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 2012

FINANCIAL HIGHLIGHTS

	2012	2011	Change
	HK$ Million	*HK$ Million*	
Revenue	**11,304.2**	11,266.2	+0.3%
Profit attributable to owners of the Company	**610.0**	1,637.9	-62.8%
Basic earnings per share (in HK cents)	**HK14.8 cents**	HK49.0 cents	-69.8%
Proposed final dividend per share (in HK cents)	**HK4.5 cents**	HK7.5 cents	-40.0%
	As at 31.12.2012	As at 31.12.2011	
	HK$ Million	HK$ Million	
Total assets	**33,414.9**	32,866.6	+1.7%
Net borrowings *(note 1)*	**11,217.1**	9,421.0	+19.1%
Equity attributable to owners of the Company	**15,413.4**	14,943.0	+3.1%
Net gearing ratio *(note 2)*	**72.8%**	63.0%	+9.8% pt
Net assets per share *(note 3)* (in HK$)	**HK$4.07**	HK$3.94	+3.3%

notes:

1. *Net borrowings equal to total indebtedness less cash and bank balances, time deposits and pledged bank deposits.*
2. *Net gearing ratio is calculated by dividing net borrowings by equity attributable to owners of the Company.*
3. *Net assets per share is calculated by dividing equity attributable to owners of the Company by the number of issued ordinary and preference shares at the end of the year.*

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 2012 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 2012

		2012	2011
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**11,304,232**	11,266,196
Cost of sales		**(9,199,250)**	(8,377,409)
Gross profit		**2,104,982**	2,888,787
Investment income		**26,185**	33,750
Other income, gains and losses		**283,006**	291,806
Selling and distribution expenses		**(599,358)**	(437,098)
General and administrative expenses		**(717,651)**	(555,117)
Finance costs	*4*	**(485,325)**	(428,995)
		611,839	1,793,133
Share of results of associates		**154,910**	242,352
Profit before tax	*5*	**766,749**	2,035,485
Income tax expense	*6*	**(152,141)**	(349,552)
PROFIT FOR THE YEAR		**614,608**	1,685,933

	Notes	2012 HK$'000	2011 HK$'000
Other comprehensive income, net of income tax			
Exchange differences arising on translation to presentation currency		**137,705**	463,628
Gain on revaluation of property		**7,434**	1,985
Income tax relating to revaluation of property		**1,293**	(238)
Share of other comprehensive income of associates		**12,301**	50,473
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**158,733**	515,848
Total comprehensive income for the year		**773,341**	2,201,781
Profit for the year attributable to:			
Owners of the Company		**610,000**	1,637,880
Non-controlling interests		**4,608**	48,053
		614,608	1,685,933
Total comprehensive income attributable to:			
Owners of the Company		**765,636**	2,139,754
Non-controlling interests		**7,705**	62,027
		773,341	2,201,781

	Notes	2012	2011 (Restated)
EARNINGS PER SHARE	*8*		
– Basic		**HK14.8 cents**	HK49.0 cents
– Diluted		**HK14.8 cents**	HK49.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**16,193,824**	15,864,953
Prepaid lease payments		**1,817,385**	1,745,207
Intangible assets		**2,898,405**	2,647,565
Mining rights		**401,163**	406,633
Interests in associates		**1,537,007**	1,456,066
Interests in jointly controlled entities		**21,700**	–
Other financial assets		**88,203**	87,975
Deposits paid for the acquisition of property, plant and equipment and other assets		**291,637**	578,050
Deposits paid for acquisition of subsidiaries		**74,400**	720,666
Available-for-sale investments	*9*	**614,167**	57,501
Amounts due from investee companies		**144,075**	–
Pledged bank deposits		**4,578**	3,970
Deferred tax assets		**866**	879
		24,087,410	23,569,465
Current assets			
Inventories		**1,198,413**	1,491,855
Prepaid lease payments		**49,365**	46,724
Prepayments, deposits and other receivables		**1,920,626**	1,695,361
Trade receivables	*10*	**2,380,070**	2,205,998
Tax recoverables		**19,013**	9,579
Available-for-sale investments	*9*	**599,361**	–
Held-for-trading investments		**49,137**	84,886
Pledged bank deposits		**175,990**	130,378
Time deposits		**18,600**	12,300
Cash and bank balances		**2,876,778**	3,620,077
		9,287,353	9,297,158
Assets classified as held for sale		**40,096**	–
		9,327,449	9,297,158

	Notes	2012 *HK$'000*	2011 *HK$'000*
Current liabilities			
Trade payables	*11*	**971,208**	1,262,812
Other payables and accrued liabilities		**1,603,697**	1,632,396
Tax payables		**49,810**	102,547
Bank loans		**4,924,279**	5,309,017
Amount due to a non-controlling shareholder		**13,730**	74,093
		7,562,724	8,380,865
Net current assets		**1,764,725**	916,293
Total assets less current liabilities		**25,852,135**	24,485,758
Non-current liabilities			
Bank loans		**9,368,812**	7,878,716
Amount due to immediate holding company		**325,500**	933,600
Long term payable		**11,755**	17,491
Derivative financial instruments – warrants	*12*	**6,669**	–
Deferred tax liabilities		**354,812**	358,144
		10,067,548	9,187,951
		15,784,587	15,297,807
Capital and reserves			
Share capital – ordinary shares		**329,565**	329,564
Share capital – non-redeemable convertible preference shares		**49,433**	49,434
Reserves		**15,034,362**	14,563,955
Equity attributable to owners of the Company		**15,413,360**	14,942,953
Non-controlling interests		**371,227**	354,854
		15,784,587	15,297,807

Notes:

1. General Information

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (the "Group") consist of the import and distribution of cement in Hong Kong and the manufacture and distribution of cement, clinker and slag powder in other areas of the People's Republic of China (the "PRC"). Through its associates, the Group is also engaged in the production and distribution of ready-mixed concrete in Hong Kong. There were no significant changes in the nature of the Group's principal activities during the year.

The addresses of the registered office and principal place of business of the Company is 16th Floor, Hong Kong Diamond Exchange Building, 8-10 Duddell Street, Central, Hong Kong.

The parent company of the Company is TCC International Limited (incorporated in the British Virgin Islands and a wholly-owned subsidiary of Taiwan Cement Corporation). In the opinion of the directors of the Company (the "Directors"), Taiwan Cement Corporation, a company incorporated and whose shares are listed in Taiwan, is the Company's ultimate holding company.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of the above amendments to HKFRSs in the current year has had no material effect on the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011)	Investment Entities[3]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK (IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] *Effective for annual periods beginning on or after 1 January 2013.*

[2] *Effective for annual periods beginning on or after 1 January 2015.*

[3] *Effective for annual periods beginning on or after 1 January 2014.*

[4] *Effective for annual periods beginning on or after 1 July 2012.*

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1 January 2015, with earlier application permitted. The Directors anticipate that the adoption of HKFRS 9 in the future will have impact on classification and measurement of available-for-sale investments reported in respect of the Group's financial assets but not on the Group's financial liabilities. Upon the adoption of HKFRS 9, available-for-sale investments as at the date of initial application are required to be measured at fair value with fair value changes either accounted in profit or loss or other comprehensive income.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK(SIC) – INT 12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – INT 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the adoption is not expected to have material impacts to the consolidated financial statements.

HKFRS 13 "Fair value measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group for annual period beginning on 1 January 2013, with earlier application permitted. The Directors anticipate that the application of the new standard will have no material impact on the amounts reported in the consolidated financial statements but may result in more extensive disclosures regarding the revalued amount of property, plant and equipment in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income', The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods. The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial performance and financial position of the Group.

3. Segment Information

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 reportable segments are as follows:

(i) the import, distribution and handling of cement segment which is the import, distribution and handling of cement in Hong Kong;

(ii) the manufacture and distribution of cement, clinker and slag powder segment which is the manufacture and distribution of cement, clinker and slag powder in the PRC; and

(iii) the investment holding segment which invests in listed and unlisted equity securities.

Segment revenue and results

The following table presents revenue and results by reportable segments.

	Import, distribution and handling of cement		Manufacture and distribution of cement, clinker and slag powder		Investment holding		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Sales to customers	**292,339**	284,345	**11,011,893**	10,981,851	**–**	–	**11,304,232**	11,266,196
Segment profit	**42,706**	41,539	**804,833**	1,918,397	**41,216**	11,779	**888,755**	1,971,715
Gain on disposal of a jointly controlled entity							**116,576**	–
Unallocated central administration costs							**(32,422)**	(37,636)
Unallocated other income							**124,255**	288,049
							1,097,164	2,222,128
Finance costs							**(485,325)**	(428,995)
Share of results of associates							**154,910**	242,352
Profit before tax							**766,749**	2,035,485

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs (including Directors' salaries), certain other income, finance costs, share of results of associates and gain on disposal of a jointly controlled entity. This is the measure reported to the executive Directors, being the chief operating decision makers, for the purposes of resource allocation and performance assessment.

There are no inter-segment sales for both years.

The Group has no customers that contributed over 10% of the total revenue of the Group for both years.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the executive Directors for review.

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the PRC. The following table provides an analysis of the Group's revenue by location of customers, irrespective of the origin of the goods and services:

	Hong Kong		**The PRC**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to customers	**292,339**	284,345	**11,011,893**	10,981,851	**11,304,232**	11,266,196

Other segment information

	Import, distribution and handling of cement		Manufacture and distribution of cement, clinker and slag powder		Investment holding		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit:								
Depreciation and amortisation	**4,246**	4,367	**1,093,738**	879,620	**642**	1,018	**1,098,626**	885,005
Written off/loss on disposal of property, plant and equipment	**3**	3	**10,515**	1,390	**23**	–	**10,541**	1,393
Change in fair value of held-for-trading investments	**–**	–	**–**	–	**(7,522)**	3,602	**(7,522)**	3,602
Dividends income from listed equity investments	**–**	–	**–**	–	**(586)**	(14,412)	**(586)**	(14,412)
Gain on disposal of held-for-trading investments	**–**	–	**–**	–	**(4,474)**	(24,171)	**(4,474)**	(24,171)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit:								
Bank interest income	**(746)**	(254)	**(16,831)**	(16,155)	**(2,236)**	(2,929)	**(19,813)**	(19,338)
Change in fair value of derivative financial instruments – warrants	**–**	–	**–**	–	**(13,680)**	–	**(13,680)**	–
Finance costs	**2**	2	**381,240**	377,682	**104,083**	51,311	**485,325**	428,995
Gain on disposal of a jointly controlled entity	**–**	–	**–**	–	**(116,576)**	–	**(116,576)**	–
Share of results of associates	**–**	–	**–**	–	**(154,910)**	(242,352)	**(154,910)**	(242,352)
Income tax expense	**8,090**	8,077	**125,159**	324,302	**18,892**	17,173	**152,141**	349,552

4. Finance Costs

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**478,461**	458,017
Loan from an immediate holding company	**12,188**	10,174
Senior notes	**–**	11,338
Total borrowing costs	**490,649**	479,529
Less: Amounts capitalised in construction in progress	**(5,324)**	(50,534)
	485,325	428,995

Borrowing costs capitalised during the year arose on specific borrowings to finance the construction in progress.

5. Profit Before Tax

	2012	2011
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting) the following:		
Total staff costs	**556,868**	431,061
Depreciation of property, plant and equipment *(note)*	**1,003,290**	796,285
Amortisation of prepaid lease payments	**49,542**	45,061
Amortisation of intangible assets (included in cost of sales and general and administrative expenses)	**21,790**	21,229
Amortisation of mining rights (included in cost of sales)	**24,004**	22,430
Auditor's remuneration	**6,708**	5,330
Written off/loss on disposal of property, plant and equipment	**10,541**	1,393
Operating lease payments in respect of rented premises	**13,558**	10,982
Bank interest income	**(19,813)**	(19,338)
Bargain purchase gain arising on acquisition of subsidiaries	**–**	(4,298)
Change in fair value of derivative financial instruments – warrants	**(13,680)**	–
Change in fair value of held-for-trading investments	**(7,522)**	3,602
Compensation received for the termination of an acquisition agreement	**–**	(60,000)
Dividends income from listed equity investments	**(586)**	(14,412)
Gain on disposal of held-for-trading investments	**(4,474)**	(24,171)
Gain on disposal of a jointly controlled entity	**(116,576)**	–
Net exchange gain	**(3,366)**	(83,211)
Written off of amount due to a non-controlling shareholder	**(53,362)**	–

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

note: Depreciation charge of approximately HK$2,288,000 (2011: HK$4,547,000) relating to plant and machinery used in buildings under construction was capitalised under construction in progress.

6. Income Tax Expense

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**8,220**	8,571
PRC Enterprise Income Tax	**159,319**	338,735
Other jurisdictions	**25**	5,131
Withholding tax	**10,634**	2,096
	178,198	354,533
(Over) under provision in prior years:		
Hong Kong	**(259)**	–
PRC Enterprise Income Tax	**(19,565)**	(3,162)
Other jurisdictions	**–**	12
Withholding tax	**(58)**	(866)
	(19,882)	(4,016)
Deferred tax	**(6,175)**	(965)
	152,141	349,552

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. Taxation arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. Dividends

The 2012 final dividend of HK4.5 cents (2011: HK7.5 cents) per ordinary and preference share, amounting to approximately HK$148,304,000 (2011: HK$247,173,000) and HK$22,245,000 (2011: HK$37,075,000) has been proposed by the Directors to be payable to ordinary and preference shareholders respectively and is subject to approval by the ordinary shareholders in the forthcoming annual general meeting.

The 2011 final dividend of HK7.5 cents (2010: HK4.8 cents) per ordinary and preference share, amounting to approximately HK$247,173,000 (2010: HK$158,190,000) and HK$37,075,000 (2010: Nil) respectively, was recognised as distribution during the year ended 31 December 2012.

The 2012 preferred distribution payable to convertible preference shareholders totalling approximately HK$24,222,000 (2011: HK$2,057,000) was also recognised as distribution during the year ended 31 December 2012.

8. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings for the purposes of basic and diluted earnings per share

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit for the year attributable to owners of the Company	**610,000**	1,637,880
Less: Preferred distribution payable on convertible preference shares	**(24,222)**	(2,057)
Undistributed earnings attributed to convertible preference shares	**(97,468)**	(22,609)
	488,310	1,613,214

Number of shares

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**3,295,641**	3,295,632

The computation of diluted earnings per share does not assume the following:

i) the exercise of the Company's outstanding options because the exercise price of those options was higher than the average market price for the corresponding year;

ii) the exercise of warrants issued during the year because the exercise price of those warrants was higher than the average market price for the corresponding year; and

iii) the conversion of the outstanding convertible preference shares because their exercise would result in an increase in earnings per share.

The prior year computation of earnings per share has been adjusted to conform with the current year's computation, resulting in a decrease in basic and diluted earnings per share by HK0.1 cent from prior year's HK49.1 cents.

9. Available-for-sale Investments

	2012	2011
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**1,213,528**	57,501
Non-current portion	**614,167**	57,501
Current portion	**599,361**	–
	1,213,528	57,501

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Hong Kong, the PRC and Taiwan. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

As at 31 December 2012, included in the available-for-sale investments are HK$1,153,777,000 (2011: nil) being consideration paid for acquisition of certain entities in the PRC. The circumstances are described below.

On 4 August 2011, Upper Value Investments Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with certain independent third parties for the acquisition of approximately 97.94% of the issued share capital of the Scitus Cement (China) Holdings Limited ("Scitus Cement") at a cash consideration of US$130,210,000 (equivalent to approximately HK$1,011,732,000) together with the assignment of a shareholders' loan of HK$541,283,000 and by the Company's issuance of 45,000,000 unlisted warrants.

Scitus Cement is an investment holding company and its subsidiaries hold majority interests in several cement, clinker and concrete manufacturing companies in the southwestern region of the PRC (collectively as the "Manufacturing Companies"). The Manufacturing Companies are principally engaged in manufacture and sale of cement and clinker in Guizhou and Sichuan.

Upon the completion of the acquisition of Scitus Cement on 6 January 2012 and, in the absence of the circumstances described below, these Manufacturing Companies would have become non-wholly owned subsidiaries of the Group.

On 13 February 2012, the Group received copies of arbitration notices issued by China International Economic and Trade Arbitration Commission dated 10 February 2012 together with the relevant arbitration applications in respect of certain pre-emptive rights held by non-controlling shareholders in the Manufacturing Companies under the relevant joint venture agreements (the “Arbitration”). The Group had obtained legal advice on the completion of procedures on acquisition and its ownership of Scitus Cement.

Since 6 January 2012 and till 31 December 2012, the Group has not yet obtained effective control over the Manufacturing Companies as the non-controlling shareholders and management of the Manufacturing Companies have not yet allowed the representatives of the Group to access the office of the Manufacturing Companies, and have not yet handed over the company chops, the books and records as well as other relevant documents of the Manufacturing Companies. Without such access of the company chops and the books and records, the Group has not yet effectively obtained control of the Manufacturing Companies.

The Group has implemented certain preventive measures to preserve the assets of the Manufacturing Companies including, but not limited to, issuing warning letters to the non-controlling shareholders and management preventing them from taking any actions which will be detrimental to the Manufacturing Companies.

As the Group has not yet obtained effective control or exercise significant influence or joint control over the operating and financing policies of the Manufacturing Companies, the Manufacturing Companies are not currently considered to be subsidiaries of the Company and therefore they are accounted for as available-for-sale investments. Accordingly, the financial statements of the Manufacturing Companies have not been consolidated into the Group’s consolidated financial statements.

For certain of the Manufacturing Companies, the Group intended to sell out within twelve months from 31 December 2012. As disclosed in Note 13(a), the Group has entered into a framework agreement with an independent third party to sell the equity interests in six of the Manufacturing Companies subsequent to the reporting period. Accordingly, the carrying amount of six of the Manufacturing Companies amounted to HK$599,361,000 has been classified as current assets.

As at the date of this announcement, the Group and the non-controlling shareholders of the Manufacturing companies have agreed to withdraw the Arbitration.

10. Trade Receivables

	2012	2011
	HK$’000	*HK$’000*
Trade receivables from outsiders	**2,368,917**	2,193,966
Trade receivable from an associate	**11,153**	12,032
	2,380,070	2,205,998

The Group's policy is to allow a credit period of 90-180 days to its trade customers (including the associate). The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0-90 days	**1,798,870**	1,410,547
91-180 days	**549,095**	748,285
181-365 days	**32,105**	47,166
	2,380,070	2,205,998

At the reporting date, trade receivables of approximately HK$32,105,000 (2011: HK$47,166,000) which have been past due for which the Group has not provided for impairment loss because management is of the opinion that the fundamental credit quality of these customers has not deteriorated. Hence, there is no expectation of significant recoverability problem. The Group does not hold any collateral over these balances.

11. Trade Payables

	2012	2011
	HK$'000	*HK$'000*
Trade payables to outsiders	**896,973**	1,230,940
Trade payables to ultimate holding company	**41,725**	2,929
Trade payables to fellow subsidiaries	**32,510**	28,943
	971,208	1,262,812

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0-90 days	**919,309**	1,208,887
91-180 days	**25,380**	21,167
181-365 days	**9,250**	8,950
Over 365 days	**17,269**	23,808
	971,208	1,262,812

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

12. Derivative Financial Instruments – Warrants

On 6 January 2012, 45,000,000 unlisted warrants of the Company were issued to the vendors as part of the consideration for the acquisition of Scitus Cement and its fair value at the date of acquisition amounted to HK$20,349,000. The warrants carried the rights to subscribe for up to a maximum of 45,000,000 ordinary shares of the Company at the subscription price of HK$6 per warrant, subject to adjustments. The warrants can be exercised at any time during the three-year period from the date of issue (both days inclusive). The fair value of the warrants at the date of acquisition is calculated using Black Scholes pricing model with major inputs including (i) expected volatility of 51.01%; (ii) risk-free rate of 0.614%; and (iii) expected dividend yield of 2.01%.

During the year ended 31 December 2012, none of the warrants have been exercised and the fair value of the warrants as at 31 December 2012 amounted to HK$6,669,000. Accordingly, a decease in fair value of HK$13,680,000 was recognised in profit or loss. The fair value of the warrants as at 31 December 2012 is calculated using Black-Scholes pricing model with major inputs including (i) expected volatility of 59.01%; (ii) risk-free rate of 0.123% and (iii) expected dividend yield of 2.01%.

13. Events After the Reporting Period

(a) On 3 January 2013, the Company entered into two framework agreements with Xinan Cement Company Limited ("Xinan Cement"), an independent third party, and further entered into certain definitive agreements between the subsidiaries of the Company and Xinan Cement in February 2013, under which the subsidiaries of the Company have agreed to (i) purchase 2.06% of the issued share capital of Scitus Cement from Xinan Cement at a consideration of RMB19.5 million (equivalent to approximately HK$24.2 million); (ii) sale of the Group's entire equity interests in six Manufacturing Companies, including 100% equity interests in Scitus Cement (Guizhou) Operating Co., Ltd, 90% equity interests in each of Zunyi Scitus Cement Co., Ltd, Scitus Xishui Cement Co., Ltd and Scitus Bijie Cement Co., Ltd, 75% equity interests in Guizhou Zunyi Ken On Concrete Co., Ltd and 70% equity interests in Scitus Bijie Concrete Ltd (collectively "Guizhou Companies"), to Xinan Cement together with the assignment of the shareholder loans of approximately HK$272.0 million at a consideration of RMB813.8 million (equivalent to approximately HK$1,009.1 million); (iii) purchase of remaining interests in four Manufacturing Companies, including 10% equity interests in each of Scitus Naxi Cement Co., Ltd, Scitus Luzhou Cement Co., Ltd and Scitus Hejiang Cement Co., Ltd and 25% equity interests in Scitus Luzhou Concrete Co., Ltd (collectively "Luzhou Companies"), from Xinan Cement at a consideration of RMB53 million (equivalent to approximately HK$66 million); and (iv) sale of 70% equity interests in Sichuan Taichang Building Material Group Company Limited ("Taichang") to Xinan Cement at a consideration of not more than RMB300 million (equivalent to approximately HK$372 million) in which the Group paid a deposit for the acquisition of the entire equity interest in Taichang amounting to HK$74.4 million as at 31 December 2012 (altogether defined as the "Scitus & Taichang Reorganisation").

Subsequent to the entering of the framework agreements and certain definitive agreements, and at the end of February 2013, the Group has obtained positive communication with the non-controlling shareholders and management of the Luzhou Companies and the representatives of the Group were allowed to access the offices and the factories of the Luzhou Companies, and have collected the company chops, the books and records as well as the relevant documents of the Luzhou Companies. As at the date of this result announcement, the Group has substantially obtained the effective control over the Luzhou Companies and is undergoing certain regulatory registration procedures. But the Directors have not yet completed the valuation to determine the fair values of assets and liabilities being acquired. In addition, the Group and the non-controlling shareholders have agreed to withdraw the Arbitration.

As at the date of this result announcement, the Scitus & Taichang Reorganisation has not been completed subject to fulfillment of certain terms and conditions under the framework agreements and the definitive agreements as well as the relevant regulatory approvals.

After the completion of the Scitus & Taichang Reorganisation, the Company:

(i) will indirectly hold 100% of the shareholding in Scitus Cement;

(ii) will indirectly hold 100% of the equity interests in Luzhou Companies;

(iii) will not hold any equity interests in Guizhou Companies; and

(iv) will hold 30% equity interest in Taichang.

Details are set out in the Company's announcements dated 3 January 2013, 1 February 2013 and 21 February 2013.

(b) On 6 February 2013, the Group has entered into an acquisition agreement with a non-controlling shareholder to acquire further 16.11% equity interest in the subsidiary, TCC Liaoning Cement Company Limited, at a consideration of RMB144,500,000 (equivalent to approximately HK$179,180,000). Upon the completion of the acquisition, TCC Liaoning Cement Company Limited will become the indirect wholly-owned subsidiary of the Company. As at the date of this result announcement, the acquisition has not been completed subject to fulfillment of certain terms as well as conditions and the relevant regulatory approvals.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Following a year of favourable development in 2011, the cement industry in Mainland China slipped into the pressure of excessive supply of new capacity in the year under review. The inauguration of massive new clinker and cement production facilities had squeezed the average selling price ("ASP") of cement products.

Despite the reduction in coal price in the second half of 2012, the lowered production cost was not sufficient to offset the impact of plunging cement ASP, resulting in trimmed gross margins of cement manufacturers.

Slowdown in infrastructure development, in particular the suspension of high-speed railway construction, along with a sluggish property market had restrained the consumption of cement on the other side of the equation.

According to the statistics of the China Cement Association, the overall earnings of Mainland China's cement industry declined by almost 50 per cent in 2012 year-on-year. There was 160 million metric tons of clinker new capacity unfolded in 2012, with 124 new production lines inaugurated.

Total cement output amounted to 2.18 billion metric tons in 2012, which was 7.4 per cent more than that of 2011. Total fixed assets investment in 2012 amounted to RMB36.48 trillion which was 20.6 per cent higher than that of 2011. However, the growth rate reflected a 3.4 percentage points downward adjustment when compared with that of 2011.

REVIEW OF OPERATION

During the year, the Group had gradually extended its market influence through expanding sales in various regions, supported by an enlarged capacity from its recent acquisitions and new facility development. Through its swift response to changing market conditions and agile adjustment of sales strategies in different regions, the Group managed to attain a sales volume of 40.2 million metric tons, which was 17.5 per cent higher than that of the previous year.

The flux of new capacity, which had outpaced the modest surge in demand, had compressed cement ASP in most parts of Mainland China. As manufacturers rushed to reduce their inventory in light of slowing down cement consumption, the Group's operations in most of the regions of Mainland China had been put under the pressure of shrinking gross margin, despite an increase in output volume.

The Group's overall product ASP for the year 2012 was decreased by 14.5 per cent. Entering the fourth quarter, the Group's overall performance experienced a strong rebound due to recovery of ASP during the industry peak season and accelerated cement consumption from public sector projects.

Although plunge in product ASP was partly offset by lowered coal costs and improved efficiency from further operation integration and better facility utilisation, the Group reported a retreat in gross profit to HK$2,105.0 million, representing a gross profit margin of 18.6 per cent. Profit attributable to owners of the Company was HK$610.0 million, which was 62.8 per cent lower than that of the previous year.

Southern China Region

About half of the Group's overall sales volume was derived from the Group's Southern China operations, which had sold a total of 20.2 million metric tons of clinker and cement during the year 2012. The amount was almost the same as that of the previous year.

Additional capacity unleashed in the region, in particular in Guangxi province, during the year, further intensified the price competition in Southern China. Cement manufacturers in the region were desperate to dispose of their output in a soft market, leading to suppressed product ASP.

Sales volume of the Guangxi plant significantly improved in the second half of the year. In view of the severe overcapacity in Guangxi, the Group effectively coordinated output distribution of its facilities in the two provinces, and directed about half of the output from the Guangxi plant for sale in Guangdong province. The Guangxi plant achieved a full year sales volume of 8.6 million metric tons including 400,000 metric tons of clinker sold to the Group's grinding mills in Fuzhou.

In Guangdong, the Group's TCC Yingde Cement Co., Ltd. ("TCC Yingde") and Yingde Dragon Mountain Cement Co, Ltd. ("Yingde Dragon Mountain") together reported a total sales volume of 12.1 million metric tons in 2012. TCC Yingde's production lines had been running at high efficiency throughout the year, and managed to capitalise on the market recovery and ASP rebound in the fourth quarter to generate a favourable profit.

The incident occurred at Yingde Dragon Mountain's limestone quarry in late August, had led to a halt of the quarrying activities and thus shattered raw material supply to the plant. Yingde Dragon Mountain's profitability was, thus, affected by low utilisation since September 2012.

The Group's 25 per cent interest in Prosperity Conch Cement Company Limited continued to generate stable earnings during the year under review.

Southwestern Region

The Group's Southwestern region operations comprise plants in Chongqing municipality, and Sichuan and Guizhou provinces. The region together contributed a sales volume of 11.0 million metric tons during the year. The amount was almost three times of that of the previous year. This was mainly attributed to the running in of many of the region's new production lines, which had been operational throughout the financial year.

Although the Southwestern operations suffered a loss for the full year due to under-utilisation of certain production lines during the first half of the year, there was a noticeable improvement in the region's performance in the second half of the year.

Enhanced efficiency and completion of a facility's overhaul allowed the Southwestern region production lines to assume profitability with strengthened profit margins in the second half of the year under review.

Following the running in of the Group's Chongqing plant, the two production lines there began to generate significant clinker output and reported a sales volume of 4.5 million metric tons. ASP of the Chongqing plant was under the pressure of excess new capacity supply during 2012. However, with lower production costs and improved efficiency, the Chongqing plant reported a profit for the year under review.

The Group's single production line in Guangan, Sichuan province, contributed a sales volume of 2.2 million metric tons in 2012. Substantial reduction in costs allowed the Group to partly offset the impact of low ASP and only reported a mild loss for the year, with performance significantly improved in the second half of the year.

In Guizhou province, the two production lines in Anshun suffered loss under a highly competitive environment. However, the production lines began to break even in the fourth quarter of the year, as efficiency continued to improve. The Kong On production line began to generate profit in the fourth quarter after it resumed normal operation following an overhaul in the first half of the year. The first full year results of the Group's Kaili production line had been booked in the accounts of fiscal 2012, which had contributed a handsome profit.

The Group enjoyed positive contribution from its 30 per cent interest in two Yunnan cement plants during the year.

Eastern China Region

The Group's Jurong plant in Jiangsu province attained a sales volume of 4.1 million metric tons, including approximately 256,000 metric tons of clinker shipped to the Group's Fuzhou grinding mills. The sales volume was slightly higher than that of 2011. The Jurong plant maintained an optimum utilisation throughout the year. However, the weak ASP in the eastern China region resulting from significant additional new capacity had compressed the plant's profitability, leading to an insignificant profit for the Jurong plant in 2012.

The Fuzhou grinding mills sold a total of 1.4 million metric tons of cement in 2012, with a substantial portion of the clinker supplied by the Group's Jurong and Guangxi plants. The cement grinding mills had been able to benefit from the lower cost clinker despite decline in ASP, and remained profitable for the year under review.

Northeastern Region

The Liaoning province enjoyed a relatively favourable operating environment as compared with other regions during the year under review. However, the decline in product ASP in the province, in 2012, had softened the Northeastern operations' gross profit margin and led to a retreat in profit year-on-year.

The Liaoning plant had been running at close to full capacity and reported a sales volume of 1.9 million metric tons, which was the same as that of the previous year.

Others

The Group's two slag powder subsidiaries together achieved a sales volume of 1.3 million metric tons. Under the pressure of high slag costs and low slag powder selling prices, the subsidiaries reported modest losses during the year.

Hong Kong

Approximately 460,000 metric tons of cement was sold by the Group's Hong Kong operations in 2012. Benefiting from a stable demand and healthy ASP supported by a booming construction sector in Hong Kong, the operations maintained a favourable profit for the full year.

OTHER SIGNIFICANT INVESTMENTS HELD

During the year under review, there was a gain on disposal of overseas listed held-for-trading investments and a jointly controlled entity amounting to approximately HK$4.5 million (2011: HK$24.2 million) and HK$116.6 million (2011: Nil) respectively. As at 31 December 2012, a net increase in fair value of approximately HK$7.5 million (2011: decrease in fair value of approximately HK$3.6 million) was recognised for held-for-trading investments upon stating them at market prices. As at 31 December 2012, the carrying amount of held-for-trading investments was approximately HK$49.1 million (2011: HK$84.9 million).

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND NET GEARING RATIO

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

The current ratio of the Group as at 31 December 2012 are as follows:

	2012	2011
	HK$'000	*HK$'000*
Current assets	**9,327,449**	9,297,158
Current liabilities	**7,562,724**	8,380,865
Current ratio	**1.23**	1.11

The Group's current ratio as at 31 December 2012 was 1.23 (2011: 1.11). The improvement of the current ratio in 2012 and the strong liquidity position was attributable to the effective financial management of the Group.

Total cash and bank balances of the Group as at 31 December 2012 amounted to HK$3,075.9 million (2011: HK$3,766.7 million), of which HK$180.6 million (2011: HK$134.3 million) was pledged for general banking facilities or as performance guarantee in relation to certain sales or purchases contracts. Highly liquid short term investments, classified as held-for-trading investments, with a market value of HK$49.1 million as at 31 December 2012 (2011: HK$84.9 million), were also held by the Group.

The maturity profile of the Group's bank loans as at 31 December 2012 are repayable as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**4,924,279**	3,771,517
More than one year but not exceeding two years	**3,483,441**	2,199,867
More than two years but not exceeding five years	**5,885,371**	5,678,849
Carrying amount of bank loans that are repayable on demand due to breach of loan covenants (shown under current liabilities)	**–**	1,537,500
Total bank loans	**14,293,091**	13,187,733

There was no material effect of seasonality on the Group's borrowing requirement. As at 31 December 2012, HK$2,772.9 million of the bank loans was denominated in HK$, HK$9,076.5 million in US$ and HK$2,443.7 million in RMB. All of the bank loans are of floating rate structures.

The net gearing ratio of the Group as at 31 December 2012 are as follows:

	2012	2011
	HK$'000	*HK$'000*
Total bank loans	**14,293,091**	13,187,733
Less: Cash and bank balances, time deposits and pledged bank deposits	**(3,075,946)**	(3,766,725)
Net borrowings	**11,217,145**	9,421,008
Equity attributable to owners of the Company	**15,413,360**	14,942,953
Net Gearing ratio	**72.8%**	63.0%

As at 31 December 2012, the Group's net gearing ratio, expressed as the ratio of net borrowings divided by equity attributable to owners of the Company, was 72.8% (2011: 63.0%). The change in the Group's net gearing ratio was mainly attributable to the new bank loans raised by the Group for the capital expenditure during the year. The net gearing ratio as at 31 December 2012 maintained at a healthy level.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

During the year, the Group acquired property, plant and equipment of approximately HK$1,249.4 million.

On 26 May 2011, the Group has entered into a conditional agreement (the "Framework Agreement") with an independent third party to acquire the entire equity interest of three PRC companies, in Guigang, Jiangsu and Yingde, which are engaged in the provision of limestone quarrying services to support some of our existing subsidiaries in the PRC. The consideration amounted to NTD1,600,000,000 together with working capital consideration, in aggregate equivalent to approximately HK$506,322,000, which were satisfied by cash and were payable under the terms of the Framework Agreement. The acquisition has completed on 31 March 2012.

On 6 January 2012, the Group has completed the acquisition of Scitus Cement at an aggregate cash consideration of HK$1,553,015,000 and by the Company's issuance of 45,000,000 unlisted warrants. As disclosed in Note 9, the financial statements of the Manufacturing Companies have not been consolidated into Group's consolidation financial statements, as the Group has not yet obtained effective control over the Manufacturing Companies.

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

USE OF PROCEEDS

As stated in the prospectus dated 9 November 2011, the Group had plans to use the proceeds obtained from the Open Offer. All the proceeds have been fully used as planned as at 31 December 2012. The proceeds used during the year ended 31 December 2012 and the residual balance to be used as at 31 December 2012 are as follows:

	Residual balance to be used as at 1 January 2012	**Used as planned during the year**	**Residual balance to be used as at 31 December 2012**
	HK$million	*HK$million*	*HK$million*
Share acquisition and repayment of certain shareholder loans under the acquisition of Scitus Cement	1,328.0	(1,328.0)	–

CHARGE ON ASSETS

As at 31 December 2012, deposits amounting to HK$180.6 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 as performance guarantee in relation to certain sales or purchases contracts.

As at 31 December 2012, certain property, plant and equipment, prepaid lease payments and mining rights have been pledged to secure bank loans of the Group with the carrying amount of approximately HK$3,659.1 million, HK$950.4 million and HK$108.2 million respectively.

FOREIGN CURRENCY EXPOSURES

The Group utilised 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 2012.

MAJOR CAPITAL COMMITMENTS

As at 31 December 2012, the Group's capital expenditure in respect to the following items contracted but not provided for in the financial statements are as follows:

	HK$'000
Acquisition of property, plant and equipment	769,541
Acquisition of subsidiaries	210,800
	980,341

The Group anticipates funding those commitments from its internal resources and bank borrowings.

EMPLOYEES

As at 31 December 2012, the Group had 8,088 full-time employees. Total expenses in wages and salaries of the Group for the year ended 31 December 2012 amounted to HK$556.9 million. Discretionary bonuses, recommended by management and reviewed by the remuneration committee, are payable to employees in Hong Kong and senior management of 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. As at 31 December 2012, 33,180,000 share options were outstanding.

PROSPECTS AND FUTURE PLANS

Although the State government's austerity measures aiming to curb inflation have slowed down the Mainland China's economic development, the country remains the world's second largest economy. Mainland China's economy is in the transition of reducing its reliance on export and placing more emphasis on domestic consumption. Instead of pursuing fast track expansion, attention has been placed on return on capital investment and healthy development of economic environment.

The State government has also attached significant importance to the country's urbanization. The rapidly increased urban population has been supporting robust building construction and ancillary development which radiate from the cities to their outskirts. Works to improve living standards and condition in rural areas also buoyed the economy's development.

There is no sign of loosening the State government's control measures on the property sector. However, with more capital available at lower costs, property developers are becoming more active in replenishing their land bank with a number of prime site changed hands at historical high premium in first and second tier cities.

During the last quarter of 2012, cement prices in most parts of Mainland China began to pick up. Resumption of high speed railway development and the relaxation of funding for local government civil engineering projects had lifted the consumption of cement. However, entering the first quarter of 2013, with the arrival of Chinese New Year, the demand and ASP of cement began to decline. The impact was compounded by manufacturers' destocking of their inventory during the industry low season.

To align with its strategy of sustaining economic growth by strengthening domestic consumption, the State government is encouraging both public and private investment in infrastructure development. In addition, the resumption of railway development and expedite approval of transportation projects have drawn billions of capital to fuel the growth in demand for construction materials.

It is expected that additional capacity in 2013 from new facilities will be less than that of 2012.

Following a year of severe decline in ASP, prices of clinker and cement are expected to remain at a relatively stable level after the first quarter of the year, and there is room for upward adjustment given a large amount of civil engineering and building construction works commencing this year.

The Group's operations in Southern China have secured a dominant market presence. The operations will continue to flexibly coordinate the distribution of clinker and cement among their facilities in Guangdong and Guangxi provinces capitalising on their effective logistic system and established distribution network.

The Group's Yingde Dragon Mountain plant had returned to normal production by the end of February 2013, and the plant will thus be able to beef up its capacity utilisation and performance in the current year.

In Eastern China Region, which is expected to have less new capacity entering the market, product ASP is expected to steadily recover under an orderly market environment.

After the close of the book, the Group entered into agreements with Xinan Cement Company Limited and other parties regarding the distribution of various cement manufacturing interests controlled by Scitus Cement. The agreements serve to put an end to the arbitration regarding the Group's acquisition of interest in Scitus Cement.

Following the implementation of the agreements, the Group will be able to reallocate its resources in Southwestern region. The transactions contemplated under the aforementioned agreements allow the Group to concentrate its resources in the Southeastern part of Sichuan and the area surrounding Chongqing municipality, leveraging its strong market presence.

To speed up its response to market demand and shorten the supply lead time, the Group is planning to establish grinding mills or silos in the proximity of its major markets. In addition, the Group intends to develop distribution facilities in the countryside to strengthen its penetration of the rural market.

The structural reform of cement industry in Mainland China has yet to complete. The State government's determination in improving industry efficiency is evidenced by its expedited elimination of obsolete facilities and promotion of further industry concentration through merger and acquisition. Less players with each enjoying a higher proportion of market share is expected to facilitate better utilisation of resources and investment.

To ride along the tide of industry consolidation, the Group will continue to expedite its expansion in scale of operation and market influence in regional markets through merger and acquisition. It is imperative for the Group to establish a respectable size and an extensive market reach, in order to be enlisted among the top-tier cement manufacturers in Mainland China.

FINAL DIVIDEND

The Board is pleased to recommend the distribution of a final dividend of HK4.5 cents per ordinary and preference share for the year ended 31 December 2012. Subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting, the dividends will be payable on or about 10 June 2013 to the shareholders whose names appear on the register of members of ordinary shares and register of members of preference shares of the Company at close of business on 30 May 2013. 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 Friday, 24 May 2013. Notice of the Annual General Meeting will be published and despatched to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2013 to 24 May 2013, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates 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 21 May 2013.

Subject to the approval of shareholders at the meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of ordinary shares and register of members of preference shares of the Company after the close of business at 4:30 p.m. on 30 May 2013 being the record date for determination of entitlement to the final dividend and preference dividend. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Computershare Hong Kong Investor Services Limited (being the Company's branch share registrar of the ordinary shares and the transfer agent of the preference shares in Hong Kong), 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 30 May 2013.

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 has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee 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 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement 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 recognises the value and importance of achieving good corporate governance standards to enhance corporate performance, sound internal control, transparency and accountability to the shareholders. The board of directors and the management of the Company are committed to adhere to the principles of corporate governance and adopt good corporate governance practices and procedures to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code ("CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in the Appendix 14 to the Listing Rules on the Stock Exchange. In respect of code provision A6.7 of the CG Code, three non-executive Directors and two independent non-executive Directors were not in a position to attend the annual general meeting of the Company held on 25 May 2012 due to an overseas commitment. In respect of code provision A4.1 stipulate that non-executive directors should be appointed for a specific term and directors should have formal letters of appointment. The non-executive Directors are not appointed for a specific term and do have a formal letters of appointment but 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding its directors' securities transactions on the Company's shares. The Company has made specific enquiries to all the Directors and confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code and its code of conduct regarding securities transactions by directors throughout the year ended 31 December 2012.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement for the year ended 31 December 2012 is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the Company's website at www.tcchk.com. The annual report 2012 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, 20 March 2013

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 Dr. Liao Poon Huai, Donald, Dr. Chih Ching Kang, Kenneth and Mr. Shieh, Jen-Chung, Roger as independent non-executive Directors.