stated in the letter from the Board, the determination of the Annual Caps are based on: (i) the historical data in previous similar transactions; (ii) the expected growth of demand in the publications of the Company will remain strong in the foreseeable future; and (iii) the significant increase in the demand for high-quality business information services and products consistent with the PRC's continuing strong economic performance.

1. The Annual Cap for 2005

As illustrated in Table 2 below, the Annual Cap for 2005 under the Printing Supplemental Agreement represents an increment of approximately 64% when compare with the existing cap for 2004 under the Printing Agreement.

Table 2: Existing caps under the Printing Agreement and the Annual Caps under the Printing Supplemental Agreement

Period	Amount <i>RMB'000</i>	Annual growth rate %
<u>Under the Printing Agreement</u>		
For year ending December 2003	18,000	n/a
For year ending December 2004	22,000	22
For year ending December 2005	27,000	23
Average annual growth rate under the Printing Agreement		23
<u>Under the Printing Supplemental Agreement</u>		
For year ending December 2005	36,000	n/a
For year ending December 2006	45,000	25
For year ending December 2007	52,000	16
Average annual growth rate under the Printing Supplemental Agreement		21

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Annual cap for 2005	Amount <i>RMB'000</i>	Incremental %
Under the Printing Agreement	27,000	n/a
Under the Printing Supplemental Agreement	36,000	33%

In assessing the fairness and reasonableness of the Annual Cap for 2005, we have considered the following:

(a) ***Historical printing fees from industry portal, trade catalogues and yellow page directories of the Company***

As illustrated in Table 3 below, the historical printing fees paid to Huimei Printing under the Printing Agreement grew at an average annual rate of approximately 32% for the three years ended 31 December 2004.

Table 3: Historical printing fees paid under the Printing Agreement

Year	Printing fees paid under the Printing Agreement	<i>Annual</i> <i>growth rate</i> %
	<i>RMB'000</i>	
2002	12,735*	n/a
2003	15,190	19%
2004	21,958	45%
Average annual growth rate		<u>32%</u>

* *The 2002 figure is an annualised figure based on the printing fee paid by HC Advertising to Huimei Printing for the period from 1 September 2002 to 31 December 2002.*

Based on the historical average annual growth rate of approximately 32% and that the actual printing fee paid under the Printing Agreement was approximately RMB22.0 million in 2004, we consider that the existing cap for 2005 under the Printing Agreement might not be able to cater for the actual printing fee to be incurred in 2005. Hence we are of the view that it is reasonable for the Company to revise the existing cap for 2005.

(b) *Printing fee for the six months ended 30 June 2005*

As stated in the letter from the Board, the printing fee paid by HC Advertising to Huimei Printing reached RMB14,961,000 for the six months ended 30 June 2005, which exceeded 50% of the existing annual cap for 2005 of RMB27 million by approximately 10.8% under the Printing Agreement. Moreover, we understand from the management of the Company that, the printing fee paid by HC Advertising under the Printing Agreement does not exceed the existing annual cap for 2005 as at the Latest Practicable Date.

According to our discussions with the management of the Company, we understand that the printing fee under the Printing Agreement is generally higher in the second half of each year based on experience.

In light of the above, we consider that the existing cap for 2005 under the Printing Agreement might not be able to cater for the actual printing fee to be incurred in 2005. Hence we are of the view that it is reasonable for the Company to revise the existing cap for 2005 upward.

(c) *Increase in industry sector coverage of the Company's trade catalogues and yellow page directories*

Based on our discussions with the management of the Company, it is expected that the growth trend in printing fees under the Printing Agreement will continue under the Printing Supplementary Agreement as the Company intends to increase market share within its existing industry sector coverage and broaden its trade catalogue and yellow page collections by launching new industry sectors.

According to the information provided by the management of the Company, the Company's trade catalogues covered approximately 25 industries in 2004. In addition, based on the Company's prospectus dated 8 December 2003 and our discussions with the management of the Company, we understand that the Company intends to expand the industry sector coverage of its trade catalogues at annual growth rate of approximately 25% to 35%. Moreover, we understand that the industry sector coverage of the Company's yellow page directories is also expected to increase at an annual growth rate of approximately 35% to 45% from approximately 25 industries in 2004.

In view of the above, we are of the opinion that due to the expected increase in industry sector coverage of the Company's trade catalogues and yellow page directories by approximately 25% to 45%, we consider that the existing cap for 2005 under the Printing Agreement might not be able to cater for the actual printing fee to be incurred in 2005. Hence we are of the view that it is reasonable for the Company to revise the existing cap for 2005 upward.

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In light of the above, in particular:

- (i) given that the actual 2004 printing fee was approximately RMB22.0 million and the historical average annual growth rate of approximately 32% under the Printing Agreement;
- (ii) the printing fee paid by HC Advertising to Huimei Printing reached RMB14,961,000 for the six months ended 30 June 2005 which exceeded 50% of the existing annual cap for 2005 of RMB27 million under the Printing Agreement; and
- (iii) the expected increase in industry sector coverage of the Company's trade catalogues and yellow page directories by at least 25% in 2005,

we are of the opinion that:

- (i) it is reasonable for the Company to revise the existing cap for 2005; and
- (ii) we are of the opinion that the Annual Cap for 2005 being RMB36 million under the Printing Supplemental Agreement, which is approximately 64% higher than the existing cap for 2004 of RMB22 million under the Printing Agreement, is fair and reasonable.

2. Annual growth rate of the amounts of Annual Caps from 2005 to 2007 under the Printing Supplemental Agreement

As stated in the letter from the Board, the Directors estimate that the printing volume of the Company's printing publications will grow at an annual rate of approximately 20%, approximately 18% and approximately 12%, respectively, for each of the three years ending 31 December 2007, which represent an average annual growth rate of approximately 17%. Based on our discussions with the management of the Company, the estimated increases in printing fees of the Company from 2005 to 2007 are mainly due to the expected growth of demand in the publications of the Company.

In assessing the Company's projected printing volumes of publications from 2005 to 2007, and whether the growth trend in printing fees paid under the Printing Agreement will continue under the Printing Supplemental Agreement, we have reviewed: (a) the growth potential of the PRC advertising industry; and (b) the number of industry sectors covered by the Company's trade catalogues.

(a) *Growth potential of the PRC advertising industry*

As stated in our letter under the section headed “Overview of the advertising industry in the PRC”, the advertising industry in the PRC has enjoyed considerable growth in recent years. According to the July iResearch Report, the total advertising revenue in the PRC reached approximately RMB126.5 billion in 2004 from approximately RMB107.9 billion in 2003, which represented an annual growth rate of approximately 17%. Moreover, based on an article published by Xinhua News Agency dated February 2004, PricewaterhouseCoopers Limited estimated that the total advertising revenue in the PRC will exceed RMB200 billion in 2007. Based on the 2004 advertising revenue in the PRC of approximately RMB126.5 billion, this in turn represents a growth rate of approximately 58% over a three-year period, and therefore an average annual growth rate of approximately 19%.

In light of the above, we are of the view that the Company’s estimated average annual growth rate for the Company’s printing volume from 2005 to 2007 of approximately 17% is fair and reasonable. We understand from the management of HC Advertising that, apart from Huimei Printing, HC Advertising also engages other third parties for the provision of printing services. Based on our discussions with the management of HC Advertising, we understand that the percentage of printing volume to be allocated to Huimei Printing relative to HC Advertising’s total printing volume will remain relatively stable in 2005 to 2007 when compared to the percentage in past years. Therefore, we consider that it is reasonable to consider that the growth trend in printing fees paid under the Printing Agreement will continue under the Printing Supplemental Agreement, and the PRC’s continuing strong growth in the advertising industry will have positive impact on the demand for services and products of the Group.

As the average annual growth rate of the Annual Caps under the Printing Supplemental Agreement of approximately 21% is generally in line with the Company’s projected average annual growth rate of approximately 17% for the three years ended 31 December 2007, we are of the opinion that the Annual Caps for the years 2005 to 2007 are fair and reasonable.

(b) *Increase in industry sector coverage of the Company’s trade catalogues and yellow page directories*

As disclosed in the Company’s 2005 interim report, one of the business objectives of the Company is to broaden the industry sector coverage of the Company’s trade catalogues. Based on information provided by the management of the Company, the Company plans to increase the industry sector coverage of the trade catalogues by approximately 25% to 35% in 2005 from approximately 25 industries in 2004, and plans to further increase the number of industry sector coverage from 2006 onward.

Based on our discussions with the management of the Company, we also understand that the Company intends to increase the industry sector coverage of the Company’s yellow page directories by approximately 35% to 45% in 2005 from approximately 25 industries in 2004, and to further increase the industry sector coverage of yellow page directories from 2006 onward.

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As mentioned in section A5 headed “Overview of the advertising industry in the PRC”, we consider that as the overall advertising industry will enjoy decent growth in the coming years, it is reasonable for the Company to increase its industry sector coverage in 2005 to 2007. Furthermore, we are of the opinion that due to the expected increase in industry sector coverage of the trade catalogues and yellow page directories, it is reasonable to expect the printing expense for the Company’s trade catalogues and yellow page directories to increase for the three years ending 31 December 2007. Therefore, we are of the opinion that the Annual Caps for the years 2005 to 2007 are fair and reasonable.

In light of the above, in particular:

- (i) the growth potential of the PRC advertising industry from 2005 to 2007; and
- (ii) the expected increase in industry coverage of the trade catalogues and yellow page directories for the three years ending 31 December 2007,

we are of the opinion that the average annual growth rate of the Annual Caps for 2005 to 2007 under the Printing Supplemental Agreement is fair and reasonable.

In view of the aforesaid, we are of the opinion that the Annual Caps for each of the three years ending 31 December 2005, 2006 and 2007 under the Printing Supplemental Agreement are fair and reasonable.

RECOMMENDATION

Having considered the principal factors referred to above, we are of the view that: (i) the Printing Supplemental Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of Company and its Shareholders as a whole; and (ii) the Annual Caps are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favor of the Printing Supplemental Agreement and the Annual Caps at the EGM. We also recommend the Independent Shareholders to vote in favor of the Printing Supplemental Agreement and the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Alvin Lai
Director

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Ross Cheung
Director – Corporate Finance

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 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 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	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares	Percentage of shareholding
Guo Fansheng	64,088,863	-	-	-	64,088,863	13.75%
Yang Fei	1,269,853	-	-	-	1,269,853	0.27%
Hugo Shong	1,269,853	-	-	-	1,269,853	0.27%
Wu Ying	1,538,602	-	-	-	1,538,602	0.33%
Lai Sau Kam, Connie	507,885	-	-	-	507,885	0.11%

(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	Exercise price per share <i>HK\$</i>	Number of share options				As at Latest Practicable Date
			As at 1 January 2005	Granted during the period	Exercised during the period	Cancelled during the period	
WU Ying	2 December 2003	0.44	1,015,872	-	(338,590)	-	677,282
WU Ying	18 February 2004	2.40	1,500,000	-	-	-	1,500,000
LAI Sau Kam, Connie	2 December 2003	0.44	1,523,808	-	(507,885)	-	1,015,923
LAI Sau Kam, Connie	18 February 2004	2.40	1,500,000	-	-	-	1,500,000

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	Number of ordinary shares	Nature of Interests/Holding capacity	Percentage of shareholding
IDG Technology Venture Investment, Inc. (note 1)	73,331,954	Beneficial owner	15.74%
International Data Group, Inc. (note 1)	73,331,954	Interest in controlled corporation	15.74%
Callister Trading Limited (note 2)	40,000,384	Beneficial owner	8.58%
Li Jianguang (note 2)	40,000,384	Interest in controlled corporation	8.58%
McCarthy Kent C.	30,508,000	Beneficial owner	6.55%
Jayhawk China (Cayman), Ltd.	30,508,000	Interest in controlled corporation	6.55%

Notes:

1. IDG Technology Venture Investment, Inc. ("IDGVC") is beneficially owned by International Data Group, Inc..
2. Callister Trading Limited is beneficially owned by Mr. Li Jianguang.

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 Share Option Scheme") and a share option scheme (the "Share Option Scheme"), were adopted by the Company. The principal terms of the Pre-IPO Share Option 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.

OUTSTANDING SHARE OPTIONS

(a) Pre-IPO Share Option Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 36,049,735 shares of the Company granted pursuant to the Pre-IPO Share Option Scheme were outstanding. Details of which were as follows:

Name of grantee	Date of grant	Exercise price per share <i>HK\$</i>	Number of share options				As at Latest Practicable Date <i>(Note 1)</i>
			As at 1 January 2005	Granted during the period	Exercised during the period	Cancelled during the period	
<i>Directors</i>							
WU Ying	2 December 2003	0.44	1,015,872	–	(338,590)	–	677,282
LAI Sau Kam, Connie	2 December 2003	0.44	1,523,808	–	(507,885)	–	1,015,923
<i>Senior management</i>							
LEE Wee Ong, Alex	2 December 2003	0.44	2,666,664	–	(888,799)	–	1,777,865
CHEN Bo	2 December 2003	0.44	1,269,840	–	(423,238)	–	846,602
CHEN Pei	2 December 2003	0.44	3,174,600	–	–	–	3,174,600
GUO Jiang	2 December 2003	0.44	1,015,872	–	(338,590)	–	677,282
YAO Lin	2 December 2003	0.44	317,460	–	(105,809)	–	211,651
WU Xian	2 December 2003	0.44	698,412	–	(232,781)	–	465,631
WANG Chong	2 December 2003	0.44	6,298,406	–	(2,099,256)	–	4,199,150
WANG Yonghui	2 December 2003	0.44	5,917,454	–	(1,972,288)	–	3,945,166

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 2005	Granted during the period	Exercised during the period	Cancelled during the period	
<i>Ex-employees</i>							
FAN Qimiao	2 December 2003	0.44	7,111,104	-	-	-	7,111,104
GU Yuanchao	2 December 2003	0.44	3,777,774	-	-	-	3,777,774
<i>Consultant</i>							
Earl Ching-Hwa YEN	2 December 2003	0.44	1,206,348	-	(402,076)	-	804,272
<i>Other employees</i>							
In aggregate (Note 2)	2 December 2003	0.44	10,990,466	-	(3,625,033)	-	7,365,433
Total			<u>46,984,080</u>	<u>-</u>	<u>(10,934,345)</u>	<u>-</u>	<u>36,049,735</u>

Notes:

- Each option has a 10-year exercise period, which may be exercised after the expiry of 12 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 comprised in his or her option (less any number of Shares in respect of which the option has been previously exercised).
- There are 43 employees who have been granted with options under the Pre-IPO Share Option Scheme to acquire an aggregate of 10,990,466 shares.

(b) Share Option Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 20,750,000 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 2005	Granted during the period	Exercised during the period	Cancelled during the period	
<i>Directors</i>							
WU Ying	18 February 2004	2.40	1,500,000	-	-	-	1,500,000
LAI Sau Kam, Connie	18 February 2004	2.40	1,500,000	-	-	-	1,500,000
<i>Senior management</i>							
LEE Wee Ong, Alex	18 February 2004	2.40	1,500,000	-	-	-	1,500,000
CHEN Bo	18 February 2004	2.40	200,000	-	-	(200,000)	-
CHEN Pei	18 February 2004	2.40	200,000	-	-	(200,000)	-
GUO Jiang	18 February 2004	2.40	1,000,000	-	-	-	1,000,000
WU Xian	18 February 2004	2.40	240,000	-	-	(240,000)	-
WANG Chong	18 February 2004	2.40	3,400,000	-	-	-	3,400,000
<i>Other employees</i>							
In aggregate (Note 2)	18 February 2004	2.40	16,460,000	-	-	(4,610,000)	11,850,000
Total			<u>26,000,000</u>	<u>-</u>	<u>-</u>	<u>(5,250,000)</u>	<u>20,750,000</u>

Notes:

1. Each option has a 10-year exercise period, which may be exercised after the expiry of 12 months from the date of the granting of options (the "Offer Date"), being 18 February 2004. Commencing from the first, second and third anniversaries of the Offer Date, the relevant grantee may exercise options up to 33.3%, 66.6% and 100% respectively of the Shares comprised in his or her option (less any number of Shares in respect of which the option has been previously exercised).
2. 329 employees have been granted options under the Share Option Scheme to acquire an aggregate of 16,460,000 shares.

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. SPONSOR'S INTERESTS

Pursuant to the sponsorship agreement dated 8 December 2003 entered into between the Company and First Shanghai Capital Limited (the "Sponsor"), the Sponsor is entitled to receive an annual fee for acting as the Company's retained sponsor up to 31 December 2005.

As at 21 September 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this section, China Alpha Fund (a mutual fund managed by First Shanghai Fund Management Ltd.) and China Assets (Holdings) Limited, both being associates of the Sponsor, held 2,500,000 shares of the Company and 534,000 shares of the Company, respectively. First Shanghai Investment Limited, the holdings company of the Sponsor, held 6,000,000 shares of the Company.

Save as disclosed above, neither the Sponsor nor its directors or employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) has had any interests in the securities of the Company, including options or rights to subscribe for such securities.

7. DIRECTORS' INTERESTS IN CONTRACTS

- (a)
 - (i) Each of the executive directors, Mr. Guo Fansheng, Ms. Wu Ying and Ms. Lai Sau Kam, Connie, has entered into a director's service contract with the Company, whereby each of them has accepted the appointment as executive director of the Company for a term of three years from 30 November 2003 which may be terminated by either party giving three months' prior written notice or otherwise in accordance with the terms of the service contract; 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 director 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 contracts at any time by giving one month's prior written notice or in accordance with the term of the service contract.

- (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.

8. FINANCIAL POSITION

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004, being the date to which the latest audited financial statements of the Company were made up.

9. EXPERT AND CONSENT

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

Name	Qualification
Platinum Securities	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

As at the Latest Practicable Date, Platinum Securities 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, Platinum Securities did not have any direct or indirect interest in any assets which have been since 31 December 2004, 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.

Platinum Securities has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 22 September 2005 and the references to its name included herein in the form and context in which they respectively appear.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of Messr. Herbert Smith, at 23/F, Gloucester Tower, 11 Pedder Street, Central, Hong Kong on weekdays other than public holidays up to and including 7 October 2005.

- (a) the service contracts referred to in the section headed “Directors’ Interests in Contracts” in this Appendix;
- (b) the Printing Agreement; and
- (c) the Printing Supplemental Agreement.

11. OTHER INFORMATION

- (a) Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded 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 authorized 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 authorized 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; or
 - (iv) a member or members present in person or in the case of a member being a corporation by its duly authorized 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.
- (b) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.



HC INTERNATIONAL, INC.

慧聰國際資訊有限公司*

(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, Huaxing Building, 42 North Street, Xizhimen, Haidian District, Beijing, the PRC (100088) on 14 October 2005 at 4:00 p.m. the (“EGM”) for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the entering into of the continuing connected transactions as contemplated under the 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 Fansheng

Chief Executive Officer and Executive Director

Beijing, PRC, 22 September 2005

* *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, Huaxing Building
42 North Street, Xizhimen
Haidian District
Beijing, the PRC

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the meeting or any adjournment thereof should he so wishes.
3. In accordance with Chapter 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, Mr. Guo Fansheng and his associates are required to abstain from voting the above resolution.
4. As the above resolution is subject to the approval of the independent shareholders of the Company, it will be determined by way of a poll.
5. The share register of the Company will be closed from 12 October 2005 to 14 October 2005 (both dates inclusive). Shareholders on the share register as at 12 October 2005 will be entitled to attend and vote at the meeting.