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TCC INTERNATIONAL'S INTERIM NET PROFIT INCREASES TO HK\$89.1 MILLION BY 344.1%

TCC International Holdings Limited ("TCC International" or the "Company", stock code: 1136) together with its subsidiaries (the "Group") today announced that its unaudited consolidated turnover and operating profit for the six months ended 30 June 2004 amounted to HK\$159.3 million and HK\$28.7 million respectively, representing increases of 27.3 per cent and 15.1 per cent respectively when compared with those of the same period last year. Net profit from ordinary activities attributable to shareholders during the period was HK\$89.1million, representing an increase of 344.1 per cent from that of the same period last year (2003 same period: HK\$20.1 million). Basic earnings per share were 11.5 HK cents (2003 same period: 2.6 HK cents).

TCC International's board of directors declared an interim dividend of 2 HK cents per share for the year ending 31 December 2004 (2003 same period: no interim dividend).

The increases in turnover and operating profit were mainly attributable to strong demand for construction materials in Mainland China and their sustained high prices during the period under review. These satisfactory results together with the recognition of an unrealised gain of HK\$75.6 million on the merger of KG Telecommunications Co., Ltd. and Far Eastone Telecommunications Co., Ltd. contributed to the rise in the Group's net profit during the period under review.

Anhui King Bridge Cement Co., Ltd., the Group's 60 per cent-owned subsidiary which operates a cement and slag powder grinding plant in Wuhu, availed itself of the booming construction industry in the Yangtze River Delta and succeeded in increasing its sales volume and net profit during the first half of the year by 48.1 per cent and 89 times respectively when compared with those of the same period in 2003.

Construction of the Group's cement grinding plant with an annual production capacity of 1.5 million metric tonnes and related berth facilities with 25,000 metric tonnes handling capacity in Fuzhou, Fujian Province is approaching completion. It is expected that commercial production will commence in the fourth quarter of 2004.

The Group's joint venture with Guangxi Liuzhou Steel (Group) Corporation, in which TCC International's subsidiary has a 60 per cent interest, is currently constructing a slag powder grinding mill with an annual production capacity of 700,000 metric tonnes in Liuzhou, Guangxi Province. Construction is scheduled to be completed by the second quarter of 2005.

TCC International completed the acquisition of an existing manufacturing plant in Yingde, Guangdong Province at the end of December 2003. The Group was able to turn around its results and it contributed positive earnings to the Group for the period.

“The location of the manufacturing plant in Yingde enjoys the convenience of easy access to the Pearl River Delta. Because of this geographic advantage, the Group is currently turning this area into a large-scale cement manufacturing base with an annual production capacity of 4 million metric tonnes to capture opportunities from this high growth region,” said Mr Koo Cheng Yun, Chairman of TCC International.

The Group is waiting to obtain the approval for the Yingde facility project, which has been delayed due to a recent change in government approval procedures on cement projects. The Group expects construction of the base to commence before the end of the year.

In respect of the Hong Kong market, the continued contraction of local cement consumption had trimmed the profit margin of the Group’s cement distribution business in Hong Kong during the period under review. Moreover, the performance of ready-mixed concrete business carried on by the Group’s associates was also affected by the sluggish construction activities in both infrastructure and housing sectors in Hong Kong. Despite the slow construction activities, the selling prices of cement in Hong Kong started to rebound in the second half of the year, which is expected to help the Group’s cement business in Hong Kong to remain profitable.

During the period, the cement operation in the Philippines continued to generate a steady revenue stream to the Group.

“Capitalising on the strong demand for construction materials in the Mainland China, the Group will accelerate its investment expansion in the country. In the Yangtze River Delta, the Group’s joint venture in Wuhu will seize the opportunities from strong local demand for slag powder and is thus expected to continue to be profitable in the second half of the year. Due to high demand and prices of cement in Fuzhou and its surrounding areas, the Fuzhou operations is expected to become a major profit contributor to the Group. Meanwhile, the Group’s slag powder operation in Liuzhou is eyeing on the Pearl River Delta region in Guangdong Province, where demand for construction materials is experiencing continuous growth. The Group anticipates that the continued prosperity of Pearl River Delta region, together with the government’s policy of replacing inefficient vertical shaft kilns with new dry process kilns, will provide much room for development for its Yingde operation in the future,” said Mr Koo.

“With the completion of existing projects, the Group will have an annual production capacity of approximately 7 million metric tonnes of cement and slag powder in Mainland China. Looking ahead, the Group will explore more investment opportunities with an aim of achieving an aggregate annual production capacity in cement and slag powder of 10 million metric tonnes before 2007 to capture the growing demand for construction materials in the Mainland China,” added Mr Koo.

TCC is principally engaged in the import and distribution of cement in Hong Kong and the manufacturing and distribution of cement and slag powder in other areas of the PRC. The Company's shares became listed on the Stock Exchange of Hong Kong Limited in 1997.

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Issued by: TCC International Holdings Limited

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TCC International Holdings Limited
(Stock Code: 1136)

Summary of Key Financial Figures
for the six months ended 30 June 2004

	For the six months ended 30 June		
	2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)	+ / - %
TURNOVER	159,282	125,169	+27.3
PROFIT FROM OPERATING ACTIVITIES	28,651	24,891	+15.1
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	89,112	20,067	+344.1
DIVIDENDS PER SHARE	2 HK cents	Nil	N/A
BASIC EARNINGS PER SHARE	11.5 HK cents	2.6 HK cents	+342.3