The Board of Directors of TCC International Holdings Limited (the "Company") is pleased to present the condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for six months ended 30 June 2005, which are unaudited but reviewed by external auditors and the audit committee of the Company, together with the unaudited comparative figures for the corresponding period in 2004, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2005	2004
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	2	**143,057**	159,282
Cost of sales		**(123,140)**	(108,672)
Gross profit		**19,917**	50,610
Other income and gains		**79,596**	22,118
Selling and distribution expenses		**(4,722)**	(7,224)
General and administrative expenses		**(13,607)**	(17,206)
Other operating expenses		**(1,872)**	(19,647)
Unrealised gain on merger of an investment		**—**	75,557
Finance costs		**(9,387)**	(4,469)
Share of profits less losses of associates		**2,581**	6
Amortisation of goodwill of associates		**—**	(1,643)
PROFIT BEFORE TAX	2, 3	**72,506**	98,102
Tax	4	**486**	(1,621)
PROFIT FOR THE PERIOD		**72,992**	96,481
ATTRIBUTABLE TO:			
Equity holders of parent		**71,384**	89,112
Minority interests		**1,608**	7,369
		72,992	96,481
DIVIDEND	5	**11,594**	15,458
EARNINGS PER SHARE	6		
- Basic		**9.2 cents**	11.5 cents
- Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2005** *HK$'000* **(Unaudited)**	31 December 2004 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	**883,011**	554,314
Prepaid land premiums		**10,915**	11,047
Rental deposits	8	**1,800**	1,800
Interests in associates		**109,396**	108,395
Available-for-sale investments/ investment securities		**81,464**	94,892
		1,086,586	770,448
CURRENT ASSETS			
Inventories		**33,576**	34,963
Prepaid land premiums		**240**	240
Prepayments, deposits and other receivables		**20,057**	12,196
Trade receivables	9	**33,428**	33,992
Held-for-trading investments/ short term investments		**724,471**	862,685
Pledged deposits		**80,025**	—
Time deposits		**—**	143,451
Cash and bank balances		**200,096**	65,751
		1,091,893	1,153,278
CURRENT LIABILITIES			
Short term bank loans	10	**378,693**	559,888
Trade payables	11	**20,573**	28,229
Other payables and accrued liabilities		**54,364**	61,669
Unclaimed dividends		**18,198**	854
Tax payable		**10,337**	9,853
		482,165	660,493

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Notes	30 June 2005 HK$'000 (Unaudited)	31 December 2004 HK$'000 (Audited)
NET CURRENT ASSETS		**609,728**	492,785
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,696,314**	1,263,233
NON-CURRENT LIABILITIES			
Deferred tax		**2,152**	2,152
Long term portion of bank loans	10	**385,024**	11,631
		387,176	13,783
		1,309,138	1,249,450
CAPITAL AND RESERVES			
Equity attributable to equity holders of the parent			
Share capital		**77,292**	77,292
Reserves		**1,117,996**	1,040,593
Proposed dividend		**11,594**	30,917
		1,206,882	1,148,802
Minority interests		**102,256**	100,648
		1,309,138	1,249,450

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium account	Contributed surplus	Capital reserve	Capital redemption reserve	Property revaluation reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Proposed dividend	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004	77,292	1,100,703	208,263	2,076	3,678	14,924	(22,682)	–	(552,820)	19,323	–	850,757
Exchange realignment on translation of the financial statements of overseas subsidiaries	–	–	–	–	–	–	2,728	–	–	–	–	2,728
Movement of deferred tax	–	–	–	–	–	(2,611)	–	–	–	–	–	(2,611)
Net gains and losses not recognised in the profit and loss account	–	–	–	–	–	(2,611)	2,728	–	–	–	–	117
Net profit for the period	–	–	–	–	–	–	–	–	89,112	–	–	89,112
2003 final dividend	–	–	–	–	–	–	–	–	–	(19,323)	–	(19,323)
2004 interim dividend proposed	–	(15,458)	–	–	–	–	–	–	–	15,458	–	–
At 30 June 2004	77,292	1,085,245	208,263	2,076	3,678	12,313	(19,954)	–	(463,708)	15,458	–	920,663
At 1 January 2005	77,292	1,054,328	208,263	2,076	3,678	19,589	(22,653)	129	(224,817)	30,917	100,648	1,249,450
Exchange realignment on translation of the financial statements of overseas subsidiaries	–	–	–	–	–	–	19,512	–	–	–	–	19,512
Movement of deferred tax	–	–	–	–	–	(1,899)	–	–	–	–	–	(1,899)
Net gains and losses not recognised in the profit and loss account	–	–	–	–	–	(1,899)	19,512	–	–	–	–	17,613
Profit for the period	–	–	–	–	–	–	–	–	71,384	–	1,608	72,992
2004 final dividend	–	–	–	–	–	–	–	–	–	(30,917)	–	(30,917)
2005 interim dividend proposed	–	(11,594)	–	–	–	–	–	–	–	11,594	–	–
At 30 June 2005	77,292	1,042,734	208,263	2,076	3,678	17,690	(3,141)	129	(153,433)	11,594	102,256	1,309,138

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Net cash inflow/(outflow) from operating activities	**(5,923)**	50,723
Net cash inflow/(outflow) from investing activities	**(185,998)**	169,493
Net cash inflow/(outflow) from financing activities	**182,815**	(57,749)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(9,106)**	162,467
Cash and cash equivalents at beginning of the period	**209,202**	88,271
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**200,096**	250,738
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**200,096**	139,257
Time deposits with original maturity of less than three months when placed	**—**	111,481
	200,096	250,738

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

1. **Accounting policies** (Continued)

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 18, 19, 21, 23, 24, 27, 28, 33, 36, 37, 38 and HKFRS 3 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 - Leases

In prior periods, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land premiums/land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

This change in accounting policy has had no effect on the condensed consolidated income statement and retained earnings. The comparatives on the condensed consolidated balance sheet for the year ended 31 December 2004 have been restated to reflect the reclassification of leasehold land.

(b) HKAS 32 and HKAS 39 - Financial Instruments

Equity securities

In prior periods, the Group classified its investments in equity securities which were held for non-trading purposes as investment securities and were stated at cost less any impairment losses.

1. **Accounting policies** (Continued)

(b) *HKAS 32 and HKAS 39 - Financial Instruments* (Continued)

Equity securities (Continued)

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

1. **Accounting policies** (Continued)

(b) *HKAS 32 and HKAS 39 - Financial Instruments* (Continued)

Equity securities (Continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the income statement. The amount of the loss recognised in the income statement shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the income statement.

This change in accounting policy has had no effect on the condensed consolidated income statement and retained earnings. The comparatives on the condensed consolidated balance sheet for the year ended 31 December 2004 have been restated to reflect the reclassification of investments in equity securities held for non-trading purposes.

(c) *HKFRS 2 - Share-based Payment*

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

1. **Accounting policies** (Continued)

(c) *HKFRS 2 - Share-based Payment* (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

In accordance with the transitional provisions of HKFRS 2, no expense on share options of the Group is required to be recognised for the six months ended 30 June 2005 and comparative amounts have not been restated.

2. Segment information

Business segments

The following tables present revenue and profit/(loss) for the Group's business segments.

	Import, distribution and handling of cement Six months ended 30 June		Manufacturing and distribution of cement and slag powder Six months ended 30 June		Production and distribution of ready-mixed concrete Six months ended 30 June		Investment holding Six months ended 30 June		Consolidated Six months ended 30 June	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales and services to external customers	**69,242**	75,449	**73,815**	83,833	**—**	—	**—**	—	**143,057**	159,282
Other income	**5,042**	2,486	**208**	93	**—**	—	**67,450**	15,604	**72,700**	18,183
Total revenue and allocable other income	**74,284**	77,935	**74,023**	83,926	**—**	—	**67,450**	15,604	**215,757**	177,465
Segment results	**16,239**	17,247	**(12,751)**	14,424	**—**	—	**68,928**	(6,955)	**72,416**	24,716
Interest income and unallocated gains									**6,896**	3,935
Unrealised gain on merger of an investment									**—**	75,557
Finance costs									**(9,387)**	(4,469)
Share of profits less losses of associates	**—**	—	**—**	—	**2,581**	6	**—**	—	**2,581**	6
Amortisation of goodwill of associates									**—**	(1,643)
Profit before tax									**72,506**	98,102
Tax	**(972)**	(1,549)	**(369)**	—	**—**	—	**1,827**	(72)	**486**	(1,621)
Profit for the period									**72,992**	96,481

2. **Segment information** (Continued)

Geographical segments

The following table presents revenue and profit/(loss) for the Group's geographical segments.

	Hong Kong		Mainland China		Philippines		Taiwan		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales and services to external customers	**57,542**	63,749	**73,815**	83,833	**11,700**	11,700	**—**	—	**143,057**	159,282
Other income	**5,935**	18,090	**208**	93	**456**	—	**66,101**	—	**72,700**	18,183
Total revenue and allocable other income	**63,477**	81,839	**74,023**	83,926	**12,156**	11,700	**66,101**	—	**215,757**	177,465
Segment results	**10,807**	2,377	**(12,751)**	14,424	**8,262**	7,897	**66,098**	18	**72,416**	24,716

3. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Depreciation and amortisation of prepaid land premiums	**12,897**	11,347
Amortisation of goodwill on acquisition of a subsidiary and associates	**—**	2,719
Gain on disposal of an available-for-sale investment	**(1,763)**	—
Gain on disposal of held-for-trading investments/ short term investments	**(4,464)**	(2,970)
Unrealised gain on held-for-trading investments/ short term investments	**(67,308)**	(15,604)
Dividend income from a listed held-for-trading investment/short term investment	**(68)**	(158)

4. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing law, practices and interpretations in respect thereof. There was a write-back of deferred tax amounting to HK$1,899,000 during the period (2004: Nil).

Share of tax attributable to associates amounting to HK$876,000 (2004: HK$423,000) is included in "Share of profits less losses of associates" on the face of the condensed consolidated income statement.

5. Dividend

At a meeting of the board of directors held on 20 September 2005, the Directors resolved to pay an interim dividend of HK1.5 cents per share to shareholders (2004: HK 2 cents per share).

6. **Earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the period of HK$71,384,000 (2004: HK$89,112,000) and the weighted average of 772,922,000 (2004: 772,922,000) shares in issue during the period.

Diluted earnings per share has not been presented as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

7. **Movements in property, plant and equipment**

During the period, capital expenditure of approximately HK$286,175,000, representing the majority of the additions of property, plant and equipment, was incurred pursuant to the turn-key agreement for the design and construction of two new dry-process cement production lines and ancillary facilities of the Group, details of which were set out in a circular to the shareholders of the Company dated 18 January 2005.

8. **Rental deposits**

Included in rental deposits were HK$720,000 (31 December 2004: HK$720,000) paid to a fellow subsidiary by the Group relating to the leasing of a site on Tsing Yi Island, Hong Kong, and HK$1,080,000 (31 December 2004: HK$1,080,000) paid to a related company by the Group in respect of the leasing of a site in Manila, the Philippines (see note 14).

9. **Trade receivables**

Credit is offered to customers following the financial assessment by the management and their established payment record. The Group usually allows an average credit period of 60 days to its customers and seeks to maintain strict control over its outstanding trade receivables. Overdue balances are regularly reviewed by senior management and collections are followed up by relevant personnel.

9. Trade receivables (Continued)

The following is an aged analysis of the trade receivables as at the balance sheet date (based on the invoice date and net of the provision for bad and doubtful debts).

	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Less than 90 days	**27,687**	28,722
91 - 180 days	**5,741**	5,270
	33,428	33,992

As at 30 June 2005, trade receivables of the Group included a trade balance due from an associate of HK$10,445,000 (31 December 2004: HK$13,330,000) which is unsecured, interest-free and repayable in accordance with normal trading terms (see note 14).

10. Bank loans

	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Short term bank loans	**369,378**	443,583
Long term bank loans repayable:		
Within one year	**9,315**	116,305
Within two to five years	**385,024**	11,631
	763,717	571,519
Portion classified as current liabilities	**(378,693)**	(559,888)
Long term portion	**385,024**	11,631

None of the bank loans were secured by any of the Group's assets (31 December 2004: Nil).

11. Trade payables

The following is an aged analysis of trade payables as at the balance sheet date (based on the invoice date).

	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Less than 90 days	**20,210**	27,868
91 - 180 days	**363**	52
181 - 360 days	**—**	45
Over 360 days	**—**	264
	20,573	28,229

At 30 June 2005, trade payables of the Group included a trade balance due to the ultimate holding company of the Group of HK$14,166,000 (31 December 2004: HK$15,155,000) which is unsecured, interest-free and repayable in accordance with normal trading terms (see note 14).

12. Contingent liabilities

The Group did not have any significant contingent liabilities as at the balance sheet date (31 December 2004: Nil).

13. Capital commitments

	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Purchase of property, plant and equipment	**693,182**	1,003,694
Capital contributions payable to subsidiaries incorporated in Mainland China:		
– wholly-owned	**272,610**	—
– non wholly-owned	**25,740**	—

14. Related party transactions

	Notes	Six months ended 30 June 2005 HK$'000 (Unaudited)	2004 HK$'000 (Unaudited)
Purchases of cement from the ultimate holding company for the Group's operations in Hong Kong	(i)	**30,900**	38,800
Rental expenses paid to a fellow subsidiary	(ii)	**2,160**	2,160
Rental expenses paid to a related company*	(iii)	**1,080**	1,080
Sales of cement to an associate	(iv)	**15,600**	28,057

** The related company is an associate of the ultimate holding company.*

Notes:

(i) The directors consider that purchases of cement from the ultimate holding company were made according to prices and conditions similar to those available to other cement importers in Hong Kong in respect of supplies from the same country of origin.

During the six months ended 30 June 2005, the prices charged by the ultimate holding company in respect of shipments to Hong Kong did not exceed 2.5% over the benchmark price for imports from Taiwan.

The basis of these pricing policies was set out in greater detail in circulars to the shareholders of the Company dated 25 August 1998, 9 July 2001 and 5 December 2003.

The balance due to the ultimate holding company in respect of cement supplies as at 30 June 2005 amounted to HK$14,166,000 (31 December 2004: HK$15,155,000) (see note 11).

(ii) The rental expenses related to a leasehold land in Hong Kong on which an industrial building of the Group is located. The monthly rentals of HK$360,000 (six months ended 30 June 2004: HK$360,000) were based on a market rental valuation provided by an independent professional valuer in 2003. A separate market rental valuation is subject to review every two years pursuant to the leasing agreement entered into between the Group and the fellow subsidiary in 1997. The terms of the leasing agreement were also disclosed in the Company's prospectus dated 23 September 1997. The next review will be conducted in September 2005.

14. Related party transactions (Continued)

Notes: (Continued)

A rental deposit of HK$720,000 (31 December 2004: HK$720,000) was paid to the fellow subsidiary (see note 8).

(iii) The rental expenses related to a freehold land in the Philippines on which an industrial building of the Group is located. The monthly rentals of Pesos 1,200,000 (six months ended 30 June 2004: Pesos 1,200,000) were based on a market rental valuation provided by an independent professional valuer in 2003. A separate market rental valuation is subject to review every two years pursuant to the leasing agreement entered into between the Group and the related company in 1997. The terms of the leasing agreement were also disclosed in the Company's prospectus dated 23 September 1997. The next review will be conducted in September 2005.

A rental deposit of Pesos 7,200,000 (equivalent to HK$1,080,000) (31 December 2004: Pesos 7,200,000, equivalent to HK$1,080,000) was paid to this related company (see note 8).

(iv) Sales of cement to an associate were made according to prices and conditions offered to other major customers of the Group. The balance due from the associate at 30 June 2005 was HK$10,445,000 (31 December 2004: HK$13,330,000) (see note 9).

In respect of (i) the purchases of cement from the ultimate holding company; (ii) rental expenses paid to a fellow subsidiary; and (iii) rental expenses paid to a related company stated above, the Group entered into agreements with the respective parties for a period of 10 years, 30 years and 25 years (renewable for another 25 years), respectively, commencing from the year ended 31 December 1997.

15. Approval of the interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 20 September 2005.

INTERIM DIVIDEND

The Board of Directors recommends the payment an interim dividend of HK1.5 cents per share for the six months ended 30 June 2005 to shareholders whose names appear on the Register of Members of the Company on 13 October 2005. Dividend cheques will be sent to shareholders on or before 20 October 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Operations review

Overall results

For the six months ended 30 June 2005, the unaudited consolidated revenue of the Group fell by 10.2% to HK$143.1 million from the corresponding period in 2004. The Group's profit attributable to equity holders of the parent for the period was HK$71.4 million, reducing by 19.9% from the prior period, largely attributable to the decrease in unrealised gain arising from shares in Far EasTone Telecommunications Co., Ltd. ("FET").

Hong Kong

The highly challenging environment in which the Group's construction materials businesses in Hong Kong operate persisted during the period under review. Demand in the private residential sector's demand has improved, while stagnancy in public housing construction and infrastructure activities continued. The effect of selling price increments during the period were offset by the increase in import cost of cement, but the Group's cement distribution was able to remain profitable. The ready-mixed concrete businesses carried on by the Group's associates benefited from the consolidation of the industry in 2004 and increased their contribution to the Group's profit.

Operations review (Continued)

Mainland China

As expected and reported in the Company's 2004 annual report, Anhui King Bridge Cement Co., Ltd. ("AKB"), the Group's 60%-owned subsidiary which operates a cement and slag powder grinding plant in Wuhu with an annual production capacity of 700,000 metric tonnes, recorded a decline profit as a result of significant reduction of selling prices due to continuing macroeconomic austerity measures and keener competition brought about by new entrants in the market.

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

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

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

The Philippines

The Group owns cement distribution facilities in Manila and renders cement handling services. During the period under review, the Philippine operation continued to produce a steady stream of income to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Operations review (Continued)

Other significant investments held

The Group's shareholding in FET has been partially disposed of and a gain of HK$4.4 million was recognised for the period.

A net unrealised gain of HK$67.3 million was recognised for held-for trading investments upon stating them at market prices as at 30 June 2005.

Financial review

Total unrestricted cash and bank balances of the Group as at 30 June 2005 amounted to HK$200.1 million, of which 72.0% were denominated in HK$, US$ or RMB and 28.0% in NT$. Highly liquid short term investments with a market value of HK$724.5 million as at 30 June 2005 were also held by the Group.

The maturity profile of the Group's bank loans as at 30 June 2005 are as follows:

	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
Amount repayable:		
Within one year	**378,693**	559,888
Within two to five years	**385,024**	11,631
Total bank loans	**763,717**	571,519

Out of the bank loans as at 30 June 2005, HK$735.7 million was denominated in HK$ and HK$28.0 million in RMB. All of the bank loans are of floating rate structures.

Financial review (Continued)

As at 30 June 2005, none of the bank loans were secured by any charge against assets of the Group.

The Group's financial position remain strong, with net current assets of HK$609.7 million as at 30 June 2005 and gearing ratio, calculated based on total bank borrowings and total assets as at 30 June 2005, of 35.1%.

Pledged assets

As at 30 June 2005, time deposits of HK$80.0 million were pledged to a bank as margin for issuance of letters of credit.

Prospects

The current stagnancy of construction activities in Hong Kong is expected to continue towards the second half of the year, but selling prices are expected to rise mildly. The Directors believe that the Group's cement business and associates' ready-mixed concrete businesses in Hong Kong will remain profitable.

Mainland China has become the Group's primary focus in the expansion of its business. The Directors consider that construction material businesses have a long-term perspective due to their indispensability for a country's economic growth. Accordingly, the recent macroeconomic austerity measures to curb excessive investments will not deter the Group's strategy in seeking for new investment opportunities in Mainland China.

- The joint venture in Wuhu is expected to continue to be profitable in the second half of the year. Sales quantity and prices are likely to be similar to the levels in the first half of the year.

- The Fuzhou operation is in the process of establishing distribution channels. The Directors are confident that sales volume of cement will continue an increasing trend and expect that it will start to turn around before the end of this year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

- The Group's slag powder operation in Liuzhou is expected to start operating commercially in the fourth quarter of 2005. Taking advantage of the high demand in slag powder in the Pearl River Delta region in Guangdong and Guangxi Province, the Directors believe that it will start to generate profit within this year; in addition, it plans to construct an additional slag powder production line with an annual production capacity of 700,000 metric tonnes. The new production line and its ancillary facilities are expected to complete by the fourth quarter of 2006.

- The continuing prosperity of the Pearl River Delta Region and the government's policy of eliminating inefficient vertical shaft kilns from which the majority of cement is currently produced in the locality and replacing them with new dry process kilns, will benefit the Group's Yingde cement manufacturing base in developing its business, which is expected to commence trial run in the first quarter of 2006. In addition, the Directors believe that the advantageous location of the Yingde base warrants further development and plan to construct two more production lines of a similar scale as the current ones in progress. Construction of the additional production lines is scheduled to commence towards the end of this year.

Upon completion of the existing and planned projects, the Group will have an annual cement and slag powder production capacity of approximately 12 million metric tonnes in Mainland China, which exceeds our original target of achieving an annual production capacity of 10 million metric tonnes by 2007.

Future investment plans

Details of the Group's future investment plans can be found in the section "Prospects" above.

All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to shareholders as a whole.

Foreign currency exposures

The Group utilised various methods to mitigate foreign currency exposures arising from the currency mismatch of transactions undertaken by the Group. 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 30 June 2005.

Employees

As at 30 June 2005, the Group had 365 full-time employees. Total wages and salaries of the Group for the six months then ended amounted to HK$9.7 million. Discretionary bonuses, decided by top management, are payable to employees in Hong Kong and senior management of overseas subsidiaries based on performance. In addition, the Company's directors may, at their discretion, invite employees, including directors, of the Company or any of its subsidiaries and associates to take up options to subscribe for shares of the Company. During the period, no share options were granted to any director or employee of the Group. As at 30 June 2005, there were no outstanding share options granted to non-director employees. No share options were exercised by these employees during the period, and 2,000,000 share options granted to these employees on 11 April 2000 and exercisable within the period from 11 October 2000 to 10 April 2005, both days inclusive, at an exercise price of HK$1.6504 per share lapsed during the period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2005, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
KOO Cheng Yun, Leslie	Directly beneficially owned	1,700,000	0.22
WU Yih Chin	Directly beneficially owned	2,500,000	0.32
HUI-BON-HOA Khien Piau, Pierre	Directly beneficially owned	5,680,000	0.73
	Through spouse or minor children	4,752,000	0.61
		14,632,000	1.88

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include directors, including independent non-executive directors, and employees of the Company and any of its subsidiaries and associates. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 5 October 1997 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in ordinary shares of the Company (Continued)

Subsequent to the adoption of the Scheme on 5 October 1997, the Stock Exchange has introduced a number of changes to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") on share option schemes. These new rules came into effect on 1 September 2001, since then no share options have been granted under the Scheme. However, any option to be granted in the future under the Scheme shall be subject to the new rules.

The Company does not intend to amend the terms of the Scheme to comply with the requirements of the amended Listing Rules on share option schemes. However, the Company shall ensure that future grants of share options shall comply with such requirements.

Details of options granted to the directors, supervisors and chief executives of the Company and their associates under the Scheme and outstanding as at 30 June 2005 are as follows:

	Number of shares in respect of options granted		
	Outstanding at 31 December 2004	**Lapsed during the period**	**Outstanding at 30 June 2005**
KOO Cheng Yun, Leslie	7,000,000	(7,000,000)	—
WU Yih Chin	4,500,000	(4,500,000)	—
CHIANG Cheng Hsiung	3,000,000	(3,000,000)	—
CHEN Chi Hsiung	2,500,000	(2,500,000)	—
	17,000,000	(17,000,000)	—

The share options outstanding at 31 December 2004 were granted on 11 April 2000 and were exercisable within the period from 11 October 2000 to 10 April 2005, both days inclusive, at an exercise price of HK$1.6504 per share.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares and underlying shares of associated corporations

(i) *Taiwan Cement Corporation ("TCC") **

	Number of shares held, capacity and nature of interest				
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total	Percentage of the associated corporation's issued share capital
KOO Cheng Yun, Leslie	24,822,203	86 *(Note 1)*	8,500,890 *(Note 2)*	33,323,179	1.19
WU Yih Chin	384,583	—	—	384,583	0.01
LIAO Poon Huai, Donald	351,233	661,288 *(Note 1)*	—	1,012,521	0.04
				34,720,283	1.24

* *The ultimate holding company of the Company*

Notes:

(1) The shares are held by the respective directors' spouse as the registered and beneficial shareholder.

(2) KOO Cheng Yun, Leslie, together with his spouse, hold 44% of the issued capital of a company which holds 8,500,890 shares of TCC.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares and underlying shares of associated corporations (Continued)

(ii) *Hong Kong Cement Manufacturing Company Limited ***

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the associated corporation's issued share capital
HUI-BON-HOA Khien Piau, Pierre	Directly beneficially owned	710	1.58
	Through spouse or minor children	593	1.32
		1,303	2.90

(iii) *Prosperity Dielectrics Company Limited ***

Name of director	Capacity and nature of interest	Number of shares held	Percentage of the associated corporation's issued share capital
KOO Cheng Yun, Leslie	Directly beneficially owned	1,040	—

*** Subsidiaries of the ultimate holding company of the Company*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in shares and underlying shares of associated corporations (Continued)

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries of the Group held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code at the balance sheet date.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2005, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of share options held
TCC International Limited	Directly beneficially owned	564,082,000	72.98%	—
TCC*	Through a controlled corporation	564,082,000	72.98%	—

* *TCC is interested in the shares of the Company by virtue of its beneficial ownership of the entire issued share capital of TCC International Limited.*

All the interests stated above represent long positions.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO at the balance sheet date.

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 six months ended 30 June 2005.

RULE 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company.

Pursuant to a loan agreement dated 19 March 2004 between the Company and a bank relating to a one-year loan facility of HK$40,000,000, a termination event would arise if TCC, the Company's ultimate holding company, ceases to own beneficially, directly or indirectly, at least 51% of the shares in the Company's capital.

Pursuant to a loan agreement dated 23 June 2005 between the Company and certain banks relating to a five-year term loan facility of HK$500,000,000, a termination event would arise if (i) TCC ceases to own legally and beneficially, at least 51% of the shares in the Company's capital or (ii) the Group fails to meet the financial covenants stipulated in the loan facility.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the period covered by this interim report. Independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company according to the provisions of the Company's articles of association.

CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code set out in Appendix 10 to the Listing Rules with effect from 31 March 2004. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the said code for the six months ended 30 June 2005.

AUDIT COMMITTEE

The Company has established an audit committee consisting of three non-executive directors, all of which are independent non-executive directors, in accordance with Rule 3.21 of the Listing Rules.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed its financial reporting matters, including a review of the unaudited interim financial statements of the Group for the six months ended 30 June 2005.

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 period.

On behalf of the Board
Koo Cheng Yun, Leslie
Chairman

20 September 2005