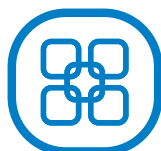


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## **TCC INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1136)**

### **ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **FINANCIAL HIGHLIGHTS**

- The Group's turnover amounted to approximately HK\$3,953.9 million for the year ended 31 December 2009, representing an increase of approximately HK\$1,131.1 million, or approximately 40.1% as compared to approximately HK\$2,822.8 million in 2008.
- The profit attributable to the owners of the Company for the year ended 31 December 2009 was approximately HK\$120.3 million, as compared to a loss of approximately HK\$155.5 million in 2008.
- The basic earnings per share attributable to ordinary owners of the Company amounted to approximately HK8.2 cents for the year ended 31 December 2009.
- The Board has proposed the payment of a final dividend of HK2.0 cents per share for the year ended 31 December 2009.

## RESULTS

The Board of Directors of TCC International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 and the financial position of the Group as at that date together with the comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	3,953,940	2,822,827
Cost of sales		<u>(3,449,871)</u>	<u>(2,517,912)</u>
Gross profit		504,069	304,915
Investment income		32,286	30,743
Other income, gains and losses		84,572	28,817
Selling and distribution expenses		(173,606)	(181,341)
General and administrative expenses		(151,772)	(145,409)
Impairment loss on intangible assets	3	–	(23,983)
Impairment loss of property, plant and equipment		–	(4,584)
Finance costs	4	<u>(148,859)</u>	<u>(129,356)</u>
		146,690	(120,198)
Share of results of associates		<u>25,052</u>	<u>30,140</u>
Profit (loss) before tax	5	171,742	(90,058)
Income tax expense	6	<u>(16,922)</u>	<u>(12,367)</u>
Profit (loss) for the year		<u><u>154,820</u></u>	<u><u>(102,425)</u></u>

	<i>Notes</i>	<b>2009</b> <b><i>HK\$'000</i></b>	2008 <i>HK\$'000</i>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		<b>109,262</b>	114,657
Gain (loss) on revaluation of property		<b>16,700</b>	(2,404)
Income tax relating to revaluation of property		<b>(2,862)</b>	586
Share of other comprehensive income of associates		<b>(1,929)</b>	42
		<u>121,171</u>	<u>112,881</u>
Other comprehensive income for the year		<b>121,171</b>	112,881
Total comprehensive income for the year		<b><u>275,991</u></b>	<b><u>10,456</u></b>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>120,254</b>	(155,523)
Minority interests		<b>34,566</b>	53,098
		<b><u>154,820</u></b>	<b><u>(102,425)</u></b>
Total comprehensive income attributable to:			
Owners of the Company		<b>238,257</b>	(48,694)
Minority interests		<b>37,734</b>	59,150
		<b><u>275,991</u></b>	<b><u>10,456</u></b>
Earnings (loss) per share	8		
– Basic		<b><u>HK8.2 cents</u></b>	<b><u>HK(12.0) cents</u></b>
– Diluted		<b><u>HK8.2 cents</u></b>	<b><u>N/A</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>8,815,063</b>	5,053,368
Prepaid lease payments		<b>907,934</b>	702,429
Intangible assets		<b>812,578</b>	7,839
Mining rights		<b>205,512</b>	55,990
Interests in associates		<b>116,808</b>	116,285
Loan to an associate		<b>14,400</b>	16,800
Long term deposits		<b>720</b>	720
Loan receivables		<b>84,750</b>	–
Deposit for the acquisition of property, plant and equipment		<b>245,969</b>	302,561
Deposit for acquisition of subsidiaries		<b>804,410</b>	–
Available-for-sale investments		<b>54,509</b>	58,713
Deferred tax asset		<b>–</b>	33
		<b><u>12,062,653</u></b>	<b><u>6,314,738</u></b>
<b>Current assets</b>			
Inventories		<b>671,108</b>	410,283
Prepaid lease payments		<b>24,881</b>	20,019
Prepayments, deposits and other receivables		<b>395,390</b>	123,048
Loan receivables		<b>12,121</b>	49,309
Trade receivables	10	<b>553,872</b>	210,435
Tax recoverables		<b>1,303</b>	–
Held-for-trading investments		<b>267,943</b>	257,810
Pledged bank deposits		<b>36,913</b>	452
Time deposits		<b>85,137</b>	111,703
Cash and bank balances		<b>968,611</b>	921,882
		<b><u>3,017,279</u></b>	<b><u>2,104,941</u></b>
<b>Current liabilities</b>			
Trade payables	11	<b>681,993</b>	311,572
Other payables and accrued liabilities		<b>428,455</b>	264,501
Tax payable		<b>24,592</b>	4,756
Bank loans		<b>5,152,580</b>	1,440,520
Amount due to a minority shareholder		<b>14,619</b>	17,619
Amount due to an immediate holding company		<b>405,500</b>	–
		<b><u>6,707,739</u></b>	<b><u>2,038,968</u></b>
Net current (liabilities) assets		<b><u>(3,690,460)</u></b>	<b><u>65,973</u></b>
Total assets less current liabilities		<b><u>8,372,193</u></b>	<b><u>6,380,711</u></b>

	2009	2008
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<b>202,634</b>	143,748
Bank loans	<b>1,657,367</b>	2,109,999
Amount due to an immediate holding company	<u>–</u>	<u>265,500</u>
	<b><u>1,860,001</u></b>	<u>2,519,247</u>
	<b><u><u>6,512,192</u></u></b>	<b><u><u>3,861,464</u></u></b>
Capital and reserves		
Share capital – ordinary shares	<b>128,905</b>	128,245
Share capital – non-redeemable convertible preference shares	<b>65,117</b>	–
Reserves	<b><u>6,126,214</u></b>	<u>3,562,096</u>
Equity attributed to owners of the Company	<b>6,320,236</b>	3,690,341
Minority interests	<b><u>191,956</u></b>	<u>171,123</u>
	<b><u><u>6,512,192</u></u></b>	<b><u><u>3,861,464</u></u></b>

Notes:

## 1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards (“HKFRSs”) (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)* – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been made.

### ***HKAS 1 (Revised 2007) Presentation of financial statements***

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

### ***HKFRS 8 Operating segments***

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group’s reportable segments.

### ***HKFRSs (Amendments) Improvements to HKFRSs 2009***

The Group has early applied part of *Improvements to HKFRSs* issued in 2009 related to HKFRS 8 *Operating segments*. The improvements clarifies that a measure of segment assets should be disclosed only if that amount is regularly provided to the chief operation decision marker.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>5</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>4</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters <sup>5</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>6</sup>
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>5</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2009.*

<sup>2</sup> *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2010.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 February 2010.*

<sup>5</sup> *Effective for annual periods beginning on or after 1 July 2010.*

<sup>6</sup> *Effective for annual periods beginning on or after 1 January 2011.*

<sup>7</sup> *Effective for annual periods beginning on or after 1 January 2013.*

\* *IFRIC represents the International Financial Reporting Interpretations Committee.*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

HKFRS 9 *Financial instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial instruments: Recognition and measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasedhold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

## 2. Segment Information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009, HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker being the board of Directors for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

- (i) the import, distribution and handling of cement segment mainly relates to housing development and infrastructure construction activities in Hong Kong;
- (ii) the manufacture and distribution of cement, clinker and slag powder segment mainly relates to construction activities in the People's Republic of China (excluding Hong Kong) (the "PRC"); and
- (iii) the investment holding segment invests in listed and unlisted equity securities ranging from traditional businesses, such as companies engaged in the manufacture and distribution of construction materials, to high-technology businesses, such as those providing broadband internet access and content services.

## Segment revenues and results

The following tables present revenue, and results by operating segment.

	Import, distribution and handling of cement		Manufacture and distribution of cement, clinker and slag powder		Investment holding		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	<u>146,305</u>	<u>144,160</u>	<u>3,807,635</u>	<u>2,678,667</u>	<u>-</u>	<u>-</u>	<u>3,953,940</u>	<u>2,822,827</u>
Segment profit (loss)	<u>11,350</u>	<u>8,604</u>	<u>189,029</u>	<u>(50,998)</u>	<u>18,813</u>	<u>(36,344)</u>	<u>219,192</u>	<u>(78,738)</u>
Central administration costs							<u>(6,013)</u>	<u>(5,871)</u>
Unallocated other income							<u>82,370</u>	<u>93,767</u>
							<u>295,549</u>	<u>9,158</u>
Finance costs							<u>(148,859)</u>	<u>(129,356)</u>
Share of results of associates							<u>25,052</u>	<u>30,140</u>
Profit (loss) before tax							<u><u>171,742</u></u>	<u><u>(90,058)</u></u>

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of central administration costs, including Directors' salaries, certain other income, share of results of associates and finance costs. This is the measure reported to board of Directors for the purposes of resource allocation and performance assessment.

No inter-segment sales are noted for both years.

## Geographical Segments

The Group's three divisions operate in four principal geographical areas – Hong Kong (country of domicile), the PRC (country of domicile), Japan and Europe. The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods and services:

### THE GROUP

	Hong Kong		The PRC		Japan		Europe		Others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	<u>146,305</u>	<u>161,937</u>	<u>3,801,360</u>	<u>2,581,882</u>	<u>556</u>	<u>50,633</u>	<u>-</u>	<u>20,693</u>	<u>5,719</u>	<u>7,682</u>	<u>3,953,940</u>	<u>2,822,827</u>

### Other segment information

	Import, distribution and handling of cement		Manufacture and distribution of cement, clinker and slag powder		Investment holding		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Amount included in the measure of segment profit (loss):								
Depreciation and amortisation	4,151	4,169	352,936	256,835	629	7,426	357,716	268,430
Impairment losses recognised in profit or loss	-	-	-	28,567	-	-	-	28,567
Dividends from listed equity investment	-	-	-	-	14,297	16,662	14,297	16,662
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:								
Interest income	-	3	17,752	13,447	237	631	17,989	14,081
Finance costs	2	104	130,571	92,590	18,286	36,662	148,859	129,356

### 3. Impairment Loss on Intangible Assets

During the year ended 31 December 2008, the Group recognised an impairment loss of HK\$23,983,000 in relation to customer base arising on the acquisition of Chia Hsin Cement Greater China Holding Corporation.

The Group recognised no impairment loss on intangible assets for the year ended 31 December 2009.

### 4. Finance Costs

	2009 HK\$'000	2008 HK\$'000
Interest on:		
Bank loans wholly repayable within five years	171,518	162,866
Loan from an immediate holding company	3,359	2,040
Total borrowing costs	174,877	164,906
Less: amounts capitalised in construction in progress	(26,018)	(35,550)
	<u>148,859</u>	<u>129,356</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.93% per annum (2008: 6.56% per annum) to expenditure on qualifying assets.

## 5. Profit (loss) before Tax

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit (loss) before tax has been arrived at after charging (crediting) the following:		
Total staff costs	<b>102,289</b>	91,126
Depreciation of property, plant and equipment	<b>330,791</b>	238,337
Amortisation of prepaid lease payments	<b>21,382</b>	20,008
Amortisation of intangible assets (included in cost of sales and general and administrative expenses)	<b>2,062</b>	7,889
Amortisation of mining rights (included in cost of sales)	<b>3,481</b>	2,196
Auditor's remuneration	<b>3,413</b>	3,071
Operating lease payments in respect of rented premises	<b>7,257</b>	8,595
Loss on disposal of property, plant and equipment	<b>958</b>	50
Share of tax of associates (included in share of results of associates)	<b>6,963</b>	5,697
Change in fair value of held-for-trading investments	<b>(17,506)</b>	61,644
Interest income	<b>(17,989)</b>	(14,081)
Dividends from listed equity investments	<b>(14,297)</b>	(16,662)
Net exchange loss (gain)	<b>322</b>	(58,005)
Gain on disposal of available-for-sale investments	<b>–</b>	(8,185)

The Group has no forfeited contributions from the retirement benefit scheme for both years.

## 6. Income Tax Expense

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax:		
Hong Kong	2,872	2,448
PRC Enterprise income tax	24,121	8,612
Other jurisdictions	161	1,723
Withholding tax	1,848	–
	<u>29,002</u>	<u>12,783</u>
Under provision in prior years:		
Hong Kong	–	927
PRC Enterprise income tax	–	2,208
	–	3,135
Deferred tax:		
Current year	<u>(12,080)</u>	<u>(3,551)</u>
	<u>16,922</u>	<u>12,367</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. Dividend

The final dividend of HK2.0 cents per share in respect of the year ended 31 December 2009, amounting to approximately HK\$44,000,000, has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

## 8. Earnings (loss) Per Share

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit (loss) for the purposes of basic earnings (loss) per share		
(Profit (loss) for the year attributable to owners of the Company)	<u>120,254</u>	<u>(155,523)</u>

### ***Number of shares***

	<b>2009</b>	2008
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares and preference shares for the purpose of basic earnings (loss) per share	<b>1,460,532</b>	<u>1,296,153</u>
Effect of dilutive potential ordinary shares – share options	<u>173</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u><b>1,460,705</b></u>	

No dilutive loss per share has been presented for the years ended 31 December 2008 because the exercise of share options would result in a decrease in the loss per share in 2008.

### **9. Property, Plant and Equipment**

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$930,769,000 (2008: HK\$1,305,475,000).

### **10. Trade Receivables**

	<b>2009</b>	2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
The Group's trade receivables comprise:		
Trade receivables from outsiders	<b>546,237</b>	199,651
Trade receivables from associates	<b>7,156</b>	9,831
Trade receivables from related parties ( <i>note</i> )	<u>479</u>	<u>953</u>
	<u><b>553,872</b></u>	<u>210,435</u>

*Note:* The related parties refer to the subsidiaries of a substantial shareholder of the Company.

The Group's policy is to allow a credit period of 90-180 days to its trade customers (including associates and related parties). The following is an aged analysis of trade receivables at the end of the reporting period:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 90 days	<b>480,682</b>	181,646
91 – 180 days	<b>73,190</b>	28,789
	<b>553,872</b>	210,435

## 11. Trade Payables

The Group's trade payables comprise:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables to outsiders	<b>655,946</b>	204,672
Trade payables to ultimate holding company	<b>18,306</b>	7,699
Trade payables to fellow subsidiaries	<b>2,656</b>	94,357
Trade payables to minority shareholders of a subsidiary	<b>5,085</b>	4,844
	<b>681,993</b>	311,572

The following is an aged analysis of trade payables at the end of the reporting period:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 90 days	<b>653,342</b>	299,101
91 – 180 days	<b>8,487</b>	7,053
181 – 365 days	<b>11,326</b>	1,937
Over 365 days	<b>8,838</b>	3,481
	<b>681,993</b>	311,572

The trade balances due to the ultimate holding company, fellow subsidiaries and minority shareholders of a subsidiary are unsecured, interest-free and repayable in accordance with normal trading terms.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operation review

#### *Overall performance*

During the year 2009, we witnessed a steady but healthy improvement in the Mainland China's economy. The recovery in the overall business environment was supported by reinforced confidence in the domestic market's development. The gradual implementation of the State's RMB4 trillion economic revitalisation programme began to drive up consumption of cement in the second quarter of the year.

The Group experienced a 58 per cent growth in sales volume for the year ended 31 December 2009 to approximately 17 million metric tonnes. This was achieved through close to optimum utilisation of the Group's Yingde plant and the incorporation of sales contribution from TCC (Gui Gang) into the Group's accounts in the last quarter of the year. The Group reported a favourable upsurge in revenue, which stood at HK\$3,953.9 million.

The strong sales performance, improved average selling price ("ASP") in the last quarter of the year along with lower energy costs, enabled the Group to resume profitability in the second half of the year and report a profit attributable to owners of the Company of HK\$120.3 million for the year under review, as compared to a loss of HK\$155.5 million in the previous year.

#### *Mainland China*

Entering into the second half of the year under review, the Mainland China economy began to show obvious signs of recovery. Rising demand from public sector infrastructure development had led to growth in cement consumption. This was followed by accelerated purchase from a reviving property market. In the more affluent Southern China, the rebound was significant, particularly in the last quarter of the year. The Guangdong province, which is basically dominated by a few key players, with the Group as a market leader, experienced an improvement in market sentiment quarter by quarter.

## ***Yingde***

The Yingde plant's four production lines were all in operation for the first full year and had been running at close to optimum utilisation. A total of approximately 8.4 million metric tonnes of output were sold during the year. This was close to the plant's overall rated annual capacity of 9 million metric tonnes.

The continued improvement in the economic environment in Southern China had fuelled the demand for cement since the second quarter of the year under review. The rapid urbanisation in the Guangdong province and the transformation of the peripheral counties of major southern cities had brought about massive construction projects.

The Yingde plant managed to maximise the benefit of economies of scale with optimum utilisation of its enlarged capacity. Furthermore, lower coal prices and the inauguration of two residual heat power generation units during the year served to further reduce the plant's energy costs and contributed to its encouraging profitability.

## ***Gui Gang***

The Group completed the acquisition of TCC (Gui Gang) in the Guangxi Autonomous Region at the end of September 2009. This major transaction resulted in a further consolidation of the Group's leading position in the Southern China region, and brought its overall annual capacity of cement, clinker and slag powder up to 26 million metric tonnes. Through the operations of TCC (Gui Gang), the Group has extended its market reach to a large part of the Guangxi Autonomous Region, Western Guangdong and the Hainan province.

Since the transaction was completed at the end of the third quarter of 2009, three months of the TCC (Gui Gang) results were booked to the Group's 2009 accounts, resulting in a healthy profit contribution.

TCC (Gui Gang)'s four production lines have a rated annual capacity of 9 million metric tonnes. During the last three months of the year, a total of 2.1 million metric tonnes of cement and clinker were sold, with a significant portion distributed to the Guangdong province through Xijiang.

During the year under review, the low water table of Xijiang had hindered material movement along the river and significantly raised the transportation costs of TCC (Gui Gang). Barring this factor, the Gui Gang plant could have achieved even better results for the year.

### ***Fuzhou***

During the year, the Fuzhou plant sold a total of 1.41 million metric tonnes of cement, representing a 17 per cent increase from that of 2008. However, the plant suffered from a lower ASP due to a sluggish property market in Fujian province.

The plant's third grinding facility had yet to achieve its optimum utilisation and had thus affected the plant's overall efficiency. The Fuzhou plant's gross margins were further trimmed by its reliance on clinker supply from third parties. As a result, the plant reported a loss for the year.

### ***Jurong***

The Jurong plant had redirected its sales focus to the domestic market, with the majority of its sales volume of approximately 2.4 million metric tonnes sold in Eastern China.

The plant's product ASP and sales volume had been pressurised by the highly competitive market environment in Eastern China. Under-utilisation of the plant's capacity had hampered its overall cost-efficiency. In addition, the Group's standardisation of all of its facilities' depreciation period had led to higher depreciation charges for Jurong plant, due to a shortened period of depreciation. As there had not been any significant improvement in the ASP in the second half of the year, the Jurong plant posted a loss for the full year.

### ***AKB***

The sales volume of Anhui King Bridge Cement Company Limited ("AKB") during the year amounted to 550,000 metric tonnes of slag powder, which was almost the same as that of the previous year. However, the plant's gross profit margins were narrowed by higher raw material costs.

The plant intensified its cost control measures and strengthened its sales to the local market. These efforts enabled the plant to maintain a modest profit during the year.

## ***Liuzhou***

The Group's 60 per cent-owned slag powder joint venture in Liuzhou reported a sales volume of 990,000 metric tonnes of slag powder, which was more or less the same as that of 2008.

The Liuzhou joint venture experienced a retreat in profit for 2009. During the first half of the year, sales volume of the venture was affected by a weak economy. When demand recovered in the second half of the year, the low water table of Xijiang had hindered its outbound logistics and elevated its transportation costs.

Given the strong demand for slag powder, particularly during the fourth quarter of the year, the joint venture could have enlarged its earnings, should there not be an impact of the freight charges.

## ***Hong Kong***

The Group's cement and concrete business in Hong Kong performed favourably during the year. The Hong Kong operation enjoyed a higher gross profit due to lower cost of sales, and reported an improved net profit during the year.

## ***Other significant investments held***

A net increase in fair value of HK\$17.5 million was recognized for held-for-trading investments upon stating them at market prices as at 31 December 2009.

## ***Liquidity, financial resources and capital structure***

The Group adopts prudent treasury policies in managing cash resources and bank borrowings.

Total unrestricted cash and bank balances of the Group as at 31 December 2009 amounted to HK\$1,053.7 million, of which 3.8%, 21.0% and 74.4% were denominated in HK\$, US\$ and RMB respectively. Highly liquid short term investments, classified as held-for-trading investments, with a market value of HK\$267.9 million as at 31 December 2009, were also held by the Group.

The maturity profile of the Group's bank borrowings as at 31 December 2009 are as follows:

	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Amount repayable:</b>		
On demand or within one year	<b>5,152,580</b>	1,440,520
More than one year but not exceeding two years	<b>1,214,934</b>	1,287,029
More than two years but not exceeding five years	<b>441,247</b>	822,970
Over five years	<b>1,186</b>	–
	<hr/>	<hr/>
<b>Total bank loans</b>	<b><u>6,809,947</u></b>	<b><u>3,550,519</u></b>

As at 31 December 2009, HK\$2,412.0 million of the bank loans was denominated in HK\$, HK\$1,060.2 million in US\$ and HK\$3,337.7 million in RMB. All of the bank loans are of floating rate structures.

As at 31 December 2009, the Group breached certain financial covenants as stipulated in the loan agreements or banking facilities letters entered into by the Group, which are primarily related to the ratio of consolidated liabilities to consolidated tangible net worth and the current ratio of the Group, with a carrying amount of HK\$3,355.1 million and HK\$387.5 million respectively.

As at 31 December 2009, as the lenders had not agreed to waive its right to demand immediate payment, the non-current portion of these loans amounting to HK\$3,205 million has been classified as a current liability in the consolidated financial statement for the year ended 31 December 2009.

On discovery of the breach, the Directors of the Company informed the lenders and commenced a renegotiation on the terms of the loans with the relevant banks. Up to the date of the issue of the consolidated financial statements, the negotiations are still in progress. The Directors of the Company are confident that negotiations with the lenders will ultimately reach a successful conclusion. In any event, should the lenders call for immediate repayment of the loan, the Directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

As at 31 December 2009, due to the classification of certain bank loans under current liabilities as stated above, the Group had net current liabilities of HK\$3,690.5 million. The gearing ratio, expressed as the ratio of total bank borrowings and amount due to immediate holding company divided by total assets as at 31 December 2009, of the Group was 47.8%.

### **Significant investments, material acquisitions or disposals**

During the year, the Group acquired property, plant and equipment and intangible assets at a cost of approximately HK\$930.8 million and HK\$8.4 million respectively.

On 24 September 2009, the Group acquired the entire issued share capital of TCC International (Guangxi) Limited for total consideration of HK\$2,391,270,000, which was satisfied by the Company allotting and issuing 651,170,000 convertible preference shares. The amount of goodwill arising as a result of the acquisition was HK\$794.1 million.

On 18 December 2009, the Company announced that on 11 December 2009 the Company had entered into the conditional Acquisition Agreement with the vendor, Pro-Rise Business Limited, a wholly-owned subsidiary of Prosperity Minerals Holdings Limited. Under the Acquisition Agreement, the Company agreed to acquire the entire issued share capital of Upper Value Investments Limited from the vendor and the vendor agreed to assign certain shareholder loan to the Company. The acquisition price shall be HK\$3,800 million, which shall be satisfied by the Company according to the mechanism described in the circular to the shareholders of the Company dated 2 February 2010.

Save for aforesaid, the Group had no significant investment, material acquisitions or disposal.

### **Charge on assets**

As at 31 December 2009, deposits amounting to HK\$36.9 million have been pledged by the Group as security for the letters of credit and similar obligations provided by banks in regard to the Group's purchase of plant equipments and materials.

As at 31 December 2009, certain property, plant and equipment and prepaid lease payments have been pledged to secure bank borrowings of the Group with the carrying amount of HK\$1,537.0 million and HK\$606.3 million respectively.

## **Foreign currency exposures**

The Group utilized various methods to mitigate foreign currency exposures arising from the currency mismatch of construction material purchases and sales. To protect the benefits of shareholders, cost-efficient hedging methods will be considered in future foreign currency transactions.

No foreign exchange contracts were outstanding as at 31 December 2009.

## **Major capital commitments**

As at 31 December 2009, the Group's capital expenditure in respect to the acquisition of property, plant and equipment contracted but not provided for in the financial statements amounted to approximately HK\$528.0 million. The Group anticipates funding those commitments from its future operating revenue, bank borrowings and other sources of finance when appropriate.

## **Employees**

As at 31 December 2009, the Group had 2,235 full-time employees. Total expenses in wages and salaries of the Group for the year ended 31 December 2009 amounted to HK\$102.3 million. Discretionary bonuses, recommended by management and reviewed by the remuneration committee, are payable to employees in Hong Kong and senior management of overseas subsidiaries based on performance. In addition, the Directors may invite employees, including executive Directors (in which case approval of independent non-executive Directors is required), of the Company or any of its subsidiaries and associates to take up options to subscribe for shares of the Company. During the year, no share options were granted to Directors or employees.

## **PROSPECTS AND FUTURE PLANS**

The Mainland China's economy is expected to continue its growth momentum supported by a growing domestic consumption power and determined State government policies.

The cement sector in Mainland China is encountering the dilemma of rising demand and rapidly expanding new capacity, which is likely to outpace the growth in demand. However, the cement industry has a strong territorial characteristic, and the market equilibrium varies significantly from region to region. There is also a relatively high proportion of inefficient capacity from obsolete facilities, which are due to be phased out by the government by the year 2012. The government's policy to control cement capacity expansion will also help to maintain a balance in the supply and demand.

In Southern China, in particular the more affluent coastal region, demand for cement is driven by enormous infrastructure development within and between major cities as well as urbanisation in the hinterland of the coastal area. The effect was compounded by a bullish property market in the Guangdong province.

With an established leading position in Southern China, the Group's massive facility build-up in the Guangxi Autonomous Region, Guangdong province and Fujian province has laid an effective platform for its market penetration and further consolidation of its strong presence in the region's worthy industrial and urban areas and their peripheral rural districts.

The stronger cement selling prices recorded in the last quarter of 2009 are expected to be sustained by demand from major infrastructure projects, which have an average construction period of two to three years. New residential developments in the region, on the other hand, will expedite the consumption of cement as developers are trying to replenish their saleable floor area.

With limited additional capacity and a relatively high proportion of obsolete capacity pending replacement, cement price in Guangdong province is expected to remain at a healthy level for the current year.

After years of organic growth in Southern China, the Group began to actively engage in mergers and acquisitions of advanced cement production facilities in recent years. This approach allows the Group to expedite its expansion in scale of operation and market coverage, and to comply with the State's policy of restricting new facility development.

Following the acquisition of TCC (Gui Gang) from its parent company, the Group announced one of the largest takeovers in Mainland China's cement industry at the end of 2009. The Group's HK\$3.8 billion bid for Upper Value Investments Limited ("Upper Value"), a holding company with interests in an array of clinker and cement production lines in Guangdong province, Yunnan province, Chongqing municipality and Sichuan province, Liaoning province and Guizhou province, had been approved by its shareholders in February 2010.

Upon completion of the transaction, which is expected in the first half of the current year, the Group will significantly extend its market reach to southwestern, western and northeastern parts of China. The additional capacity from the acquisition will solidify the Group's indisputable dominant position in Guangdong province and enlist it among the top tier cement conglomerates in Mainland China.

The Group has planned to develop a 4 million-metric tonnes grinding mill in Dongguan to provide nearby processing support to the Pearl River Delta. Under the State's recently promulgated policy, the plan is now subject to review and further approval from relevant authorities.

At Yingde, all of its four production lines are in efficient operation. When running at full capacity with optimum utilisation, the Yingde plant can generate a sales volume of around 10 million metric tonnes of clinker and cement per annum. The plant's two residual heat generation units were commissioned in the second half of 2009. Their full year effect is expected to further lower energy costs in the current year.

TCC (Gui Gang) will be able to further improve cost-efficiency in the current year. Phase II of the Gui Gang plant was put into service in the second quarter of 2009. They are expected to further enhance efficiency in the current year. In addition, the plant's two residual heat generation units, inaugurated in the second half of 2009, can amplify their cost saving effect, reducing one-third of the plant's electricity cost.

Transportation costs are likely to reduce, with TCC (Gui Gang)'s terminal and pier facilities at Yujiang river, a main tributary of Xijiang, becoming fully operational and the Xijiang water table resuming its normal level.

TCC (Gui Gang)'s full year results will be consolidated into the Group's accounts in the current year. It is, therefore, expected to significantly enhance the Gui Gang plant's contribution to the Group.

With the inauguration of the second production line in the first quarter of 2010, the Jurong plant will lift its annual capacity to a total of 4.5 million metric tonnes of clinker and cement. A significant portion of the plant's additional capacity will be consumed by the Fuzhou plant. The cooperation will generate mutual benefits, to both facilities in both costs and sales.

The Jurong plant's energy saving residual heat generation units will also become operational in the last quarter of this year. With the expected cost reduction from these facilities, the Jurong plant will be able to improve its cost-efficiency.

The Fuzhou plant is expected to lower its costs, with the supply of clinker from the Group's Jurong plant in the current year. An improved utilisation of the Fuzhou plant will help to strengthen its operation efficiency.

The cement industry is undergoing a phase of transformation. Supported by State policies, the industry is accelerating its pace in consolidation and elimination of inefficient capacity. We believe only those large cement enterprises with a massive scale of operation, extensive market reach and state-of-the-art facilities are able to stay ahead of market competition amidst this process of transformation.

It is for this belief that the Group maintains a rapid pace of expansion both in terms of capacity and geographical coverage. With the completion of the acquisition of Upper Value, the Group will have an attributable annual capacity of over 40 million metric tonnes of cement, clinker and slag powder. This scale of operation will enrol it in forefront of Mainland China's cement industry, and enable it to command a sizable share in regional markets.

Only with these attributes will the Group be able to embrace the upcoming changes in the industry and to continue its healthy ongoing development.

## **FINAL DIVIDEND**

The Board is pleased to recommend the distribution of a final dividend of HK2.0 cents per share for the year ended 31 December 2009. Subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting, the dividends will be payable on or about 11 June 2010 to the shareholders whose names appear on the Registers of Members of the Company at close of business on 26 May 2010. The Board will continue to review the Group's financial position and capital needs every year in deciding its dividend recommendation going forward.

## **ANNUAL GENERAL MEETING**

It is proposed that the Annual General Meeting of the Company will be held on Wednesday, 26 May 2010. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from 24 May 2010 to 26 May 2010, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, which located at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20 May 2010.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

## **AUDIT COMMITTEE**

The Company's Audit Committee has been established since 1999 and mainly comprises three independent non-executive Directors and a non-executive Director. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management the internal control and financial reporting matters. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2009.

## **PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS**

The figures in respect of this preliminary announcement of the Group's consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31 December 2009 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting year ended 31 December 2009, save for the exceptions that the Company has not fixed the terms of appointment for the non-executive Directors which deviates from the provision of A.4.1 of the CG Code. However, they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision to the Company's Articles of Association, and their appointment will be reviewed when they are due for re-election. As such, in the opinion of the Directors, the principle of CG Code A.4 that all directors should be subject to re-election at regular intervals has been up held.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.tcchk.com](http://www.tcchk.com). The annual report 2009 of the Company will be dispatched to shareholders and published on the aforesaid websites in due course.

## ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere gratitude to our shareholders for their support and to our staff for their commitment and hard work during the year.

On behalf of the Board  
**TCC International Holdings Limited**  
**Koo, Cheng-Yun, Leslie**  
*Chairman*

Hong Kong, 22 March 2010

*As at the date of this announcement, the Board of Directors of the Company is comprised of Mr. Koo, Cheng-Yun, Leslie as the Chairman and an executive Director; Mr. Wu Yih Chin as the Managing Director and an executive Director; Dr. Shan Weijian, Mr. Chang, An-Ping, Nelson, Mr. Chang, Kang-Lung, Jason and Ms. Wang, Lishin, Elizabeth as non-executive Directors; and Mr. Liao Poon Huai, Donald, Dr. Chih Ching Kang, Kenneth and Mr. Shieh, Jen-Chung, Roger as independent non-executive Directors.*