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Pages: 4

TCCIH's 2008 REVENUE SURGED TO HK\$2,823 MILLION WITH ENHANCED CAPACITY AND MARKET COVERAGE

TCC International Holdings Limited ("TCCIH" or the "Company", stock code: 1136) together with its subsidiaries (the "Group") today announced that the Group's audited consolidated revenue for the year ended 31 December 2008 increased by 54.3 per cent to HK\$2,822.8 million (2007: HK\$1,829 million), with an EBITDA (profit before the impairment loss on intangible assets and property, plant and equipment, change in fair value of held-for-trading investments, finance costs, income tax expense, depreciation and amortisation) of HK\$397.9 million (2007: EBITDA on same basis: HK\$443.7 million).

However, non-cash items including depreciation charges resulting from inauguration of new facilities, together with expenses from the revaluation of fair value of fixed assets and provision for impairment value of intangible assets, had significantly weakened the Group's profitability. The Group reported a loss attributable to shareholders of HK\$155.5 million for the year under review.

TCCIH's board of directors does not recommend the payment of dividend for the year ended 31 December 2008 (2007: nil).

Several of TCCIH's new production lines, which commenced commercial operation during the year under review, had yet to contribute to the Group's performance as most of them only reached their rated capacity in the last quarter of the year. Overall utilisation of the Group's facilities had also been impacted by insufficient demand due to the severe weather condition and natural disasters pounding mainland China and adverse economic environment during the year. The mounting energy costs in the second half of the year had also adversely affected the gross profit margin of the Group.

The Group's Yingde plant has become one of the largest cement production bases in Guangdong, with a capacity of 9 million metric tonnes per annum by the end of 2008. During the year under review, sales volume of the Group's Yingde plant amounted to 5.71 million metric tonnes, which was 42 per cent higher than that of the previous year. Since the third and fourth production lines only became fully operational in the final months of 2008, the overall utilisation of the Yingde plant had fallen below its normal level. In addition, the worsening property market in Guangdong had also adversely affected the demand in the province.

Owing to under-utilisation, higher energy costs and depreciation charges, the Yingde plant reported an operating loss for the year under review.

However, with the new facilities of the Yingde plant under commercial production for the first full year in 2009, the plant will be able to further lower its unit cost, and will thus contribute to a healthier margin.

At the Fuzhou plant, a new production line with an additional capacity of 750,000 metric tonnes became fully operational in the fourth quarter of the year. However, softened market demand in Fuzhou and its neighbouring cities had forced the plant's sales volume down to 1.2 million metric tonnes of cement from 1.4 million in the previous year.

Average selling price ("ASP") of products from the Fuzhou plant slightly increased from that of the previous year. However, the price upsurge was not sufficient to offset increased operating costs during the year. As a result, the Fuzhou plant reported a mild loss for the year.

The Group's Jurong plant reported a sales volume of 2.75 million metric tonnes for the year under review, which was 25 per cent less than that of the previous year. The reduction in sales volume along with a lower ASP and higher operating expenses contributed to a loss for the Jurong plant for 2008.

The sales volume of Anhui King Bridge Cement Co., Ltd. ("AKB"), the Group's 60 per cent owned slag powder grinding plant, amounted to approximately 550,000 metric tonnes for the year. Despite an adjustment in its sales volume when compared with that of the previous year, the gross profit margin of the AKB plant increased to 23 per cent from 17 per cent of the previous year, due to improved ASP of slag powder and reduced transportation cost as a result of AKB's strategy of concentrating its sales to nearby region. As such, the AKB plant reported an 18 per cent increase in profit after tax during the year.

At the Group's 60 per cent owned slag powder joint venture in Liuzhou, a new production line became fully operational in the second quarter of the year under review. The additional capacity had come in time to meet strong market demand and contributed to a 55 per cent increase year-on-year in sales volume to 1.01 million metric tonnes. Strong selling prices and the plant's improved sales volume led to a 27 per cent surge in profit after tax.

The Group's cement trading and concrete businesses in Hong Kong reported a strong performance during the year with a 146 per cent growth in profit after tax. This was mainly attributable to an increased gross margin resulting from a significant improvement in cement and concrete prices that had exceeded the upsurge in costs.

“In view of the overall operations, the Group emerged as stronger market player with enhanced capacity and market coverage. The Group’s ongoing strategy will not be distracted by short-term temptation or periodical setback. The Group will persist with its strategy of cautious expansion to further entrench its dominant position in Southern China,” said Mr Koo, Cheng-Yun, chairman of TCCIH.

The Group is considering various options to further strengthen its presence in Fujian, including new facility development and mergers and acquisition, capitalising on the industry’s consolidation.

With respect to the Jurong plant, construction of the second production line, with an annual capacity of 2.25 million metric tonnes, is scheduled to be completed in the first quarter of 2010.

In Guangdong, the Group is identifying a suitable site for the development of a cement grinding base in the Pearl River Delta region.

“With the gradual implementation of the State’s massive infrastructure development plans and accelerated urbanisation in the country, the cement industry will be able to resume its growth momentum. Given the Group’s scale of operation and market coverage in Southern China, it will be well-poised to take advantage of the market upturn,” added Mr Koo.

TCCIH is principally engaged in the import and distribution of cement in Hong Kong, the manufacturing and distribution of cement, clinker and slag powder in other areas of the People’s Republic of China and the export of cement to Europe and Middle East. The Company’s shares became listed on the Stock Exchange of Hong Kong Limited in 1997.

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TCC INTERNATIONAL HOLDINGS LIMITED
 (Stock Code : 1136)
Audited Consolidated Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2008

	For the year ended 31 December	
	2008 HK\$'000	2007 HK\$'000
Revenue	2,822,827	1,829,168
Cost of sales	<u>(2,517,912)</u>	<u>(1,491,744)</u>
Gross profit	304,915	337,424
Investment income	30,743	29,403
Other income, gains and losses	28,817	93,255
Selling and distribution expenses	(181,341)	(22,546)
General and administrative expenses	(145,409)	(91,569)
Impairment loss on intangible assets	(23,983)	(3,722,639)
Impairment loss of property, plant and equipment	(4,584)	--
Finance costs	<u>(129,356)</u>	<u>(101,921)</u>
	(120,198)	(3,478,593)
Share of results of associates	<u>30,140</u>	<u>7,915</u>
Loss before tax	(90,058)	(3,470,678)
Income tax expense	<u>(12,367)</u>	<u>(2,736)</u>
Loss for the year	<u>(102,425)</u>	<u>(3,473,414)</u>
Attributable to:		
Shareholders of the Company	(155,523)	(3,506,645)
Minority interests	<u>53,098</u>	<u>33,231</u>
	<u>(102,425)</u>	<u>(3,473,414)</u>
Loss per share		
— basic	<u>HK(12.0)cents</u>	<u>HK(404.2) cents</u>