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The HSBC China Fund Limited

(incorporated as an exempted company in the Cayman Islands with limited liability)

DISTRIBUTION OF SHARES IN A-S CHINA PLUMBING PRODUCTS LIMITED

As of 30 September, 2002, certain Conditions of the Distribution had not been satisfied. In view of this, the Directors propose to convene an extraordinary general meeting of the Company to consider and, if thought fit, to approve the Distribution again. Such approval, if granted, will be subject to revised conditions, namely an extension of the deadline for (a) approval of the GEM Listing Committee for the listing of A-S China Shares on GEM; (b) delivery of the Listing Document to the Stock Exchange pursuant to Rule 12.24(2) of the GEM Listing Rules; and (c) completion of the A-S China Reorganisation.

Reference is made to a circular (the "Circular") dated 22 May, 2002 issued by the Company and announcements of the Company dated 22 May, 2002, 7 June, 2002 and 17 June, 2002 in relation to the Distribution. As mentioned in the Circular, the Distribution is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting of the Company approving the Distribution;
- (ii) approval of the GEM Listing Committee for the listing of A-S China Shares on GEM and delivery of the Listing Document to the Stock Exchange pursuant to Rule 12.24(2) of the GEM Listing Rules on or before 30 September, 2002; and
- (iii) completion of the A-S China Reorganisation on or before 30 September, 2002.

(together, the "Conditions").

As announced on 17 June, 2002, the ordinary resolution referred to in (i) above was passed at the Extraordinary General Meeting. However, the Directors understand that as of 30 September, 2002, the approval of the GEM Listing Committee referred to in (ii) above had not been obtained and completion of the A-S China Reorganisation referred to in (iii) above had not taken place. The Conditions have not, therefore, been satisfied in full and, accordingly, the Distribution cannot proceed without further approval of the Shareholders.

Based on the reasons for the Distribution as set out in the Circular, the Directors propose that an extraordinary general meeting of the Company be held to approve the Distribution again. Such approval, if granted, will be subject to revised conditions, namely an extension of the deadline for (a) approval of the GEM Listing Committee for the listing of A-S China Shares on GEM; (b) delivery of the Listing Document to the Stock Exchange pursuant to Rule 12.24(2) of the GEM Listing Rules; and (c) completion of the A-S China Reorganisation. A letter containing further information on the Distribution (including the extended deadline referred to above which, at the date of this announcement, has yet to be fixed by the Directors) and notice of the extraordinary general meeting will be despatched to the Shareholders as soon as practicable.

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

"A-S China"	A-S China Plumbing Products Limited
"A-S China Reorganisation"	the proposed reorganisation of the share capital of A-S China under which (i) each of the "A" shares of US\$1.00 each in the capital of A-S China would be subdivided into 100 "A" shares of US\$0.01 each and each of the "B" shares of US\$1.00

each in the capital of A-S China would be sub-divided into 100 “B” shares of US\$0.01 each; (ii) 12,900 ordinary shares of US\$0.01 each in the capital of A-S China would be issued by way of capitalisation for every 100 A-S China shares (whether “A” or “B”) held; (iii) new articles of association would be adopted by A-S China; and (iv) all the issued “A” shares and “B” shares would be reclassified and converted into ordinary shares of US\$0.01 each in the capital of A-S China each ranking pari passu in all respects and having the same rights and privileges as set out in the new articles of association; and which reorganisation is conditional upon delivery of the printed Listing Document to the Stock Exchange in accordance with Rule 12.24(2) of the GEM Listing Rules

“A-S China Shares”	ordinary shares of US\$0.01 each in the capital of A-S China following completion of the A-S China Reorganisation
“Company”	The HSBC China Fund Limited
“Directors”	the directors of the Company
“Distribution”	the proposed conditional distribution of A-S China Shares to the Shareholders registered as such on the relevant record date
“Extraordinary General Meeting”	an extraordinary general meeting of the Company held at 11:00 am. on 17 June, 2002 at Level 15, Main Board Room, 1 Queen’s Road Central, Hong Kong to consider and, if thought fit, to approve the Distribution
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
“HCF Shares”	shares of US\$0.01 each in the capital of the Company
“Listing Document”	the listing document to be issued by A-S China for the purpose of the listing of the A-S China Shares on the GEM
“Register”	the Register of Members of the Company
“Shareholder”	a person who is registered as the holder of HCF Shares in the Register (including persons who are jointly so registered)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	United States of America
“US\$”	US dollars, the lawful currency of the US

By order of the board
Donald P H Liao
Director
Hong Kong, 30 September, 2002