

IMPORTANT

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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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold all your shares in HC International, Inc., you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular, for which the directors (“**Directors**”) of HC International, Inc. (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 for the purpose of giving information with regard to the Company. The Directors of the Company 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)

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The notice convening the annual general meeting of the Company to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 22 April 2004, Thursday at 3:30 p.m. is set out in the 2003 Annual Report.

A form of proxy for the annual general meeting is enclosed with the 2003 Annual Report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited, Rooms 1901-1905, 19th Floor, Hopewell center, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 22 April 2004 at 3:30 p.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31st December, 2003
“Board”	the board of directors of the Company
“Company”	HC International, Inc., a company incorporated in the Cayman Islands with limited liability
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE CHAIRMAN



HC INTERNATIONAL, INC.

慧聰國際資訊有限公司*

(incorporated in the Cayman Islands with limited liability)

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:

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Grand Cayman

Cayman Islands

British West Indies

*Head Office and Principal Place
of Business:*

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Huaxing Building

42 North Street

Xizhimen Haidian District

Beijing

The People's Republic of China

31st March, 2004

To the Shareholders

Dear Sir or Madam,

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

At the AGM, the Board will propose to amend the company's articles of association to meet the new requirements of the revised GEM Listing Rules.

The purpose of this circular is to provide you with further details of the proposed amendments to the articles of association, and to seek your approval at the AGM in connection with such matters.

ANNUAL GENERAL MEETING

A notice of the AGM is set out in the 2003 Annual Report.

LETTER FROM THE CHAIRMAN

A form of proxy for the AGM is enclosed with the Annual Report. Whether you intend to attend the AGM or not, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, Rooms 1901-1905, 19th Floor, Hopewell center, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM in person if you so wish.

RECOMMENDATION

The Directors are of the opinion that the proposal referred to in this circular is in the best interests of the Company and its shareholders and recommend all Shareholders to vote in favour of the resolutions relating to the amendment to the articles of association to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
of Directors of
HC International, Inc.
Guo Fansheng

Chief Executive Officer and Executive Director

1. Article 2 of the Articles of Association of the Company be amended by inserting the following new definition:

““associate” shall have the meaning attributed to it in the rules of the Designated Stock Exchange.”

2. Article 76 of the Articles of Association of the Company be amended as follows:

(A) By re-numbering existing Article 76 as Article 76(1)

(B) By inserting the following as new Article 76(2):

“(2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

3. Article 88 of the Articles of Association of the Company be amended as follows:

“88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

4. The existing Article 103 be deleted in its entirety and replaced with the following new Article 103:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

(i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any

of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/ are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or
 - (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.”