

Contact : Shiu Ka Yue/ Lorna Wong/ Jacqueline Lee Date : 30 March 2007
Tel : 2801 6239 (90291865/ 90868623/ 97438585) Total pages : 4

TCC INTERNATIONAL'S 2006 REVENUE INCREASED BY 135% To HK\$980.4 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 2006 amounted to HK\$980.4 million, representing an increase of 135 per cent from that of the previous year. The remarkable increase was attributable to the improved utilisation of the Group's slag powder plant in Liuzhou, Guangxi Province, and the cement grinding plant in Fuzhou, Fujian Province, as well as the commercial operation of its Yingde plant in the second half of the year.

However, affected by the substantial initial start up costs and higher unit costs during the first few months of the Yingde plant's operation, the Group reported losses attributable to shareholders of HK\$18.3 million for the year (2005: Profit attributable to shareholders amounted to HK\$50 million). Without the effect of the Yingde plant and the impairment loss of property, plant and equipment, the Group would have reported a profit of HK\$45.9 million in 2006.

TCC International's board of directors does not recommend the payment of dividend for the year ended 31 December 2006.

The Group's wholly-owned large-scale cement manufacturing base in Yingde, Guangdong Province, with an annual production capacity of 4.5 million metric tonnes, commenced commercial production in July 2006 and reported a sales volume of 2.44 million metric tonnes for the year. With further optimisation of the production process in the second half of the year, the Yingde plant started to generate operating profit in the fourth quarter of 2006. During the year under review, the Group's slag powder joint venture ("Liuzhou venture") with Guangxi Liuzhou Steel (Group) Corporation in which the Company's subsidiary has a 60 per cent equity interest achieved remarkable results during its first full year of operation, with a sales volume of 620,000 metric tonnes and an increase in profit after tax. The Liuzhou venture enjoyed a relatively higher gross margin, due to lower slag costs and more favourable selling price.

The Group's 60 per cent-owned subsidiary, Anhui King Bridge Cement Co., Ltd. ("AKB"), which operates a slag powder grinding plant in Anhui, reported a 14.8 per cent growth in sales volume from that of the previous year, mainly attributable to the Group's continued enhancement in the sales of slag power and export in Anhui Province. However, the surging raw material costs and competitive pricing during the year trimmed the AKB's gross margin, which led to a slight decline in profit.

With respect to the Fuzhou operation in Fujian Province, the Group's cement grinding plant with an annual production capacity of 1.5 million metric tonnes became operational for the entire year of 2006. The Fuzhou plant achieved a sales volume of approximately 1.13 million metric tonnes during the year, which was 118 per cent higher than that of the previous year. The plant began to generate profit during the year, compared to a loss in 2005.

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 cement and concrete market in Hong Kong had been slow, with the supply and demand situation basically remained unchanged as in 2005. There were a limited number of major public sector projects, despite a growth in private sector consumption. The Group's cement operations in Hong Kong reported a 10.3 per cent increase in sales volume during the year, with a modest increase in gross margin.

"We remain confident in the outlook for the South China markets, where we will continue to consolidate our position and expand our market coverage. According to a notice issued by the State's National Development and Reform Commission, China will have to replace 250 million metric tonnes of cement capacity from small plants by 2010. In Fuzhou and Guangdong, where we have operations, 10 million metric tonnes and 30 million metric tonnes of capacity will be phased out respectively between 2007 and 2010. As a well-established cement manufacturer in the South China market, we are well-poised to fill in the market vacuum left behind by the elimination of small inefficient vertical kilns," said Mr Koo Cheng Yun, Chairman of TCC International.

With respect to its cement operations in Fuzhou, the Group intends to bring its cement grinding plant to its full capacity in 2007, up from about 80 per cent utilisation rate in 2006. Moreover, the Group is establishing a new production line with an annual capacity of 750,000 metric tonnes, which is expected to be completed in the third quarter of 2007. Upon completion, the Fuzhou plant's total annual capacity will be increased by 50 per cent and reach 2.25 million metric tonnes. The upsurge in capacity will place the Fuzhou plant among the largest cement suppliers in the Fujian Province, and enabling it to extend its sales to other buoyant cities of the Province such as Putian, Quanzhou and Xiamen.

Following the commencement of commercial production in the second half of 2006, it is expected that Yingde plant will operate at its design capacity for the first full year in 2007. With increased output and higher efficiency brought along by optimum utilisation, the unit cost of the plant's output is expected to lower further.

“To cater to the anticipated growing demand in the South China market, the Group commenced the second phase expansion of the Yingde plant in 2006. A new production line with an annual capacity of 2.25 million metric tonnes will be completed by the end of 2007. A second new production line with an additional 2.25 million metric tonnes capacity is scheduled to become operational in the first half of 2008. By then the Yingde plant will become one of the largest cement production bases in Guangdong,” said Mr Koo.

With respect to the slag powder operations, the Group will continue to intensify AKB penetration of the affluent cities in the Anhui Province and broaden its export sales. 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 in its Liuzhou plant. Construction of the new production line will be completed in the fourth quarter of 2007.

“With our investment in capacity expansion of slag powder, clinker and cement in the past three years, we expect the increased capacities to enable us to capture bigger market share while generating greater benefits through economies of scale. By the first half of 2008, the Group will have a comprehensive annual capacity of slag powder, clinker and cement of 13 million tonnes, thereby consolidating its leadership in the rapidly expanding South China market,” 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.

- End -

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 2006

	For the year ended 31 December	
	2006 HK\$'000	2005 HK\$'000
Revenue	980,418	418,002
Cost of sales	(892,980)	(367,768)
Gross profit	87,438	50,234
Other income and gains	73,517	80,748
Selling and distribution expenses	(17,225)	(10,370)
General and administrative expenses	(69,866)	(48,300)
Other operating expenses	-	(632)
Impairment loss of property, plant and equipment	(8,388)	-
Finance costs	(71,996)	(29,798)
	(6,520)	41,882
Share of results of associates	10,999	14,001
Profit before tax	4,479	55,883
Income tax expense	(3,873)	(3,415)
Profit for the year	606	52,468
Attributable to:		
Shareholders of the Company	(18,303)	50,002
Minority interests	18,909	2,466
	606	52,468
(Loss) Earnings per share		
— basic	HK(2.4) cents	HK6.5 cents
— diluted	N/A	N/A