A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8262)

Annual Results Announcement
For the year ended 31 December 2008

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

The GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of Stock Exchange 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 Stock 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 at www.hkgem.com in order to obtain up-to-date information on the GEM-listed issuers.

The Results, for which the directors of A-S China Plumbing Products Limited (the "Company" or "ASPPL") 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 ASPPL. The directors of ASPPL, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Results 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 Results 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.

RESULTS

The Directors of the Company present herewith the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008, together with the comparative figures for the corresponding period in 2007, as follows:

Consolidated Income Statement

For the year ended 31 December 2008

	Note	Year ended 31 December **2008** **US$'000**	2007 US$'000
Revenue	3	**115,552**	106,674
Cost of sales		**(80,538)**	(72,016)
Gross profit		**35,014**	34,658
Other expenses, net		**(165)**	(196)
Distribution costs		**(3,966)**	(3,582)
Administrative and operating expenses		**(29,796)**	(21,693)
Amortisation of intellectual property rights		**–**	(6,998)
Provision on liquidation of a subsidiary	7	**(9,975)**	–
(Loss)/profit before income tax		**(8,888)**	2,189
Income tax expense	8	**(2,473)**	(3,069)
Loss for the year		**(11,361)**	(880)
Attributable to:			
Equity holders of the Company		**(12,542)**	(2,850)
Minority interests		**1,181**	1,970
		(11,361)	(880)
Basic/diluted loss per share for loss attributable to the equity holders of the Company during the year (US cents)	9	**(8.30)**	(1.89)
Dividends	10	**–**	24,689

Consolidated Balance Sheet

As at 31 December 2008

	Note	As at 31 December 2008 US$'000	2007 US$'000
ASSETS			
Non-current assets			
Goodwill		**2,105**	2,105
Land use rights		**8,259**	8,121
Property, plant & equipment		**48,793**	49,767
Other non-current assets		**3,523**	1,550
		62,680	61,543
Current assets			
Inventories		**11,570**	10,448
Trade receivables	4	**11,867**	13,779
Amounts due from related parties		**17,420**	10,919
Deposits, prepayments and other receivables		**4,489**	3,259
Cash and cash equivalents		**18,924**	30,857
		64,270	69,262
Total assets		**126,950**	130,805
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**1,510**	1,510
Reserves		**77,185**	85,871
		78,695	87,381
Minority interests		**13,059**	11,175
Total equity		**91,754**	98,556
LIABILITIES			
Current liabilities			
Trade payables	5	**9,994**	8,929
Amounts due to related parties		**7,383**	5,848
Other payables and accruals		**16,894**	16,545
Current income tax liabilities		**761**	763
Dividend payable		**164**	164
Total liabilities		**35,196**	32,249
Total equity and liabilities		**126,950**	130,805
Net current assets		**29,074**	37,013
Total assets less current liabilities		**91,754**	98,556

Consolidated statement of changes in equity

For the year ended 31 December 2008

	Attributable to equity holders of the Company								
	Issued share capital	Share premium account	Statutory and discretionary reserve fund	Currency translation reserve	Capital contribution	Retained earnings/ (Accumulated losses)	Total	Minority interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	**1,510**	**85,305**	**5,640**	**1,220**	**–**	**15,606**	**109,281**	**12,156**	**121,437**
Net gain not recognised in the income statement	–	–	–	5,035	–	–	5,035	770	5,805
(Loss)/profit for the year	–	–	–	–	–	(2,850)	(2,850)	1,970	(880)
Dividends paid to minority interests	–	–	–	–	–	–	–	(3,721)	(3,721)
Equity-settled share option arrangements	–	–	–	–	604	–	604	–	604
Interim dividend paid	–	(24,689)	–	–	–	–	(24,689)	–	(24,689)
Appropriation to reserve fund and expansion fund	–	–	2,949	–	–	(2,949)	–	–	–
Balance at 31 December 2007 and at 1 January 2008	**1,510**	**60,616**	**8,589**	**6,255**	**604**	**9,807**	**87,381**	**11,175**	**98,556**
Net gain not recognised in the income statement	–	–	–	3,856	–	–	3,856	703	4,559
(Loss)/profit for the year	–	–	–	–	–	(12,542)	(12,542)	1,181	(11,361)
Appropriation to reserve fund and expansion fund	–	–	133	–	–	(133)	–	–	–
Balance at 31 December 2008	**1,510**	**60,616**	**8,722**	**10,111**	**604**	**(2,868)**	**78,695**	**13,059**	**91,754**

Notes To The Financial Information

For the year ended 31 December 2008

1. GENERAL INFORMATION

A-S China Plumbing Products Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 1993 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares have been listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 July 2003. The Company's registered office address is P.O. Box 309 Ugland House, South Church Street, Grand Cayman, the Cayman Islands.

During the year, the Company remained an investment holding company and its subsidiaries were principally engaged in the manufacture, sale and distribution of plumbing products in China. The Company and its subsidiaries are collectively referred to as the "Group" in these financial statements.

American Standard Companies Inc. ("ASCI"), ASD Acquisition Corp. ("ASD") and Ideal Standard International Holding Sarl ("Ideal Standard International") entered into certain stock and assets purchase agreements, pursuant to which ASD and Ideal Standard International agreed to acquire the worldwide bath and kitchen products business of ASCI which includes the Group. In October 2007, ASCI completed the sale of its worldwide bath and kitchen products business to Ideal Standard International. Ideal Standard International is a 100% owned subsidiary of Ideal Standard International Topco (BC) Luxco S.C.A. ("Ideal Standard").

As at 31 December 2008, in the opinion of the directors, the immediate holding company of the Company is American Standard Foreign Trading Limited, the penultimate holding company of the Company is Ideal Standard International and the ultimate holding company of the Company is Ideal Standard.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, financial assets and financial liabilities are generally stated at fair value.

2. BASIS OF PREPARATION *(Continued)*

(a) Amendments and interpretations effective in 2008

In 2008, the Group adopted the following amendments and interpretation to existing standards which are relevant to its operations.

- The HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any significant impact on the Group's financial statements.

- HK(IFRIC) – Int 11, HKFRS 2 – 'Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group parties. This interpretation does not have a significant impact on the Group's financial statements.

(b) Interpretations effective in 2008 but are not relevant to the Group

The following interpretation to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the Group's operations:

- HK(IFRIC) – Int 12, 'Service concession arrangements'
- HK (IFRIC) – Int 14, HKAS 19 – 'The limit on a defined benefit asset, minimum funding requirements and their interaction'

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group

The following standards and amendments to existing standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply HKAS 1 (Revised) from 1 January 2009. It is likely that both the consolidated income statement and statement of comprehensive income will be presented as performance statements.

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The Group will apply HKFRS 8 from 1 January 2009. The adoption of the standard is not expected to have significant impact on the Group's financial statements.

- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) retrospectively from 1 January 2009 but is currently not applicable to the Group as there are no borrowings.

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group (Continued)

- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010. The adoption of the standard is not expected to have significant impact on the Group's financial statements as currently no material transaction with minority interest is anticipated.

- HKFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 January 2009, but it is not expected to have a material impact on the Group's financial statements.

- HKFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010. The adoption of the standard is not expected to have significant impact on the Group's financial statements as currently no material business combination activities are anticipated.

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008

  ➢ HKAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the HKAS 1 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's financial statements.

  ➢ HKAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).

  – The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

  – The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

  – The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

  – HKAS 37, 'Provisions, contingent liabilities and contingent assets' requires contingent liabilities to be disclosed, not recognised. HKAS 19 has been amended to be consistent.

  The Group will apply the HKAS 19 (Amendment) from 1 January 2009.

  ➢ HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39, 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group will apply the HKAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008 *(Continued)*

  ➢ HKAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

  ➢ HKAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the HKAS 38 (Amendment) from 1 January 2009.

  ➢ HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009).

    – This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

    – The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008 *(Continued)*
  - ➢ HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009) *(Continued)*.
    - – The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that HKAS 39 is consistent with HKFRS 8, 'Operating segments' which requires disclosure for segments to be based on information reported to the chief operating decision maker. Currently, for segment reporting purposes, each subsidiary designates and documents (including effectiveness testing) contracts with group treasury as fair value or cash flow hedges so that the hedges are reflected in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision maker. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision maker) but the Group will not formally document and test this hedging relationship.

    - – When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

      The Group will apply the HKAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's consolidated income statement.

2. BASIS OF PREPARATION *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective in 2008 and have not been early adopted by the Group *(Continued)*

- HKICPA's improvements to HKFRS published in October 2008 *(Continued)*

  ➢ HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

  ➢ There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue' and HKAS 34, 'Interim financial reporting' which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

3. SEGMENT INFORMATION

The Group's revenue is principally derived from the manufacture, sale and distribution of plumbing products with focus in Mainland China. The products of the Group are subject to similar risks and returns and therefore, the Group has only one business segment.

An analysis of the segment revenue of the Group's geographical segments is as follows:

	Segment revenue	
	2008	2007
	US$'000	US$'000
Mainland China	**60,276**	54,892
European countries	**26,677**	24,965
North America	**11,045**	13,282
Others	**17,554**	13,535
Total	**115,552**	106,674

No further geographical segment information is provided as over 90% of the Group's assets are located in Mainland China.

4. TRADE RECEIVABLES

	Group	
	2008	2007
	US$'000	US$'000
Trade receivables	**13,962**	14,973
Less: Provision for impairment of receivables	**(2,095)**	(1,194)
Trade receivables – net	**11,867**	13,779

The Group's trading terms with its customers are mainly on credit. The Group generally grants a credit term of 60 to 210 days to its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

4. TRADE RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	US$'000	US$'000
Within 30 days	**3,955**	7,708
Within 31-90 days	**4,078**	2,503
Within 91-180 days	**2,606**	2,418
Over 180 days	**1,228**	1,150
	11,867	13,779

5. TRADE PAYABLES

At 31 December 2008, the ageing were as follows:

	Group	
	2008	2007
	US$'000	US$'000
Within 30 days	**8,061**	7,096
Within 31-90 days	**1,078**	431
Within 91-180 days	**415**	400
Over 180 days	**440**	1,002
	9,994	8,929

The trade payables are non-interest-bearing and are normally settled within 30 to 60 days terms.

6. EXPENSES BY NATURE

	2008 US$'000	2007 US$'000
Changes in inventories of finished goods and work in progress	**(1,074)**	(1,860)
Raw materials and consumables used	**60,368**	53,844
Non-refundable input VAT on export	**5,815**	3,616
Employee benefit expenses	**15,903**	14,726
Amortisation of land use rights	**247**	216
Depreciation	**4,689**	4,222
Amortisation of other non-current assets	**1,167**	815
Operating lease payments	**870**	792
Auditors' remuneration	**245**	195
Provision for doubtful debts (Note 4)	**901**	640
Provision/(reversal) of provision against slow-moving inventories	**42**	(155)
Equity-settled share option expense	**–**	604
Research and development costs	**432**	1,095
Management fee expenses	**500**	450
Trademark, technical and management assistance fee	**2,830**	2,641
Distribution costs	**3,966**	3,582
Advertising and marketing costs	**10,666**	6,720
Maintenance expense	**1,177**	1,021
Travel and entertainment expenses	**1,081**	989
Foreign exchange losses, net	**2,171**	782
Other expenses	**2,304**	2,356
Total cost of sales, distribution costs and administrative expenses	**114,300**	97,291

7. PROVISION ON LIQUIDATION OF A SUBSIDIARY

According to the long-term manufacturing optimization strategy, approval of the Board of the Company and agreement with the joint venture partner, the Group has planned to liquidate an unprofitable bathtub plant, A-S Guangzhou Bathtubs. It has ceased production and operation in the September of 2008. All the employees have been dismissed in accordance with local laws and regulations. ASCC has entered into a Framework Agreement with the local partners about A-S Guangzhou Bathtubs restructuring and the acquisition of local partners' shares in A-S Guangzhou Bathtubs. The relevant transactions were under negotiation and bidding process of state-owned assets. All the bathtub manufacturing has been consolidated in another plant in Guangdong to enhance overall operating efficiency. Inventories have been stated at the lower of cost and net realisable value. Land use rights and property, plant & equipment has been written down to fair value less costs to sell. The restructuring costs include assets impairment, termination severance and other restructuring related expenses.

	2008
	US$'000
Assets Impairment	
– Property, plant and equipment	**7,125**
– Inventory	**216**
Termination severance	**743**
Others	**1,891**
	9,975

8. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits subject to Hong Kong profits tax.

PRC income tax for 2008 is calculated based on the statutory income tax rate of 25% (2007: 33%) of the assessable income of the Group except for certain subsidiaries which are taxed at preferential rates of 18% (2007: 10% to 27%) based on the relevant PRC tax rules and regulations.

	2008	2007
	US$'000	US$'000
Current tax:		
– PRC income tax	**2,473**	3,069
Income tax expense	**2,473**	3,069

8. INCOME TAX EXPENSE *(Continued)*

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to (losses)/profits of the consolidated entities as follows:

	2008	2007
	US$'000	US$'000
(Loss)/profit before tax	**(8,888)**	2,189
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective countries	**(2,222)**	722
Tax effects of:		
Preferential tax rates on the income of certain subsidiaries	**(305)**	(2,832)
Expenses not deductible for tax purposes	**743**	131
Tax losses for which no deferred income tax asset was recognised		
– the Company and the subsidiary to be liquidated	**2,981**	2,888
– other entities	**1,276**	2,160
Tax charge	**2,473**	3,069

9. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to equity holders of the Company of US$12,542,000 (2007: US$2,850,000), and the weighted average number of issued ordinary shares of 151,034,000 (2007: 151,034,000) during the year.

Diluted loss per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed as no diluting events existed during the current or prior year.

The calculation of basic loss per share is based on:

	2008	2007
	US$'000	US$'000
Loss:		
Loss attributable to equity holders of the Company used in the basic (loss) per share calculation	**(12,542)**	(2,850)

	2008	2007
Share:		
Weighted average number of shares in issue during the year used in basic loss per share calculation	**151,034**	151,034

	2008	2007
	US cents	US cents
Basic loss per share attributable to equity holders of the Company:	**(8.30)**	(1.89)

10. DIVIDENDS

	2008	2007
	US$'000	US$'000
Interim dividend paid of US$Nil (2007: US$16.3 cents) per ordinary share	**–**	24,689

No final dividend was proposed for 2007 and 2008.

OPERATING RESULTS

The following discussion and analysis of the Group's financial position and results of operations should be read in conjunction with the audited financial statements and the related notes.

During the year, the Group's overall sales increased 8.3% to US$115,552,000. Despite a significant softening of the underlying market in the second half of the year, China sales for the year still recorded an increase of 10% over the year with the effort of the management. Export sales continued to improve due to the continuing improvement of product portfolios. The Group reported 7% growth in export sales for the year.

During the year, energy costs and material costs such as the price of copper has significantly increased. The Group raised its selling price in the mid of the year and successfully transferred part of the increased costs to customers to maintain its reasonable profit margin. Nevertheless, gross profit percentage of the Group still recorded a decrease from 32.5% for 2007 to 30.3% for the year.

The Group recorded a net loss after minority interests of approximately US$12.5 million for the year compared to a net loss after minority interests of approximately US$2.9 million for 2007. The net loss for the year was mainly due to a provision of restructuring costs incurred for the liquidation of a subsidiary of approximately US$10.0 million. By excluding the restructuring costs for the liquidation of the subsidiary, the Group recorded a net loss after minority interests of approximately US$2.5 million, which was mainly due to much stronger sales and marketing investment, which aimed to strengthen the brand image.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

At 31 December 2008, the net current assets of the Group amounted to US$29.1 million. The current assets comprised of cash and bank deposits of approximately US$18.9 million (of this amount, approximately US$18 million is held by Company's subsidiaries, some of which have minority ownership interests), and accounts receivable of approximately US$11.9 million, inventories of approximately US$11.6 million, prepayments, deposits, other receivables of approximately US$4.5 million and amounts due from related parties of approximately US$17.4 million. The current liabilities comprised of accounts payable of approximately US$10.0 million, amounts due to related parties approximately US$7.4 million, corporate income tax payable of approximately US$0.8 million, other payables, deposits and accrued liabilities of approximately US$16.9 million. The outstanding dividend payable as at 31 December 2008 is US$0.16 million. There were no outstanding bank loans or finance lease obligations as at 31 December 2008.

Foreign currency risk

The Group has foreign currency risk as certain of its receivables arising from China sales are denominated in RMB. The fluctuation of the exchange rates of US$ against RMB could affect the Group's result of operations.

Prospects

In these difficult economic times, management is confident that domestic sales will maintain growth in 2009 over the year. However, the recession is right at the corner and has affected every industry with its magnitude yet to be known.

EMPLOYEE INFORMATION

As at 31 December 2008, the Group had 1,521 (2007: 1,593) full time employees. Employee costs amounted to US$15,903,000 (2007: US$14,726,000). The Group is an equal opportunity employer, with the selection and promotion of individual based on suitability for the position offered. The salaries and benefit levels of the Group's employees are kept in competitive level and employees are rewarded on a performance related basis with the general framework of the Group's salary and bonus system, which is reviewed annually. A wide range of benefits, including medical coverage and retirement plans are also provided to employees.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DISTRIBUTABLE RESERVES

At 31 December 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to US$411,000 (2007: US$19,874,000). Under the Companies Laws of the Cayman Islands, the Company can distribute dividends out of the share premium account in the amount of US$59,228,000 (2007: US$59,228,000) provided that the Company will be able to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for 38% (2007: 43%) of the total sales for the year and sales to the largest customer included therein amounted to 20% (2007: 22%). Purchase from the Group's five largest suppliers accounted for less than 30% (2007: less than 30%) of the total purchases for the year.

Except for Ideal Standard International BVBA, American Standard Bath & Kitchen (Thailand) Public Company Ltd. and American Standard Korea Inc. which are related parties of the Company, none of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

BOARD PRACTICE AND PROCEDURE

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 year ended 31 December 2008.

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 GEM Listing Rules.

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 has made specific inquiry of all directors whether its directors have complied with or whether there has 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 during the year.

AUDIT COMMITTEE

The Company established an Audit Committee (the "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 control. During the year ended 31 December 2008, the Committee had three members, comprising 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 Committee has reviewed the Group's audited financial statements for the year ended 31 December 2008.

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

As at the date of this announcement, 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, 25 March 2009