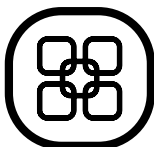

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TCC International Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through together with the enclosed form of proxy, whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



TCC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1136)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 7 to 32 of this circular.

The notice of an extraordinary general meeting of TCC International Holdings Limited to be held at 10:00 a.m. on 28 January 2008 at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out in pages 58 to 61 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy for the extraordinary general meeting in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting.

11 January 2008

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DEFINITIONS

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

“Altus”	Altus Capital Limited, a licensed corporation under the SFO permitted to engage types 4, 6 and 9 regulated activities (as defined under the SFO) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with respect to the Non-exempt Continuing Connected Transactions and the relevant annual caps relating thereto
“Anhui Conch”	Anhui Conch Cement Company Limited, a joint stock limited company established in the PRC, whose H shares are listed on the Stock Exchange
“Anhui Conch Clinker Agreement”	the agreement entered into between Anhui Conch and TCC Fuzhou on 21 December 2007 in relation to the supply of clinker by Anhui Conch to TCC Fuzhou on an ongoing basis, the principal terms of which are set out in section II. 3 of this circular
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CHCGC”	Chia Hsin Cement Greater China Holding Corporation, a company incorporated in the Cayman Islands and a subsidiary of the Company whose shares are expected to be withdrawn from listing on the Stock Exchange following completion of the Offer
“CHC Holding”	Chia Hsin Cement Corporation, a company incorporated in Taiwan, the Shares of which are listed on the Taiwan Stock Exchange
“CHPL”	Chia Hsin Pacific Limited, a company incorporated in the Cayman Islands with limited liability and a substantial shareholder of the Company holding an approximate 28.57% shareholding interest in the Company as at the Latest Practicable Date
“Company”	TCC International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

DEFINITIONS

“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the Existing Continuing Connected Transactions and the New Continuing Connected Transactions
“Directors”	the directors of the Company
“Existing Continuing Connected Transactions”	the transactions under the Ganghui Cement Agreement, the Anhui Conch Clinker Agreement, the Liuzhou Qingyu Slag Agreement, the Union Cement Limestone Agreement, the Fuzhou Logistics Packing Services Agreement and the Fuzhou Logistics Unloading Services Agreement
“extraordinary general meeting”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Non-exempt Continuing Connected Transactions and the caps in relation thereto
“Fuzhou Logistics”	福州台通物流有限公司 (TTSC Fuzhou Logistics Company Limited), a subsidiary of Taiwan Cement, which is a holding company of a substantial shareholder of the Company
“Fuzhou Logistics Packing Services Agreement”	the agreement entered into between Fuzhou Logistics and TCC Fuzhou on 21 December 2007 in relation to the provision of logistics services for packing and loading cement by Fuzhou Logistics to TCC Fuzhou on an ongoing basis, the principal terms of which are set out in section II. 5 of this circular
“Fuzhou Logistics Unloading Services Agreement”	the agreement entered into between Fuzhou Logistics and TCC Port on 21 December 2007 in relation to the provision of logistics services for unloading raw material and semi-finished goods by Fuzhou Logistics to TCC Port on an ongoing basis, the principal terms of which are set out in section II. 6 of this circular
“Ganghui”	上海嘉新港輝有限公司 (Shanghai Chia Hsin Ganghui Co., Ltd.), an indirectly wholly-owned subsidiary of CHPL established in the PRC
“Ganghui Cement Agreement”	the agreement entered into between Jingyang Cement and Ganghui on 21 December 2007 in relation to the supply of cement by Jingyang Cement to Ganghui on an ongoing basis, the principal terms of which are set out in section II. 1 of this circular

DEFINITIONS

“Group”	the Company and its subsidiaries
“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
“Independent Board Committee”	a committee of the Board comprising all of the independent non-executive Directors
“Independent Shareholders”	Shareholders other than (i) CHPL and any of its associates; and (ii) any person who are interested or involved in the Continuing Connected Transactions, being Anhui Conch, Fuzhou Logistics and Liuzhou Qingyu, and their respective associates
“Jingyang Cement”	嘉新京陽水泥有限公司 (Chia Hsin Jingyang Cement Co., Ltd.), a wholly foreign owned enterprise established in the PRC on 26 June 1993 with limited liability and an indirect subsidiary of the Company
“Joint Announcement”	the joint announcement dated 14 June 2007 made by the Company and CHCGC
“King Bridge”	Anhui King Bridge Cement Co. Ltd., a company established in the PRC and held as to 60% indirectly by the Company and 40% by Anhui Conch
“Latest Practicable Date”	9 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuzhou Qingyu”	柳州市清宇環保產業開發有限責任公司 (Liuzhou Qingyu Environment-friendly Business Development Company Limited), a wholly-owned subsidiary of Liuzhou Steel established in the PRC

DEFINITIONS

“Liuzhou Qingyu Slag Agreement”	the agreement entered into between Liuzhou Qingyu and TCC Liuzhou on 21 December 2007 in relation to the purchase of slag by TCC Liuzhou from Liuzhou Qingyu on an ongoing basis, the principal terms of which are set out in section II. 4 of this circular
“Liuzhou Steel”	Guangxi Liuzhou Steel (Group) Corporation, a state-owned enterprise established in the PRC
“MT”	metric tonnes
“New Continuing Connected Transactions”	the transactions contemplated under the Union Cement Clinker Agreement and the Union Cement Jetty Services Agreement
“Non-exempt Continuing Connected Transactions”	the transactions contemplated under each of the Ganghai Cement Agreement, the Union Cement Limestone Agreement, the Anhui Conch Clinker Agreement, the Liuzhou Qingyu Slag Agreement and the Union Cement Clinker Agreement
“Offer”	has the meaning ascribed to it in the announcement of the Company dated 14 June 2007
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Previous Agreements”	(i) the Clinker Supply Agreement, the Slag Supply Agreement, the Supply of Logistics Services Agreement and the Supply of Unloading Services Agreement, details of all of which were included in the Company’s announcement dated 10 January 2005; and (ii) the Renewed Guanghai Sales Agreement, the Renewed Union Cement Purchase Agreement and the Limestone Agreement, details of all of which were included in the Company’s announcement dated 2 November 2007
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

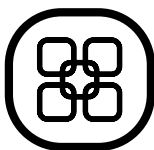
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning ascribed to it in the Companies Ordinance (Cap 32 Laws of Hong Kong) and “subsidiaries” shall be construed accordingly
“Taiwan Cement”	Taiwan Cement Corporation, a company incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange and which, through its wholly-owned subsidiary, is holding approximately 43.83% of the issued share capital of the Company
“TCC Fuzhou”	福州台泥水泥有限公司 (TCC Fuzhou Cement Co., Ltd.), an indirect wholly owned subsidiary of the Company established in the PRC
“TCC Liuzhou”	柳州台泥新型建材有限公司 (TCC Liuzhou Construction Materials Co., Ltd.), a subsidiary of the Company in which a 70%-owned subsidiary of the Company has a 60% equity interest
“TCC Port”	福州台泥洋嶼碼頭有限公司 (TCC Fuzhou Yangyu Port Company Limited), an indirect wholly-owned subsidiary of the Company which is established in the PRC
“Union Cement”	江蘇聯合水泥有限公司 (Jiangsu Union Cement Co., Ltd.), a sino-foreign equity joint venture established on 20 November 1996 in the PRC with limited liability which is owned as to 80% by Yonica (Singapore) and 20% by a PRC state owned enterprise known as 鎮江船山石灰石礦有限公司 (Zhenjiang Chuanshan Limestone Mine Company)
“Union Cement Clinker Agreement”	the agreement entered into between the Company and Union Cement on 21 December 2007 in relation to the purchase of clinker by the Group from Union Cement on an on-going basis, the principal terms of which are set out in section III. 1 of this circular

DEFINITIONS

“Union Cement Jetty Services Agreement”	the agreement entered into between Union Cement and Jingyang Cement on 21 December 2007 in relation to the provision of jetty services by Jingyang Cement to Union Cement on an on-going basis, the principal terms of which are set out in section III. 2 of this circular
“Union Cement Limestone Agreement”	the agreement dated 21 December 2007 in relation to the supply of limestone by Jingyang Cement to Union Cement on an on-going basis, the principal terms of which are set out in section I. 2 of this circular
“Yonica (Singapore)”	Yonica Pte Ltd, a company incorporated in Singapore, which is a wholly-owned subsidiary of CHPL and which is interested in an 80% equity interest in Union Cement

In this circular, for reference only and unless otherwise specified, the translation of RMB into HK\$ is based on the exchange rate of HK\$1 to RMB0.9522. Payments for the Continuing Connected Transactions are proposed to be in RMB and are expressed in HK\$ in this circular for illustration purposes only and may vary as a result of any change in the exchange rate of RMB against HK\$.

LETTER FROM THE BOARD



TCC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1136)

Executive Directors:

Koo, Cheng-Yun, Leslie (*Chairman*)
Wu Yih Chin (*Managing Director*)
Kao, Teh-Jung

Non-executive Directors:

Shan Weijian
Chang An Ping, Nelson
Chang Kang Lung, Jason
Wang Lishin, Elizabeth

Independent Non-executive Directors:

Liao Poon Huai, Donald
Chih Ching Kang, Kenneth
Shieh Jen-Chung, Roger

Registered office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
British West Indies

Principal place of business:

16th Floor
Hong Kong Diamond Exchange Building
8-10 Duddell Street
Central
Hong Kong

11 January 2008

To the Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

Reference is made to the Company's announcement dated 21 December 2007. The Company announced that the Previous Agreements and the caps in respect of the Existing Continuing Connected Transactions under the Previous Agreements will expire on 31 December 2007. In order to enable the Group to continue to carry out the Existing Continuing Connected Transactions beyond 31 December 2007, on 21 December 2007, the Group has entered into the following agreements to extend the term of the Existing Continuing Connected Transactions for three additional financial years ending 31 December 2010:

- (i) Jingyang Cement, an indirectly subsidiary of the Company, has entered into the Ganghui Cement Agreement with Ganghui, an indirect wholly-owned subsidiary of CHPL;

LETTER FROM THE BOARD

- (ii) Jingyang Cement has also entered into the Union Cement Limestone Agreement with Union Cement, an indirect subsidiary of CHPL;
- (iii) TCC Fuzhou, an indirect wholly-owned subsidiary of the Company, has entered into the Anhui Conch Clinker Agreement with Anhui Conch, a substantial shareholder of King Bridge, a subsidiary of the Company;
- (iv) TCC Liuzhou, a company in which a 70%-owned subsidiary of the Company holds a 60% equity interest, has entered into the Liuzhou Qingyu Slag Agreement with Liuzhou Qingyu, a wholly-owned subsidiary of Liuzhou Steel, which is a substantial shareholder of TCC Liuzhou;
- (v) TCC Fuzhou has entered into the Fuzhou Logistics Packing Services Agreement with Fuzhou Logistics, a subsidiary of Taiwan Cement, which is the holding company of a substantial shareholder of the Company; and
- (vi) TCC Port, an indirect wholly-owned subsidiary of the Company, has entered into the Fuzhou Logistics Unloading Services Agreement with Fuzhou Logistics.

On 21 December 2007, the Group has also entered into the following agreements for the New Continuing Connected Transactions:

- (i) the Company has entered into the Union Cement Clinker Agreement with Union Cement; and
- (ii) Jingyang Cement has entered into the Union Cement Jetty Services Agreement with Union Cement.

The transactions under the Fuzhou Logistics Packing Services Agreement and the Fuzhou Logistics Unloading Services Agreement are aggregated pursuant to Rule 14A.26 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules. Pursuant to Rule 14A.34 of the Listing Rules, the transactions under the Union Cement Jetty Services Agreement are also subject to the reporting and announcement requirements under the Listing Rules.

LETTER FROM THE BOARD

The transactions under the Ganghui Cement Agreement and the Union Cement Limestone Agreement are aggregated pursuant to Rule 14A.26 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Pursuant to Rule 14A.35 of the Listing Rules, the transactions under each of the Anhui Conch Clinker Agreement, the Liuzhou Qingyu Slag Agreement and the Union Cement Clinker Agreement are also subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. CHPL, and its associates and any person who are interested or involved in the Continuing Connected Transactions, being Anhui Conch, Fuzhou Logistics and Liuzhou Qingyu, and their respective associates are required to abstain from voting at an extraordinary general meeting to be convened to consider and, if thought fit, to approve the Non-exempt Continuing Connected Transactions.

The Board has appointed the Independent Board Committee to consider and advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the annual caps relating thereto, and will appoint an independent financial adviser to advise the Independent Board Committee.

The purpose of this circular is to provide you with (i) further information on the terms of the Continuing Connected Transactions and the relevant annual caps relating thereto; (ii) the recommendation of the Independent Board Committee; and (iii) the advice of Altus to the Independent Board Committee and the Independent Shareholders, together with a notice to convene the extraordinary general meeting to consider and, if thought fit, to approve the Continuing Connected Transactions and the relevant annual caps under each of the Continuing Connected Transactions.

II. EXISTING CONTINUING CONNECTED TRANSACTIONS

1. Ganghui Cement Agreement

Date

21 December 2007

Parties

1. Jingyang Cement (as supplier)
2. Ganghui (as purchaser)

Subject matter

Pursuant to the terms of the Ganghui Cement Agreement, Jingyang Cement will continue to supply certain cement products to Ganghui from time to time.

LETTER FROM THE BOARD

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing open market prices of cement products of the same type and quality.

Payment to be made on a monthly basis by trade acceptance within two months.

Historical sales and anticipated future sales

The table below sets out (i) the historical amount of cement products supplied by Jingyang Cement to Ganghui for each of the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of cement products to be supplied by Jingyang Cement to Ganghui for each of the three years ending 31 December 2008, 2009 and 2010:

	Supply of cement product to Ganghui (HK\$)	Total supply of cement product to Ganghui and independent third parties (HK\$)	Supply of cement product to Ganghui as a percentage of total sales	Proposed cap (HK\$)
2005 (as from March)	49,232,437	720,343,243	7%	141,966,000
2006	23,232,812	1,000,129,989	2%	48,077,000
2007 (up to 30 June)	12,407,023	518,953,263	2%	48,077,000
2008	96,618,357	845,410,628	11%	97,000,000
2009	100,819,156	882,167,612	11%	101,000,000
2010	105,019,954	918,924,596	11%	106,000,000

Annual cap

The Directors estimate the aggregate value of cement to be supplied by Jingyang Cement to Ganghui will not exceed HK\$97,000,000, HK\$101,000,000 and HK\$106,000,000 for the years ending 31 December 2008, 2009 and 2010, respectively.

LETTER FROM THE BOARD

The caps have been determined by reference to:

- (i) the value of the historical annual sales of cement by Jingyang Cement to Ganghui for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (ii) the value of the estimated amount of sales of cement by Jingyang Cement to Ganghui for the six months ending 31 December 2007;
- (iii) the historical average selling price of various types of cement products for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (iv) the projected average selling price of various types of cement products for the six months ending 31 December 2007;
- (v) the prevailing market prices of cement products; and
- (vi) allowances for possible price increases and volume growth in the future.

While the estimated amount of cement to be sold by Jingyang Cement for the three years ending 31 December 2010 shows a steady increase as compared to the sales in the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007, the estimated amount of cement to be supplied by Jingyang Cement to Ganghui for the three years ending 31 December 2010 is expected to have a significant increase. The expected increase is due to the removal or reduction of tax rebates on exports from China, such as cement, to help to reduce its trade surplus with effect from 1 July 2007 as announced by the Finance Ministry of the PRC on 19 June 2007. Taking into account the reduction in tax rebates, and in anticipation of the possible reduced in export of Jingyang Cement's cement, Jingyang Cement has proposed to sell, and Ganghui has agreed to purchase, cement supplied by Jingyang Cement.

LETTER FROM THE BOARD

2. Union Cement Limestone Agreement

Date

21 December 2007

Parties

1. Jingyang Cement (as supplier)
2. Union Cement (as purchaser)

Subject matter

Pursuant to the terms of the Union Cement Limestone Agreement, Jingyang Cement will supply limestone to Union Cement from time to time.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing open market price of limestone of the same type and quality in the PRC.

Payment to be made on a monthly basis.

LETTER FROM THE BOARD

Historical supply and anticipated future supply

The following table sets out (i) the historical amount of limestone supplied by Jingyang Cement to Union Cement for each of the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of limestone to be supplied by Jingyang Cement to Union Cement for each of the three years ending 31 December 2008, 2009 and 2010:

	Supply of limestone to Union Cement (HK\$)	Total supply of limestone to Union Cement and independent third parties (HK\$)	Supply of limestone to Union Cement as a percentage of total supply	Proposed cap (HK\$)
2005 (as from March)	–	–	–	–
2006	–	–	–	–
2007 (up to 30 June)	2,030,604	2,030,604	100%	10,370,000
2008	8,086,536	8,086,536	100%	8,100,000
2009	8,454,106	8,454,106	100%	8,500,000
2010	8,821,676	8,821,676	100%	8,900,000

Annual cap

The Directors estimate the aggregate value of limestone to be supplied by Jingyang Cement to Union Cement will not exceed HK\$8,100,000, HK\$8,500,000 and HK\$8,900,000 for the years ending 31 December 2008, 2009 and 2010, respectively.

The caps have been determined by reference to:

- (i) the value of the historical amount of sales of limestone by Jingyang Cement to Union Cement for the six months ended 30 June 2007;
- (ii) the value of the estimated amount of sales of limestone by Jingyang Cement to Union Cement for the six months ending 31 December 2007;
- (iii) the prevailing market prices of limestone; and
- (iv) allowances for possible price increases and volume growth in the future.

LETTER FROM THE BOARD

3. Anhui Conch Clinker Agreement

Date

21 December 2007

Parties

1. Anhui Conch (as supplier)
2. TCC Fuzhou (as purchaser)

Subject matter

Pursuant to the terms of the Anhui Conch Clinker Agreement, Anhui Conch will supply clinker to TCC Fuzhou from time to time.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing open market prices of clinker of the same quality.

Payment to be made in advance, either by telegraphic transfer or bank-issued bills payable within three months.

LETTER FROM THE BOARD

Historical purchase and anticipated future purchase

The following table sets out (i) the historical amount of clinker purchased by TCC Fuzhou from Anhui Conch for each of the two years ended 31 December 2005, 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of clinker that will be purchased by TCC Fuzhou from Anhui Conch for each of the three years ending 31 December 2008, 2009 and 2010:

	Purchase of clinker from Anhui Conch (HK\$)	Total purchase of clinker from Anhui Conch and independent third parties (HK\$)	Purchase of clinker from Anhui Conch as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	45,831,464	68,776,862	67%	200,000,000
2006	30,037,769	172,910,283	17%	220,000,000
2007 (up to 30 June)	62,313,632	96,885,366	64%	242,000,000
2008	323,138,319	412,001,357	78%	330,000,000
2009	493,683,543	667,594,792	74%	500,000,000
2010	513,430,885	843,076,851	61%	520,000,000

Since TCC Fuzhou came into commercial operation in March 2005, it has seen an increasing demand for clinker as a raw material for the production of cement. The decrease in the purchase of clinker by TCC Fuzhou from Anhui Conch in 2006 was because the prices offered by Anhui Conch in that year were not as competitive as those offered by other suppliers of clinker and TCC Fuzhou was able to purchase clinker from independent third parties at cheaper prices. This was despite the substantial increase in total purchase of clinker from Anhui Conch and independent third parties in 2006, as shown in the above table. TCC Fuzhou's purchase from Anhui in 2007 has increased as the prices offered by Anhui Conch in that year were competitive with those offered by other suppliers.

LETTER FROM THE BOARD

Annual cap

The Directors estimate the aggregate value of clinker to be purchased by TCC Fuzhou from Anhui Conch for the years ending 31 December 2008, 2009 and 2010 will not exceed HK\$330,000,000, HK\$500,000,000 and HK\$520,000,000 respectively.

The caps have been determined by reference to:

- (i) the value of the historical annual purchase of clinker by TCC Fuzhou from Anhui Conch for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (ii) the value of the estimated amount of purchase of cement by TCC Fuzhou from Anhui Conch for the six months ending 31 December 2007;
- (iii) the historical average purchase price of clinker for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (iv) the projected average purchase price of clinker for the six months ending 31 December 2007;
- (v) the prevailing market prices of clinker; and
- (vi) allowances for possible price increases and volume growth in the future.

A significant increase in demand in clinker is anticipated due to:

- (i) TCC Fuzhou continuing to achieve current full utilization of its production capacity, which will increase the demand of clinker as raw materials by TCC Fuzhou for the production of cement;
- (ii) the production capacity expansion at TCC Fuzhou with the completion of an additional production line with a production capacity of 750,000 tonnes in the end of 2007; and
- (iii) the possible further production capacity expansion at TCC Fuzhou, currently in the planning stage, with two additional production lines with possible production capacity of 2,000,000 tonnes by mid 2009.

LETTER FROM THE BOARD

4. Liuzhou Qingyu Slag Agreement

Date

21 December 2007

Parties

1. Liuzhou Qingyu (as supplier)
2. TCC Liuzhou (as purchaser)

Subject matter

Pursuant to the terms of the Liuzhou Qingyu Slag Agreement, TCC Liuzhou will purchase slag from Liuzhou Qingyu from time to time.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing open market prices of slag of the same type and quality.

Payment to be made on a monthly basis within ten days after the end of the calendar month in which the purchase took place, either by telegraphic transfer or bank-issued bills payable within three months.

LETTER FROM THE BOARD

Historical purchase and anticipated future purchase

The following table sets out (i) the historical amount of slag purchased by TCC Liuzhou from Liuzhou Qingyu for each of the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of slag to be purchased by TCC Liuzhou from Liuzhou Qingyu for each of the three years ending 31 December 2008, 2009 and 2010:

	Purchase of slag from Liuzhou Qingyu (HK\$)	Total purchase of slag from Liuzhou Qingyu and independent third parties (HK\$)	Purchase of slag from Liuzhou Qingyu as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	1,360,517	1,360,517	100%	15,000,000
2006	10,941,549	10,941,549	100%	25,000,000
2007 (up to 30 June)	4,436,784	4,436,784	100%	32,000,000
2008	57,446,812	57,446,812	100%	58,000,000
2009	59,744,685	59,744,685	100%	60,000,000
2010	62,134,472	62,134,472	100%	63,000,000

Annual cap

The Directors estimate the aggregate value of slag to be purchased by TCC Liuzhou from Liuzhou Qingyu will not exceed HK\$58,000,000, HK\$60,000,000 and HK\$63,000,000 for the years ending 31 December 2008, 2009 and 2010, respectively.

The caps have been determined by reference to:

- (i) the value of the historical annual purchase of slag by TCC Liuzhou from Liuzhou Qingyu for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (ii) the value of the estimated amount of purchase of slag by TCC Liuzhou from Liuzhou Qingyu for the six months ending 31 December 2007;
- (iii) the historical average purchase price of slag for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;

LETTER FROM THE BOARD

- (iv) the projected average purchase price of slag for the six months ending 31 December 2007;
- (v) the prevailing market prices of slag; and
- (vi) allowances for possible price increases and volume growth in the future.

A significant increase in demand in slag is anticipated due to the completion of an addition production line of TCC Liuzhou with a production capacity of 700,000 tones expected around January 2008.

5. Fuzhou Logistics Packing Services Agreement

Date

21 December 2007

Parties

1. Fuzhou Logistics (as provider)
2. TCC Fuzhou (as user)

Subject matter

Pursuant to the terms of the Fuzhou Logistics Packing Services Agreement, Fuzhou Logistics will provide to TCC Fuzhou from time to time logistics services in respect of packaging and loading cement and import customs clearance at the Fuzhou Yangyu Port.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

Fuzhou Logistics will charge a fee on a per-MT basis for packing and loading cement and a fee on a per-shipment basis for import customs clearance.

LETTER FROM THE BOARD

Payment to be made on a monthly basis, either by telegraphic transfer or bank-issued bills payable within three months.

Historical amount of service fees paid and anticipated future amount of service fees

The following table sets out (i) the historical amount of service fees paid by TCC Fuzhou to Fuzhou Logistics for each of the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of service fees to be paid by TCC Fuzhou to Fuzhou Logistics for each of the three years ending 31 December 2008, 2009 and 2010:

	Service fees paid to Fuzhou Logistics (HK\$)	Total service fees paid to Fuzhou Logistics and independent third parties (HK\$)	Service fees paid to Fuzhou Logistics as a percentage of total service fees paid	Proposed cap (HK\$)
2005	1,947,000	1,947,000	100%	5,500,000
2006	3,654,000	3,654,000	100%	6,000,000
2007 (up to 30 June)	1,660,000	1,660,000	100%	6,600,000
2008	10,000,000	10,000,000	100%	10,000,000
2009	10,000,000	10,000,000	100%	10,000,000
2010	10,000,000	10,000,000	100%	10,000,000

Annual cap

The Directors estimate the aggregate amount of service fees to be paid by TCC Fuzhou to Fuzhou Logistics will not exceed HK\$10,000,000 for each of the years ending 31 December 2008, 2009 and 2010.

The caps have been determined by reference to:

- (i) the historical production capacity and sales volume of TCC Fuzhou for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;

LETTER FROM THE BOARD

- (ii) the estimated production capacity and sales volume of TCC Fuzhou for the six months ending 31 December 2007;
- (iii) the historical average service fees for logistics services of the same type and quality in Fuzhou in the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (iv) the projected average service fees for logistics services of the same type and quality in Fuzhou for the six months ending 31 December 2007;
- (v) the prevailing market prices of logistics services of the same type and quality in the Fuzhou; and
- (vi) allowances for possible price increases and volume growth in the future.

6. Fuzhou Logistics Unloading Services Agreement

Date

21 December 2007

Parties

1. Fuzhou Logistics (as provider)
2. TCC Port (as user)

Subject matter

Pursuant to the terms of the Fuzhou Logistics Unloading Services Agreement, Fuzhou Logistics will provide to TCC Port from time to time logistics services in respect of unloading raw materials and semi-finished goods at the Fuzhou Yangyu Port and at the plant of TCC Fuzhou.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

LETTER FROM THE BOARD

Price determination and payment

Fuzhou Logistics will charge a fee on a per-MT basis for unloading clinker and raw materials and a separate fee to be calculated on a per-labour day basis for the labour involved in the cleaning of vessels.

Payment to be made on a monthly basis, either by telegraphic transfer or bank-issued bills payable within three months.

Historical amount of service fees paid and anticipated future amount of service fees

The following table sets out (i) the historical amount of service fees paid by TCC Port to Fuzhou Logistics for each of the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007; and (ii) the anticipated amount of service fees to be paid by TCC Port to Fuzhou Logistics for each of the three years ending 31 December 2008, 2009 and 2010:

	Service fees paid to Fuzhou Logistics (HK\$)	Total service fees paid to Fuzhou Logistics and independent third parties (HK\$)	Service fees paid to Fuzhou Logistics as a percentage of total service fees paid	Proposed cap (HK\$)
2005	876,000	876,000	100%	4,000,000
2006	1,711,000	1,711,000	100%	4,400,000
2007 (up to 30 June)	951,000	951,000	100%	5,000,000
2008	10,000,000	10,000,000	100%	10,000,000
2009	10,000,000	10,000,000	100%	10,000,000
2010	10,000,000	10,000,000	100%	10,000,000

Annual cap

The Directors estimate the aggregate amount of service fees to be paid by TCC Port to Fuzhou Logistics will not exceed HK\$10,000,000 for each of the years ending 31 December 2008, 2009 and 2010.

LETTER FROM THE BOARD

The caps have been determined by reference to:

- (i) the historical operation volume of TCC Port for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (ii) the estimated operation volume of TCC Port for the six months ending 31 December 2007;
- (iii) the historical average service fees for logistics services of the same type and quality in Fuzhou in the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (iv) the projected average service fees for logistics services of the same type and quality in Fuzhou for the six months ending 31 December 2007;
- (v) the prevailing market prices of logistics services of the same type and quality in the Fuzhou; and
- (vi) allowances for possible price increases and volume growth in the future.

III. NEW CONTINUING CONNECTED TRANSACTIONS

1. Union Cement Clinker Agreement

As mentioned in the Joint Announcement, CHCGC became a subsidiary of the Company on 18 October 2007 and therefore, Jingyang Cement, a wholly-owned subsidiary of CHCGC, became an indirect subsidiary of the Company and a member of the Group since then. Jingyang Cement has been purchasing clinker from Union Cement as raw materials for the production of cement in its ordinary course of business. TCC Fuzhou, a wholly-owned subsidiary of the Company, is also a manufacturer of cement which requires clinker as raw materials in its production process. TCC Fuzhou has been relying on Anhui Conch and independent third parties in the supply of clinker. While continuing to purchase clinker from Anhui Conch, TCC Fuzhou intends to rely on Union Cement as an alternative source of clinker supply. The Group believes that leveraging on the relationship between Union Cement and Jingyang Cement, Union Cement will be another reliable source of good quality clinker at a competitive price.

LETTER FROM THE BOARD

Accordingly, the Company and Union Cement entered into the Union Cement Clinker Agreement, the terms of which are as follow:

Date

21 December 2007

Parties

1. Union Cement (as supplier)
2. the Company (on behalf of itself and its subsidiaries) (as purchaser)

Subject matter

Pursuant to the terms of the Union Cement Clinker Agreement, Union Cement will supply clinker to the Group from time to time.

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing market prices of clinker of the same quality.

Payment to be made on delivery.

LETTER FROM THE BOARD

Historical purchase and anticipated future purchase

The table below sets out (i) the historical purchase of clinker from Union Cement by the Group for each of the two years ended December 2005, 2006 and the six months ended 30 June 2007; (ii) the anticipated amount of clinker that to be purchased by the Group from Union Cement for each of the three years ending 31 December 2008, 2009 and 2010:

	Purchase of clinker from Union Cement (HK\$)	Total purchase of clinker by the Group (HK\$)	Purchase of clinker from Union Cement as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	96,258,120 ¹	194,371,115	50%	149,935,000 ²
2006	159,188,535 ¹	339,387,406	47%	380,769,000 ²
2007 (up to 30 June)	95,507,442 ¹	199,212,599	48%	380,769,000 ²
2008	320,082,794	627,426,903	51%	330,000,000
2009	333,419,577	891,996,402	37%	340,000,000
2010	346,756,360	1,076,454,526	32%	350,000,000

Notes:

1. These only represent the purchases of Jingyang Cement and do not include the purchases of TCC Fuzhou as TCC Fuzhou only proposed to purchase clinker from Union Cement from 2008 onwards.
2. These represent the caps approved by the independent shareholders of CHCGC in respect of the purchases by Jingyang Cement.

Annual cap

The Directors estimate the aggregate value of clinker to be purchased by the Group from Union Cement will not exceed HK\$330,000,000, HK\$340,000,000 and HK\$350,000,000 for the years ending 31 December 2008, 2009 and 2010, respectively.

LETTER FROM THE BOARD

The caps have been determined by reference to:

- (i) the value of the historical quantity of clinker required by the Group for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (ii) the value of the estimated quantity of clinker to be required by the Group for the six months ending 31 December 2007;
- (iii) the historical average purchase price of clinker for the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007;
- (iv) the projected average purchase price of clinker for the six months ending 31 December 2007;
- (v) the prevailing market prices of clinker; and
- (vi) allowances for possible price increases and volume growth in the future.

2. Union Cement Jetty Services Agreement

Date

21 December 2007

Parties

- 1. Jingyang Cement (as supplier)
- 2. Union Cement (as user)

Subject matter

Pursuant to the terms of the Union Cement Jetty Services Agreement, Jingyang Cement will, subject to the capacity of the jetty in Zhenjiang, permit Union Cement to use the jetty in Zhenjiang as it reasonably require from time to time in its ordinary course of business.

LETTER FROM THE BOARD

Term

For a term of three years with effect from 1 January 2008 to 31 December 2010.

Price determination and payment

To be determined by reference to the prevailing market prices of jetty service in Zhenjiang of the same type.

Payment to be made on a monthly basis.

Annual cap

The Directors estimate that the aggregate service fee payable by Union Cement for the jetty services is not expected to exceed HK\$4,100,000 for each of the years ending 31 December 2008, 2009 and 2010.

The caps have been determined by reference to:

- (i) the prevailing open market charges for jetty service in Zhenjiang; and
- (ii) the estimated amount of clinker to be purchased by the Group from Union Cement for the three years ending 31 December 2008, 2009 and 2010.

The Group's jetty in Zhenjiang is closer to Union Cement and will shorten the time for transporting the clinker of Union Cement. Therefore Union Cement proposed to use the jetty service of the Group in Zhenjiang to transport its clinker production with effect from 1 January 2008 onwards.

IV. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

1. Ganghui Cement Agreement

Ganghui is principally engaged in the trading of cement and the production of blended cement according to customer specification. Jingyang Cement, which became part of the Group with effect from 18 October 2007, intends to continue to sell its cement products to Ganghui as Ganghui has been its customer for over seven years with good financial standing.

LETTER FROM THE BOARD

The business relationship between Jingyang Cement and Ganghui had been established before the listing of the shares of CHCGC on the Main Board of the Stock Exchange on 12 December 2003. Details of the relevant transactions were set out in the prospectus of CHCGC. The supply of cement products to Ganghui by Jingyang Cement has been and will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiate on an arm's length basis.

2. Union Cement Limestone Agreement

Jingyang Cement owns a limestone reserve of approximately 320 million tonnes. The transactions contemplated under the Union Cement Limestone Agreement will enable Jingyang Cement to increase utilization of its quarry equipment and resources which would in turn lower the operating costs of Jingyang Cement. It would also lead to the development of Jingyang Cement's businesses as a limestone supplier.

3. Anhui Conch Clinker Agreement

The Directors consider the Anhui Conch Clinker Agreement and the transactions contemplated thereunder to be in the interests of the Shareholders as Anhui Conch is the largest cement producer in the PRC and can provide TCC Fuzhou with a reliable source of clinker of consistent quality at a competitive price.

4. Liuzhou Qingyu Slag Agreement

The Directors consider that Liuzhou Steel, through its subsidiary Liuzhou Qingyu, is the largest slag supplier in Guangxi Province of the PRC which has committed to supply sufficient quantity of slag to TCC Liuzhou and therefore can provide TCC Liuzhou with a reliable source of slag of consistent quality. Moreover, the supply depots of Liuzhou Qingyu are close to the plants of TCC Liuzhou which could reduce the transportation costs and shorten the lead time involved in the purchase of raw materials.

5. Fuzhou Logistics Packing Services Agreement and Fuzhou Logistics Unloading Services Agreement

The Directors expect the transactions under the Fuzhou Logistics Packing Services Agreement and the Fuzhou Logistics Unloading Services Agreement to allow the Group to take advantage of the comprehensive services offered by Fuzhou Logistics which has expertise in the provision of such services.

LETTER FROM THE BOARD

6. Union Cement Clinker Agreement

Union Cement is principally engaged in the production and sale of cement and clinker. In order to meet the growing demand of cement products in the PRC, the Directors consider that there is a need to seek alternative sources of clinker for the expansion of the business of the Group.

Jingyang Cement, which became part of the Group with effect from 18 October 2007, commenced purchase of clinker from Union Cement in 2005. TCC Fuzhou has been purchasing clinker from Anhui Conch and independent third parties. Jingyang Cement intends to continue to source from Union Cement and while TCC Fuzhou intends to continue to purchase from Anhui Conch, it will at the same time source clinker from Union Cement, as Union Cement is able to provide reliable deliveries of clinker with quality that meets the Group's stringent requirements. Moreover, the production plants of Union Cement are in close proximity to those of Jingyang Cement thereby reducing the related transportation costs and achieving time efficiency.

The supply of clinker products from Union Cement to Jingyang Cement has been, and the supply to Jingyang Cement and TCC Fuzhou will be, conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Union Cement Clinker Agreement are on normal commercial terms and such terms are fair and reasonable and in the interests of the Shareholders as a whole.

7. Union Cement Jetty Services Agreement

The Directors consider the Union Cement Jetty Services Agreement and the transactions contemplated thereunder to be in the interest of the Group as it will optimize the utilization of the Group's jetty in Zhenjiang and the services fee payable by Union Cement, which has been reached after arms' length negotiation, will increase the revenue of the Group.

The Directors considered the transactions under each of the Fuzhou Logistics Packing Services Agreement, the Union Cement Clinker Agreement, the Fuzhou Logistics Unloading Services Agreement and the Union Cement Jetty Services Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors (except the independent non-executive Directors whose view are reserved pending the advice of the independent financial advisor to the Independent Board Committee) considered each of the Non-exempt Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

V. INFORMATION ON THE GROUP

The principal activities of the Group consist of the import and distribution of cement in Hong Kong and cement handling services in the Philippines, and the manufacturing and distribution of cement and slag powder in Mainland China. Through its associated companies, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong and Mainland China.

VI. INFORMATION ON THE RELEVANT CONTRACT PARTIES

Ganghui

Ganghui is principally engaged in the trading of cement and the production of blended cement according to customer specifications.

Union Cement

Union Cement is principally engaged in the production and sale of cement and clinker.

Anhui Conch

The principal activities of Anhui Conch consist of manufacturing and sale of clinker and cement products.

Liuzhou Qingyu

The principal activities of Liuzhou Qingyu consist of manufacturing and sale of slag.

Fuzhou Logistics

Fuzhou Logistics principally engaged in the provision of logistic services in the Fuzhou region.

LETTER FROM THE BOARD

VII. LISTING RULES IMPLICATIONS

As stated in the Company's announcement dated 2 November 2007, CHCGC became a subsidiary of the Company on 18 October 2007 and as Jingyang Cement is an indirect wholly-owned subsidiary of CHCGC, it has become an indirect subsidiary of the Company and a member of the Group since 18 October 2007. CHPL became a substantial shareholder of the Company on 25 October 2007 and as such, each of Ganghui and Union Cement, which is a subsidiary of CHPL, has become a connected person of the Group pursuant to Rule 14A.11 of the Listing Rules.

Fuzhou Logistics is a subsidiary of Taiwan Cement Corporation, the parent company of a substantial shareholder of the Company. Anhui Conch is a substantial shareholder of King Bridge, which is a subsidiary of the Company. Liuzhou Qingyu is a wholly-owned subsidiary of Liuzhou Steel, which is a substantial shareholder of TCC Liuzhou. As such, Fuzhou Logistics, Anhui Conch and Liuzhou Qingyu are respectively connected persons of the Company as defined under Rule 14A.11 of the Listing Rules.

The transactions under the Fuzhou Logistics Packing Services Agreement and the Fuzhou Logistics Unloading Services Agreement are aggregated pursuant to Rule 14A.26 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules. Pursuant to Rule 14A.34 of the Listing Rules, the transactions under the Union Cement Jetty Services Agreement are also subject to the reporting and announcement requirements under the Listing Rules.

The transactions under the Ganghui Cement Agreement and the Union Cement Limestone Agreement are aggregated pursuant to Rule 14A.26 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Pursuant to Rule 14A.35 of the Listing Rules, the transactions under each of the Anhui Conch Clinker Agreement, the Liuzhou Qingyu Clinker Agreement and the Union Cement Clinker Agreement are also subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

CHPL, and its associates and any person who are interested or involved in the Continuing Connected Transactions, being Anhui Conch, Fuzhou Logistics and Liuzhou Qingyu, and their respective associates are required to abstain from voting at an extraordinary general meeting to be convened to consider and, if thought fit, to approve the Non-exempt Continuing Connected Transactions. As at the Latest Practicable Date, CHPL and its associates were interested in an approximate 28.57% shareholding interest in the Company. None of Anhui Conch, Fuzhou Logistics, Liuzhou Qingyu or any of their respective associates own any interest in the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

VIII. EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting will be convened to consider and if thought fit to obtain the Independent Shareholder's approval of the Non-exempt Continuing Connection Transactions and the annual caps relating thereto. A notice of the extraordinary general meeting is set out on pages 58 to 61 of this circular.

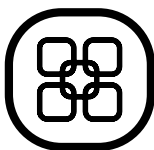
The Board has appointed the Independent Board Committee to consider and advise the Independent Shareholders on the terms of the Non-exempt Continuing Connected Transactions and the annual caps relating thereto. Altus has been appointed as an independent financial adviser to advise the Independent Board Committee.

IX. FURTHER INFORMATION

Your attention is also drawn to the further information contained in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
TCC International Holdings Limited
Wu Yih Chin
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1136)

11 January 2008

To the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the relevant annual caps relating thereto, details of which are set out in the letter from the Board in the circular dated 11 January 2008 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless otherwise requires.

Taken into account the advice of Altus Capital Limited contained in its letter set out on pages 34 to 49 of the circular, we consider that the Non-exempt Continuing Connected Transactions and the relevant annual caps relating thereto are fair and reasonable so far as the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed at the extraordinary general meeting to approve the Non-exempt Continuing Transactions.

Yours faithfully

For and on behalf of

Independent Board Committee

Liao Poon Huai, Donald

Chih Ching Kang, Kenneth

Shieh, Jen-Chung, Roger

LETTER OF ADVICE FROM ALTUS

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Altus Capital Limited dated 11 January 2008 prepared for incorporation in this circular.

ALTUS CAPITAL LIMITED

8/F Hong Kong Diamond Exchange Building

8 Duddell Street, Central

Hong Kong

11 January 2008

The Independent Board Committee and independent Shareholders

TCC International Holdings Limited

16/F, Hong Kong Diamond Exchange Building

8-10 Duddell Street, Central

Hong Kong

Dear Sirs,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the annual caps relating thereto. Details of the Non-exempt Continuing Connected Transactions and the terms of the conditions of the relevant agreements are set out in the Letter from the Board (“**Letter**”) contained in the circular of the Company dated 11 January 2008 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Independent Board Committee has been established to give advice and recommendation to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the annual caps relating thereto. The Independent Board Committee comprises the independent non-executive Directors namely Messrs. Liao Poon Huai, Donald, Chih Ching Kang, Kenneth and Shieh, Jen-Chung, Roger. We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned, and to give our opinion to the Independent Board Committee in relation to the Non-exempt Continuing Connected Transactions for their consideration in making a recommendation to the Independent Shareholders.

LETTER OF ADVICE FROM ALTUS

BASIS OF OUR OPINION

In formulating our opinion and recommendation with regard to the Non-exempt Continuing Connected Transactions, we have relied to a considerable extent on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete at the date of the Circular. We have assumed that all statements of belief, opinion and intention of the Directors as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. We have also relied on certain publicly available information and we have assumed such information to be accurate and reliable, and we have not carried out any independent verification on the accuracy of such information.

The Directors confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinions. We have no reason to suspect that any material facts or information (which is known to the Company, its representatives and the Directors) have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information, facts, and representations provided, or the reasonableness of the opinions expressed by the Company, its representatives and the Directors. We consider that we have reviewed sufficient information which enables us to form a reasonable basis for our opinion. We also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules to ascertain the reliability of the information provided to us and to form our opinion. We have not, however, carried out any independent verification on the information provided to us by the Company, its representatives and the Directors, nor have we conducted an independent in-depth investigation into the business affairs, assets and liabilities, and the prospects of the Group.

LETTER OF ADVICE FROM ALTUS

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Non-exempt Continuing Connected Transactions, we have considered the following principal factors and reasons:

1. Background

As announced by the Company on 2 November 2007, CHCGC became a subsidiary of the Company on 18 October 2007 and Jingyang Cement, which is an indirect wholly-owned subsidiary of CHCGC, has also become an indirect subsidiary of the Company and a member of the Group. CHPL became a substantial shareholder of the Company on 25 October 2007 and as a result, each of Ganghui and Union Cement, being a subsidiary CHPL, became a connected person of the Group pursuant to Rule 14A.11 of the Listing Rules.

The Non-exempt Continuing Connected Transactions involve transactions under the following agreements where items (a) to (d) represent Existing Continuing Connected Transactions while item (e) represents a New Continuing Connected Transaction:

- (a) the Ganghui Cement Agreement where Jingyang Cement will sell its cement products to Ganghui on an ongoing basis;
- (b) the Union Cement Limestone Agreement where Jingyang Cement will supply limestone to Union Cement on an ongoing basis;
- (c) the Anhui Conch Clinker Agreement where TCC Fuzhou will purchase clinker from Anhui Conch on an ongoing basis;
- (d) the Liuzhou Qingyu Slag Agreement where TCC Liuzhou will purchase slag from Liuzhou Qingyu on an ongoing basis; and
- (e) the Union Cement Clinker Agreement where the Group will purchase clinker from Union Cement on an ongoing basis.

The Previous Agreements and the caps in respect of the Existing Continuing Connected Transactions under the Previous Agreements will expire on 31 December 2007. The above agreements (a) to (d) were entered into on 21 December 2007 to enable the Group to continue to carry out the Existing Continuing Connected Transactions for three additional financial years up to 31 December 2010. On 21 December 2007, the Group also entered into agreement (e) in respect of the New Continuing Connected Transaction.

LETTER OF ADVICE FROM ALTUS

The principal activities and ownership of the parties involved in the Non-exempt Continuing Connected Transactions are summarised below:

Group Companies

The Group is engaged in the import and distribution of cement in Hong Kong and cement-handling services in Philippines, and the manufacturing and distribution of cement and slag powder in Mainland China. Through its associated companies, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong and Mainland China.

Jingyang Cement is an indirectly wholly-owned subsidiary of the Company and is engaged in the mining of limestone and production and sales of cement and cement products. It owns a limestone reserve of approximately 320 million tonnes.

TCC Fuzhou is an indirectly wholly-owned subsidiary of the Company and is engaged in the production and sale of high-grade cement.

TCC Liuzhou is a subsidiary of the Company where a 70%-owned subsidiary of the Company has a 60% equity interest. The remaining 40% of TCC Liuzhou is owned by Liuzhou Steel. TCC Liuzhou is principally engaged in the production of slag powder, which can substitute a certain proportion of cement at a cheaper cost.

Connected Persons

Ganghui is a subsidiary of CHPL and is principally engaged in the trading of cement and production of blended cement based on customer specification.

Union Cement is a subsidiary of CHPL and is principally engaged in the production and sale of cement and clinker.

Anhui Conch has a 40% interest in King Bridge, which the Company indirectly owns the remaining 60%. It is engaged in the production and sale of various types of cement products and clinker.

Liuzhou Qingyu is a wholly-owned subsidiary of Liuzhou Steel, which has a 40% interests in TCC Liuzhou. Liuzhou Steel is principally engaged in the manufacture and distribution of steel products and Liuzhou Qingyu is principally engaged in the disposal of certain waste materials generated by Liuzhou Steels' manufacturing process, including the manufacturing and sale of slag.

LETTER OF ADVICE FROM ALTUS

Listing Rules Implications

The transactions to be conducted by Jingyang Cement under the Ganghui Cement Agreement and the Union Cement Limestone Agreement are aggregated pursuant to Rule 14A.26 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Pursuant to Rule 14A.35 of the Listing Rules, the transactions under each of the Anhui Conch Clinker Agreement, the Liuzhou Qingyu Slag Agreement and the Union Cement Clinker Agreements are also subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

2. Reasons for the Non-exempt Continuing Connected Transactions

A. *Ganghui Cement Agreement*

Prior to Jingyang Cement becoming a part of the Group, Jingyang Cement has been selling its cement products to Ganghui, which trades in cement products, in its ordinary and usual course of business. According to the management, such relationship has been continuing for over seven years and Ganghui has proven to be a good customer with sound financial standing. Jingyang Cement has not been reliant on Ganghui as Jingyang Cement's sales to Ganghui do not constitute substantial portion of its total sales, where sales of cement products by Jingyang Cement to Ganghui as a percentage of its total sales amounted to 7%, 2% and 2% in the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007 respectively. We believe selling to Ganghui provides Jingyang Cement with an additional avenue of sales, and this is favourable to the Group.

B. *Union Cement Limestone Agreement*

Jingyang Cement owns a limestone reserve of approximately 320 million tonnes which caters mainly for its own use. It started selling limestone to Union Cement since March 2007 but thus far has not sold limestone to any other third party customers. The management explained that factories typically purchase their limestone requirements from sources in close proximity with their production facilities due to the high proportion of transportation costs relative to the value of limestone. As there are no production facilities in close proximity to Jingyang Cement's limestone reserve other than Union Cement, Jingyang Cement has not developed the business of sale of limestone to other customers.

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According to the management, the proposed limestone supply to Union Cement represents between 6% and 12% of Union Cement's expected total production output during the three financial years ending 31 December 2010. The additional production enables an increase in utilisation of Jingyang Cement's quarry equipment and resources, thereby lowering its operating costs. Meanwhile, Jingyang Cement is not obligated to supply limestone to Union Cement in the event its production output is not sufficient to meet its own requirements. We believe this is a reasonable arrangement for Jingyang Cement in terms of cost management.

C. Anhui Conch Clinker Agreement

Anhui Conch has been supplying clinker at market price for part of TCC Fuzhou's cement production requirements since TCC Fuzhou's commencement of operations in November 2004. For the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007, TCC Fuzhou's clinker purchases from Anhui Conch represented 67%, 17% and 64% of its total clinker purchases.

Anhui Conch is the largest producer of cement and commodity clinker in the PRC. As TCC Fuzhou continues to expand its operations, its demand for clinker as a raw material for production purposes will increase correspondingly. We are of the view that it is reasonable for TCC Fuzhou to engage Anhui Conch as one of its suppliers of clinker to secure a reliable source of supply so long as its prices are competitive and quality is consistent.

In the past, TCC Fuzhou's purchases from Anhui Conch have fluctuated based its price competitiveness. For example, purchases from Anhui Conch decreased substantially in the financial year ended 31 December 2006 as TCC Fuzhou was able to purchase from independent third party suppliers at more competitive prices than Anhui Conch. When determining whether to purchase from Anhui Conch in the future, the management intends to continue to make assessment on this basis.

LETTER OF ADVICE FROM ALTUS

D. Liuzhou Qingyu Slag Agreement

Slag is one of the raw materials for the production of slag powder. Pursuant to a joint venture agreement entered into between Liuzhou Steel and the Group, Liuzhou Steel is committed to supply sufficient quantity of slag to TCC Liuzhou, thus providing a reliable source of slag. According to the management, Liuzhou Steel is one of the largest steel manufacturing groups and slag suppliers in Guangxi Province. In addition, transportation cost is also an important factor when deciding slag purchases and currently there are limited other slag suppliers within the proximity of TCC Liuzhou's production facilities. For the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007, TCC Liuzhou has been purchasing all its slag requirements from Liuzhou Qingyu due to its consistent supply in terms quantity and quality, as well as the proximity of Liuzhou Qingyu's supply depot to TCC Liuzhou's production facilities which resulted in savings in transportation costs and shortening of delivery lead time.

Given the above benefits, we are of the view that it is reasonable that TCC Liuzhou continues to engage Liuzhou Qingyu as a supplier of slag so long as its supply is of consistent quality and at competitive price.

E. Union Cement Clinker Agreement

Prior to Jingyang Cement becoming a part of the Group, Jingyang Cement has been purchasing clinker from Union Cement since 2005. Meanwhile, TCC Fuzhou purchases its clinker requirement from Anhui Conch and other independent third party suppliers. It is intended that Jingyang Cement will continue to purchase from Union Cement while TCC Fuzhou will consider Union Cement as one of its alternative suppliers.

We are of the view that it is reasonable for TCC Fuzhou to have an additional source of clinker supply, in addition to its current group of suppliers.

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3. Terms and proposed annual caps

A. Ganghui Cement Agreement

The table below sets out (i) the historical amount of cement products supplied by Jingyang Cement to Ganghui for the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007; and (ii) the proposed cap for the three financial years ending 31 December 2010:

	Jingyang Cement's supply of cement products to Ganghui (HK\$)	Jingyang Cement's total supply of cement products (HK\$)	Supply to Ganghui as a percentage of total supply	Proposed cap (HK\$)
2005 (as from March)	49,232,437	720,343,243	7%	141,966,000
2006	23,232,812	1,000,129,989	2%	48,077,000
2007 (up to 30 June)	12,407,023	518,953,263	2%	48,077,000
2008	96,618,357	845,410,628	11%	97,000,000
2009	100,819,156	882,167,612	11%	101,000,000
2010	105,019,954	918,924,596	11%	106,000,000

Terms

The sales will be entered into in the usual and ordinary course of business of the Group and on normal commercial terms. In particular, the sale price of cement products from Jingyang Cement to Ganghui will be determined with reference to the prevailing open market prices of cement products of the same type and quality.

We have reviewed sample historical terms and sale prices of cement products by Jingyang Cement to Ganghui and they are consistent with the price determination basis as mentioned above. We have also compared the sale prices of Jingyang Cement to both Ganghui and other third party customers and found that they are comparable.

Based on the above, we are of the view that the terms of the Ganghui Cement Agreement are fair and reasonable.

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Annual caps

It is noted that the actual historical amount of cement products sold to Ganghui has been below the approved cap amounts. The management explained that this was mainly due to Jingyang Cement's previous focus on export sales instead of local sales due to the advantage of tax rebates offered for export sales. Nevertheless, with the announcement on 19 June 2007 by the PRC Finance Ministry on the removal/reduction of tax rebates on cement exports as well as the increasing transportation costs for export sales, the management expects Jingyang Cement's proportion of sales to local customers, such as Ganghui, to increase at the expense of export sales. When proposing the annual caps, the management has taken the aforesaid into account. Jingyang Cement expects annual production of cement products of 3.5 million tonnes per annum, out of which, it will supply to Ganghui approximately 400,000 tonnes. Given Jingyang Cement's established business relationship with Ganghui, we believe this is reasonable.

The management has also factored into expected price increase for cement products of approximately 4% annually in each of the financial years ending 31 December 2010. Based on information provided by the Company, the average per tonne historical prices of cement products were approximately RMB181 and RMB208 in the two financial years ended 31 December 2006. Prices continued to increase during the course of 2007, reaching more than RMB220 per tonne in the months of September and October 2007. Based on the above trend, we are of the view that the assumption above is fair and reasonable.

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B. Union Cement Limestone Agreement

The table below sets out (i) the historical amount of limestone supplied by Jingyang Cement to Union Cement for the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007; and (ii) the proposed cap for the three financial years ending 31 December 2010. Jingyang Cement commenced selling limestone to Union Cement in March 2007:

	Jingyang Cement's supply of limestone to Union Cement (HK\$)	Jingyang Cement's total supply of limestone (HK\$)	Supply to Union Cement as a percentage of total supply	Proposed cap (HK\$)
2005 (as from March)	–	–	–	–
2006	–	–	–	–
2007 (up to 30 June)	2,030,604	2,030,604	100%	10,370,000
2008	8,086,536	8,086,536	100%	8,100,000
2009	8,454,106	8,454,106	100%	8,500,000
2010	8,821,676	8,821,676	100%	8,900,000

Terms

The sales will be entered into in the usual and ordinary course of business of the Group and on normal commercial terms. In particular, the sale price of limestone to Union Cement will be determined with reference to the prevailing open market prices of limestone of the same type and quality in the PRC.

The limestone produced by Jingyang Cement is primarily for its own use. Jingyang Cement does not supply limestone to any other customers, save for Union Cement. When considering the reasonableness of the sale price of limestone to Union Cement, we have compared the quoted prices of limestone purchases of Union Cement from other suppliers and found that the sale price limestone supplied by Jingyang Cement to Union Cement is comparable to those from other suppliers.

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Annual caps

When proposing the annual caps, the management has considered Jingyang Cement's limestone production output and its own demand for limestone. For the three financial years ending 31 December 2010, the management has estimated that Jingyang Cement will have limestone production output of between about 2.9 million tonnes and 5.5 million tonnes per annum, out of which it will sell 350,000 tonnes per annum to Union Cement. As Jingyang Cement does not sell limestone to customers other than Union Cement, sales to Union Cement represents 100% of its total supply. The balance of limestone production output is for Jingyang Cement's own use. Given Jingyang Cement's established business relationship with Union Cement, we are of the view that the proposed caps for limestone sales to Union Cement is reasonably arrived at.

The management has also factored into expected price increase for limestone of approximately 4% annually in each of the financial years ending 31 December 2010. Based on information provided by the Company, the average per tonne historical prices of limestone in June 2007 and September 2007 were approximately RMB19 and RMB20 respectively. Based on the above trend, we are of the view that the assumption above is fair and reasonable.

C. *Anhui Conch Clinker Agreement*

The table below sets out (i) the historical amount of clinker purchased by TCC Fuzhou from Anhui Conch for the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007; and (ii) the proposed cap for the three financial years ending 31 December 2010:

	TCC Fuzhou's purchase of clinker from Anhui Conch (HK\$)	TCC Fuzhou's total purchase of clinker (HK\$)	Purchase from Anhui Conch as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	45,831,464	68,776,862	67%	200,000,000
2006	30,037,769	172,910,283	17%	220,000,000
2007 (up to 30 June)	62,313,632	96,885,366	64%	242,000,000
2008	323,138,319	412,001,357	78%	330,000,000
2009	493,683,543	667,594,792	74%	500,000,000
2010	513,430,885	843,076,851	61%	520,000,000

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Terms

The purchases will be entered into in the usual and ordinary course of business of the Group and on normal commercial terms. In particular, the purchase price of clinker from Anhui Conch will be determined with reference to the prevailing open market prices of clinker of the same quality.

We have reviewed sample historical terms and purchase prices of clinker by TCC Fuzhou from Anhui Conch and compared those with TCC Fuzhou's clinker purchases from other independent third party suppliers. It was found that the terms from Anhui Conch were comparable to those from independent suppliers. The management has also demonstrated its commitment towards negotiating the best terms for TCC Fuzhou as evidenced by TCC Fuzhou's reduced purchases from Anhui Conch in the financial year ended 31 December 2006 when prices of Anhui Conch were not competitive and TCC Fuzhou was able to purchase from other suppliers. We believe the above arrangement is favourable to the Group.

Annual caps

When proposing the annual caps, the management has considered TCC Fuzhou's current and future requirements of clinker based on its planned production capacity over the next few years. TCC Fuzhou's current annual production capacity is 1.5 million tonnes. Expansion plans are currently underway and facilities with additional production capacity of 750,000 tonnes were recently completed. The management expects further expansion of two production lines with annual capacity of 2.0 million tonnes. Having considered TCC Fuzhou's clinker requirements which are expected to grow in line with the expansion of its production capacities and having considered the possibility of alternative sources, including proposed clinker purchases from Union Cement as discussed below, we are of the view that the proposed quantity of clinker purchases from Anhui Conch is fair and reasonable.

The management has also factored into expected price increase for clinker of approximately 4% annually from current price. Based on information provided by the Company, the average per tonne historical prices of clinker was approximately RMB172 and RMB178 in the two financial years ended 31 December 2006. Prices have since increased and the average price in the month of October 2007 was approximately RMB200 per tonne. Based on the above trend, we are of the view that the assumption above is fair and reasonable.

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D. Liuzhou Qingyu Slag Agreement

The table below sets out (i) the historical amount of slag purchased by TCC Liuzhou from Liuzhou Qingyu for the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007; and (ii) the proposed cap for the three financial years ending 31 December 2010:

	TCC Liuzhou's purchase of slag from Liuzhou Qingyu (HK\$)	TCC Liuzhou's total purchase of slag (HK\$)	Purchase from Liuzhou Qingyu as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	1,360,517	1,360,517	100%	15,000,000
2006	10,941,549	10,941,549	100%	25,000,000
2007 (up to 30 June)	4,436,784	4,436,784	100%	32,000,000
2008	57,446,812	57,446,812	100%	58,000,000
2009	59,744,685	59,744,685	100%	60,000,000
2010	62,134,472	62,134,472	100%	63,000,000

Terms

The purchases will be entered into in the usual and ordinary course of business of the Group and on normal commercial terms. In particular, the purchase price of slag from Liuzhou Qingyu will be determined with reference to the prevailing open market prices of slag of the same type and quality.

We have compared the quoted prices of slag charged by Liuzhou Steel/ Liuzhou Qingyu to their other customers, including those which are independent third parties, and found that the price for the supply of slag to TCC Liuzhou is comparable, if not lower than the prices supplied to other customers. TCC Liuzhou is not obligated to purchase its slag requirements from Liuzhou Qingyu, thus providing flexibility to TCC Liuzhou if there are cheaper alternative supplies.

Based on the above, we are of the view that the terms of the Liuzhou Qingyu Slag Agreement are fair and reasonable.

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Annual caps

It is noted that the actual historical amount of slag purchases from Liuzhou Qingyu has been below the approved cap amounts. The management explained that due to delays in the commencement of TCC Liuzhou's production and lower prices of slag in 2005 and 2006, purchases from Liuzhou Qingyu were delayed and value of purchases were lower than originally expected. Nevertheless, TCC Liuzhou has since been operating at close to full capacity and prices of slag have increased significantly since early 2007. When proposing the annual caps, the management has considered the recent price trend and TCC Liuzhou's current and future requirements of slag based on its planned production capacity over the next few years. TCC Liuzhou's current annual production capacity is 700,000 tonnes. Expansion plans are currently underway and facilities with additional production capacity of 700,000 tonnes are expected to be completed around January 2008.

Having considered TCC Liuzhou's slag requirements which are expected to grow in line with the expansion of production capacity and taking into account the lack of alternative suppliers in the vicinity of TCC Liuzhou's production facilities, we are of the view that the proposed quantity of slag purchases from Liuzhou Qingyu is fair and reasonable.

The management has also factored into expected price increase for slag of approximately 4% annually from current price. Based on information provided by the Company, the average per tonne historical prices of slag was approximately RMB14 and RMB17 in the two financial years ended 31 December 2006. Prices increased sharply during the course of 2007 where the average price in the month of October 2007 was approximately RMB32 per tonne. Based on the above trend, we are of the view that the assumption above is fair and reasonable.

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E. Union Cement Clinker Agreement

The table below sets out (i) the historical amount of clinker purchased from Union Cement by the Group for the financial years/period ended 31 December 2005, 31 December 2006 and 30 June 2007; and (ii) the proposed cap for the three financial years ending 31 December 2010:

	Purchase of clinker from Union Cement (HK\$)	The Group's total purchase of clinker (HK\$)	Purchase from Union Cement as a percentage of total purchase	Proposed cap (HK\$)
2005 (as from March)	96,258,120	194,371,115	50%	149,935,000
2006	159,188,535	339,387,406	47%	380,769,000
2007 (up to 30 June)	95,507,442	199,212,599	48%	380,769,000
2008	320,082,794	627,426,903	51%	330,000,000
2009	333,419,577	891,996,402	37%	340,000,000
2010	346,756,360	1,076,454,526	32%	350,000,000

Terms

The purchases will be entered into in the usual and ordinary course of business of the Group and on normal commercial terms. In particular, the purchase price of clinker from Union Cement will be determined with reference to the prevailing open market prices of clinker of the same quality.

We have reviewed sample historical terms and purchase prices of clinker by Jingyang Cement from Union Cement and compared those with the Group's clinker purchases from Anhui Conch and other independent third party suppliers. It was found that the terms from Union Cement were comparable to those from independent suppliers. The Group has a panel of alternative independent suppliers which it can compare terms and prices to ensure purchases from Union Cement are competitive. Based on the above, we are of the view that the terms of the Union Cement Clinker Agreement are fair and reasonable.

LETTER OF ADVICE FROM ALTUS

Annual caps

The Group's total clinker purchases from Union Cement are expected to increase in the three financial years ending 2010 as, in addition to Jingyang Cement, TCC Fuzhou is also expected to purchase some of its clinker requirements from Union Cement. When considering the annual caps, the management has taken into account such increase in purchases. The amount of clinker which Jingyang Cement and TCC Fuzhou is able to purchase from Union Cement is however limited by the clinker production capacity of Union Cement. The annual caps for the transactions under the Union Cement Clinker Agreement have been determined primarily on this basis, which we believe are reasonable.

The management has also factored into expected price increase for clinker of approximately 4% annually from current price. Based on information provided by the Company, the average per tonne historical prices of clinker from Union Cement was approximately RMB168 and RMB188 in the two financial years ended 31 December 2006. Prices have continued to be on an upward trend in 2007 and on this basis, we are of the view that the assumption above is fair and reasonable.

CONCLUSION AND RECOMMENDATION

Having considered the above principal factors, we are of the opinion that terms and conditions of the Non-exempt Continuing Connected Transactions are on normal commercial terms, are in the ordinary and usual course of business, and are fair and reasonable and in the interests of the Company and Shareholders as a whole. We would therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Arnold Ip
Executive Director

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

(a) Directors’ interests and short positions in shares, underlying shares and debentures

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies had been notified to the Company and the Stock Exchange:

(i) Long positions in the Shares

Name of Director	Capacity and nature of interest	Number of Shares held	Approximately percentage of shareholding
KOO, Cheng-Yun, Leslie	Directly beneficially owned	2,300,000	0.18%
WU Yih Chin	Directly beneficially owned	3,100,000	0.24%
		<u>5,400,000</u>	<u>0.42%</u>

(ii) Long position in shares and underlying shares of associated corporations

(a) Taiwan Cement*

Name of director	Number of Shares held, capacity and nature of interest			Total	Approximately percentage of shareholding
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
KOO, Cheng-Yun, Leslie	39,561,639	91 (Note 1)	63,383,030 (Note 2)	102,944,760	3.169%
WU Yih Chin	243,236	–	–	243,236	0.007%
LIAO Poon Huai, Donald	11,274	705,198 (Note 1)	–	716,472	0.022%
CHANG An Ping, Nelson	141,291	2,201,175 (Note 1)	300,985 (Note 3)	2,643,451	0.081%

* The ultimate holding company of the Company

Notes:

- (1) The shares are held by the respective Directors’ spouse as the registered and beneficial Shareholders.
- (2) KOO, Cheng-Yun, Lesile, together with his spouse, hold approximately 44% of the issued capital of a company which holds 63,383,030 shares of Taiwan Cement.
- (3) CHANG An Ping, Nelson, together with his spouse, hold approximately 70.81% of the issued capital of a company which holds 300,985 shares of Taiwan Cement.

(b) CHPL

Name of Director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total	Approximate percentage of shareholding
Chang An Ping, Nelson	–	–	272,200 (Note 1)	272,200	1.21%

Note 1: CHANG An Ping, Nelson, together with his spouse, hold approximately 70.81% of the issued share capital of a company which holds 272,200 shares of CHPL.

(c) CHC Holding**

Name of director	Number of Shares held, capacity and nature of interest			Total	Approximately percentage of shareholding
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
KOO, Cheng-Yun, Leslie	1,500,853	–	–	1,500,853	0.223%
CHANG An Ping, Nelson	2,295,527	202,640 (Note 1)	10,846,179	13,344,346	1.981%
CHANG Kang Lung, Jason	300,000	–	–	300,000	0.045%
Wang Lishin, Elizabeth	50,000	–	–	50,000	0.007%

** The substantial shareholder of the Company

Notes:

- (1) The shares are held by the respective Directors’ spouse as the registered and beneficial Shareholders.
- (2) CHANG An Ping, Nelson, together with his spouse, hold approximately 70.81% of the issued capital of a company which holds 10,846,179 shares of CHC Holding.

(b) Substantial shareholders’ and other persons’ interests in shares and underlying shares

According to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to the Directors, as at the Latest Practicable Date, save as disclosed below, no person (not being a Director or chief executive of the Company) had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(i) Substantial shareholders’ interest in the Shares

Name of Shareholders	Capacity and nature of interest	Number of Shares held (Note 3)	Approximate percentage of shareholding
TCC International Limited	Directly beneficially owned	567,518,000	43.83%
Taiwan Cement (Note 1)	Through a controlled Corporation	567,518,000	43.83%
Chia Hsin Pacific Limited	Directly beneficially owned	369,963,000	28.57%
International Chia Hsin Corporation	Directly beneficially owned	3,881,886	0.30%
Chia Hsin Cement Corporation (Note 2)	Through a controlled corporation	373,844,886	28.87%

Note 1: Taiwan Cement is interested in the Shares by virtue of its beneficial ownership of the entire issued share capital of TCC International.

Note 2: Chia Hsin Cement Corporation is interested in the Shares held by its subsidiaries, Chia Hsin Pacific Limited and International Chia Hsin Corporation.

Note 3: All the interests stated above represent long positions.

(ii) Interest in shares of the subsidiaries of the Company

(a) King Bridge

Name of equityholder	Equity interest held	Approximate percentage of equity holding
Anhui Conch	US\$6,000,000	40%

(b) TCC Liuzhou

Name of equityholder	Equity interest held	Approximate percentage of equity holding
Guangxi Liuzhou Steel (Group) Corporation	US\$5,400,000	40%

(c) Chiefolk Company Limited

Name of shareholder	Number of shares held	Approximate percentage of shareholding
Top Form Construction Limited	30,000	30%

(iii) Directors’ interests in share options granted by the Company

Pursuant to a share option scheme adopted by the Company on 5 October 1997 (the “Scheme”), the Company had on 31 March 2006 granted to certain Directors the rights to subscribe for Shares at an exercise price of HK\$1.266 per Share exercisable during the period from 1 October 2006 to 30 March 2011 (both days inclusive).

The following table discloses the details of the above grant of share options to Directors under the Scheme:–

Name of Directors	Date of grant	Exercise price HK\$	Exercise Period (Note)	Outstanding as at the Latest Practicable Date	Approximate percentage of shareholding
KOO, Cheng-Yun, Leslie	31 March 2006	1.266	1 October 2006 to 30 March 2011	4,400,000	0.34%
WU Yih Chin	31 March 2006	1.266	1 October 2006 to 30 March 2011	900,000	0.07%
Total:				<u>5,300,000</u>	

Note: The exercisable period commences on the date falling 6 months after the date of grant of an option and expiring at the close of business on the day falling immediately prior to the fifth anniversary of the date of grant in respect of such option.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation other than statutory compensation).

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates has any interest in other business which competes or is likely to compete with the business of the Group.

MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2006, the date to which the last published audited accounts of the Group were made up.

INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Director have any interest direct or indirect, in any assets which have been, since 31 December 2007 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Altus	a licensed corporation under the SFO permitted to engage types 4, 6 and 9 regulated activities (as defined under the SFO)

CONSENTS

Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice to the Independent Board Committee and the Independent Shareholders dated 11 January 2008, and the references to its name, as the case may be, in the form and context in which they appear.

Altus does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member to the Group.

Altus does not have any interest direct or indirect, in any assets which have been, since 31 December 2006 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

POLL PROCEDURES

Pursuant to Article 80 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded. A poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) at least five Shareholders present in person or by proxy and entitled to vote; or

- (c) any Shareholder or Shareholders present in person (or in case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder or Shareholders present in person (or in case of a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

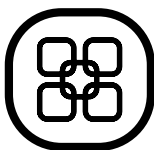
MISCELLANEOUS

- (a) The company secretary and the qualified accountant of the Company is Miss Kwok Pui Ha. Miss Kwok is an associated member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The branch share registrars of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-16 Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The English text of this document shall prevail over the Chinese text in the case of inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Non-exempt Continuing Connected Transaction Agreements are available for inspection during normal business hours at the office of the Company at 16th Floor, Hong Kong Diamond Exchange Building, 8-10 Duddell Street, Central, Hong Kong during normal business hours on any weekday (public holidays excepted) up to and including 28 January 2008.

NOTICE OF EXTRAORDINARY GENERAL MEETING



TCC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1136)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of TCC International Holdings Limited (the “**Company**”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on 28 January 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the agreement dated 21 December 2007 entered into between 嘉新京陽水泥有限公司 (Chia Hsin Jingyang Cement Co., Ltd.) (“**Jingyang Cement**”), a wholly-owned subsidiary of the Company, and 上海嘉新港輝有限公司 (Shanghai Chia Hsin Ganghui Co., Ltd.) (“**Ganghui**”), in relation to the supply of cement products by Jingyang Cement to Ganghui on an ongoing basis (the “**Ganghui Cement Agreement**”), a copy of which is produced to the meeting marked “**A**” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified, and any one director of the Company be and is hereby authorised to take such actions and execute such documents (to be countersigned by another director of the Company or by the secretary of the Company if the common seal of the Company is required to be affixed thereto) as he may consider necessary or desirable to carry out and complete the transactions contemplated thereunder; and
- (b) the aggregate proposed annual caps in relation to the transactions under the Ganghui Cement Agreement for the three years ending 31 December 2008, 31 December 2009 and 31 December 2010 of HK\$97,000,000, HK\$101,000,000 and HK\$106,000,000, respectively, be and are hereby approved.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “THAT

- (a) the agreement dated 21 December 2007 entered into between Jingyang Cement and 江蘇聯合水泥有限公司 (Jiangsu Union Cement Co., Ltd.) (“**Union Cement**”) in relation to the supply of limestone by Jingyang Cement to Union Cement on an ongoing basis (the “**Union Cement Limestone Agreement**”), a copy of which is produced to the meeting marked “**B**” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified, and any one director of the Company be and is hereby authorised to take such actions and execute such documents (to be countersigned by another director of the Company or by the secretary of the Company if the common seal of the Company is required to be affixed thereto) as he may consider necessary or desirable to carry out and complete the transactions contemplated thereunder; and
- (b) the aggregate proposed annual caps in relation to the transactions under the Union Cement Limestone Agreement for the three financial years ending 31 December 2008, 31 December 2009 and 31 December 2010 of HK\$8,100,000, HK\$8,500,000 and HK\$8,900,000, respectively, be and are hereby approved.”

3. “THAT

- (i) the agreement dated 21 December 2007 entered into between 福州台泥水泥有限公司 (TCC Fuzhou Cement Co., Ltd.) (“**TCC Fuzhou**”), a subsidiary of the Company, and Anhui Conch Cement Company Limited (“**Anhui Conch**”) in relation to the purchase of clinker by TCC Fuzhou from Anhui Conch on an ongoing basis (the “**Anhui Conch Clinker Agreement**”), a copy of which is produced to the meeting marked “**C**” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified, and any one director of the Company be and is hereby authorised to take such actions and execute such documents (to be countersigned by another director of the Company or by the secretary of the Company if the common seal of the Company is required to be affixed thereto) as he may consider necessary or desirable to carry out and complete the transactions contemplated thereunder; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) the proposed annual caps in relation to the transactions under the Anhui Conch Clinker Agreement for the three financial years ending 31 December 2008, 31 December 2009 and 31 December 2010 of HK\$330,000,000, HK\$500,000,000 and HK\$520,000,000, respectively, be and are hereby approved.”

4. “**THAT**

- (a) the agreement dated 21 December 2007 entered into between 柳州台泥新型建材有限公司 (TCC Liuzhou Construction Materials Co., Ltd.) (“**TCC Liuzhou**”), a subsidiary of the Company, and 柳州市清宇環保產業開發有限公司 (Liuzhou Qingyu Environment-friendly Business Development Company Limited) (“**Liuzhou Qingyu**”) in relation to the purchase of slag by TCC Liuzhou from Liuzhou Qingyu on an ongoing basis (the “**Liuzhou Qingyu Slag Agreement**”), a copy of which is produced to the meeting marked “**D**” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified, and any one director of the Company be and is hereby authorised to take such actions and execute such documents (to be countersigned by another director of the Company or by the secretary of the Company if the common seal of the Company is required to be affixed thereto) as he may consider necessary or desirable to carry out and complete the transactions contemplated thereunder; and
- (b) the proposed annual caps in relation to the transactions under the Liuzhou Qingyu Slag Agreement for the three financial years ending 31 December 2008, 31 December 2009 and 31 December 2010 of HK\$58,000,000, HK\$60,000,000 and HK\$63,000,000, respectively, be and are hereby approved.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “THAT

- (a) the agreement dated 21 December 2007 entered into between the Company and Union Cement (as defined in the resolution numbered 2(a) sets out in notice convening this meeting) pursuant in relation to the supply of clinker by Union Cement to the Company and its subsidiaries on an ongoing basis (the “**Union Cement Clinker Agreement**”), a copy of which is produced to the meeting marked “E” and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified, and any one director of the Company be and is hereby authorised to take such actions and execute such documents (to be countersigned by another director of the Company or by the secretary of the Company, if the common seal of the Company is required to be affixed thereto) as he may consider necessary or desirable to carry out and complete the transactions contemplated thereunder; and
- (b) the proposed annual caps in relation to the transactions under the Union Cement Clinker Agreement for the three financial years ending 31 December 2008, 31 December 2009 and 31 December 2010 being HK\$330,000,000, HK\$340,000,000 and HK\$350,000,000, respectively be and are hereby approved.”

By order of the Board of
TCC International Holdings Limited
Kwok Pui Ha
Company Secretary

Hong Kong, 11 January 2008