

CHINA CERAMICS CO., LTD.

4Q & FYE 2015 Earnings Call
April 20, 2016
8:00 a.m. ET

Speakers:

Mr. Jaidong Huang, CEO
Mr. Edmund Hen, CFO

Operator: Good morning. My name is Leya, and I will be your conference operator today. At this time, I would like to welcome everyone to the Fourth Quarter and Fiscal Yearend 2015 Earnings conference call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

David Rudnick, you may begin.

David Rudnick: Thank you, Lea. Good morning, ladies and gentlemen, and good evening to those of you who are joining us from China. Welcome to China Ceramics fourth quarter and fiscal yearend 2015 earnings conference call.

With us today are China Ceramics' Chairman and Chief Executive Officer, Mr. Jia Dong Huang; and its Chief Financial Officer, Mr. Edmund Hen.

Before I turn the call over to Mr. Huang, I remind our listeners that during this call, management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties and management may make additional forward-looking statements in response to your questions. Therefore, the company claims protection of the Safe Harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995.

Actual results may differ from those discussed today and refer to more detailed discussion of the risks and uncertainties in the company's filings with the Securities and Exchange Commission. In addition, any projections as the company's future performance represent management's estimates as of today, April 20, 2016. China Ceramics assumes no obligation to update these projections in the future as market conditions change.

To supplement the financial results presented in accordance with U.S. GAAP, management will make reference to earnings before interest, taxes, depreciation and amortization, which we will call by its abbreviated name EBITDA. EBITDA is a non-GAAP financial measure reconciled from net income, which the company believes provides meaningful additional information to better understand its operating performance. A table reconciling net income to EBITDA can be found in the earnings press release issued earlier today.

And now, it's my pleasure to turn the call over to China Ceramics' Chairman and CEO, Mr. Jiadong Huang; and China Ceramics' CFO, Mr. Edmund Hen. Weijia Dai will be translating for Mr. Huang. Mr. Huang, you may proceed.

Jiadong Huang: (In Chinese)

Weijai Dai: Thank you, David. On behalf of the company, I would like to welcome everyone to our fourth quarter and fiscal yearend 2015 earnings conference call.

Jiadong Huang: (In Chinese)

Weijai Dai: For the fourth quarter of 2015, we experienced extremely challenging market conditions due to an array of macroeconomic factors that have impacted the Chinese economy, and which have negatively impacted the real estate and building materials market. A contraction in consumer demand resulted in a 13.2 percent decline in the fourth quarter's revenue as compared to the same period in 2014.

We also incurred a substantial assets write-down, which significantly affected the fourth quarter's bottom-line, but due to the non-cash nature of this event, our adjusted EBITDA was RMB 32.9 million or approximately USD 5 million, up 15.4 percent as compared to the year-ago quarter.

Jaidong Huang: (In Chinese)

Weijai Dai: We continue to differentiate ourselves from our competitors with new products and are excited about the addition of glazed brick ceramic tiles to our product portfolio, as it is a highly effective solution for high-rise apartment buildings and housing projects. This new production line at our Hengdali facility is capable of producing customized roofing tiles according to consumer's specifications. And following extensive testing in the first quarter of 2016, we expect full production to begin in the second quarter of 2016.

Jaidong Huang: (In Chinese)

Weijai Dai: During the fourth quarter, we utilized production facilities capable of producing 26 million square meters of ceramic tiles per year out of a total annual production capacity of 72 million square meters. Although, we have a substantial amount of capacity available for utilization, in the near-term, we do not have plans to bring additional capacity online, as we are currently experiencing a contraction in demand for our product.

Jaidong Huang: (In Chinese)

Weijai Dai: For the full year 2015, our revenue was down 2 percent, but our gross profit rose by over 20 percent due to operating efficiencies. Our adjusted EBITDA, which excluded the fourth quarter's non-cash asset write-down was RMB154.5 million or approximately USD23 million. We also repaid approximately USD7 million in short-term debt during the fourth quarter due to a tightening of credit across China.

Jaidong Huang: (In Chinese)

Weijai Dai: Looking ahead to 2016, we believe that the operating environment will continue to be challenging. However, we are confident that we can weather the current market volatility and leverage our market position to maintain our existing customers as well as win new customers. We expect a consolidation trend among larger property developers, which would benefit the company since our manufacturing scale and infrastructure enable us to effectively serve these large enterprises. In the long-term, we believe that real estate is a key sector of China's economy that will continue to draw investments and that the urbanization and economic trends underlying the growth in China's real estate sectors are sustainable.

Jaidong Huang: (In Chinese)

Weijai Dai: With that, I would like to turn over the call to the company's Chief Financial Officer, Mr. Edmund Hen, who will discuss the company's fourth quarter earnings results in more detail. Thank you.

Edmund Hen: Thank you, Mr. Huang. I will now move on to a more detailed discussion of our financial results for the fourth quarter and fiscal year 2015.

Our revenue for the fourth quarter ended December 31, 2015, was RMB 208.3 million or USD 31.6 million, a decrease of 13.2 percent from RMB 240.1 million or USD 38.7 million in the fourth quarter of 2014. The year-over-year increase in revenue was primarily due to a 13 percent decrease in sales volume to 6.7 million square meters of ceramic tiles from the year-ago quarter slightly offset by a 0.3 percent increase in average selling price to RMB 31.1 per square meters from the year-ago quarter.

Gross profit for the fourth quarter ended December 31, 2015 was RMB 29.5 million or USD 4.5 million, an increase of 1.4 percent from RMB 29.1 million or USD 4.7 million in the year ago quarter. The gross profit margin was 14.2 percent for the fourth quarter compared to a gross profit margin of 12.1 percent in the year-ago quarter. The improvement in gross margin was by adjusting production and achieving better control of labor costs.

The loss from operations before taxes for the fourth quarter of 2015 was RMB 406.5 million or USD 64.2 million as compared to RMB 10.1 million or USD 1.6 million in the year-ago quarter. On a non-GAAP basis, profit from operations before taxation for the current quarter was RMB 15.1 million or USD 2.3 million, which excludes the non-cash fair value loss on impairment of non-current assets for the fourth quarter of 2015. This compares to RMB 10.1 million or USD 1.6 million in the fourth quarter of 2014, which will reflect the key deduction of expenses due to the provision for settlement of litigation of RMB 5.3 million or USD 0.9 million.

Net loss for the fourth quarter of 2015 was RMB 411.3 million or USD 4.8 million as compared to a net profit of RMB 4.8 million USD 0.8 million in the year-ago quarter. On a non-GAAP basis, net profit was RMB 10.4 million or USD 1.6 million in the current quarter, which excludes the non-cash fair value loss on the impairment of non-current assets for the fourth quarter of 2015. This compares to RMB 4.8 million or USD 0.8 million in the fourth quarter of 2014, which reflect the deduction of expenses due to the provision for the settlement of litigation of RMB 5.3 million or USD 0.9 million.

Loss per fully diluted share for the fourth quarter of 2015 was RMB 20.13 or USD 3.11 as compared to RMB 0.23 or USD 0.04 for the fourth quarter of 2014. Non-GAAP earnings per fully diluted share for the current quarter was RMB 0.51 or USD 0.08, which excludes the non-cash fair value loss on the impairment of non-current assets for the fourth quarter 2015.

EBITDA for the fourth quarter ended December 31, 2015, was a negative RMB 388.7 million or USD 61.5 million. Adjusting for the non-cash impairment of assets in the current quarter, EBITDA was RMB 32.9 million or USD 5 million, up 15.4 percent from RMB 28.5 million or USD 4.6 million in the year-ago quarter.

For the full year ended December 31, 2015, revenue was RMB 1,017.1 million or USD 160.4 million, a decrease of 2 percent as compared to RMB 1,037.7 million or USD 167.2 million for the fourth quarter of 2014. Gross profit was RMB 125.4 million or USD 19.8 million, up 20.1 percent from

RMB 104.4 million or USD 16.8 million. Gross margin for the full year 2015 was 12.3 percent compared to 10.1 percent for the full year 2014.

On a non-GAAP adjusted basis, net profit for fiscal 2015 was RMB59.2 million or USD9.3 million for the year ended December 31, 2015, as adjusted for the non-cash RMB 421.6 million or USD 66.5 million fair value loss on the impairments of non-current assets for the fourth quarter end December 31, 2015, as compared to net profit of RMB 29.2 million or USD 4.7 million for fiscal year 2014, as adjusted for the RMB 59.5 million or USD 9.6 million of realized and unrealized fair value loss on derivative financial instruments incurred during the period.

Turning to our balance sheet. As of December 31, 2015, we had cash and bank balances of RMB 0.5 million or USD 0.08 million as compared to RMB 61.2 million or USD 9.9 million as of fiscal yearend 2014. The decrease in cash and bank balances was primarily the net repayment of RMB 46 million or USD 7.1 million in the fourth quarter of the year.

As of fiscal yearend 2015, our debt consist of short-term bank borrowings, which were RMB 40.1 million or USD6.2 million as compared to RMB 84.7 million or USD 13.7 million. This decrease is reflecting the net repayment of short-term bank borrowings of RMB 46 million or USD 7.1 million in the fourth quarter of 2015.

As of December 31, 2015, inventory turn was 131 days compared to 125 days as of December 31, 2014. Trade receivables turnover was 163 days compared with 156 days as of fiscal yearend 2014. Prior to 2012, the company typically offered a credit period of 90 days of our distributors, but expanded it to 150 days to our distributors since the end of 2012 to adjust funding pressure associated with challenging real estate market conditions in China. We extended the credit period from 90 days to 120 days to direct company accounts at the end of 2014.

As a capital expenditure update, in the third quarter we began renovating our state-of-the-art showroom in our Hengda facility, which we call the Exhibition Hall, which is a valuable resource for the marketing and promotion of our

building material products. We are confident that upgrading this showroom will enable us to continue to secure significant new contracts for our products from larger property developers.

CapEx for the new renovations to the Hengda Exhibition Hall were RMB 3.9 million or USD 0.6 in the third quarter and RMB 6.6 million or USD 1 million in the fourth quarter of 2015, with no unpaid balances as of December 31, 2015. The total cost of the renovations, which were completed in the fourth quarter, was RMB 10.5 million or USD 1.6 million.

As previously announced, we constructed a new production line to manufacture glazed brick ceramic tiles in our Hengdali facility, which we believe will be an attractive addition to our current product portfolio. This new product is engineered to be competitively-priced and a highly effective roofing solution for both high rise apartment and housing projects that complements our existing ceramic tiles products.

Capital expenditures for the new line were RMB 18.6 million or USD 2.9 million in the third quarter of 2015 and RMB 130.1 million or USD 20.1 million in the fourth quarter of 2015, with no unpaid balances as of December 31, 2015. The total cost of new production was RMB 148.7 million or USD 23 million.

Moving on to our business outlook. In the fourth quarter of 2015, the company experienced a substantial decline in business activity as compared to fourth quarter of 2014. The company's sales volume of 6.7 million square meters represents a 13 percent reduction in sales volume from the 7.7 million square meters recorded in the fourth quarter of 2014. This was the lowest level of sales volume attained since the first quarter of 2013, when a difficult business environment caused a decline in sales volume and pricing pressure on the company's products impelled us to institute price cuts in order to maintain market share.

The company attributes the currently challenging conditions to lower economic growth in China, which has affected the real estate and construction sectors, and which has resulted in a contraction in investment and new

housing projects by property developers, although the fourth quarter's average selling price rose only 0.3 percent as compared to the fourth quarter of 2014. The Company has so far retained its pricing power, as the fourth quarter increase represents eight consecutive quarters of period over year-ago period increases in average selling price.

We typically receive orders from customers two months in advance of production on a rolling basis. We enter into dealership agreements with customers and a sales or purchase contract each time a customer places an order. As previously disclosed, our backlog, which represents approximately the next two months of revenue, as of the end of the fourth quarter was RMB 66.8 million or USD 10.3 million. This compares to a backlog of approximately RMB 137 million as of December 31, 2014, a year-over-year decrease of 51.2 percent. Further, since July 2014, due to an increase in our production costs, we have increased the selling prices of all products by an average of approximately 5 percent in order to maintain our gross margin.

Looking ahead to 2016. We expect very challenging conditions in the short-term, but slowly improving market conditions as the year progresses. We believe that the real estate and the construction and building materials sectors continue to be vital to sustaining China's economic growth, as it is estimated to comprise between 15 percent and 20 percent of China's gross domestic products.

The Chinese government has adopted an array of policies to stimulate the real estate sector, which includes cutting benchmark interest rates five times last year, a lowering of the reserve requirement ratio for banks, lower first home down payment ratios and a cut in the minimum capital ratio for fixed asset investment, which would help property developers.

In early February, the Central Bank cut the minimum mortgage down payment for first-time buyers from 25 percent to 20 percent as a way to increase sales in third and fourth tier cities where inventories of unsold housing remain are at record levels. This is the third lowering of minimum mortgage down payment over the last year where each one has led to an increase in new home purchases. In addition, in late February, the Central Bank cut the reserve

requirement ratio by 0.5 percent to 17 percent to encourage banks to increase their lending activities, which could help to spur real estate activity.

Although, the Central Government's measures have helped to sustain the real estate sector, there has been a substantial slowdown in construction activities year-to-date, and it is not clear if supportive monetary and regulatory policies will continue for the remainder of 2016. In the long-term, we view the growth of the real estate sector as sustainable, as it is underpinned by urbanization, that is expected to lead to a more consumption-driven economy, and which is a key objective of government policy.

We believe that we have a competitive advantage in our sector due to our name brand, comprehensive product platform, marketing expertise and ability to implement operating efficiencies due to our modern plant and equipment. Competitive pressures over the last year has led to a contraction in the building materials sector as some smaller, less well-capitalized firms who lack our advanced manufacturing capabilities and deep product platform have left our sector. Additional exits appears likely as government mandates to convert to cleaner and more expensive fuel sources to lower carbon emissions, which will also pressure smaller competitors.

In addition, we expect there to be a consolidation trend among the larger property developers in 2016. This would benefit larger ceramic producers, such as China Ceramics, who can most efficiently service these large enterprises. Our goal for the year ahead is to strategically market in specific locales with better regional fundamentals, and generate sustainable sales volume as we weather this current period of volatility and challenging market conditions.

At this point, we would like to open up the call to any questions pertaining to the fourth quarter and fiscal year 2015 financial and operating performance.
Operator?

Operator:

At this time, if you have a question, press star then the number one. We'll pause for just a moment for the Q&A roster.

Your first question comes from the line of Howard Flinker.

Howard Flinker: I have three questions. One, it appears you're collecting some accounts receivables, is that correct?

Edmund Hen: Yes, we are collecting some account receivable.

Howard Flinker: And are you having trouble collecting some others or are they're just paying more slowly?

Edmund Hen: They are paying more slowly.

Howard Flinker: Do you have orders for the new glazed brick tile and how much approximately?

Edmund Hen: Yes, we do. But at this moment it's not very much. It's about few million RMB for the next three months.

Howard Flinker: And finally, I think at Jiangxi, has the provisional government issued rules to force companies to convert from coal to natural gas or not yet?

Edmund Hen: Not yet.

Howard Flinker: But it's coming? Is it not?

Edmund Hen: The rumor there, we will have the new rules, but we do not have such order from the government yet.

Howard Flinker: Business conditions are tough, but considering how tough it is, you guys performed pretty well. It's hard to say that when results appear on the surface to be so negative, but under the surface, you're exhibiting real discipline, I have to commend you for that. That's all. Thank you.

Edmund Hen: Thank you.

Howard Flinker: You're welcome.

Operator: Again, to ask a question, press star one. Your next question comes from the line of James Dunning.

James Dunning: Edmund, good morning. I have a corporate finance question. The underwriting that the company engaged in earlier in the year, I would like an explanation of why? By reading the prospectus, the revenue you generated from that underwriting, a little less than a million dollars was usurped by the expense, which was greater than the revenue as disclosed in your prospectus. In addition, the shareholders had significant dilution, that's tough. Can you give us an explanation of why the company engaged in such a draconian underwriting?

Edmund Hen: First of all, during the beginning of the year, we are facing a very difficult time to transfer the money outside China. And also, we in China have a lot of pressure bidding for the challenging economy in China. And in order to further develop ourselves, obviously and pay all the listing fees, et cetera, we decided to have a small fund raising.

James Dunning: But Edmund, the expense of the underwriting was greater than the revenue you took in, so how did that paid for any bills or any of those issues - the cost of the underwriting?

Edmund Hen: The underwriting fees is only 8 percent, as disclosed on the prospectus.

James Dunning: The cost of the underwriting, as you described in the prospectus was \$928,000. The revenue was \$927,000.

Edmund Hen: Yes.

James Dunning: That's zero proceeds to the company, plus the dilution. I don't understand what the economic - why Mr. Huang or the Board would approved a zero net transaction and heavy dilution to all the shareholders.

Edmund Hen: I think we only issued about a few percent of the outstanding shares.

James Dunning: Edmund, you issued warrants that were extremely dilutive, five-year warrants and one year warrants.

Edmund Hen: But it is not exercised yet.

James Dunning: Yet. But I don't understand the cash proceeds of the underwriting. The expenses were greater than the revenue, so the three reasons you gave for raising the money were used up in the cost of the underwriting and you got no net proceeds, I don't understand?

Edmund Hen: We have only disclosed on the prospectus. There is a use of proceeds for purpose of the fund. I think you can further refer to the prospectus for this metric.

James Dunning: Well, you described the use of proceeds, but the expenses of the deal were greater than the proceeds. So there maybe an intent of use the proceeds, but the expenses of deal, it is zero effectively?

Edmund Hen: Again, the expenses of the deal is only around 8 percent for the commission and some extra for the legal expenses.

James Dunning: That's not what it says in the prospectus. The prospectus says that the expenses were \$928,000. I don't remember exactly what the number was, but it was greater than the revenue by a small amount, in your own disclosure. So the net proceeds was effectively zero. And if you got money offshore, I don't know how you did it, because you spent -- you may have got money offshore, but the expenses to the offshore underwriters in Boca Raton, et cetera, was greater than the revenue, or the proceeds. Well that's one question.

The other is more of a market question. What's happening to the competition as the real estate market is tightened? And I don't understand, if you were such a dominant producer and high-quality producer at a good price, why you're not crushing the competition who has less advantage than you do. You're an outstanding organization, and I would think this would be a great time to take market share from people who can't sustain the downturn. Do you care to comment to that?

Edmund Hen: In China, the situation is very different. And the whole economy, not only the property market, is very challenging now. And at this situation, it is very

difficult to make a decision to step further, let's say, acquire a new business to have more market share. We have to be conservative and see what happens in the current situation. Even until now, we still see the economic situation in 2016 as very challenging, so we would like to be conservative at this moment.

James Dunning: Thank you.

Operator: Your next question comes from the line of (Mariko Jordan).

Maricco Jordan: Hello. Can you hear me?

Edmund Hen: Yes. Go ahead.

Maricco Jordan: I was a little confused on the net income for the year 2015. What exactly was the net income for the year?

Edmund Hen: It's about – a little bit more than RMB 1,000 million.

Maricco Jordan: How much in the U.S. dollars?

Edmund Hen: It is approximately USD160 million.

Maricco Jordan: USD 150?

Edmund Hen: USD 160.

Maricco Jordan: The net income, I'm speaking about the gross profit. You made a ...

Edmund Hen: For the full year, the net revenue is USD160.4 million in 2015.

Maricco Jordan: What was the net income? What do you have after the expenses and everything? In the unaudited report it says negative USD 53 million, but if you exclude the loss from your write down, it should be about USD 13 million net profit, is that right or wrong?

Edmund Hen: Just a moment. What we have for net profit, on a GAAP basis, the net profit for fiscal year 2015 was RMB 59.2 million or USD 9.3 million for the year ended December 31, 2015.

Maricco Jordan: OK. What's your cash and bank balance for the year 2015?

Edmund Hen: We have a positive cash flow in 2015.

Maricco Jordan: What's the number exactly?

Edmund Hen: You mean the bank balance at year end?

Maricco Jordan: Well, how much cash do you have available right now, so to speak?

Edmund Hen: At the end of 2015, December 31, we have RMB 0.5 million.

Maricco Jordan: How much in U.S. dollars?

Edmund Hen: It's about USD 0.08 million.

Maricco Jordan: So about USD 1 million?

Edmund Hen: No. It's one-tenth of the USD 1 million, USD 0.1 million.

Maricco Jordan: USD 1.1 million?

Edmund Hen: Not pont one. USD 0.08 million.

Maricco Jordan: Okay. How much money did the company spend on research and development in 2015?

Edmund Hen: We normally spent 3 percent of our revenue, which is about RMB 5 million.

Maricco Jordan: Okay. Have you guys considered developing a product line or investing in a business that can help protect you from the fluctuations on the housing market in China?

Edmund Hen: There's a potential, but now we have to be conservative. We want to wait and see the market situation before to decide any important investments.

Maricco Jordan: What are some investment ideas that the company has come up with to help expand the business?

Edmund Hen: Excuse me?

Maricco Jordan: What are some investment ideas that the company has come up with to help expand the business?

Edmund Hen: At this moment, we are expanding our marketing and pricing strategy to see if this can help the company in growth of the revenue.

Maricco Jordan: Okay. What areas or ventures relating to your business have you explored that your competitors have not explored yet?

Edmund Hen: I think now the most important is the management in terms of the quality and marketing strategy which is – that we need to explore more in depth compared to our competitors.

Maricco Jordan: I think you're misunderstanding my questions. What I'm trying to reach around to is that the company is vulnerable to the fluctuations at the housing market, and I think it would benefit the owners of the company, for example, us, the shareholders and yourself, if the company wisely invest in low-cost producing businesses, per se, that are efficiently servicing for the lucrative markets. So there are other investment opportunities for you guys to put your money into, I think that would be a prudent idea because of the vulnerability you have in just being in one market. Do you understand?

Edmund Hen: Sorry, I didn't quite get your questions on this?

Maricco Jordan: For the past few years, the housing market in China has been rocky, right?

Edmund Hen: Yes.

Maricco Jordan: Okay. So you're susceptible to their vulnerability. What I'm saying is that I think it would benefit the owners of the company if the company wisely invested in low-cost producing businesses that are efficiently servicing important lucrative markets, other businesses outside of your business, so that you could – so that that your money is not just in one place.

Edmund Hen: Yes. We will consider your suggestion to further look at other potential growth businesses. But at this moment, I think we need to develop a team to explore this area before we have a serious investments.

Operator: There is a follow up question from the line of Howard Flinker.

Howard Flinker: Thank you. From the offering, did you pay the listing fees, Edmund?

Edmund Hen: Did we pay the listing fee?

Howard Flinker: Yes. And were there any other foreign fees that you had to pay?

Edmund Hen: Yes, a portion of our expenses paid to the listing fee.

Howard Flinker: Anything else?

Edmund Hen: And also we have paid some overseas fees on market research and some fees on – to buy some material from the overseas.

Howard Flinker: The reason I am asking is that I think there were lawyers confused total expenses with underwriting expenses, and it made it look as is if your underwriting expenses were greater than the revenue from the stock offering. And it would appear on the surface that you had no net revenue from the underwriting whereas in fact it did, because you paid the listing fees and you paid other marketing expenses. You may want to check that and clear it up.

Edmund Hen: Yes, this is the truth. You are correct.

Howard Flinker: Okay. Thank you.

Edmund Hen: Thank you.

Operator: There is a follow-up question from the line of Maricco Jordan.

Maricco Jordan: I also had a question, about what were you guys going to do to bring the stock price up? Have you considered repurchasing?

Edmund Hen: You gave a very good suggestion and this has to be very serious consideration from the Board and we will announce to the public, if we have any idea to do with the stock pricing.

Maricco Jordan: Well, I think now would be a good time. The stock is selling well below its intrinsic value and the stock is continuing to sell at a bargain price. If you do decide to repurchase, the purchase will increase the percentage of the existing shareholders ownership, and that purchase might interest other investors to take a stake in the company thus improve the potential or borrowing power and could increase the company's potential to raise money.

Edmund Hen: Yes, understood. And thank you for your suggestion on this matter.

Maricco Jordan: And this is my last question. How many institutional investors do you have compared to individual investors?

Edmund Hen: We have quite a number of institutional investors from our shareholder list.

Maricco Jordan: How many individual investors do you know?

Edmund Hen: I think it's more than 2,000, it's around 2,000 investors.

Maricco Jordan: Those are all of my questions. Thank you.

Edmund Hen: Thank you.

Operator: There are no further questions at this time.

David Rudnick: Thank you, Leyla. On behalf of the entire China Ceramics' management team, we want to thank all of you for your interest and participation on this call. This concludes China Ceramics' fourth quarter and fiscal year ended 2015 earnings call. Thank you all very much.

Operator: You may now disconnect.

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