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## **A-S China Plumbing Products Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8262)

### **CHANGE OF CONNECTED PERSONS IN RESPECT OF CERTAIN CONTINUING CONNECTED TRANSACTIONS**

Reference is made to (a) the Public Documents and (b) the Joint Announcement.

#### **NOVATION OF 2007 CONTINUING CONNECTED TRANSACTIONS AGREEMENTS**

On 22 June 2009, the Company and INAX jointly announced, amongst other matters, that INAX had entered into the Share and Asset Purchase Agreement with Ideal Standard in respect of the Acquisition and the Offer. Completion of the Acquisition is conditional upon the Conditions Precedent being fulfilled (or, if applicable, waived) at or prior to Completion. Subject to the fulfillment (or if applicable, waiver) of such conditions, Completion is expected to take place on or about 2 July 2009.

As disclosed in the Joint Announcement, INAX has undertaken under the Share and Asset Purchase Agreement that as soon as practicable after satisfaction or waiver of the Conditions Precedent, and in any case not later than 10 days after Completion, it will make the Offer to acquire all the issued Shares. Ideal Standard has agreed to cause all Shares directly or indirectly held by it or any of its Affiliates (including ASFTL), to be tendered in the Offer forthwith.

To the extent that INAX does not post (or procure the posting of) the offer document in respect of the Offer within 10 days after Completion, INAX has undertaken under the Share and Asset Purchase Agreement to forthwith acquire all of the Shares held directly or indirectly by Ideal Standard or any of its Affiliates. In that event, INAX would be obliged to make a mandatory unconditional cash offer for all the Shares not then owned by INAX and persons acting in concert with it.

Further details of the Offer and the possible mandatory unconditional cash offer are set out in the Joint Announcement.

Immediately following the Transfer, Ideal Standard and its associates will cease to be connected persons of the Company and INAX and its associates will become connected persons of the Company.

In connection with the Acquisition, INAX, Ideal Standard (UK) and the relevant member(s) of the Group entered into the New Novation Agreements on 26 June 2009, which shall become effective until each of the following conditions is satisfied: (i) closing of the Share and Asset Purchase Agreement; (ii) receipt of the approval of the novation of the relevant New Novation Agreements by the Independent Shareholders; (iii) in relation to the Management and Administrative Assistance Agreement, the Intellectual Property Agreement and the Reimbursement Agreements, the approval of the Board; and (iv) in relation to the Export Distributorship Agreements, Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements, the approval of the board of directors of the relevant PRC Ventures, pursuant to which Ideal Standard (UK) will assign and novate its rights and obligations under the 2007 Continuing Connected Transactions Agreements to INAX with no amendment to the operating provisions of the existing terms and conditions of the 2007 Continuing Connected Transactions Agreements. The entering into of the New Novation Agreements in respect of the relevant 2007 Continuing Connected Transactions Agreements and the transactions contemplated thereunder constitute new continuing connected transactions of the Company, some of which require the approval of the Independent Shareholders.

## **EGM**

An EGM will be convened for the purpose of considering and, if deemed appropriate, approving, the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions. A circular containing particulars of the Non-exempt Continuing Connected Transactions, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice of the EGM to approve the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions will be despatched to the Shareholders as soon as practicable.

## **1. INTRODUCTION**

Reference is made to (a) the Public Documents and (b) the Joint Announcement.

As at the date of this announcement, Ideal Standard and its associates, owned an aggregate of 96,375,500 Shares, representing approximately 63.81% of the issued share capital of the Company, and is therefore a substantial shareholder of the Company. Accordingly, as at the date of this announcement, Ideal Standard and its associates (which include ASFTL and other members of the Ideal Standard Group) are connected persons of the Company.

## **2. POSSIBLE CHANGE IN SHAREHOLDING**

Reference is also made to the Joint Announcement in relation to the Acquisition and the Offer.

### **2.1. Sale of the Asia Bath and Kitchen Business by Ideal Standard**

On 22 June 2009, the Company and INAX announced in the Joint Announcement that INAX had entered into the Share and Asset Purchase Agreement with Ideal Standard pursuant to which INAX agreed to acquire the Asia Bath and Kitchen Business from Ideal Standard according to the terms and conditions of the Share and Asset Purchase Agreement. Completion of the Acquisition is conditional upon the Conditions Precedent being fulfilled (or, if applicable, waived) at or prior to Completion. Subject to the fulfillment (or if applicable, waiver) of such conditions, Completion is expected to take place on or about 2 July 2009.

As disclosed in the Joint Announcement, INAX has undertaken under the Share and Asset Purchase Agreement that as soon as practicable after satisfaction or waiver of the Conditions Precedent, and in any case not later than 10 days after Completion, it will make the Offer to acquire all the issued Shares. Ideal Standard has agreed to cause all Shares directly or indirectly held by it or any of its Affiliates (including ASFTL) to be tendered in the Offer forthwith.

To the extent that INAX does not post (or procure the posting of) the offer document in respect of the Offer within 10 days after Completion, INAX shall forthwith acquire all of the Shares held directly or indirectly by Ideal Standard or any of its Affiliates. In that event, INAX would be obliged to make a mandatory unconditional cash offer for all the Shares not then owned by INAX and persons acting in concert with it.

Further details of the Offer and the possible mandatory unconditional cash offer are set out in the Joint Announcement.

## **2.2. Change of Connected Persons of the Company**

As at the date of this announcement, Ideal Standard directly holds 508,500 Shares, and indirectly, through ASFTL, holds 95,867,000 Shares, representing in aggregate 96,375,500 Shares, or approximately 63.81% of the issued share capital of the Company and Ideal Standard and its associates are therefore connected persons of the Company. Immediately following the Transfer, Ideal Standard and its associates will cease to be connected persons of the Company and INAX and its associates will become connected persons of the Company.

## **2.3. Novation of the 2007 Continuing Connected Transactions Agreements**

In connection with the Acquisition, Ideal Standard (UK), INAX and the relevant member(s) of the Group entered into fifteen (15) New Novation Agreements on 26 June 2009 for the novation of the 2007 Continuing Connected Transactions Agreements, which shall become effective until each of the following conditions is satisfied: (i) closing of the Share and Asset Purchase Agreement; (ii) receipt of the approval of the novation of the relevant New Novation Agreements by the Independent Shareholders; (iii) in relation to the Management and Administrative Assistance Agreement, the Intellectual Property Agreement and the Reimbursement Agreements, the approval of the Board; and (iv) in relation to the Export Distributorship Agreements, Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements, the approval of the board of directors of the relevant PRC Ventures, pursuant to which Ideal Standard (UK) will assign and novate its rights and obligations under the 2007 Continuing Connected Transactions Agreements to INAX with no amendment to the operating provisions of the existing terms and conditions of the 2007 Continuing Connected Transactions Agreements.

The entering into of the New Novation Agreements in respect of the 2007 Continuing Connected Transactions Agreements and the transactions contemplated thereunder constitute the New Continuing Connected Transactions of the Company, some of which require the approval of the Independent Shareholders. Details of the New Continuing Connected Transactions are set out below.

### 3. THE NEW CONTINUING CONNECTED TRANSACTIONS

#### 3.1 The agreements governing the New Continuing Connected Transactions

The terms of the New Continuing Connected Transactions are governed by the 2007 Continuing Connected Transactions Agreements which will be novated and amended by the New Novation Agreements, the key terms and conditions of which are summarised below:

No.	The Agreement	Date	Parties	Nature of Transaction	Revenue (R)/ Expenditure (E)
1.	Four Export Distributorship Agreements	various dates, all expiring on 31 December 2009 (except the agreement between Hua Mei and Ideal Standard (UK) which expires on 4 June 2015)	the PRC Ventures and INAX	sales of sanitaryware, bathtubs and plumbing fittings products to and for exclusive distribution by INAX	R
2.	Management and Administrative Assistance Agreement	the relevant extension agreement dated 25 November 2008, expiring on 31 December 2009	the Company and INAX	provision of management and administrative services to the Company by INAX for the Company's plumbing products operations	E
3.	Intellectual Property Agreement	1 January 1996, no specific termination date	the Company and INAX	agreement wherein INAX agrees to grant territorial licences to the PRC Ventures upon request to enable the manufacture and distribution of plumbing products in the PRC under the plumbing product brand names of "American Standard"	E
4.	Four Trademark Licence Agreements (Note 1)	various dates, with various expiring dates ranging from 4 June 2015 to 16 June 2044	the PRC Ventures and INAX	territorial licences to the PRC Ventures to manufacture and distribute plumbing products in the PRC under the plumbing product brand names of "American Standard"	E
5.	Four Technical Assistance Agreements (Note 1)	various dates, with various expiring dates ending on 4 June 2015 or 31 December 2009	the PRC Ventures and INAX	provision of technical know-how to the Company and the PRC Ventures	E
6.	Two Management Assistance Agreements	23 February 1994 and 5 June 1985, with expiry dates of 22 February 2010 and 4 June 2015 respectively	A-S Tianjin Pottery and INAX Hua Mei and INAX	provision of management assistance to A-S Tianjin Pottery and Hua Mei	E
7.	Reimbursement Agreement (from the Group to INAX)	the relevant extension agreement dated 25 November 2008, expiring on 31 December 2009	the Company and INAX	reimbursement of staff costs, insurance payments and other expenses from the Group to INAX	E
8.	Reimbursement Agreement (from INAX to the Group)	the relevant extension agreement dated 25 November 2008, expiring on 31 December 2009	the Company and INAX	reimbursement of regional staff costs, travelling costs, office rentals, expatriate apartment rentals and other expenses from INAX to the Group	R

*Note:*

1. A joint trademark licence agreement and know-how transfer agreement was entered into between Hua Mei and Trane US (then novated to Ideal Standard (UK)) on 5 June 1985.

### **3.2. Summaries of the terms and conditions of the New Continuing Connected Transactions**

#### *3.2.1 Sales of sanitaryware, bathtubs and plumbing fittings products to INAX*

Pursuant to the four (4) Export Distributorship Agreements as extended by the relevant agreements and novated by the relevant New Novation Agreements, INAX will be appointed the exclusive distributor of each of the PRC Ventures for the distribution and sales of the Group's sanitaryware, bathtubs and plumbing fittings products outside the PRC. The key terms and conditions of such supplies of sanitaryware, bathtubs and plumbing fittings products to INAX are as follows:

- (i) such sales shall be on normal commercial terms and on a contract basis, with each contract specifying the quantity to be sold, the date of delivery and the selling price to be fixed at the time of shipment with reference to the actual costs of the raw materials and the quality of the products, unless otherwise expressly agreed by the parties;
- (ii) such products shall be delivered from 45 to 60 days after orders are placed and subject to availability and source; and
- (iii) payments for such products are usually within 120 days from invoice date.

The table below sets out the original commencement and expiry dates of the original Export Distributorship Agreements and the respective extension agreements:

Original commencement and expiry date of the Export Distributorship Agreements	Date of first extension agreements to Export Distributorship Agreements and extended expiry date	Date of second extension agreements to Export Distributorship Agreements and extended expiry date	Date of third extension agreements to Export Distributorship Agreements and extended expiry date	Parties
14 January 1994 & 13 January 2004	16 June 2003 & 31 December 2005	1 January 2006 & 31 December 2008	25 November 2008 & 31 December 2009	A-S Jiangmen Fittings and Ideal Standard (UK)
29 April 1994 & 28 April 2004	16 June 2003 & 31 December 2005	1 January 2006 & 31 December 2008	25 November 2008 & 31 December 2009	A-S Shanghai Pottery and Ideal Standard (UK)
31 January 1994 & 30 January 2004	16 June 2003 & 31 December 2005	1 January 2006 & 31 December 2008	25 November 2008 & 31 December 2009	A-S Tianjin Pottery and Ideal Standard (UK))
5 June 1985 & 4 June 2015 (Note 1)	N/A	N/A	N/A	Hua Mei and Ideal Standard (UK)

*Note:*

1. In the case of Hua Mei, a waiver for the agreement to extend beyond the usual three-year period under Rule 20.35(1) of the GEM Listing Rules was obtained from the Stock Exchange upon the listing of the Company.

Pursuant to relevant extension agreement(s) entered into on 25 November 2008, the Group renewed three (3) Export Distributorship Agreements entered into between Ideal Standard (UK) and each of A-S Jiangmen Fittings, A-S Shanghai Pottery and A-S Tianjin Pottery to further extend the term for another period of one year until 31 December 2009 upon the same terms and conditions as the respective preceding extension agreements. Each of the four (4) Export Distributorship Agreements will be novated to INAX.

### *3.2.2 Management and administrative fee paid to INAX*

Pursuant to the Management and Administrative Assistance Agreement as extended by the extension agreements dated 16 June 2003, 1 January 2006 and 25 November 2008 and which will be novated by the relevant New Novation Agreement, INAX will provide the Company with management and administrative services, including financial and administrative assistance, management information services and assistance with strategic planning for the Company's plumbing products operations. The services provided under the Management and Administrative Assistance Agreement relate to non-production line and are administrative in nature solely for the Company. The annual management and administrative fee of the Group for the two years ending 31 December 2008 were US\$450,000 and US\$500,000, respectively, which were the annual caps for the two years ending 31 December 2008. These fees are calculated based on historical expense figures incurred by the regional Asia-Pacific office, which include staff remuneration and office expenses with no mark-up element. Payments in respect of the management and administrative fee will be made to INAX 45 days following the end of each quarter. Payment of the annual management and administrative fee for the year 2008 by the Company did not exceed the annual cap for the year ended 31 December 2008.

Pursuant to relevant extension agreement(s) entered into on 25 November 2008, the Company renewed the Management and Administrative Assistance Agreement entered into between Ideal Standard (UK) and the Company, to further extend the term for another period of one year until 31 December 2009 upon the same terms and conditions as the previous extension agreement, with the amount of the annual fee to be paid to Ideal Standard (UK) to be US\$550,000 for the year 2009. The Management and Administrative Assistance Agreement will be novated to INAX.

### *3.2.3 Intellectual property royalty payments, trademark licence fees, technical assistance and management assistance service fees paid to INAX*

Pursuant to the Intellectual Property Agreement, the Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements which will be novated by the relevant New Novation Agreements, INAX agrees, among other things, to:

- (i) grant territorial licences to manufacture and distribute plumbing products in the PRC under the plumbing product brand names of "American Standard" to the companies in which the Company holds a direct or indirect majority interest; and



- (ii) provide technical know-how and management assistance to the Company and the PRC Ventures for their operations.

The Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements relate to the Intellectual Property Agreement, and are for the production operations of the PRC Ventures concerned.

In return, annual fees are payable by the Group to INAX calculated on the basis of the net sales of the PRC Ventures for the licences of the intellectual property rights, technical know-how and for management assistance. The relevant fees payable by the Group to INAX represent no more than 3.5% (for trademark licence fees), 2.5% (for technical assistance fees) and 2.0% (for management assistance fees) of the net sales of each of the PRC Ventures of products bearing “American Standard”’s brand names or other products as agreed from time to time. In respect of the intellectual property royalty payment, pursuant to the Intellectual Property Agreement, the royalty amounts (“**Royalty Amounts**”) payable by the Company shall be equal to 50% of the aggregate of the trademark licence fees under the Trademark Licence Agreements, technical licence fees under the Technical Assistance Agreements and the management assistance fees under the Management Assistance Agreements payable by the PRC Ventures net of the applicable withholding taxes, provided that the aggregate of the Royalty Amounts shall not exceed US\$10,000,000. As the Company had already paid the Royalty Amounts up to US\$10,000,000 in the previous years, payment of such Royalty Amounts will no longer be required under the Intellectual Property Agreement to INAX. Since the Intellectual Property Agreement relates to the on-going Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements, the transactions under all these agreements are aggregated and treated as if they were one transaction. For the purpose of estimating the annual caps for the year ending 31 December 2009 in respect of the transactions under the Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements, the Intellectual Property Agreement is grouped together even though payment of such Royalty Amounts will no longer be required under the Intellectual Property Agreement.

Aggregate fees in respect of intellectual property royalty, trademark licence, technical assistance and management assistance are calculated on a quarterly basis and payable 30 days thereafter. The actual settlement of the fees to INAX is subject to the approval of the local State Administration of Foreign Exchange and the cash position of the relevant PRC Ventures who are liable for those charges. Therefore, the

payments will normally be made after the stipulated time. The rates are determined mainly by negotiation between the Company and the investors of the relevant PRC Ventures with consideration of local rules and conditions (such as the business situation and the labour condition) and market practice in the PRC at the time of establishment of the PRC Ventures.

INAX will have the right to terminate the above agreements entered into with the relevant PRC Venture upon the occurrence of the termination events specified therein. Some of the termination events are set out below:

1. expiry of the operating terms of the relevant PRC Venture or the relevant agreements;
2. insolvency, bankruptcy or liquidation of the relevant PRC Ventures;
3. expropriation, nationalization, confiscation or seizure in any form, with or without indemnification, of any part of the direct or indirect interest of INAX in the Company, or all or any material part of the properties of the Company;
4. non-compliance by the relevant PRC Ventures with any material provisions of the relevant joint venture agreement, the Technical Assistance Agreements, the Export Distributorship Agreements or the Trademark Licence Agreements to which the relevant PRC Ventures is a party;
5. declaration of war involving either the United States or the PRC or both;
6. transfer of the PRC Venture's rights or obligations under the arrangements without prior written consent by INAX;
7. reduction of the direct or indirect ownership of INAX and its subsidiaries and affiliates in any of the relevant PRC Ventures to below 51% or INAX loses the right to appoint a majority of the board of the directors of the relevant PRC Venture;
8. refusal by any PRC Venture to accept the directors nominated by INAX or an affiliate on its board;
9. termination of the contracts specified therein or the relevant joint venture agreement entered into between INAX and the relevant PRC Venture; and

10. for Trademark Licence Agreements, the occurrence of any event which impairs the validity or value of the trademarks licensed or any registration thereof.

The table below summarises the basis of calculation of the trademark licence fees, technical assistance fees and management and administrative service fees payable by the PRC Ventures to INAX.

PRC Ventures	Trademark licence	Fee payment relating to Technical assistance	Management assistance
(i) Hua Mei	1.8% of net sales	1.5% of net sales	0.5% of net sales
(ii) A-S Jiangmen Fittings	3.0% of net sales of products bearing licensed trademarks	2.0% of net sales of products bearing trademarks owned by INAX	nil
(iii) A-S Shanghai Pottery	3.0% of net sales of products bearing one or more of the licensed trademarks	2.5% of net sales for years 1 to 5 and 2.0% of net sales for years after year 5	nil
(iv) A-S Tianjin Pottery	3.0% of net sales	2% of net sales	2.0% of net sales

*Note:* Net sales referred to in the table above means the PRC Ventures sales of the products as agreed between the parties from time to time, less sales taxes and actual returns.

The table below sets out the commencement and expiry dates of the Intellectual Property Agreement, the Trademark Licence Agreements, the Technical Assistance Agreements, and the Management Assistance Agreements:

#### **Intellectual Property Agreement**

<b>Commencement Date</b>	<b>Expiry Date</b>	<b>Parties</b>
1 January 1996	no specific termination date	the Company and Ideal Standard (UK)

#### **Trademark Licence Agreements**

<b>Commencement Date</b>	<b>Expiry Date</b>	<b>Parties</b>
5 June 1985	4 June 2015	Hua Mei and Ideal Standard (UK) ( <i>Note 1</i> )
14 January 1994	18 August 2041	A-S Jiangmen Fittings and Ideal Standard (UK)
23 February 1994	30 January 2044	A-S Tianjin Pottery and Ideal Standard (UK)
29 April 1994	16 June 2044	A-S Shanghai Pottery and Ideal Standard (UK)

#### **Technical Assistance Agreements**

<b>Commencement Date</b>	<b>Expiry Date</b>	<b>Parties</b>
5 June 1985	4 June 2015	Hua Mei and Ideal Standard (UK) ( <i>Note 1</i> )
14 January 1994	31 December 2009	A-S Jiangmen Fittings and Ideal Standard (UK)
23 February 1994	31 December 2009	A-S Tianjin Pottery and Ideal Standard (UK)
29 April 1994	31 December 2009	A-S Shanghai Pottery and Ideal Standard (UK)

#### **Management Assistance Agreements**

<b>Commencement Date</b>	<b>Expiry Date</b>	<b>Parties</b>
5 June 1985	4 June 2015	Hua Mei and Ideal Standard (UK)
23 February 1994	22 February 2010	A-S Tianjin Pottery and Ideal Standard (UK)

*Note:*

1. In the case of Hua Mei, a joint trademark licence agreement and know-how transfer agreement was entered into between Hua Mei and Trane US (then novated to Ideal Standard (UK)) on 5 June 1985.

Pursuant to the relevant New Novation Agreements, which shall become effective until each of the following conditions is satisfied: (i) closing of the Share and Asset Purchase Agreement; (ii) receipt of the approval of the novation of the relevant New Novation Agreements by the Independent Shareholders; (iii) in relation to the Management and Administrative Assistance Agreement, the Intellectual Property Agreement and the Reimbursement Agreements, the approval of the Board; and (iv) in relation to the Export Distributorship Agreements, Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements, the approval of the board of directors of the relevant PRC Ventures, Ideal Standard (UK) will assign and novate its rights and obligations under the Intellectual Property Agreement, the Trademark Licence Agreements, the Technical Assistance Agreements and the Management Assistance Agreements to INAX.

#### *3.2.4 Reimbursement of expenses from the Group to INAX*

Pursuant to the Reimbursement Agreement dated 16 June 2003 as extended by extension agreements dated 1 January 2006 and 25 November 2008 and which will be novated by the relevant New Novation Agreement, the Group will reimburse INAX for certain expenses based on actual costs paid by INAX on behalf of the Group. The extension agreement dated 25 November 2008 will expire on 31 December 2009. These expenses comprise mainly staff costs relating to expatriate employees seconded to the Group from INAX, insurance payments under insurance policies adopted by INAX, legal fees and other amounts paid by INAX on behalf of the Group. These expenses incurred by Ideal Standard (UK) on behalf of the Group will be charged to and paid by the Group to INAX on a dollar-to-dollar basis with reference to the actual cost incurred and the Group will reimburse these expenses to INAX within 60 days of these expenses falling due.

### *3.2.5 Reimbursement of expenses from INAX to the Group*

Pursuant to the Reimbursement Agreement dated 1 January 2006 as extended by an extension agreement dated 25 November 2008 and which will be novated by the relevant New Novation Agreement, INAX will reimburse to the Group certain expenses based on actual costs paid by the Group on behalf of INAX. These expenses comprise mainly regional staff costs, travelling costs, office rentals, expatriate apartment rentals and other amounts incurred in the PRC and paid by the Group on behalf of INAX. These expenses incurred by the Group on behalf of INAX will be charged to and paid by INAX to the Group on a dollar-to-dollar basis with reference to the actual cost incurred and INAX will reimburse these expenses to the Group within 60 days of these expenses falling due.

## **4. PROPOSED ANNUAL CAPS FOR THE NEW CONTINUING CONNECTED TRANSACTIONS FOR THE YEAR ENDING 2009**

Based on the following, the annual caps of the New Continuing Connected Transactions for the financial year ending 31 December 2009 remain the same as those of the 2007 Continuing Connected Transactions:

- (1) the New Continuing Connected Transactions will be entered into between the Company and INAX upon the terms and conditions set out in the 2007 Continuing Connected Transactions Agreements which will be novated by the New Novation Agreements;
- (2) such New Continuing Connected Transactions will continue to be entered into in the ordinary course of business of the Company and upon normal commercial terms;
- (3) the annual caps are based on the historical amounts of the 2007 Continuing Connected Transactions and the renewal of the annual caps contained in the announcement of the Company dated 25 November 2008 and the related circular dated 13 December 2008; and
- (4) as at the date of this announcement, none of the value of the 2007 Continuing Connected Transactions has exceeded the existing annual caps for the year ending 31 December 2009.

The annual caps for the 2007 Continuing Connected Transactions for the financial year ending 31 December 2009 are as follows:

Agreements	Transactions	For the year ending 31 December 2009 <i>(in million)</i>
	<b><i>Revenue</i></b>	
1. Export Distributorship Agreements  <i>(Please refer to paragraph 3.2.1 for a summary of the terms and conditions)</i>	Sales of ceramic sanitaryware, bathtubs and plumbing fittings products <i>(Note 1)</i>	US\$124.00 (approximately HK\$967.20)
Reimbursement Agreement  <i>(Please refer to paragraph 3.2.5 for a summary of the terms and conditions)</i>	Reimbursement to the Group from Ideal Standard (UK) for regional staff costs, travelling costs, office rentals, expatriate apartment rentals and other amounts incurred in the PRC on behalf of Ideal Standard (UK) <i>(Note 2)</i>	US\$2.00 (approximately HK\$15.60)
	<b><i>Expenditure</i></b>	
3. Intellectual Property Agreement, Trademark Licence Agreements, Technical Assistance Agreements and Management Assistance Agreements  <i>(Please refer to paragraph 3.2.3 for a summary of the terms and conditions)</i>	Total intellectual property royalty payments, including:  (a) Territorial licences to manufacture and distribute plumbing products <i>(Note 3)</i>  (b) Provision of technical know-how <i>(Note 3)</i>  (c) Provision of management assistance <i>(Note 3)</i>	US\$6.01 (approximately HK\$46.85)  US\$2.86 (approximately HK\$22.31)  US\$2.29 (approximately HK\$17.85)  US\$0.86 (approximately HK\$6.69)
4. Reimbursement Agreement  <i>(Please refer to paragraph 3.2.4 for a summary of the terms and conditions)</i>	Reimbursement to Ideal Standard (UK) from the Group for staff costs, legal fees and other amounts paid by Ideal Standard (UK) on the Group's behalf <i>(Note 4)</i>	US\$2.00 (approximately HK\$15.60)

*Notes:*

Bases for the annual caps:

1. The annual caps were determined based on the projected growth in the Group's sales in the year ending 31 December 2009.
2. The annual caps were determined based on the Company's management's estimation. These items may include travelling expenses, office rental and salary of regional employees in the PRC.
3. The annual caps were determined based on the terms of the relevant agreements and the projected sales of the relevant PRC Ventures in the year ending 31 December 2009.
4. The annual caps were determined based on historical reimbursement expenses made between the Group and Ideal Standard (UK). On the basis that the operating mechanism between the Group and INAX will be similar to that of Ideal Standard (UK) after the novation, the Board considers that the annual caps are fair and reasonable.

## **5. REASONS AND BENEFITS OF THE NEW CONTINUING CONNECTED TRANSACTIONS**

### **5.1 Reasons for the New Continuing Connected Transactions**

As at the date of this announcement, Ideal Standard and its Affiliates are connected persons of the Company. Immediately following the Transfer, Ideal Standard and its Affiliates will cease to be connected persons of the Company and INAX and its associates will become connected persons of the Company.

Upon Completion, Ideal Standard (UK) will be entitled to terminate the following agreements pursuant to the terms and conditions of such agreements:

- (i) the Export Distributorship Agreements (except those entered into between Ideal Standard (UK) and Hua Mei and A-S Jiangmen Fittings, respectively);
- (ii) the Management Assistance Agreements;
- (iii) the Technical Assistance Agreements; and
- (iv) the Trademark Licence Agreements.

Further, the Company understands that upon Completion INAX will own substantially all of the intellectual property rights which are used by the Group, and will also be the exclusive licensee of any other material intellectual property rights used by the Group that are not subject to transfer. Since INAX will be given exclusive rights to use the licensed intellectual



property rights in the Asian jurisdiction, the Directors do not anticipate any adverse impact on the business operation of the Group. In order to ensure a smooth transition of the operation of the Group following Completion and in connection with the Acquisition, Ideal Standard (UK), INAX and the relevant member(s) of the Group entered into the New Novation Agreements on 26 June 2009.

## **5.2 Benefits of the New Continuing Connected Transactions**

INAX has an extensive history in the manufacture of tiling, building materials and sanitary fixtures for residential, commercial and public buildings and facilities. By entering into the New Novation Agreements, the Board (including the non-executive Directors) considers that INAX will become a strategic partner of the Group and will enable the Group to continue to leverage on the international sales network and to enhance its expertise of staff, technical know-how and management assistance in connection with the Asia Bath and Kitchen Business after the Completion.

The Board, having taken into account all facts available, considers that the entering into of the New Novation Agreements in respect of the New Continuing Connected Transactions and the terms of the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **6. GEM LISTING RULES IMPLICATIONS**

Pursuant to Rule 20.36 of the GEM Listing Rules, the Company is required to comply with Rules 20.35(3) and (4) of the GEM Listing Rules in respect of the New Continuing Connected Transactions.

### **6.1 Transactions exempt from Independent Shareholders' approval requirement**

The applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in respect of the transactions under the Management and Administrative Assistance Agreement are greater than 0.1% but below 2.5%, and therefore the entering into of the relevant New Novation Agreement in respect of the Management and Administrative Assistance Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements under Rules 20.45 to 20.47 and are exempt from the Independent Shareholders' approval requirements under the GEM Listing Rules.

The New Novation Agreement in respect of the Management and Administrative Assistance Agreement is entered into in the usual and ordinary course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

## **6.2 Non-exempt Continuing Connected Transactions**

Pursuant to Rule 20.25 of the GEM Listing Rules, the transactions under the Intellectual Property Agreement, the Trademark Licence Agreements, the Technical Assistance Agreements, and the Management Assistance Agreements are aggregated and treated as if they were one transaction. As a result, the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in respect of these transactions are greater than 2.5%.

In addition, the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in respect of each of (i) the Export Distributorship Agreements and (ii) the Reimbursement Agreements are greater than 2.5%.

Hence, the entering into of the New Novation Agreements in respect of the Intellectual Property Agreement, the Trademark Licence Agreements, the Technical Assistance Agreements, the Management Assistance Agreements, the Export Distributorship Agreements and the Reimbursement Agreements, and the transactions contemplated thereunder constitute Non-exempt Continuing Connected Transactions for the Company, and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 20.45 to 20.54 of the GEM Listing Rules and the requirements of annual review of continuing connected transactions under Rules 20.37 to 20.40 of the GEM Listing Rules.

The Company will seek Independent Shareholders' approval at the EGM by way of a poll for the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions and upon the terms that:

1. the Non-exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of business of the Group and either (a) on normal commercial terms; or (b) if there is no available comparison, on terms no less favourable to the Group than terms available from/to (as appropriate) independent third parties; and
2. the Non-exempt Continuing Connected Transactions will be entered into in accordance with the relevant New Continuing Connected Transactions Agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Independent Board Committee (comprising Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chi) has been appointed to advise the Independent Shareholders on whether or not the terms of the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser was appointed to advise the Independent Board Committee regarding the terms of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions.

## **7. INDEPENDENT FINANCIAL ADVISER**

As each of the (i) Intellectual Property Agreement; (ii) Trademark Licence Agreements; (iii) Technical Assistance Agreement between Hua Mei and Ideal Standard (UK); (iv) Management Assistance Agreement between Hua Mei and Ideal Standard (UK); and (v) Export Distributorship Agreement between Hua Mei and Ideal Standard (UK), has an expiry date in excess of three years, the Independent Financial Adviser has been appointed to consider such expiry dates as required under Rule 20.35(1) of the GEM Listing Rules.

The Independent Financial Adviser has considered the following factors and information:

- Insofar as the Intellectual Property Agreement is concerned, it contains no specified termination date. Details of the Intellectual Property Agreement and whether or not it could be terminated or revoked are set out in the prospectus and the composite offer document of the Company dated 19 June 2003 and 7 November 2007 respectively. The perpetual term of the Intellectual Property Agreement is definitely in the best interests of the Company and its Independent Shareholders as the granting of the relevant territorial licences to the Group to manufacture and distribute products in the PRC under the plumbing product brand names owned by Trane US (Ideal Standard (UK) at present and going forward, INAX) cannot be arbitrarily terminated or revoked by the relevant grantor as the case may be. This perpetual term was thus an important commercial consideration for prospective investors and shareholders during the listing of the Shares as it featured prominently in the Company's prospectus dated 19 June 2003.

- The abovementioned Trademark Licence Agreements; Technical Assistance Agreement; Management Assistance Agreement and Export Distributorship Agreement were mostly entered into around the time the relevant PRC Ventures were established and prior to the listing of the Shares on the GEM board of the Stock Exchange in June 2003. As set out in the Company's prospectus dated 19 June 2003, it would not be in the interest of the Group to shorten such terms to beyond three years. The Independent Financial Adviser had reviewed circulars of other listed issuers with arrangements last more than three years in between the year 2004 and 2008. In light of the past relevant PRC regulation and the similar arrangements entered into by certain issuers in Hong Kong as referred to below, the Independent Financial Adviser is of the view that it was also then market practice in the PRC for similar agreements to last more than three years and the relevant joint venture partners of the PRC Ventures would also prefer such longer terms.
- The Independent Financial Adviser has further been advised by the Company that certain previous relevant PRC regulation about agreements stipulating technology import to last up to ten years and whilst such regulation has since been abolished, it is still considered normal business practice for agreements of this type to last more than three years. The Independent Financial Adviser is in concurrence with such explanation. The Independent Financial Adviser further noted that from a commercial perspective, a longer term technical assistance or management assistance agreement or export distributorship agreement is likely to be more receptive to a minority joint-venture partner in the PRC, whose investment in such joint venture may be better protected.
- The Independent Financial Adviser has also reviewed similar agreements entered into by certain other joint ventures within the Ideal Standard Group, coupled with similar arrangements entered into and circulars published in between the year 2004 and 2008 by certain issuers whose shares are listed on the Stock Exchange, albeit those issuers are conducting different manufacturing businesses, which have terms longer than 3 years.

In light of the above, the Independent Financial Adviser is of the view that the longer-than-three year term of each of the aforesaid Intellectual Property Agreement; Trademark Licence Agreements; Technical Assistance Agreements; Management Assistance Agreements and Export Distributorship Agreements is of normal business practice for agreements of this type to be of such duration in the PRC.

## **8. EGM**

An EGM will be convened for the purpose of considering and, if deemed appropriate, approving, the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions. A circular containing particulars of the Non-exempt Continuing Connected Transactions, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice of the EGM to approve the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules. Immediately following the Transfer, Ideal Standard and its associates will cease to be connected persons of the Company and INAX and its associates will become connected persons of the Company. In view of the interests of INAX in the Non-exempt Continuing Connected Transactions, INAX and its associates will abstain from voting in respect of the resolutions to be proposed at the EGM to approve the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions.

## **9. GENERAL INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 1993 and its Shares have been listed on GEM since 11 July 2003.

The Group manufactures and distributes in the PRC a broad range of bathroom and kitchen fixtures and plumbing fittings under the plumbing product brand names of Ideal Standard, including the “American Standard” and “Armitage Shanks” brands.

INAX is incorporated in Japan, and has an extensive history in the manufacture of tiling, building materials and sanitary fixtures for residential, commercial and public buildings and facilities. It currently has operations in Asia, Europe and the United States of America and is a wholly owned subsidiary of the JS Group Corporation, a company listed in Tokyo and which currently has a market capitalization of approximately US\$4,500 million.

## 10. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

- “2007 Continuing Connected Transactions Agreements” means the agreements governing the terms and conditions of the 2007 Continuing Connected Transactions, comprising 18 continuing connected transactions, which include the Export Distributorship Agreements, the Intellectual Property Agreement, the Management and Administrative Assistance Agreement, the Management Assistance Agreements, the Reimbursement Agreements, the Technical Assistance Agreements and the Trademark Licence Agreements, which were novated by the relevant 2007 Novation Agreements, and each of the agreements is individually referred to as a “2007 Continuing Connected Transaction Agreement”
- “2007 Continuing Connected Transactions” means the transactions set out in the 2007 Continuing Connected Transactions Agreements
- “2007 Novation Agreements” means the agreements entered into by Trane US (or, in relation to the Reimbursement Agreements, Trane), Ideal Standard (UK) and the relevant member(s) of the Group dated 12 October 2007 governing the novation of all rights and obligations under the 2007 Continuing Connected Transactions Agreements from Trane US (or, in relation to the Reimbursement Agreements, Trane) to Ideal Standard (UK), and each of such agreements is individually referred to as a “2007 Novation Agreement”
- “A-S Jiangmen Fittings” means American Standard (Jiangmen) Fittings Co. Ltd., (formerly known as A-S (Jiangmen) Fittings Co., Ltd.), a wholly foreign owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
- “A-S Shanghai Pottery” means A-S (Shanghai) Pottery Co., Ltd., a sino-foreign equity joint venture established under the laws of the PRC and a 82%-owned subsidiary of the Company

“A-S Tianjin Pottery”	means A-S (Tianjin) Pottery Co., Ltd., a wholly foreign owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Acquisition”	means the acquisition by INAX of the Asia Bath and Kitchen Business from Ideal Standard
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Affiliates”	means, in relation to any body corporate, any person which is from time to time a subsidiary, subsidiary undertaking, parent company or holding company (as defined in the Companies Act 2006 of the United Kingdom, as amended and in force from time to time) of that body corporate or of such subsidiary, subsidiary undertaking, parent company or holding company as the case may be
“ASFTL”	means American Standard Foreign Trading Limited, a company incorporated in Bermuda and an indirectly wholly-owned subsidiary of Ideal Standard
“Asia Bath and Kitchen Business”	means 100% of the equity interests in certain companies owned by Ideal Standard and/or Affiliates and certain intellectual property rights owned by Ideal Standard and/or its Affiliates in connection with the manufacture and distribution of bathroom and kitchen fixtures and plumbing fittings in Asia
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	means the board of Directors

“Company”	means A-S China Plumbing Products Limited, a company incorporated in the Cayman Islands with limited liability, and listed on GEM (Stock Code: 8262)
“Completion”	means completion of the Acquisition
“Conditions Precedent”	means the conditions precedent to Completion, as set out in the Share and Asset Purchase Agreement and referred to in the Joint Announcement
“Director(s)”	means the director(s) of the Company
“EGM”	means the extraordinary general meeting of the shareholders of the Company to be convened to approve the entering into of the New Novation Agreements in respect of the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder and the annual caps for the Non-exempt Continuing Connected Transactions
“Export Distributorship Agreements”	means the export distributorship agreements and supplemental agreements thereto entered into between Trane US and each of the PRC Ventures, regarding the appointment of Trane US as their exclusive distributor outside the PRC, as novated by the relevant 2007 Novation Agreements and to be novated by the relevant New Novation Agreements
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong



“Hua Mei	means Hua Mei Sanitary Ware Co., Ltd., a sino-foreign equity joint venture established under the laws of the PRC and a 67.58%-owned subsidiary of the Company
“Ideal Standard”	means Ideal Standard International Holding Sarl, a company incorporated in Luxembourg and an indirectly wholly-owned subsidiary of Bain Capital Fund VIII-E, L.P., a fund which is advised by Bain Capital Ltd.
“Ideal Standard Group”	means Ideal Standard and its subsidiaries from time to time, excluding the Group
“Ideal Standard (UK)”	means Ideal Standard Global Ltd., a company incorporated in England and Wales and an indirect wholly-owned subsidiary of Ideal Standard
“INAX”	means INAX Corporation, a company incorporated in Japan, the purchaser under the Share and Asset Purchase Agreement, and the offeror under the Offer and a wholly owned subsidiary of JS Group Corporation, a company incorporated in Japan with limited liability and listed on the Tokyo Stock Exchange
“Independent Board Committee”	means the independent committee of the Board, comprising Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chi, the independent non-executive Directors, established for the purpose of reviewing and advising the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions
“Independent Financial Adviser”	means Centurion Corporate Finance Limited, a licensed corporation licensed to carry out Type 1, Type 4, Type 6 and Type 9 regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions
“Independent Shareholders”	means Shareholders other than Shareholders (if any) who have a material interest in the matters to be considered and approved at the EGM and their respective associates

“Intellectual Property Agreement”	means the intellectual property agreement dated 1 January 1996 entered into between the Company and Trane US which gives the Company the exclusive right to require Trane US to grant territorial licences to manufacture and distribute products in the PRC under plumbing products brand names owned by Trane US to the companies in which the Company holds a direct or indirect majority interest, as novated by the relevant 2007 Novation Agreements and to be novated by the relevant New Novation Agreements
“Joint Announcement”	means the joint announcement by the Company and INAX dated 22 June 2009 in relation to (amongst other things) the sale of the Asia Bath and Kitchen Business by Ideal Standard to INAX involving a possible voluntary conditional cash offer or a possible mandatory unconditional cash offer by Anglo Chinese Corporate Finance, Limited on behalf of INAX to acquire all the Shares
“Management and Administrative Assistance Agreement”	means the management and administrative assistance agreement dated 20 April 1994 and supplemental agreements thereto entered into between Trane US and the Company regarding the provision of management and administrative services by Trane US to the Company, as novated by the relevant 2007 Novation Agreements and to be novated by the relevant New Novation Agreements
“Management Assistance Agreements”	means the management assistance agreements and supplemental agreements thereto entered into between Trane US and each of Hua Mei and A-S Tianjin Pottery respectively, regarding the provision of management assistance by Trane Group to each of them, as novated by the relevant 2007 Novation Agreements and extended by an extension agreement dated 25 November 2008 between Trane US and A-S Tianjin Pottery, and to be novated by the relevant New Novation Agreements

“New Continuing Connected Transactions”	means the continuing connected transactions to be entered into among, inter alia, the relevant members of the Group and INAX pursuant to the operations of the New Novation Agreements
“New Novation Agreements”	means the agreements entered into by INAX, Ideal Standard (UK) and the relevant member(s) of the Group on 26 June 2009, which shall become effective on Transfer subject to the satisfaction of certain conditions (including, where applicable, the approval of the Independent Shareholders and/or the approval of or filing with the relevant PRC authority) governing the novation of all the rights and obligations under the 2007 Continuing Connected Transactions Agreements from Ideal Standard (UK), and each of such agreements is individually referred to as a “New Novation Agreement”
“Non-exempt Continuing Connected Transactions”	means the continuing connected transactions under the Export Distributorship Agreements, the Intellectual Property Agreement, the Trademark Licence Agreements, the Technical Assistance Agreements, the Management Assistance Agreement and the Reimbursement Agreements which require the approval of the Independent Shareholders under the GEM Listing Rules
“Offer”	means the possible conditional voluntary cash offer for the Shares at to be made by Anglo Chinese Corporate Finance, Limited on behalf of INAX to acquire all of the issued Shares referred to in the Joint Announcement
“PRC”	means the People’s Republic of China

“PRC Venture(s)”	means any one or all of the following subsidiaries of the Company in the PRC, namely A-S Shanghai Pottery, A-S Tianjin Pottery, A-S Jiangmen Fittings and Hua Mei
“Public Documents”	means the following documents issued by the Company: the listing document dated 19 June 2003, the announcement dated 24 November 2005 in relation to certain continuing connected transactions that the Group regularly entered into with Trane Group in the ordinary and usual course of business and on normal commercial terms and the related circular to Shareholders dated 6 December 2005, the announcement dated 12 October 2007 in relation to the change of connected persons in respect of certain continuing connected transactions and the related circular dated 13 October 2007, the announcement dated 25 November 2008 in relation to the renewal of the term and the annual caps of certain continuing connected transactions and the related circular dated 13 December 2008
“Reimbursement Agreements”	means the reimbursement agreements entered into between the Company and Trane regarding the reimbursement of staff costs, insurance payments and other expenses to/from the Group, as novated by the relevant 2007 Novation Agreements and to be novated by the relevant New Novation Agreements
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share and Asset Purchase Agreement”	means the Share and Asset Purchase Agreement dated 18 May 2009, as amended by an amendment agreement dated 21 June 2009 entered into between INAX and Ideal Standard in respect of the Acquisition and the Offer
“Shareholders”	means shareholders of the Company
“Shares”	means shares of the Company

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the GEM Listing Rules
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers
“Technical Assistance Agreements”	means the technical assistance agreements and supplemental agreements thereto entered into between each of the PRC Ventures and Trane US and, in the case of Hua Mei, a joint trademark licence and technical assistance agreement signed with Trane US regarding the provision of technical assistance to each of the PRC Ventures, as novated by the relevant 2007 Novation Agreements and extended by relevant extension agreements, and to be novated by the relevant New Novation Agreements
“Trademark Licence Agreements”	means the trademark licence agreements entered into between each of the PRC Ventures and Trane US and, in the case of Hua Mei, a joint trademark licence and technical assistance agreement signed with Trane US regarding the grant of the rights to use certain trademarks owned by Trane US in respect of plumbing products to each of the PRC Ventures, as novated by the relevant 2007 Novation Agreements and to be novated by the relevant New Novation Agreements
“Trane”	means Trane Inc., formerly known as American Standard Companies Inc., a corporation organized under the laws of Delaware, USA
“Trane Group”	means Trane and its subsidiaries from time to time, excluding the Group
“Trane US”	means Trane U.S. Inc., formerly known as American Standard Inc., a wholly-owned subsidiary of Trane and which is the registered owner of patents, trademarks, service marks, copyrights for plumbing products used by the Group in the PRC

“Transfer”	means the transfer of all the Shares held directly and indirectly by Ideal Standard to INAX pursuant to the Offer or, if the Offer Document is not posted by INAX within 10 days after Completion, pursuant to the Share and Asset Purchase Agreement
“US\$”	means United States Dollars, the lawful currency of the United States of America

*Unless otherwise specified, US dollars amounts shown in this announcement have been translated into Hong Kong dollars at an exchange rate of HK\$7.80 = US\$1.00. Such translation should not be construed as a representation that US dollars amounts have been, could have been or could be converted into HK\$, as the case may be, at this or any other rates or at all.*

By Order of the Board  
**A-S China Plumbing Products Limited**  
**Chen Rong Fang**  
*Company Secretary*

Hong Kong, 26 June 2009

*As at the date of this announcement, the Board comprises Mr. Ye Zhi Mao, Jason, Mr. Gao Jin Min, Ms. Chen Rong Fang, Mr. Wang Gang and Mr. Yang Xiong 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.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited of the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.asppl.com](http://www.asppl.com).*