

Contact: Shiu Ka Yue / Phoebe Leung / Jacqueline Lee / Vivian Cheung/ Grace Ge      Date: 18 December 2009  
Tel: 28016239 (90291865 / 93393206 / 97438585 / 92376253/ 9828 9929)      Pages: 2

## **TCCIH'S PROPOSED ACQUISITION TO STRENGTHEN LEADING POSITION WITH ENLARGED CAPACITY AND EXTENDED MARKET COVERAGE**

TCC International Holdings Limited ("TCCIH" or the "Company", stock code: 01136) together with its subsidiaries (the "Group") has entered into an agreement for the acquisition of certain clinker and cement production operations that could further consolidate the Group's leading position in southern China, and immediately extend the Group's market presence beyond southern China, with an enlarged annual production capacity of over 40 million tonnes in 2010.

On 11 December 2009, the Company entered into a conditional acquisition agreement with Pro-Rise Business Limited ("Pro-Rise") for the acquisition ("Acquisition") of the entire issued share capital of Upper Value Investments Limited ("Target Company") and the shareholder loan of the Target Company and its subsidiaries ("Target Group") but excluding companies to be disposed of by the Target Company at completion of the Acquisition for HK\$3,800 million, which is subject to modification should there be material difference between the shareholder loan shown in the management accounts and that stated in the audited accounts. The Company intends to pay for the acquisition consideration by its internal resources and new borrowings and/or equity fund raisings.

The Target Group is principally engaged in the manufacture and sale of clinker and cement in Guangdong Province and Yunnan Province, and will expand operations to Chongqing Municipality, Liaoning Province, Guizhou Province and Sichuan Province within the next two years. The incorporation of the Target Group will therefore enable the Group to extend its market presence beyond the southern region of China.

At present, the Target Group has an aggregate clinker and cement annual production capacity of approximately 9.5 million tonnes. Moreover, certain subsidiaries of the Target Company have commenced construction of four new clinker and cement production lines in various locations in Mainland China, each with an expected annual production capacity of 2 million tonnes. The construction of three of which is expected to be completed by the end of 2010 and the remaining one in 2011.

"The inclusion of the Target Group into the Group's portfolio will instantly boost its production capacity, thereby enabling the Group to capture the market opportunities arising from the State's policy of eliminating obsolete capacity and the recovery of the cement market in southern and western China. On top of that, the Target Group's attributable annual capacity, which together with our existing annual capacity of approximately 26.85 million tonnes is expected to be over 40 million tonnes in 2010, will propel us to becoming the leading cement manufacturer in Guangdong province and one of the three largest cement manufacturers in Guangxi autonomous region," said Mr Koo, Cheng-Yun, chairman of TCCIH.

“Geographically speaking, the strategic locations of the operations of the Target Group will give us immediate access to new markets beyond southern China, where we already have a strong presence. In addition, we believe more strategic opportunities would be available to us by leveraging the existing relationships between the Target Group and its strong PRC background business partners,” added Mr Koo.

The production facilities of the Target Group apply new suspension pre-heating technologies and are installed with residual heat power generation units. “With the advanced technologies in utilising residual heat in the production process, we will reduce coal and power consumption while maintaining high productivity. Moreover, the majority of the plants of the Target Group are located in close proximity to coal mines, which will help stabilize the energy supply of production,” Mr Koo remarked.

The Group’s recent acquisition of TCC (Gui Gang) Cement Limited elevates the Group’s overall annual capacity by 9 million metric tonnes to over 26 million metric tonnes of clinker, cement and slag power, and enables it to fill up the market gap in clinker and cement supply to a large part of Guangxi, Western Guangdong, and the Hainan Province.

“It is the Group’s ongoing strategy to achieve expansion in scale of operation and market coverage. This approach will significantly shorten the lead time for the Group’s capacity expansion, enabling it to efficiently capture the aforementioned market opportunities as opposed to traditional organic growth,” added Mr Koo.

#### About TCCIH

The principal activities of TCCIH consist of the import and distribution of cement in Hong Kong, the manufacture and distribution of clinker, cement and slag powder in other areas of the People’s Republic of China. Through its associates, the Company is also engaged in the production and distribution of ready-mixed concrete in Hong Kong and Mainland China. The Company’s shares became listed on The Stock Exchange of Hong Kong Limited in 1997.

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