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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of Shanghai Allied Cement Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operation:			
Turnover	*3*	**242,320**	185,506
Cost of sales		**(227,908)**	(169,425)
Gross profit		**14,412**	16,081
Other income		**18,980**	12,963
Distribution costs		**(4,088)**	(4,085)
Administrative expenses		**(18,159)**	(13,640)
Reversal of (impairment loss on) trade and other receivables		**2,457**	(1,914)
Finance costs		**(43,155)**	(8,284)
Gain on disposal of subsidiaries		**–**	2,330
(Loss) profit before taxation		**(29,553)**	3,451
Taxation (charge) credit	*4*	**(259)**	3,045
(Loss) profit from continuing operation		**(29,812)**	6,496
Discontinued operation:			
Loss for the period from discontinued operation		**(119)**	(1,127)
(Loss) profit for the period	*5*	**(29,931)**	5,369

* *For identification purposes only*

		Six months ended 30 June	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Attributable to:			
Equity holders of the Company		**(30,357)**	1,002
Minority interests		**426**	4,367
		(29,931)	5,369
		HK cents	*HK cents*
(Loss) earnings per share	*6*		
From continuing and discontinued operations			
– Basic		**(4.16)**	0.14
– Diluted		**N/A**	0.14
From continuing operation			
– Basic		**(4.15)**	0.26
– Diluted		**N/A**	0.26

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2008 HK$'000 (unaudited)	At 31 December 2007 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**481,870**	465,024
Prepaid lease payments on land use rights		**16,729**	15,867
Goodwill		**69,479**	69,479
Mining right		**7,857**	7,436
Interest in a jointly controlled entity		**–**	–
Interest in an associate		**–**	–
Deposit and loan receivable		**205,262**	202,556
		781,197	760,362
CURRENT ASSETS			
Properties held for sale		**1,333**	1,248
Prepaid lease payments on land use rights		**439**	411
Inventories		**54,693**	39,473
Trade and other receivables	*7*	**235,151**	253,971
Deposits and prepayments		**10,572**	8,615
Amount due from a minority shareholder		**–**	1,281
Pledged short-term bank deposits		**13,640**	26,391
Bank balances and cash		**44,583**	41,269
		360,411	372,659
Assets classified as held for sale		**27,227**	–
		387,638	372,659
CURRENT LIABILITIES			
Trade and other payables and deposits received	*8*	**117,578**	142,118
Dividend payable to a minority shareholder		**7,731**	738
Amount due to a minority shareholder		**11,407**	–
Amount due to the then ultimate holding company		**14,370**	12,841
Amount due to a related company		**777**	777
Tax liabilities		**2,074**	3,329
Borrowings due within one year		**222,590**	242,310
		376,527	402,113
Liabilities associated with assets classified as held for sale		**9,128**	–
		385,655	402,113

	Notes	At 30 June 2008 HK$'000 (unaudited)	At 31 December 2007 HK$'000 (audited)
NET CURRENT ASSETS (LIABILITIES)		**1,983**	(29,454)
TOTAL ASSETS LESS CURRENT LIABILITIES		**783,180**	730,908
CAPITAL AND RESERVES			
Share capital		**182,349**	182,349
Reserves		**101,007**	112,736
Equity attributable to equity holders of the Company		**283,356**	295,085
Minority interests		**186,676**	186,677
TOTAL EQUITY		**470,032**	481,762
NON-CURRENT LIABILITIES			
Amount due to a minority shareholder		**602**	400
Borrowings due after one year		**282,457**	220,000
Deferred taxation		**30,089**	28,746
		313,148	249,146
		783,180	730,908

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007 except for the following accounting policy which is applicable to the period ended 30 June 2008.

Disposal group classified as held for sale

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Disposal group's assets classified as held for sale is measured at the lower of the disposal group's previous carrying amount and fair value less costs to sell.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards or amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 13	Customer loyalty programmes[3]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[1]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[4]

[1] *Effective for accounting periods beginning on or after 1 January 2009.*

[2] *Effective for accounting periods beginning on or after 1 July 2009.*

[3] *Effective for accounting periods beginning on or after 1 July 2008.*

[4] *Effective for accounting periods beginning on or after 1 October 2008.*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions – (1) distribution and manufacturing of cement and clinker and (2) distribution and manufacturing of slag powder. The Group's operations are principally located in the People's Republic of China (the "PRC"). The distribution and manufacturing of slag powder is classified as discontinued operation. An analysis of the Group's revenue and segment results by business segments is as follows:

Business segments

	Continuing operation	**Discontinued operation**	
	Distribution and manufacturing of cement and clinker	**Distribution and manufacturing of slag powder**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**
For the six months ended 30 June 2008			
Segment revenue	**242,320**	**4,402**	**246,722**
Segment results	**12,253**	**(119)**	**12,134**
Unallocated income	**5,937**	**–**	**5,937**
Unallocated expenses	**(4,588)**	**–**	**(4,588)**
Finance costs	**(43,155)**	**–**	**(43,155)**
Loss before taxation	**(29,553)**	**(119)**	**(29,672)**
Taxation charge	**(259)**	**–**	**(259)**
Loss for the period	**(29,812)**	**(119)**	**(29,931)**
For the six months ended 30 June 2007			
Segment revenue	185,506	5,575	191,081
Segment results	13,887	(1,129)	12,758
Unallocated income	2,415	2	2,417
Unallocated expenses	(4,567)	–	(4,567)
Finance costs	(8,284)	–	(8,284)
Profit (loss) before taxation	3,451	(1,127)	2,324
Taxation credit	3,045	–	3,045
Profit (loss) for the period	6,496	(1,127)	5,369

4. TAXATION (CHARGE) CREDIT

	Continuing operation and consolidated Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	**(831)**	(615)
Deferred tax:		
Current period	**572**	1,275
Attributable to change in tax rate	**–**	2,385
	572	3,660
	(259)	3,045

No provision for Hong Kong Profits Tax is made as the group companies operating in Hong Kong do not have any assessable profit for both periods. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009.

The PRC Enterprise Income Tax is calculated at the rates applicable to respective subsidiaries. Shanghai Allied Cement Co., Ltd. ("Shanghai SAC") and Shangdong Allied Wangchao Cement Limited ("Allied Wangchao"), subsidiaries of the Company, enjoy PRC Enterprise Income Tax rate of 27% since they are located in designated coastal cities engaging in the manufacturing business. On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 27% to 25% for Shanghai SAC and Allied Wangchao from 1 January 2008. At 31 December 2007, the deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

In accordance with the tax legislations applicable to foreign investment enterprises, one of the subsidiaries in the PRC is entitled to exemptions from the PRC Enterprise Income Tax for the two years commencing from the first profit-making year of operation and thereafter, entitled to a 50% relief from the PRC Enterprise Income Tax for the following three years. The subsidiary can continue to entitle such tax concession according to the New Law and the charge of PRC Enterprise Income Tax for the period has been provided for after taking these tax incentive into account.

5. (LOSS) PROFIT FOR THE PERIOD

	Continuing operation Six months ended 30 June		Discontinued operation Six months ended 30 June		Consolidated Six months ended 30 June	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):						
Amortisation of mining right (included in administrative expenses)	**86**	78	**–**	–	**86**	78
Depreciation of property, plant and equipment	**13,948**	12,440	**398**	360	**14,346**	12,800
Loss on disposal and write-off of property, plant and equipment	**–**	938	**–**	–	**–**	938
Release of prepaid lease payments on land use rights	**220**	197	**–**	–	**220**	197
Interest income	**(3,389)**	(441)	**(1)**	(1)	**(3,390)**	(442)
Gain on disposal of trading securities	**–**	(1,244)	**–**	–	**–**	(1,244)

6. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share	**(30,357)**	1,002
Weighted average number of ordinary share for the purpose of basic (loss) earnings per share	**729,395,043**	729,395,043
Effect of dilutive potential ordinary shares: Share options	**N/A**	751,351
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**N/A**	730,146,394

From continuing operation

The calculation of the basic and diluted (loss) earnings per share from continuing operation attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit for the period attributable to equity holders of the Company	**(30,357)**	1,002
Less: Loss for the period from discontinued operation attributable to equity holders of the Company	**(95)**	(902)
(Loss) profit for the purposes of basic (loss) earnings per share from continuing operation	**(30,262)**	1,904

From discontinued operation

For the six months ended 30 June 2008, basic loss per share from discontinued operation was HK0.01 cent per share (six months ended 30 June 2007: HK0.1 cent per share). For the six months ended 30 June 2007, diluted loss per share from discontinued operation was HK0.1 cent per share. The calculation of the basic and diluted loss per share was based on the loss for the period from the discontinued operation of HK$95,000 (six months ended 30 June 2007: HK$902,000) attributable to the ordinary equity holders of the Company. The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share.

No diluted loss per share was presented for the six months ended 30 June 2008 because all share options outstanding were lapsed in 2007.

7. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing its trade customers credit periods normally ranging from 120 days to 1 year. Included in trade and other receivables are trade receivables of approximately HK$217,830,000 (at 31 December 2007: HK$245,402,000). Trade receivables of a disposal group of approximately HK$13,964,000 has been separately disclosed in assets classified as held for sale as at 30 June 2008.

The following is an aged analysis of trade receivables, including those classified as part of disposal group held for sale, net of allowance for doubtful debts at the balance sheet date:

	At 30 June 2008 (unaudited)	At 31 December 2007 (audited)
	HK$'000	*HK$'000*
0 – 90 days	**156,858**	187,538
91 – 180 days	**49,487**	32,575
181 – 365 days	**22,082**	19,935
Over 1 year	**3,367**	5,354
	231,794	245,402

As at 30 June 2008, discounted bills receivable with recourse of approximately HK$19,318,000 (at 31 December 2007: HK$50,321,000) was included in trade receivables.

8. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

Included in trade and other payables and deposits received are trade payables of approximately HK$64,789,000 (at 31 December 2007: HK$88,702,000). Trade payables of a disposal group of approximately HK$8,365,000 have been classified as part of a disposal group held for sale at 30 June 2008.

The following is an aged analysis of trade payables, including those classified as part of disposal group held for sale, at the balance sheet date:

	At 30 June 2008 (unaudited)	At 31 December 2007 (audited)
	HK$'000	*HK$'000*
0 – 90 days	**58,963**	73,699
91 – 180 days	**4,091**	6,569
181 – 365 days	**5,300**	4,354
Over 1 year	**4,800**	4,080
	73,154	88,702

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2008 (2007: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Although the Group's turnover from continuing operation of manufacture and sales of cement and clinker increased by 30.6% to HK$242,320,000 (2007: HK$185,506,000) for the six months ended 30 June 2008, the Group recorded a net loss attributable to shareholders of HK$30,357,000 compared to a net profit of HK$1,002,000 for the same period last year.

Loss per share (basic) for the six months ended 30 June 2008 was 4.16 HK cents (2007: Earnings per share (basic): 0.14 HK cents) and the net asset value per share as at 30 June 2008 was HK$0.39 (at 30 June 2007: HK$0.42).

REVIEW OF OPERATIONS

Continuing Operation – Cement and Clinker Business

For the six months ended 30 June 2008, turnover of the Group's cement and clinker business increased by 30.6% to HK$242,320,000 (2007: HK$185,506,000) but segment profit decreased by 11.8% to HK$12,253,000 (2007: HK$13,887,000) mainly attributed to increased production costs, particularly the price of coal.

1. Shanghai Allied Cement Co., Ltd. ("Shanghai SAC")

For the first half of 2008, Shanghai SAC recorded a turnover and sales of HK$139,838,000 (2007: HK$103,324,000) and 468,000 tonnes (2007: 414,000 tonnes) respectively, representing increases of 35.3% and 13.0% compared to last year. Segment profit decreased by 49.0% to HK$4,307,000 (2007: HK$8,439,000). During the period under review, Shanghai SAC continued to improve its cooling facilities and decomposition furnace resulting in the reduction of clinker coal consumption to partially offset the negative impact of the substantial increase in the price of coal. The selling price of cement increased significantly in the 2nd quarter and also helped to mitigate the unfavorable effect of the soaring coal prices.

2. Shandong Shanghai Allied Cement Co., Ltd. ("Shandong SAC")

Shandong SAC booked a turnover of HK$28,773,000 (2007: HK$14,465,000) and sales of 152,000 tonnes (2007: 99,000 tonnes) during the period under review. Segment loss amounted to HK$1,845,000 (2007: HK$5,093,000). Shandong SAC continued to focus on improving production methods to reduce cost and enhance quality.

3. Shandong Allied Wangchao Cement Limited ("Allied Wangchao")

During the period, Allied Wangchao's turnover increased by 8.8% to HK$73,709,000 (2007: HK$67,717,000) but its sales decreased by 18.8% to 423,000 tonnes (2007: 521,000 tonnes). Segment profit decreased by 7.1% to HK$9,791,000 (2007: HK$10,541,000). In May 2008, following the acquisition of the remaining 5% equity interest for a consideration of RMB4,577,000, Allied Wangchao has become a wholly-owned subsidiary of the Group.

Discontinued Operation – Slag Powder Business

During the first half of 2008, the turnover and sale of slag powder of Beijing Shanglian Shoufeng Construction Materials Limited ("BSSCML") amounted to HK$4,402,000 (2007: HK$5,575,000) and 11,000 tonnes (2007: 60,000 tonnes). Segment loss amounted to HK$119,000 (2007: HK$1,129,000). With no positive prospects for future improvement for this business and to avoid further loss, the Group entered into a conditional share transfer agreement in June 2008 to dispose the entire equity holding in BSSCML for a consideration of RMB4,700,000. The disposal is expected to be completed within six months from the agreement date.

Conditional Acquisition of Redstone

In September 2007, the Group entered into a conditional sale and purchase agreement ("Conditional Acquisition") to acquire the entire issued share capital of Redstone Gold Limited ("Redstone"), a company engaged in the business of gold mining in Yunnan Province, China, for an aggregate consideration of HK$1 billion. A conditional placing agreement was also entered into to place 600,000,000 new shares of the Company on a fully underwritten basis. The Group is still in the process of carrying out its due diligence exercise on Redstone and the despatch of the circular to shareholders containing, inter alia, a notice to convene a special general meeting to approve the acquisition, has been extended to 31 October 2008.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and loans from principal bankers and financial institutions. As at 30 June 2008, the Group maintained cash reserves of HK$58,223,000 (at 30 June 2007: HK$76,513,000) including pledged short-term bank deposits of HK$13,640,000 (at 30 June 2007: HK$25,314,000). At 30 June 2008, the equity attributable to the equity holders of the Company amounted to HK$283,356,000 (at 30 June 2007: HK$306,795,000). Borrowings of the Group amounted to HK$505,047,000 (at 30 June 2007: HK$226,858,000). The high gearing ratio was the result of additional borrowings obtained for financing payment of the refundable deposit and loan to Redstone for the Conditional Acquisition.

Foreign Exchange Fluctuation

The Group's operations are mainly located in mainland China and its transactions, related working capital and borrowings are primarily denominated in Renminbi.

Charges on Assets

As of 30 June 2008, bank deposits of HK$13,640,000 (at 30 June 2007: HK$24,490,000) were pledged to banks and financial institutions as collateral mainly to secure short term banking facilities in respect of bills payable to suppliers.

As at 30 June 2008, the Group pledged its property, plant and equipment with carrying amount of about RMB27.1 million to secure for an amount of RMB13.4 million of a bank loan of RMB19.5 million granted to a third party who then lent RMB15.5 million to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2008, the Group, including its subsidiaries employed 682 employees (at 30 June 2007: 694). The remuneration policies of the Group are based on the prevailing market levels and the performance of the respective group companies and individual employees. These policies are reviewed on a regular basis.

RISK MANAGEMENT

During the period under review, the Group constantly reviewed the risk and credit control systems of its profit centres to improve the overall control system and mitigate the credit risk.

PROSPECTS

For the foreseeable future, the Group expects to continue to operate against the backdrop of an uncertain economic environment, the decreasing demand for cement in the industry and spiraling in costs such as fuel and coal. Being one of the cement companies selected by the Ministry of Land and Resources and the People's Bank of China to be under the auspices of the State, the Group will continue to devote its resources to enhancing internal control and technology development to improve its competitiveness and to prepare for the challenges ahead.

Subject to the satisfactory completion of the due diligence, the Group believes that the successful acquisition of Redstone is an opportunity to develop its investment and business in the natural resources sector. The Group will also continue to look for other investment opportunities to increase its earnings and enhance value for shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2008, the Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarised below:

1. **Code Provision A.2.1**

   Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

   The Company does not at present have a Chairman. Mr. Ng Qing Hai, being the President and CEO of the Company, is responsible for running the business of the Group and implementation of the Group's strategy in achieving the overall commercial goals as well as part of the duties of Chairman which constitute a deviation from the code provision A.2.1 of the CG Code.

To comply with this code provision, the Company is considering the appointment of a Chairman of the Board if a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group.

2. Code Provisions B.1.3 and C.3.3

Code provisions B.1.3 and C.3.3 stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The terms of reference of the audit committee (the "Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal and external auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

The reasons for the above deviations are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31 December 2007. The Board has reviewed the terms during the period under review and considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30 June 2008. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Statement of Auditing Standards 700 issued by the HKICPA as well as obtaining reports from management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2008.

By Order of the Board
Shanghai Allied Cement Limited
Dato' Wong Peng Chong
Vice President

Hong Kong, 17 September 2008

As at the date of this announcement, the Board comprises Mr. Ng Qing Hai (President and Chief Executive Officer), Dato' Wong Peng Chong (Vice-President) and Mr. Kong Muk Yin, being the Executive Directors; Ms. Chong Sok Un, being the Non-Executive Director; and Mr. Chen Ching, Mr. Jin Hui Zhi and Mr. Li Chak Hung, being the Independent Non-Executive Directors.