

Contact : Shiu Ka Yue/ Annice Chan
Tel : 2801 6198 / 2801 6095

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TCC INTERNATIONAL REPORTED ADJUSTED PROFITS IN THE FACE OF MARKET CHALLENGES

TCC International Holdings Limited ("TCC International" or the "Company", stock code: 1136) together with its subsidiaries (the "Group") today announced that its unaudited consolidated revenue for the six months ended 30 June 2005 amounted to HK\$143.1 million, representing a decrease of 10.2 per cent when compared with that of the same period last year. Profit attributable to the Group for the period was HK\$71.4 million, representing a decrease of 19.9 per cent from that of the same period last year (2004 same period: HK\$89.1 million). Basic earnings per share were 9.2 HK cents (2004 same period: 11.5 HK cents).

TCC International's board of directors declared an interim dividend of 1.5 HK cents per share for the year ending 31 December 2005 (2004 same period: 2 HK cents per share).

Decline in the Group's revenue and net profit was mainly attributable to the decrease in unrealised gain arising from shares in Far EastOne Telecommunications Co., Ltd.

During the period under review, the Group continued to face a highly challenging operating environment for the construction materials businesses in Hong Kong. Despite the effect of selling price increments during the period being offset by the increase in import cost of cement, the Group's cement distribution was able to remain profitable. The ready-mixed concrete businesses carried on by the Group's associates benefited from industry consolidation in 2004 and increased their contribution to the Group's profit.

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

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

Upon completion of the berth facilities in Fuzhou, Fujian province in February 2005, the Group's cement grinding plant which has an annual production capacity of 1.5 million metric tonnes started commercial operations in March 2005. The Fuzhou operation reported a loss for the period as distribution channels were being built, but sales volume had been on the rise since then.

The joint venture with Guangxi Liuzhou Steel (Group) Corporation in which the Company's subsidiary has a 60% equity interest completed the construction of its slag powder grinding plant with an annual production capacity of 700,000 metric tonnes in Liuzhou, Guangxi Province. Trial run of the slag powder grinding plant commenced in July 2005.

Construction of the Group's wholly-owned large-scale cement manufacturing base in Yingde, Guangdong Province, which will have an annual production capacity of 4 million metric tonnes, is under way. The construction is making good progress and is expected to complete at the end of 2005.

"Mainland China has become 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. Accordingly, the recent macroeconomic austerity measures to curb excessive investments on cement will not deter the Group's strategy in seeking for new investment opportunities in Mainland China," said Mr Koo Cheng Yun, Chairman of TCC International.

"The continuing prosperity of the Pearl River Delta Region and the PRC government's policy of eliminating inefficient vertical shaft kilns from which the majority 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 12 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 2007," added Mr Koo.

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

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Issued by: TCC International Holdings Limited
Through: CorporateLink Limited

TCC International Holdings Limited
(Stock Code: 1136)

Condensed Consolidated Income Statement
for the six months ended 30 June 2005

	Six months ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
REVENUE	143,057	159,282
Cost of sales	<u>(123,140)</u>	<u>(108,672)</u>
Gross profit	19,917	50,610
Other income and gains	79,596	22,118
Selling and distribution expenses	(4,722)	(7,224)
General and administrative expenses	(13,607)	(17,206)
Other operating expenses	(1,872)	(19,647)
Unrealised gain on merger of an investment	—	75,557
Finance costs	(9,387)	(4,469)
Share of profits less losses of associates	2,581	6
Amortisation of goodwill of associates	<u>—</u>	<u>(1,643)</u>
PROFIT BEFORE TAX	72,506	98,102
Tax	<u>486</u>	<u>(1,621)</u>
PROFIT FOR THE PERIOD	<u>72,992</u>	<u>96,481</u>
ATTRIBUTABLE TO:		
Equity holders of parent	71,384	89,112
Minority interests	<u>1,608</u>	<u>7,369</u>
	<u>72,992</u>	<u>96,481</u>
Dividend	<u>11,594</u>	<u>15,458</u>
EARNINGS PER SHARE		
— Basic	9.2 cents	11.5 cents
— Diluted	N/A	N/A