

ASPPL

A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8262

First Quarterly Report

For the three months ended 31 March 2008

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 report 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 2008 amounted to approximately US\$23.9 million, representing an increase of approximately 16.2% compared to the same quarter last year. Export sales increased by approximately 13.4% and domestic sales increased by nearly 20.1%.

During the quarter the Group continued to roll out in China its new design for its showrooms and benefited from the new leading edge design bathroom suites launched over the last three years.

Gross profit margin decreased by 6.6% to approximately 26.7% principally due to the raw material price increase and deflation of US dollar. However, the Company continues to make good progress towards world-class levels of productivity in its plants.

Profit before tax for the period decreased by 158.2% to approximately net loss of US\$1.1 million mainly due to increased administration and operating cost.

Prospect

The management expects that demand from overseas market will continue to be strong in the next few quarters.

The price of copper, one of the major raw materials in fittings, was relatively stable during the quarter. Management is still concerned about inflationary pressures later in the year.

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

The board of directors is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2008 together with the comparative unaudited consolidated results for the corresponding period in 2007 (the “Relevant Periods”) as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited three months ended 31 March	
		2008	2007
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	3	23,945	20,610
Cost of sales		<u>(17,553)</u>	<u>(13,751)</u>
Gross Profit		6,392	6,859
Other revenue, net		149	37
Distribution costs		(920)	(844)
Administrative and operating expenses		<u>(6,738)</u>	<u>(4,132)</u>
(LOSS)/PROFIT BEFORE TAX		(1,117)	1,920
Tax	4	<u>(625)</u>	<u>(734)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u><u>(1,742)</u></u>	<u><u>1,186</u></u>
Attributable to:			
Equity holders of the parent		(1,819)	820
Minority interests		<u>77</u>	<u>366</u>
		<u><u>(1,742)</u></u>	<u><u>1,186</u></u>
(LOSS)/EARNING PER SHARE ATTRIBUTE TO ORDINARY EQUITY HOLDERS OF THE PARENT (US cents)			
– Basic, for (loss)/profit for the period	5	<u><u>(1.20)</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	Share premium	Reserve	Expansion	Exchange			Total	Minority interest	Total equity
		account	fund	reserve	fluctuation	Capital contribution	Retained profits			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At January 2007	1,510	85,305	4,334	1,306	1,220	-	15,606	109,281	12,156	121,437
Exchange realignment	-	-	-	-	5,035	-	-	5,035	770	5,805
Net gain not recognized in the income statements	-	-	-	-	5,035	-	-	5,035	770	5,805
Loss for the year	-	-	-	-	-	-	(2,850)	(2,850)	1,970	(880)
Dividend declared or paid to minority interest Shareholder	-	-	-	-	-	-	-	-	(3,721)	(3,721)
Equity-settled share option arrangements	-	-	-	-	-	604	-	604	-	604
Dividend declared or paid	-	(24,689)	-	-	-	-	-	(24,689)	-	(24,689)
Appropriation to reserve fund and expansion fund	-	-	2,674	275	-	-	(2,949)	-	-	-
1 January 2008	1,510	60,616	7,008	1,581	6,255	604	9,807	87,381	11,175	98,556
Exchange realignment	-	-	-	-	2,626	-	-	2,626	431	3,057
Net gain not recognized in the profit and loss account	-	-	-	-	2,626	-	-	2,626	431	3,057
Net loss for the period	-	-	-	-	-	-	(1,819)	(1,819)	77	(1,742)
At 31 Mar 2008	1,510	60,616	7,008	1,581	8,881	604	7,988	88,188	11,683	99,871

Notes:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results for the three months ended 31 March 2008 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “GEM Listing Rules”). The Group has adopted the following standards that have been issued and effective for the periods beginning on or before 1 January 2008. The adoption of such standards did not have material effect on these financial statements.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions 1 March 2007
HK(IFRIC) – Int 12	Service Concession Arrangements 1 January 2008
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, 1 January 2008 Minimum Funding Requirements and their Interaction

2. PRINCIPAL ACTIVITIES

The Group manufactures and distributes in China a broad range of bathroom and kitchen fixtures and plumbing fittings under the brand names owned by Ideal Standard Global Ltd. (“ISG”) (Note), including the “American Standard” and “Armitage Shanks” brands. The Group includes the ventures in China, which have established a manufacturing base for the production of bathroom and kitchen fixtures and plumbing fittings in Shanghai, Tianjin and Guangdong province using manufacturing equipment and manufacturing technologies developed by the former ultimate holding company, American Standard Group to ensure the quality of its products.

Note: American Standard Companies Inc. (“ASCI”), ASD Acquisition Corp. (“ASD”) and Ideal Standard International Holding Sarl (“Ideal Standard International”) entered into to a certain Stock and Assets Purchase Agreement, pursuant to which ASD and Ideal Standard International agreed to acquire the worldwide Bath and Kitchen business of ASCI. As part of such acquisition, the Company was sold to Ideal Standard International on 31 October 2007. The Company, ISG, which is an indirect subsidiary of Ideal Standard International and American Standard Inc. (“ASI”), which is a wholly-owned subsidiary of ASCI, entered into an Instrument of Novation, Amendment, Joinder and Release in respect of The Intellectual Property Agreement on Oct 12, 2007, pursuant to which, ISG in place of ASI takes relevant rights, benefits, obligations, duties and entitlements under the Intellectual Property Agreement and Intellectual Property Novation Agreement.

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	
	2008	2007
	<i>US\$'000</i>	<i>US\$'000</i>
Segment revenue		
China	10,199	8,491
European countries	6,912	5,671
North America	3,003	3,800
Others	3,831	2,648
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Total	23,945	20,610
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4. TAX

	Three months ended	
	31 March	
	2008	2007
	<i>US\$'000</i>	<i>US\$'000</i>
Current period provision in respect of:		
The PRC	625	734
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4. TAX (CONTINUED)

Currently, no taxes are imposed in the Cayman Islands on the income or capital profit of the Company.

Hong Kong profits tax has not been provided during the current and prior years as the Group had no assessable profits attributable to its operations in Hong Kong.

Due to the combination of CIT for both foreign investment companies and local companies, from 2008, all companies are subject to CIT rate of 25%, except for those, which are located in High-Technology zones or are qualified as “High and New Technology Companies”, such companies can continue to enjoy certain preferential tax rate granted within a certain period.

A Mainland China subsidiary, A-S(Jiangmen) Fittings Co., Ltd. (“A-S Jiangmen Fittings”), is subject to a CIT rate of 25%.

A Mainland China subsidiary, A-S (Shanghai) Pottery Co., Ltd., is subject to a CIT rate of 25%.

A Mainland China subsidiary, A-S (Tianjin) Pottery Co.,Ltd., is subject to a CIT rate of 18% as it is located in the Tianjin economic and development zone.

Another China subsidiary, Hua Mei Sanitary Ware Co., Ltd (“Hua Mei”) is subject to a CIT rate of 18% for the year ended 31 March 2008 as it is qualified as a “Knowledge and Technology Concentration Enterprise.”

5. EARNING PER SHARE

The calculation of basic earnings per share for the Relevant Periods is based on the net loss for the period attributable to equity holders of the parent of US\$1,819,000 (2007: net gain US\$820,000), and weighted average number of issued ordinary shares of 151,034,000 (2007: 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 2008 (2007: Nil).

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" below, at no time during the period 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 minor children, or were any such rights exercised by them, or was the Company, 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.

DISCLOSURE OF INTERESTS

As at 31 March 2008, 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 and short positions in shares and underlying shares

At 31 March 2008, the interests and short positions of the directors in the share capital and underlying shares of the Company or 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 the Model Code for Securities Transactions by Directors of Listed Issuers as refer to Rule 5.46 of GEM Listing Rules, except as disclosed below, were as follows:

DISCLOSURE OF INTERESTS (CONTINUED)

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

Interest in associated corporations

Name of director/ chief executive	Name of associated corporation	Relationship with the Company	Share/ equity derivatives	Numbers of share/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Richard M. Ward	Ideal Standard International TopCo (BC) Luxco S.C.A. ("Ideal Standard")	Ultimate holding company	CPEC	2,385,965	Directly beneficially owned	Not applicable
			PEC	421,053	Directly beneficially owned	Not applicable
Mr. Ye Zhi Mao, Jason	Ideal Standard	Ultimate holding company	Ordinary shares	244,505	Directly beneficially owned	0.93%
			PEC	177,456	Directly beneficially owned	Not applicable
			CPEC	31,316	Directly beneficially owned	Not applicable
Mr. Gao Jin Min	Ideal Standard	Ultimate holding company	Ordinary shares	719,134	Directly beneficially owned	2.74%
			PEC	831,556	Directly beneficially owned	Not applicable
			CPEC	146,745	Directly beneficially owned	Not applicable

In November 2007, the directors and former director above being senior members of management are requested, by taking the form of co-investment with Bain Capital Ltd. in Ideal Standard to subscribe for certain equity interests in preferred equity certificate ("PEC") and convertible preferred equity certificate ("CPEC"), and ordinary share of Ideal Standard. All the directors, at their own expenses, make the afore-said investment.

DISCLOSURE OF INTERESTS (CONTINUED)

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

At 31 March 2008, 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
Ideal Standard (<i>Note 1</i>)	112,332,150	Corporate beneficial owner	74.37%
Ideal Standard International (<i>Note 1</i>)	112,332,150	Corporate beneficial owner	74.37%
Ideal Standard Holdings (BC) France SAS (<i>Note 1</i>)	95,867,000	Corporate beneficial owner	63.47%
American Standard Foreign Trading Limited (<i>Note 1</i>)	95,867,000	Corporate beneficial owner	63.47%
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: Ideal Standard International, being a subsidiary of Ideal Standard, owns a 74.37% shareholding interest in the Company through (i) a wholly-owned subsidiary, Ideal Standard Holdings (BC) France SAS., being a corporation established under the laws of France, which in turn owns a 100% interest in American Standard Foreign Trading Limited, being a company incorporated in Bermuda with limited liability, which directly holds a 63.47% shareholding interest in the Company; and (ii) a direct shareholding of 16,465,150 shares, which represents approximately 10.90% shareholding interest in the Company.

DISCLOSURE OF INTERESTS (CONTINUED)

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

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.

As disclosed above, at 31 March 2008, 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 and underlying shares" above) had 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.

SHARE OPTION SCHEMES

As at 31 March 2008, 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 2008.

BOARD PRACTICES AND PROCEDURES

The Company 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 2008.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 2008, 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 2008.

By order of the Board of directors
A-S China Plumbing Products Limited
Ye Zhi Mao, Jason
Chairman

As at the date of this report, the Board of the Company comprises Mr. Ye Zhi Mao, Jason, Mr. Gao Jin Min, Ms. Chen Rong Fang and Mr. Wang Gang 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, 15 May 2008