

ASPPL

A - S China Plumbing Products Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8262

Third Quarterly Report

For the nine months ended 30 September 2007

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

The GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on the GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on the GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

The principal means of information dissemination on the GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on the GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

The report, for which the directors of A-S China Plumbing Products Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Operations Review

- Total turnover of the Group for the three months ended 30 September 2007 amounted to approximately US\$27.08 million (2006: US\$22.79 million) and turnover for the nine months ended 30 September 2007 amounted to US\$75.00 million (2006: US\$61.65 million).
- The Group showed encouraging growth in Q3. Total turnover for the three months ended 30 September 2007 grew 18.8%. Domestic sales grew by 21.7% and export sales grew by 15.6% compared to the same period last year.
- The pick up in domestic sales growth comes on the back of continuing the successful implementation of the American Standard ‘Design Solutions’ programs. During the quarter the Group won a number of significant contracts to supply major sites for the Olympic games taking place in Beijing in 2008.
- The gross profit margin of the Group for the nine months was maintained at 34%, with increased pricing and manufacturing savings offsetting higher raw material costs, especially copper. The Group is showing the benefits of the plant closure made last year.
- The Group recorded a net profit after minority interests of approximately US\$3.7 million during the nine months ended 30 September 2007 compared to a net loss after minority interests of approximately US\$0.9 million in the same period last year. The net loss during the same period of last year was mainly due to a provision of restructuring costs of approximately US\$3.4 million for the liquidation of a subsidiary. By excluding the restructuring costs, the Group recorded a net profit after minority interests of approximately US\$2.5 million for the first nine months of last year.
- The Group continues to maintain a healthy financial position even after dividend yield. As of 30 September 2007, the net current assets of the Group amounted to US\$35.9million, which comprises cash and bank deposits of approximately US\$28.0 million. The Group has no bank loan as of the period end date and the reporting date.
- The Group declared and paid the excess funds in the form of interim dividends totalling approximately US\$0.1632 per share (Hong Kong Dollar1.2728 per share) in Q3.

Prospect

- The Group anticipates continued inflationary pressure on raw material prices, in particular copper.
- The Bath and Kitchen Business in North America has, since 1 November 2007, been split into a separate business unit. This could give rise to uncertainty in the Group's export sales to the North American markets in the future as the Group's current channel of distribution in these markets may be vulnerable. This is because the Bath and Kitchen Business in the Americas, being a separate business unit is free to source products from any producer in or outside the People's Republic of China and as a result, it is expected to see pressure on the Group's export sales volumes and profit margins to the North American market.

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 foreign currency market to hedge against the risk of fluctuation of the RMB in relation to other foreign currencies. The directors believe that, having regard to the working capital position of the Group, the Group is able to meet its future exchange liabilities, if any, as they become due.

QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

The board of directors is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2007 together with the comparative unaudited consolidated results for the corresponding period in 2006 (the “Relevant Periods”) as follows:

Condensed Consolidated Profit And Loss Account

	Notes	Unaudited three months ended 30 September		Unaudited nine months ended 30 September	
		2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
TURNOVER	3	27,076	22,792	74,999	61,648
Cost of sales		(18,167)	(15,105)	(49,802)	(41,226)
Gross profit		8,909	7,687	25,197	20,422
Other revenues/(expenses), net		(273)	(49)	(277)	259
Distribution costs		(796)	(746)	(2,598)	(1,999)
Administrative and other operating expenses		(5,285)	(4,464)	(14,570)	(12,744)
Restructuring costs		–	–	–	(3,431)
PROFIT BEFORE TAX		2,555	2,428	7,752	2,507
Tax	4	(884)	(632)	(2,552)	(1,885)
PROFIT FOR THE PERIOD		<u>1,671</u>	<u>1,796</u>	<u>5,200</u>	<u>622</u>
Attributable to:					
Equity holders of the parent		1,141	1,203	3,747	(933)
Minority interests		530	593	1,453	1,555
		<u>1,671</u>	<u>1,796</u>	<u>5,200</u>	<u>622</u>
EARNING/(LOSS) PER SHARE ATTRIBUTE TO ORDINARY EQUITY HOLDERS OF THE PARENT (<i>US cents</i>)					
– Basic, for profit/(loss) for the period	5	<u>0.76</u>	<u>0.80</u>	<u>2.48</u>	<u>(0.62)</u>

Condensed Consolidated Balance Sheet

	Unaudited 30 September 2007 <i>US\$'000</i>	Unaudited 30 June 2007 <i>US\$'000</i>
Non-current assets		
Property, plant and equipment	50,429	49,020
Goodwill	2,105	2,105
Intangible assets	6,998	6,998
Prepaid land lease payments	7,968	7,924
	<hr/>	<hr/>
Total non-current assets	67,500	66,047
	<hr/>	<hr/>
Current assets		
Due from group companies	10,333	9,178
Prepayments, deposits and other receivables	3,305	3,371
Inventories	11,451	9,275
Trade receivables	10,452	10,896
Cash and cash equivalents	27,972	55,064
	<hr/>	<hr/>
Total current assets	63,513	87,784
	<hr/>	<hr/>
Current liabilities		
Due to group companies	4,214	4,349
Dividend payable	959	132
Dividend payable to a minority interest shareholder	–	926
Trade payables	8,738	8,141
Corporate income tax payable	892	890
Other payables, deposits and accrued liabilities	12,807	12,969
	<hr/>	<hr/>
Total current liabilities	27,610	27,407
	<hr/>	<hr/>
Net current assets	35,903	60,377
	<hr/>	<hr/>
Total assets less current liabilities/ Net Assets	<u>103,403</u>	<u>126,424</u>
	<hr/>	<hr/>
Equity		
Equity attributable to equity holders of the parent		
Issued share capital	1,510	1,510
Reserves	91,082	98,161
Proposed dividend	–	14,316
	<hr/>	<hr/>
Minority interests	92,592	113,987
	<hr/>	<hr/>
Total Equity	<u>103,403</u>	<u>126,424</u>
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Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the parent										
	Issued share capital	Share premium		Reserve fund	Expansion reserve		Exchange fluctuation reserve	Retained profits	Total	Minority interest	Total equity
		US\$'000	US\$'000		US\$'000	US\$'000					
At 1 January 2007	1,510	85,305	4,334	1,306	1,220	15,606	109,281	12,156	121,437		
Exchange realignment	-	-	-	-	4,253	-	4,253	442	4,695		
Net gain not recognized in the profit and loss account	-	-	-	-	4,253	-	4,253	442	4,695		
Net profit/loss for the period	-	-	-	-	-	3,747	3,747	1,453	5,200		
Dividend declared or paid	-	-	-	-	-	(24,689)	(24,689)	-	(24,689)		
Dividend declared or paid to Minority interest shareholders	-	-	-	-	-	-	-	(3,240)	(3,240)		
At 30 September 2007	<u>1,510</u>	<u>85,305</u>	<u>4,334</u>	<u>1,306</u>	<u>5,473</u>	<u>(5,336)</u>	<u>92,592</u>	<u>10,811</u>	<u>103,403</u>		
At 1 January 2006	1,510	85,305	3,957	1,306	(1,328)	14,606	105,356	15,237	120,593		
Exchange realignment	-	-	-	-	1,709	-	1,709	285	1,994		
Net loss not recognized in the Profit and loss account	-	-	-	-	1,709	-	1,709	285	1,994		
Net profit for the period	-	-	-	-	-	(933)	(933)	1,555	622		
Dividend declared or paid to Minority interest shareholders	-	-	-	-	-	-	-	(2,163)	(2,163)		
Liquidation of a subsidiary	-	-	-	-	-	-	-	(1,365)	(1,365)		
At 30 September 2006	<u>1,510</u>	<u>85,305</u>	<u>3,957</u>	<u>1,306</u>	<u>381</u>	<u>13,673</u>	<u>106,132</u>	<u>13,549</u>	<u>119,681</u>		

Notes:

1. BASIS OF PRESENTATION

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

2. PRINCIPAL ACTIVITIES

The Group manufactures and distributes in the People's Republic of China (the "PRC") a broad range of bathroom and kitchen fixtures and plumbing fittings under the plumbing product brand names of American Standard Inc. ("ASI"), including the "American Standard" and "Armitage Shanks" brands. The Group has established a manufacturing base for the production of bathroom and kitchen fixtures and plumbing fittings in Shanghai, Tianjin and Guangdong provinces using manufacturing equipment and manufacturing technologies developed by American Standard Companies Inc. to ensure the quality of its products.

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and business/sales tax where applicable. All significant intra-group transactions have been eliminated on consolidation.

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue				
Mainland China	14,558	11,960	37,216	32,330
North America	2,635	2,776	10,245	6,439
United Kingdom	4,069	2,661	11,871	7,475
Other European countries	2,439	1,678	5,975	6,728
Others	3,375	3,717	9,692	8,676
	<u>27,076</u>	<u>22,792</u>	<u>74,999</u>	<u>61,648</u>
Total	<u>27,076</u>	<u>22,792</u>	<u>74,999</u>	<u>61,648</u>

4. TAX

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Current period provision in respect of:				
The PRC	<u>884</u>	<u>632</u>	<u>2,552</u>	<u>1,885</u>

Currently, no taxes are imposed by the Cayman Islands on income or capital profits of the Company.

Hong Kong profits tax has not been provided during the Relevant Periods, as the Group had no assessable profits attributable to its operations in Hong Kong during the Relevant Periods.

A China subsidiary, A-S (Jiangmen) Fittings Co., Ltd (“A-S Jiangmen Fittings”), is subject to a CIT rate of 27%.

A China subsidiary, A-S (Shanghai) Pottery Co., Ltd., is subject to a CIT rate of 24% and is entitled to a preferential tax rate of 13.5% as it is qualified as a “Technological Advanced Enterprise”, for the year ended 31 December 2007.

A China subsidiary, A-S (Tianjin) Pottery Co., Ltd., is subject to a CIT rate of 15% as it is located in Tianjin economic & development zone and is entitled to a preferential tax rate of 10% as it is qualified as a “Technological Advanced Enterprise”, for the year ended 31 December 2007.

Another China subsidiary, Hua Mei Sanitary Ware Co., Ltd (“Hua Mei”) is subject to a CIT rate of 24% and has obtained a written approval from the local tax bureau for a preferential tax rate of 18% for the year ended 31 December 2007 as it is qualified as a “Knowledge and Technical Concentration enterprise”.

No provision for deferred tax has been provided as the taxable and deductible temporary differences are immaterial for the current and prior periods.

5. EARNING/(LOSS) PER SHARE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earning/(loss) per share amount is based on the net profit/(loss) for the period attributable to equity holders of the parent of US\$3,747,000 (2006: net loss US\$933,000), and weighted average number of issued ordinary shares of 151,034,000 (2006:151,034,000) during the period.

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

6. POST BALANCE SHEET

American Standard Companies Inc. (“ASCI”) completed the sale of its worldwide Bath and Kitchen Products business, including its interest in the Company, to funds advised by entities owned by Bain Capital, LLC, a leading global private investment firm, on 31 October 2007. As a result, the Company’s parent company is now Ideal Standard International Holding Sarl, which is an investment holding company owned by funds advised by entities owned by Bain Capital, LLC.

INTERIM DIVIDEND

On 8 August 2007, the directors declared the first interim dividend of US\$0.0948 (HK\$0.7393 per share) per share, payable on 5 September 2007 to those persons registered as shareholders on 27 August 2007.

On 4 September 2007, the directors declared the second interim dividend of US\$0.0684 (HK\$0.5335 per share) per share, payable on 28 September 2007 to those persons registered as shareholders on 24 September 2007.

The interim dividend is paid in Hong Kong Dollars and the value of the Hong Kong Dollar is calculated at the exchange rate of US\$1: HK\$7.8.

The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (2006: Nil).

DISCLOSURE OF INTERESTS

As at 30 September 2007, the interests of the Directors and the chief executive in the securities of the Company and its associated corporations as required to be recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

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

At 30 September 2007, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant Rule 5.46 of the GEM Listing Rules, were as follows:

Interests in associated corporations

Name of Director/ chief executive	Name of company	Number and description of equity derivatives	Capacity	Type of interest	Approximate percentage of holding
Mr. Richard M. Ward	American Standard	Share options to subscribe for 23,686 shares in American Standard	Beneficial owner	Personal	0.0123%
Mr. Ye Zhi Mao, Jason	American Standard	Share options to subscribe for 1,149 shares in American Standard	Beneficial owner	Personal	0.0006%
Mr. Gao Jin Min	American Standard	Share options to subscribe for 6,694 shares in American Standard	Beneficial owner	Personal	0.0035%

DISCLOSURE OF INTERESTS (continued)

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

Movement in Directors' interests in options of ASCI during the year

Name of director	Date of grant	Exercise price US\$	Balance as at 1.1.2007	Granted during the period	Exercised during the period	Balance as at 30.9.2007
Mr. Richard	4.2.2004	35.03	7,002	–	2,334	4,668
M. Ward	2.2.2005	43.34	10,000	–	2,222	7,778
	1.2.2006	36.87	10,000	–	1,111	8,889
	5.2.2007	52.66	–	2,351	–	2,351
			<hr/>			<hr/>
			27,002			23,686
Mr. Ye Zhi	2.2.2005	43.34	500	–	332	168
Mao, Jason	1.2.2006	36.87	1,000	–	333	667
	5.2.2007	52.66	–	314	–	314
			<hr/>			<hr/>
			1,500			1,149
Mr. Gao Jin Min	3.1.2007	45.86	–	3,000	–	3,000
	5.2.2007	52.66	–	3,694	–	3,694
			<hr/>			<hr/>
			–			6,694
			<hr/>			<hr/>

The above listed directors were granted to subscribe for shares in American Standard Companies Inc., being an associated corporation of the Company (within the meaning of Part XV of the SFO). The options were granted free of consideration. The exercise period is for 10 years from each relevant date of grant. Options to subscribe for 1/3 of the shares under each relevant grant may be exercised on or after the first anniversary of the relevant date of grant; options to subscribe for another 1/3 of the shares may be exercised on or after the second anniversary of the relevant date of grant; and options to subscribe for the remaining shares may be exercised on or after the third anniversary of the relevant date of grant.

Save as disclosed above, none of the directors and chief executive has registered an interest or short position in the share capital and underlying shares of the Company and its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as refer to Rule 5.46 of the GEM Listing Rules.

DISCLOSURE OF INTERESTS (continued)

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

At 30 September 2007, the following interests and short positions of 5% or more of the issued share capital of the company were recorded in the register of interest required to be kept by the company pursuant to section 336 of the SFO:

Name of shareholders	Number of shares held	Capacity Company's issued Capital	Type of interest	Approximate percentage of holding
American Standard Companies Inc (<i>Note 1</i>)	95,867,000	Beneficial owner	Corporate	63.47%
American Standard International Inc. (<i>Note 1</i>)	95,867,000	Beneficial owner	Corporate	63.47%
American Standard Bermuda Limited (<i>Note 1</i>)	95,867,000	Beneficial owner	Corporate	63.47%
American Standard Foreign Trading Limited (<i>Note 1</i>)	95,867,000	Beneficial owner	Corporate	63.47%
Foundation Brunneria (<i>Note 2</i>)	16,900,000	Beneficial owner	Corporate	11.19%
General Oriental Investments Limited (<i>Note 2</i>)	16,900,000	Beneficial owner	Corporate	11.19%

Note 1: American Standard Companies Inc. owns a 63.47% shareholding interest in the Company through a wholly-owned subsidiary, American Standard International Inc., being a corporation established under the laws of the State of Delaware, USA, which in turn owns a 100% interest in American Standard Bermuda Limited, a company incorporated in Bermuda with limited liability, which in turn owns a 100% interest in American Standard Foreign Trading Limited, also being a company incorporated in Bermuda with limited liability, which directly holds a 63.47% shareholding interest in the Company.

Note 2: General Oriental Investments Limited is 100% indirectly owned by Foundation Brunneria, a private discretionary trust whose ultimate beneficiaries are independent from the other Shareholders, directors and chief executive of the Company.

Save as disclosed above, as at 30 September 2007, 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) have registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

As at 30 September 2007, 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 nine months ended 30 September 2007.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in rules 5.34 to 5.45 of the GEM Listing Rules during the nine months ended 30 September 2007.

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.

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 period ended 30 September 2007, 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. Ho Tse-Wah, Dean serving as the chairman of the committee. The audit committee has reviewed the Group's third quarterly report for the three months ended 30 September 2007.

By order of the Board of directors
A-S China Plumbing Products Limited
Richard M. Ward
Chairman

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

Mr. Richard M. Ward (*Executive Director*)

Ms. Yang Yu Qing, Cindy (*Executive Director*)

Mr. Ye Zhi Mao, Jason (*Executive Director*)

Ms. Chen Rong Fang (*Executive Director*)

Mr. Gao Jin Min (*Executive Director*)

Mr. Peter James O'Donnell (*Non-executive Director*)

Mr. Chang Sze-Wah, Sydney (*Independent Non-executive Director*)

Mr. Ho Tse-Wah, Dean (*Independent Non-executive Director*)

Mr. Wong Kin Chi (*Independent Non-executive Director*)

Hong Kong, 7 November 2007