

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 2009

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 Operations Review

- Total turnover of the Group for the three months ended 31 March 2009 amounted to approximately US\$19.18 million (2008: US\$23.94 million).
- Domestic sales and export sales decreased by 13% and 25% respectively compared to the same period last year, resulting from significant softening of the underlying market since the second half of year 2008.
- The gross profit margin of the three months decreased by 1.9% to 24.7% compared to the same period last year principally due to foreign exchange translation losses arising from accounts receivables denominated in Euros.
- The Group recorded a net loss after minority interests of approximately US\$2.5 million during the three months ended 31 March 2009 compared to a net loss after minority interests of approximately US\$1.8 million in the same period last year, which was mainly due to the decrease in gross margin.

Prospect

- Despite the downturn of the global economic environment, management is guardedly confident domestic sales will strengthen as the year progresses based on recent housing market transactions. However, management also recognizes the seriousness of the global recession and that business conditions in the domestic market could weaken. Regrettably, the global recession is affecting every industry with its full magnitude yet to be known.

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"). The directors consider that the Group is not significantly exposed to any exchange risk and accordingly, the Group did not utilize any financial instruments in 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 2009

The board of directors is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2009 together with the comparative unaudited consolidated results for the corresponding period in 2008 (the “Relevant Periods”) as follows:

Condensed Consolidated Profit And Loss Account

		Unaudited three months ended 31 March	
	<i>Notes</i>	2009	2008
		<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	3	19,176	23,945
Cost of sales		<u>(14,432)</u>	<u>(17,553)</u>
Gross profit		4,744	6,392
Other revenues/(expenses), net		(2)	23
Distribution costs		(771)	(920)
Administrative and other operating expenses		<u>(5,912)</u>	<u>(6,612)</u>
LOSS BEFORE TAX		(1,941)	(1,117)
Tax	4	<u>(322)</u>	<u>(625)</u>
LOSS FOR THE PERIOD		<u><u>(2,263)</u></u>	<u><u>(1,742)</u></u>
Attributable to:			
Equity holders of the parent		(2,469)	(1,819)
Minority interests		<u>206</u>	<u>77</u>
		<u><u>(2,263)</u></u>	<u><u>(1,742)</u></u>
LOSS PER SHARE			
ATTRIBUTE TO ORDINARY EQUITY HOLDERS OF THE PARENT(US cents)			
– Basic and diluted, for loss for the period	5	<u><u>(1.63)</u></u>	<u><u>(1.20)</u></u>

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the parent									
	Issued	Share	Reserve	Expansion	Exchange	Share	Retained	Total	Minority	Total
	share capital	premium	fund	reserve	fluctuation	option	profits			
<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>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2008	1,510	60,616	7,008	1,581	6,255	604	9,807	87,381	11,175	98,556
Net gain not recognized in the profit and loss account	-	-	-	-	2,626	-	-	2,626	431	3,057
Net profit/(loss) for the period	-	-	-	-	-	-	(1,819)	(1,819)	77	(1,742)
At 31 March 2008	<u>1,510</u>	<u>60,616</u>	<u>7,008</u>	<u>1,581</u>	<u>8,881</u>	<u>604</u>	<u>7,988</u>	<u>88,188</u>	<u>11,683</u>	<u>99,871</u>
At 1 January 2009	1,510	60,616	7,141	1,581	10,111	604	(2,868)	78,695	13,059	91,754
Net gain not recognized in the profit and loss account	-	-	-	-	5	-	-	5	(44)	(39)
Net profit/(loss) for the period	-	-	-	-	-	-	(2,469)	(2,469)	206	(2,263)
At 31 March 2009	<u>1,510</u>	<u>60,616</u>	<u>7,141</u>	<u>1,581</u>	<u>10,116</u>	<u>604</u>	<u>(5,337)</u>	<u>76,231</u>	<u>13,221</u>	<u>89,452</u>

Notes:

1. BASIS OF PREPARATION

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited consolidated results for the three months ended 31 March 2009 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2008.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but are not currently relevant for the Group.

IFRIC/HK(IFRIC) – Int 11	IFRS/HKFRS 2 – Group and Treasury Share Transactions
IFRIC/HK(IFRIC) – Int 12	Service Concession Arrangements
IFRIC/HK(IFRIC) – Int 14	IAS/HKAS 19 – The Limit on a Defined Benefit Asset 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”), 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.

The Group’s products are sold domestically through a network of authorised dealers and their sub-dealers via their sales outlets throughout China.

The Group also exports some of its products to Europe and North America.

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.

	Unaudited	
	three months ended	
	31 March	
	2009	2008
	<i>US\$'000</i>	<i>US\$'000</i>
Segment Revenue		
Mainland China	8,835	10,199
North America	3,836	3,003
European countries	3,466	6,912
Others	3,039	3,831
	<hr/>	<hr/>
Total	19,176	23,945
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4. TAX

	Unaudited	
	three months ended	
	31 March	
	2009	2008
	<i>US\$'000</i>	<i>US\$'000</i>
Current period provision in respect of:		
The PRC	322	625
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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.

A Mainland China subsidiary, A-S (Jiangmen) Fittings Co., Ltd. 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 20% as it is located in the Tianjin economic and development zone.

Another China subsidiary, Hua Mei Sanitary Ware Co., Ltd is subject to a CIT rate of 20% as it is qualified as a "Knowledge and Technology Concentration Enterprise."

5. LOSS PER SHARE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amount is based on the net loss for the period attributable to equity holders of the parent of US\$2,469,000 (2008: net loss US\$1,819,000), and weighted average number of issued ordinary shares of 151,034,000 (2008: 151,034,000) during the period.

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 2009 (2008: 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 2009, 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 2009, 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 Rule 5.46 of the GEM Listing Rules, were as follows:

DISCLOSURE OF INTERESTS (CONTINUED)

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

Interests 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. Ye Zhi Mao, Jason	Ideal Standard International TopCo (BC) Luxco S.C.A ("Ideal Standard")	Ultimate holding company	Ordinary shares	244,505	Directly beneficially owned	0.97%
			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	2.86%
			PEC	831,556	Directly beneficially owned	Not applicable
			CPEC	146,754	Directly beneficially owned	Not applicable
Chen Rong Fang	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	154,381	Directly beneficially owned	Not applicable
			CPEC	27,244	Directly beneficially owned	Not applicable

DISCLOSURE OF INTERESTS (CONTINUED)**(a) Directors' and chief executive's interests and short positions in shares and underlying shares (continued)***Interests in associated corporations (continued)*

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
Wang Gang	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	214,030	Directly beneficially owned	Not applicable
			CPEC	37,770	Directly beneficially owned	Not applicable
Yang Xiong	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	512,276	Directly beneficially owned	Not applicable
			CPEC	90,402	Directly beneficially owned	Not applicable

The directors 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 2009, the following interests and short positions of 10% or more of the issued share capital of the company were recorded in the register of interest 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	Approximate percentage of holding
Ideal Standard (<i>Note 1</i>)	96,375,500	Corporate Beneficial owner	63.81%
Ideal Standard International Holding Sarl ("Ideal Standard International") (<i>Note 1</i>)	96,375,500	Corporate Beneficial owner	63.81%
Ideal Standard Holding (BC) France SAS. (<i>Note 1</i>)	95,867,000	Corporate Beneficia 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 63.81% 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 508,500 shares, which represents approximately 0.34% 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.

DISCLOSURE OF INTERESTS (CONTINUED)

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

As disclosed above, as at 31 March 2009, 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) 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 2009, 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 2009.

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 2009.

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 and its code of conduct regarding securities transactions by directors.

COMPLIANCE WITH CODE OF BEST PRACTICE

To the best knowledge of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

For the three months ended 31 March 2009, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on the GEM.

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. As at 31 March 2009, 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. Wong Kin Chi serving as the chairman of the committee. The audit committee has reviewed the Group's First Quarterly Report for the period ended 31 March 2009.

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

As at the date of this report, the Board comprises the following directors:

Mr. Ye Zhi Mao, Jason (*Executive Director*)
Mr. Gao Jin Min (*Executive Director*)
Ms. Chen Rong Fang (*Executive Director*)
Mr. Wang Gang (*Executive Director*)
Mr. Yang Xiong (*Executive Director*)
Mr. Peter James O'Donnell (*Non-executive Director*)
Mr. Chang Sze-Ming, Sydney (*Independent Non-executive Director*)
Mr. Ho Tse-Wah, Dean (*Independent Non-executive Director*)
Mr. Wong Kin Chi (*Independent Non-executive Director*)

Hong Kong, 8 May 2009