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**SHANGHAI ALLIED CEMENT LIMITED**  
**上海聯合水泥股份有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1060)**

**HIGH CONCENTRATION OF SHAREHOLDING**

This announcement is made at the request of the Stock Exchange to the public in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders as at 2nd May, 2007.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.**

This announcement is made at the request of the Stock Exchange to the public in respect of the concentration of the shareholding of the Company in the hands of a limited number of shareholders as at 2nd May, 2007.

The Directors have recently been informed by the Stock Exchange that on the basis of the information provided by the SFC, as at 2nd May, 2007:

- (i) three substantial shareholders (within the meaning of Part XV of the SFO but not within the meaning of the Listing Rules) of the Company, namely Tian An, Mr. Ng and COL, held 399,485,640 Shares (representing approximately 54.77 per cent. of the issued share capital of the Company), 144,000,000 Shares (representing approximately 19.74 per cent. of the issued share capital of the Company) and 72,858,680 Shares (representing approximately 9.99 per cent. of the issued share capital of the Company), respectively; and
- (ii) such three substantial shareholders (within the meaning of Part XV of the SFO but not within the meaning of the Listing Rules), together with 13 other entities, held an aggregate of 665,417,205 Shares, representing approximately 91.23 per cent. of the issued share capital of the Company.

As such, only 63,977,838 Shares, representing approximately 8.77 per cent. of the issued share capital of the Company, were in the hands of other investors.

The SFC also noted that the share price of the Company increased 255.6 per cent. from HK\$0.63 on 4th April, 2007 to HK\$2.24 on 2nd May, 2007, with an average daily turnover of approximately HK\$13 million, compared to the average daily turnover of only HK\$0.99 million for the ten trading days immediately preceding 4th April, 2007. The Company published several announcements pursuant to Note 2 to Rule 13.10 of the Listing Rules in view of the increases in share prices or trading volumes, or a combination of two, on 10th April, 11th April, 18th April and 2nd May, 2007. Since then, the share price of the Company has hovered at around HK\$2.00.

To the best knowledge of the Directors:

- (i) Tian An was interested in 399,485,640 Shares, representing 54.77 per cent. of the issued share capital of the Company as at 2nd May, 2007, with its shareholding as at 2nd May, 2007 being the same as its shareholding as at the date of this announcement;
- (ii) Mr. Ng was interested in 144,000,000 Shares, representing 19.74 per cent. of the issued share capital of the Company as at 2nd May, 2007, and is currently interested in 122,900,000 Shares, representing 16.84 per cent. of the issued share capital of the Company as at the date of this announcement;
- (iii) COL was interested in 72,858,680 Shares, representing 9.99 per cent. of the issued share capital of the Company as at 2nd May, 2007, with its shareholding as at 2nd May, 2007 being the same as its shareholding as at the date of this announcement; and
- (iv) none of the 13 entities mentioned above and COL was as at 2nd May, 2007, or is as at the date of this announcement, (a) a connected person of the Company or (b) related to or connected with any of the connected persons of the Company.

The price of the Shares was traded upwards from HK\$0.63 on 4th April, 2007 to HK\$2.24 on 2nd May, 2007. The Directors confirm that they are not aware of any reason for the increase in the price of the Shares.

To the best of the knowledge of the Directors after making appropriate enquiries, the Directors confirm that in their opinion:

- (i) sufficient Shares were as at 2nd May, 2007, and are as at the date of this announcement, held by the public; and
- (ii) the Company has maintained the public float of 25 per cent. at all times in compliance with Rule 8.08 of the Listing Rules.

As the concentration of the Company's public float was in the hands of a limited number of public shareholders on 2nd May, 2007, the Company is making this announcement to keep the market informed.

As announced by the Company and Tian An on 14th May, 2007, Tian An has agreed to place, pursuant to a placing agreement dated 8th May, 2007, its entire shareholding of 399,485,640 Shares (representing approximately 54.77 per cent. of the issued share capital of the Company) to not less than six places. The Placing is conditional upon the shareholders of Tian An passing a resolution in general meeting approving the Placing. To the best of the knowledge of the Directors, none of such places, with the exception of COL, will become a substantial shareholder of the Company as a result of such placing.

Following completion of such placing, Tian An will cease to have any beneficial interest in the Shares. Tian An will continue to be deemed, for the purposes of the SFO, to be interested in 122,900,000 Shares, representing approximately 16.84 per cent. of the issued share capital of the Company as at the date of this announcement, by virtue of the security interests created by Mr. Ng in favour of Best Advantage (an indirect wholly-owned subsidiary of Tian An) over such 122,900,000 Shares to secure the due observance and performance by Mr. Ng of his obligations under a sale and purchase agreement and a supplemental agreement entered into by, among others, Mr. Ng and Best Advantage.

**In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.**

## **DIRECTORS**

As at the date of this announcement, the Directors are:

### *Executive Directors:*

Mr. Ng Qing Hai (President and Chief Executive Officer), Mr. Li Chi Kong (Vice-President) and Ms. Iris Wong Ping

### *Independent Non-Executive Directors:*

Mr. Chen Ching, Mr. Jin Hui Zhi and Mr. Li Chak Hung

## **DEFINITIONS**

“Best Advantage”	Best Advantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Tian An
“COL”	COL Capital Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 383)
“Company”	Shanghai Allied Cement Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 1060) and Singapore Exchange Securities Trading Limited
“Directors”	directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ng”	Mr. Ng Siu Chun
“Placing”	the placing of the 399,485,640 Shares by Sun Hung Kai Investment Services Limited pursuant to the placing agreement dated 8th May, 2007 made between Tian An and Sun Hung Kai Investment Services Limited

“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of nominal value of HK\$0.25 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 28)

By Order of the Board  
**Shanghai Allied Cement Limited**  
**Ng Qing Hai**  
*Chief Executive Officer*

Hong Kong, 21st June, 2007

\* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”