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A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report

For the three months ended 31 March 2004

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on the GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

The principal means of information dissemination on the GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

The report, for which the directors of A-S China Plumbing Products Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for domestic PRC sales for the three months ended 31 March 2004 increased approximately 2.8% to approximately US\$7.8 million (approximately HK\$60.8 million) compared to the same period last year. Due to the decrease in demand from the United States, the total turnover of the Group decreased 19.2% to approximately US\$13.0 million (approximately HK\$101.4 million) compared to the same period in 2003.
- The Group recorded an operating loss of approximately US\$0.55 million (approximately HK\$4.3 million) and a net loss of approximately US\$0.91 million (approximately HK\$7.1 million) for the three months ended 31 March 2004. During the same period in 2003, the Group recorded an operating loss of approximately US\$0.51 million (approximately HK\$4.0 million) and a net loss of approximately US\$0.87 million (approximately HK\$6.8 million).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2004 (2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and operations review

- The Group's PRC Sales for the three months ended 31 March 2004 (the "Current Period") grew 2.8% over same period last year (the "Relevant Periods") attributable to the continuing improvements in product portfolio and distribution network. However, due to the softening demand in United States, the overall sales dropped 19.2% during the Relevant Periods.
- Due to the continuing cost reduction initiatives, administrative and other operating expenses have decreased by US\$0.38 million (approximately HK\$2.96 million) in the Current Period compared to the same period last year.
- The Group recorded a net loss of approximately US\$0.91 million (approximately HK\$7.10 million) during the Current Period compared to a net loss of US\$0.87 million (approximately HK\$6.79 million) in the same period last year. The loss is mainly due to the decreased in overseas sales.
- The Group continued to focus on rolling out new products and continued to upgrade retail network as well as improving capability in selling to developers and project customers. During this quarter, we strengthened our consumer activities based on the findings from the consumer survey which assisted us in respect of sales policy formulation and its execution in the field.

Prospects

The Group expects to complete the decoration of 100 sales outlets during the second quarter. We are confident that these redesigned sales outlets, carrying new models and popular design products can improve the brand image of the Group and will attract younger homeowners.

FOREIGN CURRENCY EXPOSURE

The Group's reporting currency is in US\$. Most of the transactions, assets and liabilities of the Group are denominated in US\$ and Renminbi ("RMB"). Since the exchange rate fluctuation between US\$ and RMB is minimal, the directors consider that the Group is not significantly exposed to any exchange risk and accordingly, the Group did not utilise any financial instruments in the foreign currency market to hedge against the risk of fluctuation of the RMB in relation to other foreign currencies. The directors believe that, having regard to the working capital position of the Group, the Group is able to meet its future exchange liabilities, if any, as they become due.

**QUARTERLY RESULTS FOR THE THREE MONTHS ENDED
31 MARCH 2004**

The board of directors is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2004 together with the comparative unaudited consolidated results for the corresponding period in 2003 (the "Relevant Periods") as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited three months ended 31 March	
	<i>Notes</i>	2004	2003
		<i>US\$'000</i>	<i>US\$'000</i>
TURNOVER	3	13,011	16,102
Cost of sales		<u>(10,203)</u>	<u>(12,383)</u>
Gross profit		2,808	3,719
Other revenues/(expenses), net		185	(360)
Distribution costs		(455)	(400)
Administrative and other operating expenses		<u>(3,084)</u>	<u>(3,466)</u>
LOSS FROM OPERATING ACTIVITIES		(546)	(507)
Finance costs		<u>—</u>	<u>—</u>
LOSS BEFORE TAX		(546)	(507)
Tax	4	<u>(214)</u>	<u>(161)</u>
LOSS BEFORE MINORITY INTERESTS		(760)	(668)
Minority interests		<u>(148)</u>	<u>(199)</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(908)</u>	<u>(867)</u>
Dividend		<u>—</u>	<u>—</u>
Loss per share (US cents)			
Basic	5	<u>(0.60)</u>	<u>(0.57)</u>

Consolidated Statement of Changes in Equity (Unaudited)

	Issued share capital	Share premium account	Reserve fund	Expansion reserve	Exchange fluctuation reserve	Retained profits/ (accumu- lated losses)	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2004	1,510	85,305	3,088	989	(3,074)	1,695	89,513
Exchange realignment	—	—	—	—	(77)	—	(77)
Net gains and losses not recognised in the profit and loss account	—	—	—	—	(77)	—	(77)
Net loss for the period	—	—	—	—	—	(908)	(908)
At 31 March 2004	<u>1,510</u>	<u>85,305</u>	<u>3,088</u>	<u>989</u>	<u>(3,151)</u>	<u>787</u>	<u>88,528</u>
At 1 January 2003	11	88,814	2,843	908	(3,006)	(2,461)	87,109
Capitalisation of share premium	1,499	(1,499)	—	—	—	—	—
Expenses arising from the listing of the Company's shares	—	(2,010)	—	—	—	—	(2,010)
Exchange realignment	—	—	—	—	(68)	—	(68)
Net gains and losses not recognised in the profit and loss account	1,499	(3,509)	—	—	(68)	—	(2,078)
Net profit for the year	—	—	—	—	—	4,482	4,482
Appropriation to reserve fund and expansion reserve	—	—	245	81	—	(326)	—
At 31 December 2003	<u>1,510</u>	<u>85,305</u>	<u>3,088</u>	<u>989</u>	<u>(3,074)</u>	<u>1,695</u>	<u>89,513</u>

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

2. PRINCIPAL ACTIVITIES

The Group manufactures and distributes in the People's Republic of China (the "PRC") a broad range of bathroom and kitchen fixtures and plumbing fittings under the plumbing product brand names of American Standard Inc. ("ASI"), including the "American Standard" and "Armitage Shanks" brands. The Group has established a manufacturing base for the production of bathroom and kitchen fixtures and plumbing fittings in Beijing, Shanghai, Tianjin and Guangdong provinces using manufacturing equipment and manufacturing technologies developed by American Standard Companies Inc. to ensure the quality of its products.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and business/sales tax where applicable. All significant intra-group transactions have been eliminated on consolidation.

	Three months ended	
	31 March	
	2004	2003
	<i>US\$'000</i>	<i>US\$'000</i>
Segment Revenue		
PRC	7,797	7,588
North America	1,843	6,610
United Kingdom	1,205	896
Others	2,166	1,008
	<hr/>	<hr/>
Total	<u>13,011</u>	<u>16,102</u>

4. TAX

Three months ended
31 March
2004 **2003**
US\$'000 *US\$'000*

Current period provision in respect of:

The PRC	<u>214</u>	<u>161</u>
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Currently, no taxes are imposed by the Cayman Islands on income or capital profits of the Company.

Hong Kong profits tax has not been provided during the Relevant Periods as the Group had no assessable profits attributable to its operations in Hong Kong during the Relevant Periods.

The subsidiaries of the Company in the PRC (the "PRC subsidiaries") were granted or have a right to apply for exemption from corporate income taxes ("CIT") for the two years starting from the first year in which they earn assessable profits, and are entitled to a 50% exemption from CIT for the following three years (the "50% exemption").

A PRC subsidiary A-S Jiangmen Fittings is subject to a CIT rate of 24% and it qualifies as a "technologically advanced enterprise", and pursuant to relevant PRC tax regulations, A-S Jiangmen Fittings is entitled to a 50% CIT exemption for the three years starting from 1 January 2002. Accordingly, the CIT rate of A-S Jiangmen Fittings was 12%. As of 31 March 2004, A-S Jiangmen Fittings has not obtained the written approval from the local tax bureau for current year CIT exemption.

Another PRC subsidiary, Hua Mei Sanitary Ware Co., Ltd. ("Hua Mei") is subject to a CIT rate of 24% and has obtained a written approval for a preferential tax rate of 15% from 1 January 2004 to 31 December 2005 from the local tax bureau as it qualifies as a "high and new technology enterprise".

5. LOSS PER SHARE

The calculation of basic loss per share for the Relevant Periods is based on the net loss from ordinary activities attributable to shareholders for each of the Relevant Periods and on the assumption that 151,034,000 shares had been in issue throughout the Relevant Periods, comprising 11,618 shares issued and 151,022,382 shares issued pursuant to the subdivision and capitalisation issue, as described more fully in the paragraph headed "Capital reorganisation" in appendix IV to the listing document.

No diluted loss per share is presented for each of the Relevant Periods as no diluting events existed.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the three months ended 31 March 2004 (2003: Nil).

DISCLOSURE OF INTERESTS

As at 31 March 2004, the interests of the Directors and the chief executive in the securities of the Company and its associated corporations as required to be recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

(a) Directors' and chief executive's interests in the Company and in associated corporations

So far as was known to any director of the Company, as at 31 March 2004, the interests and short positions of the directors and chief executive in the shares, underlying share or debentures of the Company and 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 Exchange pursuant to the minimum standards of dealing by the directors of a listed issuer as referred to in rule 5.46, were as follows:

Interests in associated corporations

Name of Director/ chief executive	Name of company	Number and description of equity derivatives	Capacity	Type of interest	Approximate percentage of holding
Ms. Low Soong Ing	American Standard	Share options to subscribe for 3,467 shares in American Standard (<i>Note 1</i>)	Beneficial owner	Personal	0.0048%
Mr. Richard M. Ward	American Standard	Share options to subscribe for 17,000 shares in American Standard (<i>Note 2</i>)	Beneficial owner	Personal	0.0238%
Mr. Stephan R. Custer	American Standard	Share options to subscribe for 3,900 Shares in American Standard (<i>Note 3</i>)	Beneficial owner	Personal	0.0055%

Note 1: On 11 February 2002, 6 February 2003 and 4 February 2004, Ms. Low Soong Ing was granted options to subscribe for 1,000, 1,500 and 1,300 shares, respectively, at US\$59.69, US\$68.06 and US\$105.08 per share, respectively, in American Standard Companies Inc., being an associated corporation of the Company (within the meaning of Part XV of the SFO). The options were granted free of consideration. The exercise period is for 10 years from each relevant date of grant. Options to subscribe for 1/3 of the shares under each relevant grant may be exercised on or after the first anniversary of the relevant date of grant; options to subscribe for another 1/3 of the shares may be exercised on or after the second anniversary of the relevant date of grant; and options to subscribe for the remaining shares may be exercised on or after the third anniversary of the relevant date of grant. During the year ended 31 December 2003, 333 share options were exercised.

Note 2: On 28 April 2003 and 4 February 2004, Mr. Richard M. Ward was granted options to subscribe for 10,000 and 7,000 shares, respectively, at US\$70.725 and US\$105.08 per share, respectively, in American Standard Companies Inc., being an associated corporation of the Company (within the meaning of Part XV of the SFO). The options were granted free of consideration. The exercise period is for 10 years from each relevant date of grant. Options to subscribe for 1/3 of the shares under each relevant grant may be exercised on or after the first anniversary of the relevant date of grant; options to subscribe for another 1/3 of the shares may be exercised on or after the second anniversary of the relevant date of grant; and options to subscribe for the remaining shares may be exercised on or after the third anniversary of the relevant date of grant.

Note 3: On 11 February 2002, 6 February 2003 and 4 February 2004, Mr. Stephan R. Custer was granted options to subscribe for 1,000, 1,400 and 1,500 shares, respectively, at US\$59.69, US\$68.06 and US\$105.08 per share, respectively, in American Standard Companies Inc., being an associated corporation of the Company (within the meaning of Part XV of the SFO). The options were granted free of consideration. The exercise period is for 10 years from each relevant date of grant. Options to subscribe for 1/3 of the shares under each relevant grant may be exercised on or after the first anniversary of the relevant date of grant; options to subscribe for another 1/3 of the shares may be exercised on or after the second anniversary of the relevant date of grant; and options to subscribe for the remaining shares may be exercised on or after the third anniversary of the relevant date of grant.

Save as disclosed above, none of the directors and chief executive had registered an interest or short position in the shares and underlying shares of the Company and 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 Rule 5.46 of the GEM Listing Rules.

(b) Interests of substantial shareholders in the Company

So far as was known to any director of the Company, as at 31 March 2004, the persons or companies (not being a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and, or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name of shareholders	Number of shares held	Capacity Company's issued Capital	Type of interest	Approximate percentage of holding
American Standard (<i>Note 4</i>) American Standard International Inc. (<i>Note 4</i>)	82,771,000	Beneficial owner	Corporate	54.80%
American Standard Foreign Sales Limited (<i>Note 4</i>)	82,706,000	Beneficial owner	Corporate	54.76%
American Standard Foreign Trading Limited (<i>Note 4</i>)	82,706,000	Beneficial owner	Corporate	54.76%
Foundation Brunneria (<i>Note 5</i>)	13,000,000	Beneficial owner	Corporate	11.19%
General Oriental Investments Limited (<i>Note 5</i>)	13,000,000	Beneficial owner	Corporate	11.19%

Note 4: American Standard owns a 54.80% shareholding interest in the Company through (i) a wholly-owned subsidiary, American Standard International Inc., being a corporation organized under the laws of the State of Delaware, USA, which in turn owns a 100% interest in American Standard Foreign Sales Limited, being a company incorporated in Bermuda with limited liability, which in turn holds a 100% interest in American Standard Foreign Trading Limited, also being a company incorporated in Bermuda with limited liability, which directly holds a 54.76% shareholding interest in the Company and (ii) another wholly-owned subsidiary of American Standard, ASI, that is one of the beneficiaries under the A-S Executive Trust and is entitled to the transfer of 65,000 shares by the trustees as and when the trustees decide. The 65,000 shares represent a 0.04% shareholding interest in the Company.

Note 5: General Oriental Investments Limited is 100% indirectly owned by Foundation Brunneria, a private discretionary trust whose ultimate beneficiaries are independent from the other shareholders, directors and chief executives of the Company.

Save as disclosed, no person, other than the directors or chief executives of the Company whose interests are set out in the Section "DISCLOSURE OF INTERESTS" above, had registered an interest or short positions in the share or underlying shares of the Company and its associated corporations that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and chief executive's interests in the Company and in associated corporations" above and "Share Option Schemes" below, at no time during the three months ended 31 March 2004 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Group granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or the Group, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

As at 31 March 2004, the Company did not have any share option scheme in place.

SPONSOR'S INTERESTS

As at 31 March 2004, neither Anglo Chinese Corporate Finance, Limited (the "Sponsor") nor any of its respective directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the share capital of the Company or of any members of the Group, or had any right to subscribe for, or to nominate persons to subscribe for the share capital of the Company, or of any members of the Group.

Pursuant to the agreement dated 19 June 2003 between the Company and the Sponsor, the Sponsor is entitled to receive a fee for professional services rendered as the Company's sponsor for the period from the date of listing and ending on 31 December 2005 and the Company shall pay an agreed advisory fee per financial quarter to the Sponsor for its provision of such services.

COMPETING INTERESTS

During the period under review, Ms. Low Soong Ing, a director of the Company, is also a director of American Standard Vietnam Inc. and Sanitary Wares Manufacturing Corp. These two companies are members of American Standard Group, which are engaged in the plumbing products business, and potentially compete with the Group in relation to its export sales to independent third parties. On 16 March 2004, Ms. Low Soong Ing resigned as a director of Sanitary Wares Manufacturing Corp.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2004.

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company has complied with the board practices and procedures as set out in rules 5.34 to 5.45 of the GEM Listing Rules during the three months ended 31 March 2004.

AUDIT COMMITTEE

The Company established an audit committee on 16 June 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has three members comprising two independent non-executive directors, Mr. Chang Sze-Ming, Sydney, and Mr. Ho Tse-Wah, Dean and a non-executive director, Mr. Stephan R. Custer, with Mr. Chang Sze-Ming, Sydney serving as the chairman of the committee. The audit committee has reviewed the Group's un-audited consolidated interim results for the three months ended 31 March 2004.

DIRECTORS

As at the date of this report, the board of directors of the Company comprises (1) Mr. Richard M. Ward and Ms. Cindy Yang as executive directors; (2) Mr. Stephan R. Custer, Mr. Tobias J. Brown and Edena S.I. Low as non-executive directors; and (3) Mr. Chang Sze-Ming, Sydney and Ho Tse-Wah, Dean as independent non-executive directors.

By order of the Board of directors
A-S China Plumbing Products Limited
Richard Ward
Chairman

Hong Kong, 12 May 2004