

ASPPL

A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report

For the three months ended 31 March 2006

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and operations review

- Total turnover of the Group during the quarter ended 31 March 2006 amounted to approximately US\$16.8 million, represents a decreased of approximately 1.2% compared to the same quarter last year. The decreased was mainly due to the strategic reduction of OEM business in the Mainland China.
- Gross profit ratio decreased by approximately 4 percentages point to approximately 30.3% is principally due to a recognition of a loss of US\$0.4 million (2005: profit adjustment of US\$0.2 million) on annual revaluation of standard inventory costs.
- Through the close monitoring of the daily expenses, the selling and distribution costs, administrative and operating expenses have reduced by 9.4% and 1.8% respectively compared to same period last year.
- Profit for the period decreased 30.1% to approximately US\$0.8 million is mainly due to the decreased in gross profit ratio as mentioned above.

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2006

The board of directors is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2006 together with the comparative unaudited consolidated results for the corresponding period in 2005 (the "Relevant Periods") as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited three months ended 31 March	
		2006	2005
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	3	16,830	17,039
Cost of sales		<u>(11,728)</u>	<u>(11,171)</u>
Gross profit		5,102	5,868
Administrative and operating expenses		(3,581)	(3,647)
Distribution costs		(541)	(576)
Other revenue, net		<u>276</u>	<u>63</u>
PROFIT BEFORE TAX		1,256	1,708
Tax	4	<u>(435)</u>	<u>(534)</u>
PROFIT FOR THE PERIOD		<u><u>821</u></u>	<u><u>1,174</u></u>
Attributable to:			
Equity holders of the parent		414	812
Minority interests		<u>407</u>	<u>362</u>
		<u><u>821</u></u>	<u><u>1,174</u></u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS			
OF THE PARENT (US cents)			
– Basic, for profit for the period	5	<u><u>0.27</u></u>	<u><u>0.54</u></u>

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the parent									
	Issued share capital <i>US\$'000</i>	Share		Expansion reserve <i>US\$'000</i>	Exchange		Retained profits <i>US\$'000</i>	Total <i>US\$'000</i>	Minority interests <i>US\$'000</i>	Total equity <i>US\$'000</i>
		premium account <i>US\$'000</i>	Reserve fund <i>US\$'000</i>		fluctuation reserve <i>US\$'000</i>	Total <i>US\$'000</i>				
		<i>US\$'000</i>	<i>US\$'000</i>		<i>US\$'000</i>	<i>US\$'000</i>				
At 1 January 2005	1,510	85,305	3,553	1,306	(3,121)	9,059	97,612	15,429	113,041	
Exchange realignment	-	-	-	-	1,793	-	1,793	264	2,057	
Net loss not recognised in the profit and loss account	-	-	-	-	1,793	-	1,793	264	2,057	
Net profit for the year	-	-	-	-	-	5,951	5,951	2,295	8,246	
Disposal of a subsidiary	-	-	-	-	-	-	-	(2,751)	(2,751)	
Appropriation to reserve fund and expansion reserve	-	-	404	-	-	(404)	-	-	-	
At 31 December 2005 and 1 January 2006	<u>1,510</u>	<u>85,305</u>	<u>3,957</u>	<u>1,306</u>	<u>(1,328)</u>	<u>14,606</u>	<u>105,356</u>	<u>15,237</u>	<u>120,593</u>	
Exchange realignment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>-</u>	<u>473</u>	<u>78</u>	<u>551</u>	
Net gain not recognized in the profit and loss account	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>	<u>-</u>	<u>473</u>	<u>78</u>	<u>551</u>	
Net profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414</u>	<u>414</u>	<u>407</u>	<u>821</u>	
At 31 March 2006	<u><u>1,510</u></u>	<u><u>85,305</u></u>	<u><u>3,957</u></u>	<u><u>1,306</u></u>	<u><u>(855)</u></u>	<u><u>15,020</u></u>	<u><u>106,243</u></u>	<u><u>15,722</u></u>	<u><u>121,965</u></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	
	2006	2005
	US\$'000	US\$'000
Segment revenue		
Mainland China	7,886	8,057
United Kingdom	2,620	2,560
North America	1,524	2,645
Other European countries	2,744	1,057
Others	2,056	2,720
	<u>16,830</u>	<u>17,039</u>
Total	<u>16,830</u>	<u>17,039</u>

4. TAX

	Three months ended	
	31 March	
	2006	2005
	US\$'000	US\$'000
Current period provision in respect of:		
The PRC	<u>435</u>	<u>534</u>

4. **TAX** (CONTINUED)

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 Mainland China 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 Mainland China subsidiary, A-S (Jiangmen) Fittings Co., Ltd (“A-S Jiangmen Fittings”), is subject to a CIT rate of 24% as it is located in a coastal economic development region.

A Mainland China subsidiary, A-S (Shanghai) Pottery Co., Ltd., is subject to a CIT rate of 24% as it is located in Shanghai region and is entitled to a 50% exemption from CIT as it is in its fifth profitable year.

A Mainland China subsidiary, A-S (Tianjin) Pottery Co., Ltd., is subject to a CIT rate of 15% as it is located in Tianjin economic & development zone.

Another Mainland China subsidiary, Hua Mei Sanitary Ware Co., Ltd (“Hua Mei”) is subject to a CIT rate of 24% and is entitled to a preferential tax rate of 15% for the period ended 31 March 2006. As at 31 March 2006, Hua Mei has not obtained the written approval of the preferential CIT rate from the local tax bureau for the current year.

No provision for deferred tax has been provided as the taxable and deductible temporary differences are immaterial for the current and prior periods.

5. **EARNING PER SHARE**

The calculation of basic earning/loss per share for the Relevant Periods is based on the net profit for the period attributable to equity holders of the parent of US\$414,000 (2005: US\$812,000), and weighted average number of issued ordinary shares of 151,034,000 (2005: 151,034,000) during the Relevant Periods.

No diluted earning per share amount 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 2006 (2005: Nil).

DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares and underlying shares

At 31 March 2006, the interests and short positions of the directors and chief executive in the share capital and underlying shares 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 Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, 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
Mr. Richard M. Ward	American Standard	Share options to subscribe for 51,002 shares in American Standard	Beneficial owner	Personal	0.0296%
Mr. Ye Zhi Mao, Jason	American Standard	Share options to subscribe for 1,500 shares in American Standard	Beneficial owner	Personal	0.0006%
Ms. Yang Yu Qing, Cindy	American Standard	Share options to subscribe for 750 shares in American Standard	Beneficial owner	Personal	0.0003%

DISCLOSURE OF INTERESTS (CONTINUED)

(a) Directors' and chief executive's interests and short positions in shares and underlying shares (Continued)

Movement in Directors' interests in options of American Standard Companies Inc. during the period

Name of director	Date of grant	Exercise price US\$	Balance as at 1.1.2006	Granted during the period	Exercised during the period	Balance as at 31.3.2006
Mr. Richard	28.4.2003	23.58	10,002	-	-	10,002
M. Ward	4.2.2004	35.03	21,000	-	-	21,000
	2.2.2005	43.34	10,000	-	-	10,000
	1.2.2006	36.87	-	10,000	-	10,000
			<u>41,002</u>			<u>51,002</u>
Mr. Ye Zhi Mao,	2.2.2005	43.34	500	-	-	500
Jason	1.2.2006	36.87	-	1,000	-	1,000
			<u>500</u>			<u>1,500</u>
Ms. Yang Yu Qing, Cindy	1.3.2001	18.86	<u>750</u>	-	-	<u>750</u>

The above listed directors were granted to subscribe for shares 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 share capital 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 the Model Code for Securities Transactions by Directors of Listed Issuers as refer to Rule 5.46 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS (CONTINUED)

(b) Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

At 31 March 2006, the following interests and short positions of 5% or more of the issued share capital 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 of shareholders	Number of ordinary shares held	Capacity and nature of interest	Percentage of the Company's issued share capital
American Standard Companies Inc (<i>Note 1</i>)	93,253,000	Corporate beneficial owner	61.74%
American Standard International Inc. (<i>Note 1</i>)	93,188,000	Corporate beneficial owner	61.70%
American Standard Foreign Sales Limited (<i>Note 1</i>)	93,188,000	Corporate beneficial owner	61.70%
American Standard Foreign Trading Limited (<i>Note 1</i>)	93,188,000	Corporate beneficial owner	61.70%
Foundation Brunneria (<i>Note 2</i>)	16,900,000	Corporate beneficial owner	11.19%
General Oriental Investments Limited (<i>Note 2</i>)	16,900,000	Corporate beneficial owner	11.19%

Note 1: American Standard Companies Inc. owns a 61.74% shareholding interest in the Company through (i) a wholly-owned subsidiary, American Standard International Inc., being a corporation established 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 owns a 100% interest in American Standard Foreign Trading Limited, also being a company incorporated in Bermuda with limited liability, which directly holds a 61.70% shareholding interest in the Company and (ii) another wholly-owned subsidiary of American Standard Companies Inc., American Standard Inc., being a corporation established under the laws of the State of Delaware, USA, which directly holds a 0.04% shareholding interest in the Company.

Note 2: 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 executive of the Company.

Save as disclosed above, as at 31 March 2006, no other person (other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above) have registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be kept under 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 and short positions in shares and underlying shares" above and "Share Option Schemes" below, at no time during the three months ended 31 March 2006 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 2006, the Company did not have any share option scheme in place.

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 2006.

BOARD PRACTICES AND PROCEDURES

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 throughout the three months ended 31 March 2006.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company had made specific enquiry of all directors whether its directors have complied with, or whether there have been any non-compliance with the required standard of dealings. The Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. During the period ended 31 March 2006, the audit committee had three members, comprising of three independent non-executive directors, Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chi with Mr. Ho Tse-Wah, Dean serving as the chairman of the committee. The audit committee has reviewed the Group's first quarterly report for the three months ended 31 March 2006.

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

As at the date of this report, the Board of the Company comprises Mr. Richard M. Ward, Ms. Cindy Yang, Mr. Ye Zhi Mao, Jason and Mr. Wu Wei Lin, Patrick as executive directors; Mr. Peter James O'Donnell as non-executive director and Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chi as independent non-executive directors.

Hong Kong, 10 May 2006