



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

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

**(Stock Code: 8262)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Operations Review**

- Total turnover of the Group for the three months ended 30 June 2009 amounted to approximately US\$29.43 million (2008: US\$34.73 million) and turnover for the six months ended 30 June 2009 amounted to US\$48.60 million (2008: US\$58.67 million).
- Domestic sales and export sales for the six months ended 30 June 2009 decreased by 11% and 24% respectively compared to the same period last year, resulted from a significant softening of the underlying market since the second half of year 2008.
- The gross profit margin of the six months ended 30 June increased by 5.4% to 34.3% in 2009 compared to the same period last year principally due to the improving manufacturing performance including material saving, gas conversions, etc.; meanwhile, the actions taken to increase price in 2008 and the stronger focus on retail execution from 2009 are also the key drivers.
- The Group recorded a net loss after minority interests of approximately US\$1.81 million during the six months ended 30 June 2009 compared to a net loss after minority interests of approximately US\$1.40 million in the same period last year.
- The Group continues to maintain a healthy financial position. As of 30 June 2009, the net current assets of the Group amounted to US\$38.22 million, which comprise cash and bank deposits of approximately US\$27.87 million. The Group has no bank loan as of the reporting date.

### **Prospect**

- Despite the downturn of global economic environment, management is guardedly confident that domestic sales will strengthen as the year progresses based on the tendency of domestic macro-economy recovery.

### **FOREIGN CURRENCY EXPOSURE**

- The Group's reporting currency is in US\$. Most of the transactions, assets and liabilities of the Group are denominated in US\$ and Renminbi ("RMB"). The directors consider that the Group is not significantly exposed to any exchange risk and accordingly, the Group did not utilize any financial instruments in the RMB in relation to other foreign currencies. The directors believe that, having regard to the working capital position of the Group, the Group is able to meet its future exchange liabilities, if any, as they become due.

**INTERIM RESULTS FOR THE SIX MONTHS AND THREE MONTHS ENDED 30 JUNE 2009**

The board of directors is pleased to announce the unaudited consolidated results of the Group for the six months and three months ended 30 June 2009 together with the comparative unaudited consolidated results for the corresponding period in 2008 (the “Relevant Periods”) as follows:

**Condensed consolidated balance sheets**

	<i>Note</i>	<b>Unaudited 30 Jun 2009 US\$'000</b>	<b>Audited 31 Dec 2008 US\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	5	2,105	2,105
Land use rights	6	5,814	8,259
Property, plant and equipment	7	45,251	48,793
Other non-current assets	8	3,696	3,523
		<u>56,866</u>	<u>62,680</u>
<b>Current assets</b>			
Inventories	9	9,061	11,570
Trade receivables	10	12,936	11,867
Amounts due from related parties	11	11,532	17,420
Deposits, prepayments and other receivables		4,244	4,489
Cash and cash equivalents	12	27,869	18,924
		<u>65,642</u>	<u>64,270</u>
Non-current assets held for sale	13	3,754	–
		<u>69,396</u>	<u>64,270</u>
<b>Total assets</b>		<u><u>126,262</u></u>	<u><u>126,950</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	14	1,510	1,510
Reserves	15	79,825	77,185
		<u>81,335</u>	<u>78,695</u>
<b>Minority interests</b>		<u>13,749</u>	<u>13,059</u>
<b>Total equity</b>		<u>95,084</u>	<u>91,754</u>

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 Jun 2009</b>	<b>31 Dec 2008</b>
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	16	8,851	9,994
Amounts due to related parties	17	823	7,383
Other payables and accruals		19,322	16,894
Current income tax liabilities		2,018	761
Dividend payable		164	164
		<hr/>	<hr/>
<b>Total liabilities</b>		31,178	35,196
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		126,262	126,950
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		38,218	29,074
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		95,084	91,754
		<hr/> <hr/>	<hr/> <hr/>

## Condensed consolidated income statements

		Unaudited three months ended 30 June		Unaudited six months ended 30 June	
		2009	2008	2009	2008
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	4	29,428	34,725	48,604	58,670
Cost of sales		(17,511)	(24,147)	(31,943)	(41,700)
<b>Gross profit</b>		11,917	10,578	16,661	16,970
Other expenses, net		(187)	(221)	(189)	(198)
Distribution costs		(1,111)	(1,245)	(1,882)	(2,165)
Administrative and operating expenses		(8,462)	(7,240)	(14,374)	(13,852)
<b>Profit before income tax</b>		2,157	1,872	216	755
Income tax expense	19	(1,016)	(1,043)	(1,338)	(1,668)
<b>Profit/(loss) for the period</b>		<u>1,141</u>	<u>829</u>	<u>(1,122)</u>	<u>(913)</u>
<b>Attributable to:</b>					
Equity holders of the Company		657	421	(1,812)	(1,398)
Minority interests		484	408	690	485
		<u>1,141</u>	<u>829</u>	<u>(1,122)</u>	<u>(913)</u>
<b>Basic/diluted earnings/(loss) per share for earnings/(loss) attributable to the equity holders of the Company during the period (US cents)</b>	20	<u>0.44</u>	<u>0.28</u>	<u>(1.20)</u>	<u>(0.93)</u>

**Condensed consolidated statements of comprehensive income**

	<b>Unaudited three months ended 30 June</b>		<b>Unaudited six months ended 30 June</b>	
	<b>2009</b> <i>US\$'000</i>	<b>2008</b> <i>US\$'000</i>	<b>2009</b> <i>US\$'000</i>	<b>2008</b> <i>US\$'000</i>
<b>Profit/(loss) for the period</b>	1,141	829	(1,122)	(913)
<b>Other comprehensive income</b>				
Currency translation differences	39	1,674	–	4,731
<b>Total comprehensive income/(loss) for the period</b>	<u>1,180</u>	<u>2,503</u>	<u>(1,122)</u>	<u>3,818</u>
<b>Attributable to:</b>				
Equity holders of the Company	652	1,856	(1,812)	2,663
Minority interests	528	647	690	1,155
	<u>1,180</u>	<u>2,503</u>	<u>(1,122)</u>	<u>3,818</u>

## Condensed consolidated statements of changes in equity

		Attributable to equity holders of the Company									
		Share capital	Share premium account	Statutory and discretionary reserve fund	Currency translation reserve	Capital contribution	Other reserve	Retained earnings/ (accumulated losses)	Total	Minority interests	Total equity
Note		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Balance at 1 January 2008	1,510	60,616	8,589	6,255	604	-	9,807	87,381	11,175	98,556
	Total comprehensive income/(loss) for the period ended 30 June 2008	-	-	-	4,061	-	-	(1,398)	2,663	1,155	3,818
	Balance at 30 June 2008	<u>1,510</u>	<u>60,616</u>	<u>8,589</u>	<u>10,316</u>	<u>604</u>	<u>-</u>	<u>8,409</u>	<u>90,044</u>	<u>12,330</u>	<u>102,374</u>
	Balance at 1 January 2009	1,510	60,616	8,722	10,111	604	-	(2,868)	78,695	13,059	91,754
	Total comprehensive income/(loss) for the period ended 30 June 2009	-	-	-	-	-	-	(1,812)	(1,812)	690	(1,122)
	Waiver of amounts due from/to related parties	18	-	-	-	-	4,452	-	4,452	-	4,452
	Balance at 30 June 2009	<u>1,510</u>	<u>60,616</u>	<u>8,722</u>	<u>10,111</u>	<u>604</u>	<u>4,452</u>	<u>(4,680)</u>	<u>81,335</u>	<u>13,749</u>	<u>95,084</u>

## Condensed consolidated cash flow statements

	<b>Unaudited six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	11,130	(3,783)
Income tax paid	(1,041)	(1,550)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	10,089	(5,333)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(374)	(3,064)
Purchase of other non-current assets	(1,257)	(1,615)
Proceeds from sales of property, plant and equipment	–	196
Interest received	93	207
	<hr/>	<hr/>
Net cash outflow from investing activities	(1,538)	(4,276)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>	–	–
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	8,551	(9,609)
	<hr/>	<hr/>
Cash and cash equivalents at 1 January	18,924	30,996
	<hr/>	<hr/>
Exchange differences	394	1,039
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u>27,869</u>	<u>22,426</u>



**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 Uglan House, South Church Street, Grand Cayman, the Cayman Islands.

During the period, the Company remained an investment holding company and its subsidiaries were principally engaged in the manufacture, sale and distribution of plumbing products in Mainland China (the “PRC”). The Company and its subsidiaries are collectively referred to as the “Group” in this condensed consolidated interim financial information.

As at 30 June 2009, 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 Holding Sarl (“Ideal Standard International”) and the ultimate holding company of the Company is Ideal Standard International TopCo (BC) Luxco S.C.A. (“Ideal Standard”). Subsequent to 30 June 2009, Ideal Standard International disposed all its interests in the Company to INAX Corporation. See Note 24 “Post Balance Sheet Events” for details.

The condensed consolidated interim financial statements together with the notes thereto (the “condensed consolidated interim financial information”) are presented in US dollars, unless otherwise stated. The condensed consolidated interim financial information was approved and authorised for issue by the board of directors of the Company on 18 September 2009.

The condensed consolidated interim financial information has not been audited.

**2. BASIS OF PREPARATION**

The condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

**3. ACCOUNTING POLICIES**

Except as described below, the accounting policies applied are consistent with those used for the preparation of the Company’s annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### 3. ACCOUNTING POLICIES (CONTINUED)

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements'.

The revised standard prohibits 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' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'.

HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions.

The condensed consolidated interim financial information has been prepared in accordance with the revised disclosure requirements.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'.

The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

### 3. ACCOUNTING POLICIES (CONTINUED)

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

- HKAS 23 (amendment), 'Borrowing costs'.
- HKFRS 2 (amendment), 'Share-based payment'.
- HKAS 32 (amendment), 'Financial instruments: presentation'.
- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- HK(IFRIC) 13, 'Customer loyalty programmes'.
- HK(IFRIC) 15, 'Agreements for the construction of real estate'.
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items.
- HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures'.
- HK(IFRIC) 17, 'Distributions of non-cash assets to owners'.
- HK(IFRIC) 18, 'Transfers of assets from customers'.

HKICPA's improvements to HKFRS published in May 2009:

- Amendment to HKFRS 2 'Share-based payment'.
- Amendment to HKFRS 5 'Non-current assets held for sale and discontinued operations'.
- Amendment to HKFRS 8 'Operating segments'.
- Amendment to HKAS 1 'Presentation of financial statements'.
- Amendment to HKAS 7 'Statement of cash flows'.

### 3. ACCOUNTING POLICIES (CONTINUED)

- Amendment to HKAS 17 'Leases'.
- Amendment to HKAS 36 'Impairment of assets'.
- Amendment to HKAS 38 'Intangible assets'.
- Amendment to HKAS 39 'Financial instruments: Recognition and measurement'.
- Amendment to HK(IFRIC) 9 'Reassessment of embedded derivatives'.
- Amendment to HK(IFRIC) 16 'Hedges of a net investment in a foreign operation'.

### 4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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 class of customers and distribution methods. The products of the Group are also subject to similar risks and returns and therefore, the Group has only one business segment.

	Unaudited three months ended 30 June		Unaudited six months ended 30 June	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Segment revenue</b>				
Mainland China	17,305	19,089	26,140	29,288
North America	3,487	2,893	7,322	5,896
European countries	5,764	8,997	9,230	15,909
Others	2,872	3,746	5,912	7,577
Total	<u>29,428</u>	<u>34,725</u>	<u>48,604</u>	<u>58,670</u>

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

## 5. GOODWILL

	<b>30 June</b> <b>2009</b> <i>US\$'000</i>	<b>31 December</b> <b>2008</b> <i>US\$'000</i>
Cost and carrying amount	<u>2,105</u>	<u>2,105</u>

Goodwill relates to the acquisition of shareholding interests in subsidiaries.

Goodwill has been tested for impairment at Group level as the Group's revenue is primarily derived from one segment, i.e., the manufacture, sale and distribution of plumbing products.

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections according to financial budgets approved by management covering a five years' period. The discount rate applied to the cash flow projections was determined after considering market lending rates in China and specific risks relating to the business. The annual growth rate used is in line with the average growth rate of the industry.

Key assumptions were used in the value in use calculation for 30 June 2009 and 31 December 2008. The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

**Budgeted gross margins** – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements and raw materials price inflation.

**Discount rates** – The discount rates used are before tax and reflect specific risks relating to the industry.

## 6. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	<b>30 June 2009</b> <i>US\$'000</i>	<b>31 December 2008</b> <i>US\$'000</i>
Net book value at 1 January	8,460	8,337
Amortisation	(101)	(247)
Reclassified as non-current assets held for sale ( <i>Note 13</i> )	(2,344)	–
Exchange differences	–	370
Carrying amount	6,015	8,460
Current portion included in prepayments, deposits and other receivables	(201)	(201)
Non-current portion	<u>5,814</u>	<u>8,259</u>

The land use rights are for leases of 29 to 40 years held in China as follows:

	<b>30 June 2009</b> <i>US\$'000</i>	<b>31 December 2008</b> <i>US\$'000</i>
Original cost	9,165	12,190
Accumulated amortisation	(3,150)	(3,730)
	<u>6,015</u>	<u>8,460</u>

## 7. PROPERTY, PLANT AND EQUIPMENT

	<b>Buildings</b> <i>US\$'000</i>	<b>Plant and machinery</b> <i>US\$'000</i>	<b>Furniture, equipment and motor vehicles</b> <i>US\$'000</i>	<b>Construction in progress</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>Six months ended</b>					
<b>30 June 2009</b>					
At 1 January 2009:					
Cost	29,112	59,283	14,433	4,988	107,816
Accumulated depreciation	(13,324)	(33,092)	(12,607)	–	(59,023)
Net carrying amount	<u>15,788</u>	<u>26,191</u>	<u>1,826</u>	<u>4,988</u>	<u>48,793</u>
Opening net book amount at 1 January 2009	15,788	26,191	1,826	4,988	48,793
Additions	–	35	214	125	374
Transfers	307	2,513	342	(3,162)	–
Reclassified as non-current assets held for sale ( <i>Note 13</i> )	(1,410)	–	–	–	(1,410)
Disposals	(2)	(69)	(116)	–	(187)
Depreciation	(333)	(1,371)	(542)	–	(2,246)
Exchange differences	(21)	(41)	(11)	–	(73)
Closing net book amount at 30 June 2009	<u>14,329</u>	<u>27,258</u>	<u>1,713</u>	<u>1,951</u>	<u>45,251</u>
At 30 June 2009:					
Cost	21,874	61,543	13,614	1,951	98,982
Accumulated depreciation	(7,545)	(34,285)	(11,901)	–	(53,731)
Net carrying amount	<u>14,329</u>	<u>27,258</u>	<u>1,713</u>	<u>1,951</u>	<u>45,251</u>

7. **PROPERTY, PLANT AND EQUIPMENT** (*CONTINUED*)

	<b>Buildings</b> <i>US\$'000</i>	<b>Plant and machinery</b> <i>US\$'000</i>	<b>Furniture, equipment and motor vehicles</b> <i>US\$'000</i>	<b>Construction in progress</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>Six months ended</b>					
<b>30 June 2008</b>					
At 1 January 2008:					
Cost	27,299	57,971	13,421	390	99,081
Accumulated depreciation	(8,564)	(28,703)	(12,047)	–	(49,314)
Net carrying amount	<u>18,735</u>	<u>29,268</u>	<u>1,374</u>	<u>390</u>	<u>49,767</u>
Opening net book amount at 1 January 2008	18,735	29,268	1,374	390	49,767
Additions	–	924	992	1,149	3,065
Disposals	(69)	(189)	(90)	–	(348)
Depreciation	(299)	(1,458)	(586)	–	(2,343)
Exchange differences	1,086	1,576	24	–	2,686
Closing net book amount at 30 June 2008	<u>19,453</u>	<u>30,121</u>	<u>1,714</u>	<u>1,539</u>	<u>52,827</u>
At 30 June 2008:					
Cost	28,889	61,848	14,355	1,539	106,631
Accumulated depreciation	(9,436)	(31,727)	(12,641)	–	(53,804)
Net carrying amount	<u>19,453</u>	<u>30,121</u>	<u>1,714</u>	<u>1,539</u>	<u>52,827</u>



## 8. OTHER NON-CURRENT ASSETS

	<b>In-store decoration and display costs US\$'000</b>	<b>Office decoration US\$'000</b>	<b>Total US\$'000</b>
<b>At 1 January 2008</b>			
Cost	2,369	–	2,369
Accumulated amortisation	(819)	–	(819)
Net book amount	<u>1,550</u>	<u>–</u>	<u>1,550</u>
<b>Six months ended 30 June 2008</b>			
Opening net book amount	1,550	–	1,550
Additions	1,615	–	1,615
Amortisation charge	(350)	–	(350)
Exchange differences	(254)	–	(254)
Closing net book amount	<u>2,561</u>	<u>–</u>	<u>2,561</u>
<b>At 30 June 2008</b>			
Cost	5,529	–	5,529
Accumulated amortisation	(2,968)	–	(2,968)
Net book amount	<u>2,561</u>	<u>–</u>	<u>2,561</u>
<b>At 1 January 2009</b>			
Cost	5,436	166	5,602
Accumulated amortisation	(2,079)	–	(2,079)
Net book amount	<u>3,357</u>	<u>166</u>	<u>3,523</u>
<b>Six months ended 30 June 2009</b>			
Opening net book amount	3,357	166	3,523
Additions	226	1,031	1,257
Disposals	(165)	–	(165)
Amortisation charge	(857)	(62)	(919)
Exchange differences	–	–	–
Closing net book amount	<u>2,561</u>	<u>1,135</u>	<u>3,696</u>
<b>At 30 June 2009</b>			
Cost	5,499	1,197	6,696
Accumulated amortisation	(2,938)	(62)	(3,000)
Net book amount	<u>2,561</u>	<u>1,135</u>	<u>3,696</u>

## 9. INVENTORIES

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Raw materials	3,010	3,741
Work in progress	1,560	1,773
Finished goods	4,491	6,056
	<u>9,061</u>	<u>11,570</u>

## 10. TRADE RECEIVABLES

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	15,529	13,962
Less: Provision for impairment of receivables	(2,593)	(2,095)
	<u>12,936</u>	<u>11,867</u>

The Group generally grants a credit term of 60 to 210 days to its customers. An aged analysis of the net trade receivables at the balance sheet dates, based on invoice date, is as follows:

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Within 30 days	7,810	3,955
Within 31 to 90 days	3,752	4,078
Within 91 to 180 days	562	2,606
Over 180 days	812	1,228
	<u>12,936</u>	<u>11,867</u>

The carrying value less impairment provision of trade receivables approximates to their fair value due to their relatively short-term maturity.

## 11. AMOUNTS DUE FROM RELATED PARTIES

The balances due from related parties are unsecured, interest-free and are repayable in accordance with trade terms. The carrying value of the balances due from related parties approximates to their fair value due to their relatively short-term maturity.

The ageing of amounts due from related parties are within one year.

## 12. CASH AND CASH EQUIVALENTS

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Cash and bank balances	20,551	11,606
Short-term bank deposits	7,318	7,318
	<hr/>	<hr/>
Cash and cash equivalents	<u>27,869</u>	<u>18,924</u>

At the balance sheet date, the cash and cash equivalents balance of the Group denominated in Renminbi ("RMB") amounted to US\$12,939,000 (2008: US\$18,699,000). The RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct exchange business.

## 13. NON-CURRENT ASSETS HELD FOR SALE

According to the long-term manufacturing optimisation 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) Enamelware Company Limited ("A-S Guangzhou Bathtubs") which is a subsidiary of the Group. A-S Guangzhou Bathtubs has ceased production and operation in September 2008. All the employees have been dismissed in accordance with local laws and regulations. All the bathtub manufacturing facilities have been consolidated in another plant in Guangdong to enhance overall operating efficiency. Land use rights and property, plant & equipment have been written down to fair value less costs to sell.

A total provision of US\$9,975,000 on liquidation of the subsidiary was established from September 2008 to December 2008 and since then, there has been no further provision required. As an active programme to locate a buyer is now in place and the disposal is highly probable, the carrying value of the assets as at 30 June 2009 was re-classified as non-current assets held for sale.

#### 14. SHARE CAPITAL

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Authorised:		
300,000,000 ordinary shares of US\$0.01 each	3,000	3,000
Issued and fully paid:		
151,034,000 ordinary shares of US\$0.01 each	1,510	1,510

#### 15. RESERVES

The amounts of the Group's reserves and the movements therein for the six months ended 30 June 2009 and for the corresponding prior period are presented in the condensed consolidated statements of changes in equity.

#### 16. TRADE PAYABLES

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

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Within 30 days	7,875	8,061
Within 31 to 90 days	292	1,078
Within 91 to 180 days	82	415
Over 180 days	602	440
	<u>8,851</u>	<u>9,994</u>

The trade payables are non-interest bearing and are normally settled on a term of 30 to 60 days.

#### 17. AMOUNTS DUE TO RELATED PARTIES

The ageing of amounts due to related parties are within one year. The balances due to related parties are unsecured, interest-free and repayable in accordance with trade terms. The carrying value of the balances due to related parties approximates to their fair value due to their relatively short term maturity.

## 18. WAIVER OF AMOUNT DUE FROM/TO RELATED PARTIES

In June 2009, a receivable of USD1.7 million due from Ideal Standard Global Ltd (“ISG”) was waived, based on the resolution of the Board of Directors of the Company that the receivable would be waived on the condition that ISG waived USD2.9 million of trademark and technical assistance fee charges due from A-S Guangzhou Bathtubs, a subsidiary of the Group, and that ISG had confirmed they agreed to waive the charges.

On top of the waiver of charges due from A-S Guangzhou Bathtubs as described above, Ideal Standard International also waived trademark and technical assistance fee charges due from other subsidiaries of the Group amounted to USD3.3 million.

The net amount of USD4.5 million was transferred to other reserve under equity.

## 19. INCOME TAX EXPENSE

	Three months		Six months	
	ended 30 June		ended 30 June	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax provision in respect of:				
PRC income tax	1,016	1,043	1,338	1,668

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 2009 is calculated based on the statutory income tax rate of 25% (2008: 25%) of the assessable income of the Group except for certain subsidiaries which are taxed at preferential rates of 20% (2008: 18%) based on the relevant PRC tax rules and regulations.

The Company and two subsidiaries are in tax loss position so effective tax rate is not 25%.

## 20. EARNINGS/(LOSS) PER SHARE

The calculation of unaudited basic loss per share for the six months ended 30 June 2009 was based on the unaudited net loss for the period attributable to equity holders of the Company of US\$1,812,000 (Six months ended 30 June 2008: net loss of US\$1,398,000), and the weighted average number of issued ordinary shares of 151,034,000 (2008: 151,034,000) during the period.

No diluted earnings per share amount is presented below for each of the Relevant Periods, as no diluting events existed.

## 20. EARNINGS/(LOSS) PER SHARE (CONTINUED)

The calculation of basic earnings/(loss) per share is based on:

	Unaudited three months ended 30 June		Unaudited six months ended 30 June	
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(loss):				
Profit/(loss) attributable to equity holders of the Company used in the basic earnings/(loss) per share calculation	657	421	(1,812)	(1,398)
Share:				
Weighted average number of shares in issue during the period used in basic earnings/(loss) per share calculation	151,034	151,034	151,034	151,034
	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Basic earnings/(loss) per share attributable to equity holders of the Company	0.44	0.28	(1.20)	(0.93)

## 21. DIVIDENDS

No Interim dividend was proposed for the six months ended 30 June 2009 and 2008.

## 22. RELATED-PARTY TRANSACTIONS

(1) The Group had the following material transactions with related parties within the Ideal Standard Group:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Sales of finished goods	(a)	8,199	12,023	14,276	22,252
Purchases of raw materials	(a)	(156)	(294)	(236)	(321)
Management fee expenses	(b)	(138)	(125)	(275)	(250)
Trademark license, technical assistance and management assistance fees	(c)	(716)	(800)	(1,150)	(1,310)

## 22. RELATED-PARTY TRANSACTIONS (CONTINUED)

Notes:

- (a) The sales and purchases transactions were conducted with reference to the standard price lists and will continue in the future on the same basis.
  - (b) The management fee was charged in accordance with the terms of the relevant agreement.
  - (c) The trademark license, technical assistance and management assistance fees were related to the sales of products bearing the brand names of the Ideal Standard Group by the Group's subsidiaries in Mainland China, which were charged on the basis as stated in the respective joint venture agreements.
- (2) Period-end balances arising from related party transactions:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Receivables from related parties ( <i>Note 11</i> ):		
– Fellow subsidiaries	11,532	17,420
	<u>11,532</u>	<u>17,420</u>
Payables to related parties ( <i>Note 17</i> ):		
– Fellow subsidiaries	823	7,383
	<u>823</u>	<u>7,383</u>

- (3) Details of the compensation to directors of the Company are as follows:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Salaries and other short-term benefits	396	491
Pension scheme contributions	9	9
	<u>405</u>	<u>500</u>
Total	<u>405</u>	<u>500</u>

## 23. COMMITMENTS

- (i) The Group had no capital commitments at the balance sheet dates.
- (ii) After being novated to the joint venture agreements of the Company's PRC subsidiaries, Ideal Standard International undertakes to provide the technical know-how and to allow trademarks under licenses from Ideal Standard International and its affiliates be used for the plumbing products manufactured and sold by the Company's PRC subsidiaries in return for the following fees:

A-S (Shanghai) Pottery Co., Ltd:

Technical assistance fee	2% of net sales of products
Trademark license fee	3% of net sales of products

A-S (Tianjin) Pottery Co., Ltd:

Technical assistance fee	2% of net sales
Trademark license fee	3% of net sales
Management assistance fee	2% of net sales

Hua Mei Sanitary Ware:

Technical assistance fee	1.5% of net sales
Trademark license fee	1.8% of net sales
Management assistance fee	0.5% of net sales

A-S Jiangmen Fittings Co., Ltd:

Technical assistance fee	2% of net sales of products
Trademark license fee	3% of net sales of products

On 31 August 2009, an extraordinary general meeting of the Company was held at which the shareholders approved the Novation Agreements whereby Ideal Standard Global Ltd. transferred and novated the benefits, rights, obligations of Ideal Standard Global Ltd. to INAX Corporation, including the fee arrangements stated above.



**23. COMMITMENTS (CONTINUED)**

(iii) Operating lease commitments

At the respective balance sheet dates, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Within one year	2,253	2,540
In the second to fifth years, inclusive	2,480	3,434
Beyond the fifth year	159	312
	<hr/>	<hr/>
Total	<b>4,892</b>	<b>6,286</b>
	<hr/> <hr/>	<hr/> <hr/>

**24. POST BALANCE SHEET EVENTS**

Ideal Standard International completed the sales of its Asia Bath and Kitchen Business, including its interest in the Company, to INAX Corporation on 2 July 2009. As a result, the Company's parent company is now INAX Corporation, a wholly owned subsidiary of the JS Group Corporation, a company listed in Tokyo. 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.

## INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2009, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), were as follows:

#### *Interests in associated corporations*

Name of Director/ chief executive	Name of associated corporation	Relationship with the Company	Share/ equity derivatives	Numbers of share/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Ye Zhi Mao, Jason	Ideal Standard International TopCo (BC) Luxco S.C.A. ("Ideal Standard")	Ultimate holding company	Ordinary shares	244,505	Directly beneficially owned	0.97%
			PEC	177,456	Directly beneficially owned	Not applicable
			CPEC	31,316	Directly beneficially owned	Not applicable

**DISCLOSURE OF INTERESTS (CONTINUED)**

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

*Interests in associated corporations (Continued)*

Name of Director/ chief executive	Name of associated corporation	Relationship with the Company	Share/ equity derivatives	Numbers of share/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Gao Jin Min	Ideal Standard	Ultimate holding company	Ordinary shares	719,134	Directly beneficially owned	2.86%
			PEC	831,556	Directly beneficially owned	Not applicable
			CPEC	146,754	Directly beneficially owned	Not applicable
Chen Rong Fang	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	154,381	Directly beneficially owned	Not applicable
			CPEC	27,244	Directly beneficially owned	Not applicable
Wang Gang	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	214,030	Directly beneficially owned	Not applicable
			CPEC	37,770	Directly beneficially owned	Not applicable

**DISCLOSURE OF INTERESTS (CONTINUED)**

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

*Interests in associated corporations (Continued)*

Name of Director/ chief executive	Name of associated corporation	Relationship with the Company	Share/ equity derivatives	Numbers of share/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Yang Xiong	Ideal Standard	Ultimate holding company	Ordinary shares	143,828	Directly beneficially owned	0.57%
			PEC	512,276	Directly beneficially owned	Not applicable
			CPEC	90,402	Directly beneficially owned	Not applicable

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

## DISCLOSURE OF INTERESTS (CONTINUED)

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

As at 30 June 2009, the following persons (other than the directors and chief executive of the Company) had interests and short positions in the issued share capital of the Company were recorded in the register of interest required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholders	Number of ordinary shares held	Capacity and nature of interest	Approximate percentage of holding
Bain Capital Fund IX LP (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Bain Capital Fund VIII-E L.P. (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Bain Capital Investors LLC (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Bain Capital Partners IX LP (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Bain Capital Partners VIII-E L.P. (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Ideal Standard (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Ideal Standard International Holding Sarl ("Ideal Standard International") (Note 1)	95,867,000	Interest in controlled corporation	63.47%
Ideal Standard Holding (BC) France SAS. (Note 1)	508,500	Corporate beneficial owner	0.34%
INAX Corporation (Note 2)	95,867,000	Interest in controlled corporation	63.47%
JS Group Corporation (Note 2)	96,375,500	Corporate beneficial owner	63.81%
American Standard Foreign Trading Limited (Note 1)	96,375,500	Interest in controlled corporation	63.81%
Foundation Brunneria (Note 3)	95,867,000	Corporate beneficial owner	63.47%
General Oriental Investments Limited (Note 3)	16,900,000	Interest in controlled corporation	11.19%
Clearwater Capital GP (III), Ltd. (Note 4)	16,900,000	Corporate beneficial owner	11.19%
Clearwater Capital Partners Holdings, LLC (Note 4)	15,088,297	Interest in controlled corporation	9.99%
Clearwater Capital Partners, LLC (Note 4)	15,088,297	Interest in controlled corporation	9.99%
Petty Robert Dean (Note 4)	15,088,297	Investment manager	9.99%
RDP Holdings, LLC (Note 4)	15,088,297	Interest in controlled corporation	9.99%

## DISCLOSURE OF INTERESTS (*CONTINUED*)

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

*Note 1:* Bain Capital Fund IX LP, Bain Capital Fund VIII-E L.P., Bain Capital Investors LLC, Bain Capital Partners IX LP, Bain Capital Partners VIII-E L.P. and Ideal Standard are taken to have an interest in the shares of the Company held by Ideal Standard International. Ideal Standard International, being a subsidiary of Ideal Standard, owns a 63.81% shareholding interest in the Company through (i) a wholly-owned subsidiary, Ideal Standard Holdings (BC) France SAS., being a corporation established under the laws of France, which in turn owns a 100% interest in American Standard Foreign Trading Limited, being a company incorporated in Bermuda with limited liability, which directly holds a 63.47% shareholding interest in the Company; and (ii) a direct shareholding of 508,500 shares, which represents approximately 0.34% shareholding interest in the Company.

*Note 2:* Pursuant to a Share and Asset Purchase Agreement dated 18 May 2009 entered into between INAX Corporation and Ideal Standard International, INAX Corporation agreed to, inter alia, make a voluntary conditional cash offer to acquire all the shares in the Company subject to satisfaction or waiver of certain conditions precedent, and Ideal Standard International agreed to cause all the shares in the Company held by it and its affiliates to be tendered in such offer. As at 30 June 2009, completion under the Share and Asset Purchase Agreement had not yet taken place, and Ideal Standard International and its affiliates still held in aggregate 96,375,500 shares in the Company. Such conditions precedents were satisfied on 2 July 2009 and completion under the Share and Asset Purchase Agreement took place on the same day of 2 July 2009. INAX Corporation is a wholly-owned subsidiary of JS Group Corporation. JS Group Corporation is therefore deemed to be interested in the interests of INAX Corporation under Part XV of the SFO.

*Note 3:* General Oriental Investments Limited is 100% indirectly owned by Foundation Brunneria, a private discretionary trust whose ultimate beneficiaries are independent from the other Shareholders, directors and chief executive of the Company.

*Note 4:* Petty Robert Dean, RDP Holdings, LLC, Clearwater Capital GP (III), Ltd. and Clearwater Capital Partners Holdings, LLC SCA are taken to have an interest in the shares of the Company held by Clearwater Capital Partners, LLC due to their direct or indirect control over, and therefore are deemed under Part XV of the SFO to be interested in the interests of Clearwater Capital Partners, LLC in the Company.

As disclosed above, as at 30 June 2009, no other person (other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above) had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## **REPORT ON THE INTERIM FINANCIAL INFORMATION**

Pursuant to the requirements under Rule 10 of the Hong Kong Code on Takeovers and Mergers (“Code”), the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2009 as set out on pages 3 to 25 of this announcement has been reported on by Centurion Corporate Finance Limited, the independent financial adviser to the Company in respect of the voluntary offer by Anglo Chinese Corporate Finance Limited on behalf of INAX Corporation.

PricewaterhouseCoopers, the auditor of the Company, has also issued a report on the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2009 as set out on pages 3 to 25 of this announcement under the same Code requirements. Such reports have been lodged with the Executive Director of the Corporate Finance Division of the Securities and Futures Commission.

The full reports issued by PricewaterhouseCoopers and Centurion Corporate Finance Limited as mentioned above will be set out in the interim report of the Company for the six months ended 30 June 2009.

## **SHARE OPTION SCHEMES**

As at 30 June 2009, the Company did not have any share option scheme in place.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2009.

## **BOARD PRACTICES AND PROCEDURES**

The Company complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the six months ended 30 June 2009.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings. The Company had made specific enquiry of all directors whether its directors have complied with, or whether there have been any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 June 2009.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

The Company has applied the principles of the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules and is satisfied that the Company has complied throughout the six months ended 30 June 2009 with the Code.

## AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. During the six months ended 30 June 2009, the audit committee had three members, comprising of three independent non-executive directors, Mr. Chang Sze-Ming, Sydney, Mr. Ho Tse-Wah, Dean and Mr. Wong Kin Chi with Mr. Wong Kin Chi serving as the chairman of the committee. The audit committee has reviewed the Group's interim report for the six months ended 30 June 2009.

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, 18 September 2009

*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).*