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Tel : 2801 6198 / 2167 8178 / 2801 6095 Total pages : 4

TCC INTERNATIONAL'S 2005 REVENUE ROSE BY 32.5% TO HK\$418.0 MILLION

TCC International Holdings Limited ("TCC International" or the "Company", stock code: 1136) together with its subsidiaries (the "Group") today announced that the Group's audited consolidated revenue for the year ended 31 December 2005 amounted to HK\$418.0 million, representing an increase of 32.5 per cent from that of the previous year. Profit for the year amounted to HK\$52.5 million. Basic earnings per share were 6.5 HK cents.

The increase in revenue during the year was mainly attributable to the commencement of commercial operations of the Group's slag powder plant in Liuzhou and the cement and berth facilities in Fuzhou. The Group's profit attributable to shareholders of the Company for 2005 was HK\$50.0 million, whereas that for the prior year of HK\$328.1 million included exceptional gain on the merger of KG Telecommunications Co., Ltd and Far Eastone Telecommunications Co., Ltd. ("FET") of HK\$75.6 million and an unrealised gain on FET shares of HK\$231.1 million in contrast with the corresponding HK\$4.9 million in 2005.

TCC International's board of directors recommended a final dividend of 1 HK cent per share for the year ended 31 December 2005. Together with an interim dividend of 1.5 HK cents per share, the total dividend for the year will amount to 2.5 HK cents per share.

Anhui King Bridge Cement Co., Ltd., the Group's 60%-owned subsidiary which operates a slag powder grinding plant in Wuhu with an annual production capacity of 700,000 metric tonnes, reported a decline in profit, as a result of substantial reduction of selling prices due to the continuing macroeconomic austerity measures and intensified competition brought about by new entrants in the PRC market.

With respect to the Fuzhou operation, the Group's cement grinding plant with an annual production capacity of 1.5 million metric tonnes started commercial operations in March 2005 after the completion of the berth facilities in Fuzhou, Fujian province in February 2005. The Fuzhou operation began to turn around by the end of 2005, as effective distribution channels had been built and sales volume had been on the rise.

The Group's joint venture with Guangxi Liuzhou Steel (Group) Corporation in which the Company's subsidiary has a 60% equity interest commenced commercial production of its slag powder plant with an annual production capacity of 700,000 metric tonnes in October 2005. The joint venture had already generated profit since its operation.

Construction of the Group's wholly-owned large-scale cement manufacturing base in Yingde, Guangdong Province, with an annual production capacity of 4 million metric tonnes, was completed in December 2005 as scheduled.

The Group owns cement distribution facilities in Manila, the Philippines and renders cement handling services. During the year under review, the cement operation in the Philippines continued to generate a steady revenue stream to the Group.

During the year under review, the Group continued to face a highly challenging operating environment for construction material businesses in Hong Kong. Despite a relatively stable sales volume, the effect of selling price increments during the year being more than offset by the increase in import cost of cement had trimmed the Group's profit margins. On the other hand, the ready-mixed concrete businesses carried on by the Group's associates benefited from the rise in the selling prices since the second quarter of 2005 and increased their contribution to the Group's profit.

"Mainland China will continue to be the Group's primary focus in the expansion of its business. Construction material businesses have a long-term growth potential due to their indispensability for a country's economic growth. As such, despite the macroeconomic austerity measures to curb excessive investments in the cement industry, the Group will continue to seek new investment opportunities in Mainland China," said Mr Koo Cheng Yun, Chairman of TCC International.

For its cement operations, the Group plans to construct an additional cement production line with an annual production capacity of 750,000 metric tonnes at its Fuzhou plant. The construction of the new line is expected to complete by the fourth quarter of 2007. At the newly established Yingde plant, commercial operation of two cement production lines commenced in March 2006. The Group expects they will become its major profit contributor in the future. Moreover, the Group plans to construct two additional cement production lines in Yingde with an aggregate annual cement production capacity of 4.5 million metric tonnes, which are expected to complete by the fourth quarter of 2007.

With respect to the slag powder business in Wuhu, the Group will actively develop sales within Anhui Province and outside Mainland China to mitigate the increasing competition in Shanghai, which is the Group's major target market. To capture the high demand for slag powder in Guangdong and Guangxi Provinces, the Group plans to construct an additional slag powder production line with an annual production capacity of 700,000 metric tonnes through its slag powder joint venture in Liuzhou.

“The continuing prosperity of the Pearl River Delta region and the government policy of eliminating inefficient vertical shaft kilns from which more than 60 per cent of cement is currently produced in the locality and replacing them with new dry process kilns will benefit the Group's Yingde cement manufacturing base in developing its business. Upon completion of the existing and planned projects, the Group will have an annual cement and slag powder production capacity of approximately 13 million metric tonnes in Mainland China, which exceeds the Group's original target of achieving an annual production capacity of 10 million metric tonnes by the end of 2007,” said Mr Koo.

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

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Issued by: TCC International Holdings Limited
Through: CorporateLink Limited

TCC INTERNATIONAL HOLDINGS LIMITED
 (Stock Code : 1136)

Audited Consolidated Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2005

	year ended 31 December	
	2005 HK\$'000	2004 HK\$'000 (Restated)
Revenue	418,002	315,385
Cost of sales	<u>(367,768)</u>	<u>(227,505)</u>
Gross profit	50,234	87,880
Other income and gains	80,748	340,963
Selling and distribution expenses	(10,370)	(11,754)
General and administrative expenses	(48,300)	(40,701)
Other operating expenses	(632)	(21,768)
Finance costs	<u>(29,798)</u>	<u>(8,535)</u>
	41,882	346,085
Share of results of associates	14,001	2,001
Amortisation and impairment of goodwill of associates	<u>-</u>	<u>(5,957)</u>
Profit before tax	55,883	342,129
Income tax expense	(3,415)	(3,596)
Profit for the year	<u>52,468</u>	<u>338,533</u>
Attributable to:		
Shareholders of the Company	50,002	328,132
Minority interests	<u>2,466</u>	<u>10,401</u>
	<u>52,468</u>	<u>338,533</u>
Dividends	<u>19,323</u>	<u>46,375</u>
Earnings per share		
— Basic	<u>6.5cents</u>	<u>42.5cents</u>
— Diluted	<u>N/A</u>	<u>N/A</u>