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TCCIH'S REVENUE UPSURGES 63% TO HK\$1,170 MILLION NET PROFIT REACHES HK\$54.4 MILLION

TCC International Holdings Limited ("TCCIH" or the "Company", stock code: 01136) together with its subsidiaries (the "Group") today announced that the Group's unaudited consolidated revenue for the six months ended 30 June 2008 amounted to HK\$1,170 million, representing an increase of 63.4 per cent from that of the same period last year. This was mainly attributable to surge in output from newly acquired facilities and rise in the average selling price of cement during the period under review.

During the first half of the year, the Group reported a profit attributable to shareholders of HK\$54.4 million, representing a 9.5 per cent downward adjustment from that of the corresponding period last year.

TCCIH's board of directors does not recommend the payment of dividend for the six months ended 30 June 2008.

During the first half of the current financial year, the Group's operations had been interrupted by extreme weather conditions and affected by rising coal costs. The Group's performance had been further impacted by the under-utilisation of newly completed additional facilities, which were in their tuning process, and extra expenses resulting from the acquisition of Chia Hsin Cement Greater China Holding Corporation ("CHCGC").

"In Mainland China, the average selling prices of cement from most of the Group's facilities were higher than those of the corresponding period last year. However, the snowstorm and heavy rain in Southern China during the first two quarters had severely interrupted the progress of construction works, and the consumption of cement had thus been affected. The backlog of cement due to slow sales in the first half of the year had forced cement price in Guangdong to go down in the second quarter," noted Mr. Koo, Cheng-Yun, chairman of TCCIH.

In addition, property development in the Guangdong province slowed down following the State's macroeconomic austerity measures. Sales volume of the Group's Yingde plant in Guangdong province in the six months ended 30 June 2008, dropped to approximately 1.74 million metric tonnes, from about 2 million metric tonnes in the same period of 2007.

The Yingde plant's third and fourth production lines had been completed and commenced their trial run in the first half of the year. The additional capacity of the new facilities had basically not been utilised as they were in their tuning and testing processes for most part of the period under review.

Despite substantial surge in coal prices, the higher average selling price of cement in Guangdong, when compared with that of the same period last year, had contributed to a 52.3 per cent increase in the Yingde plant's profit after tax.

Sales volume of the cement grinding plant in Fuzhou, Fujian province slightly retreated, during the first half of 2008, to approximately 613,000 metric tonnes of cement. This was partly due to the continuous showery weather in the Southern China region. Although a new product line with an additional capacity of 750,000 metric tonnes commenced trial run in the six-month period, it had yet to contribute to the Fuzhou plant's performance due to requirement for equipment adjustment.

During the period under review, the average selling price of slag powder of the Anhui King Bridge Cement Co. Ltd ("AKB"), the Group's 60 per cent owned slag powder grinding plant, increased by 7 per cent from that of the same period last year, while the cost of slag declined noticeably. The sales volume of the AKB plant amounted to approximately 260,000 metric tonnes for the six-month period. The profit after tax from AKB more than doubled that of the corresponding period last year, despite a lower sales volume during the review period.

Capitalising on the commencement of commercial production of a new production line in the first quarter this year, the Group's 60 per cent owned slag powder joint venture in Liuzhou reported a sales volume of approximately 430,000 metric tonnes of slag powder for the period under review. The sales volume represented a 36 per cent increase from that of the same period of 2007. Strong selling prices and the Group's successful control of production cost led to a 79.2 per cent surge in the Liuzhou venture's profit after tax, when compared with that of the corresponding period last year.

The Group completed the acquisition of CHCGC plant in Jurong, Jiangsu province in the last quarter of 2007. During the period, CHCGC adjusted its target market from export oriented to domestic focus, in reaction to State's suspension of rebate of value-added tax. The reduction in export along with the weather impact had affected the Jurong plant's sales volume, which declined 31.8 per cent to 1.33 million metric tonnes during the period under review.

During the period, the Group incurred an additional expense of over HK\$14 million due to recognition of further depreciation and amortization charges in property, plant and equipment, prepaid lease payment and intangible assets following the revaluation of fair value of CHCGC, and the streamlining of CHCGC's corporate structure.

The Group's cement trading and concrete businesses in Hong Kong reported a strong growth in profit after tax. This was mainly attributable to a significant improvement in the prices of concrete and cement in Hong Kong during the period under review, although the sales volumes of concrete and cement in Hong Kong basically remained stable when compared with that of the corresponding period last year.

"Entering into the second half of the year, the Group expects to experience improvement in both sales volume and cement prices with the arrival of the industry's peak season. Although demand from the property sector will continue to be confined by the State's austerity measures and the pessimistic market sentiment, consumption of cement from escalated urbanization and infrastructure development in Mainland China, which together account for a significant portion of China's domestic cement consumption, is expected to continue to support market growth," said Mr. Koo.

"In response to challenges in the external operating environment, the Group will continue to place its emphasis on cost control and new market penetration. While ensuring stable and efficient operation of its facilities, the Group will focus on technical improvement projects in energy saving in order to strengthen its profitability," Mr. Koo added.

"To further consolidate its leading position in Mainland China, the Group will continue to explore opportunities for expansion through acquisition or new plant development," noted Mr. Koo.

TCCIH 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 People's Republic of China. 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 : 01136)

Unaudited Consolidated Income Statement For the Six Months Ended 30 June 2008

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	1,170,324	716,156
Cost of sales	<u>(999,561)</u>	<u>(597,159)</u>
Gross profit	170,763	118,997
Other income and gains	101,467	58,911
Selling and distribution expenses	(75,549)	(32,237)
General and administrative expenses	(68,651)	(33,669)
Finance costs	<u>(61,124)</u>	<u>(44,117)</u>
	66,906	67,885
Share of results of associates	<u>18,224</u>	<u>5,183</u>
Profit before tax	85,130	73,068
Income tax expense	<u>(5,446)</u>	<u>(1,561)</u>
Profit for the period	<u>79,684</u>	<u>71,507</u>
Attributable to:		
Shareholders of the Company	54,351	60,058
Minority interests	<u>25,333</u>	<u>11,449</u>
	<u>79,684</u>	<u>71,507</u>
Earnings per share		
— Basic	<u>HK4.2cents</u>	<u>HK7.8cents</u>
— Diluted	<u>HK4.2cents</u>	<u>HK7.7cents</u>