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**Deloitte
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INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF SHANGHAI ALLIED CEMENT LIMITED

上海聯合水泥股份有限公司

(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by Shanghai Allied Cement Limited (the “Company”) to review the interim financial report set out pages 4 to 24.

Directors’ responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Society of Accountants, except that the scope of our review was limited as explained below.

A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report. However, the scope of our review was limited as set out below.

Review work performed (CONT'D)

The directors have been unable to obtain sufficient documentary evidence to satisfy themselves as to whether any material modification is required to be made to trade and other payables of a subsidiary amounting to approximately HK\$25,102,000 which were included in the consolidated balance sheet as at 31st December, 2001. During the six months ended 30th June, 2002, this subsidiary has been put into liquidation which resulted in a gain on deconsolidation of approximately HK\$27,819,000. Any adjustments found to be necessary to the trade and other payables at 31st December, 2001 would have a consequential effect on the net profit of the Group for the six months ended 30th June, 2002.

Modified review conclusion arising from limitations of review scope

On the basis of our review which does not constitute an audit, except for possible adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the trade and other payables at 31st December, 2001 and the aforesaid gain on deconsolidation of a subsidiary for the six months ended 30th June, 2002, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2002.

Without modifying our review conclusion, we draw to your attention that as explained in note 1 to the condensed consolidated financial statements, the directors are unable to satisfy themselves that the comparative income statement figures for the six months ended 30th September, 2001 are free from material misstatement. Also, the comparative income statement figures for the six months ended 30th September, 2001 may not be comparable with the figures for the current period.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 28th August, 2002