

**China Ceramics Fourth Quarter and Fiscal Year 2010
Earnings Conference Call Participants:**

JiaDong Huang, Edmund Hen, Ed Job

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Introduction and Safe Harbor: Ed Job, CCG Investor Relations

Good morning and good evening. And welcome to China Ceramics fourth quarter and fiscal year 2010 earnings conference call. With us today are China Ceramics chairman and chief executive officer, Mr. Jiadong Huang, and chief financial officer, Mr. Edmund Hen.

Before I turn the call over to Mr. Huang, may I remind our listeners that during this call, management's prepare 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 we refer you to a more detailed discussion of the risks and uncertainties with the company's filing with the Securities and Exchange Commission. In addition, any projections as to the company's future performance

represent management's estimates as of today, March 14, 2011. China Ceramics assumes no obligation to update these projections in the future as market conditions change.

To supplement its financial results presented in accordance with IFRS, management may make reference to certain non GAAP financial measures, which the company believes provides meaningful additional information to understand the company's performance. A statement reconciling any non GAAP measures to nearest GAAP equivalents can be found on the earnings press release earlier today.

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

Opening Remarks: Mr. Huang, CEO of China Ceramics

谢谢Ed（艾德）。

感谢各位参加今天的电话会议。

Thank you, Ed.

Welcome to everyone and thank you for joining us today.

今天很高兴能在这里向大家报告2010第四季度以及2010财年的财务结果。今年我们在实现公司业务计划上取得了显著成效,并将使中国陶瓷在今后几年中保持快速增长的趋势。

We are very pleased to report exceptional results for the fourth quarter and fiscal year 2010. This year, we also made significant progress in the execution of our business plan and positioning of China Ceramics well to continue its rapid growth in the years ahead.

2010年四季度的财务亮点包括：

- 收入同比增长27.9%，达到10.686亿人民币，相当于1.592亿美元
- 和2009年相比，毛利增长33.9%，达到3.39亿人民币，相当于5050万美元
- 毛利率从2009年的30.3%增长到达31.7%.
- 净利润同比增长47.5%，达到2.255亿人民币，相当于3360万美元
- 稀释后的每股收益达到16.96元人民币，折合2.53美元

The highlights for 2010 include:

- Revenues up 27.9% to RMB 1,068.6 million, equivalent to \$159.2 million.
- Gross profit was RMB 339 million, equivalent to \$50.5 million, representing a 33.9% increase from 2009.
- Gross profit margin was 31.7%, compared to 30.3% in the same period of 2009.
- Net profit was RMB 225.5 million, or \$33.6 million, up 47.5% from the same period of 2009.
- Revenues per share—revenues per fully diluted shares were RMB 16.96, equivalent to 2.53 US Dollars.

为了满足我们的客户无限增长的需求，我们决定拓大公司的产能，我们晋江工厂的年产能为3220万平方米，专门生产恒达品牌。我们高安工厂的年产量为1000万平方米，生产的瓷砖品牌有恒得利，图尔陶以及五里桥。我们预计在2010年4月前将高安工厂的产能提高到2400万平方米。我们预计在2011年底，公司的总产能可以到达5620万平方米。我们的最终目标是在2012年底将公司总产能提高到7880万平方米。

In order to manage the continuing strong demand from our customers, we are committed to expanding our production capacity. Our manufacturing facility in JinJiang has capacity to produce

approximately 32.2 million square meters of ceramic tiles. They're produced under the Hengda Brand. Our Hengdali production facility has the capacity to produce approximately 10 million square meters of ceramic tiles. They're produced under the Hengdali, Toerto, and Wuliqiao brands. We are currently working to expand the Hengdali plant to 24 million square meters by April 2011. We expect to end 2011 with total capacity of 56.2 million square meters. And our goal is to gradually expand to 78.8 million square meters by 2012.

进入 2011 年，许多激动人心的机会都在等待着我们，相信我们可以为客户和股东创造价值。我希望我们每个季度都由卓越的成绩向大家报告。

As we enter the 2011, we are very excited with the opportunities we have for delivering positive results and creating value for our customers and shareholders. And I look forward to reporting on our progress every quarter during our earnings conference calls.

Now that I have completed translating Mr. Huang's comments, I would like to spend a few minutes discussing China Ceramics business performance. Before I go into the fourth quarter financials, let me start by providing some background about our business and industry.

China Ceramics is a manufacturer of ceramic tiles used for exterior siding and interior flooring in residential and commercial buildings. We currently have two facilities, one located in JinJiang, Fujian province and the other in Gaoan, Jiangxi province. Both locations were strategically chosen for their specific site resources and are within the major ceramic tile manufacturing areas in China.

The company was founded by our CEO, who has spent most of his career in the construction, material distribution business. Mr. Huang has served as the vice chairman of Fujian Province Ceramic Industry Association since 2006 and as the executive director of JinJiang City Chamber of Imports and Export Trades since 2007. China Ceramics has benefited from Mr. Huang's extensive knowledge in the area of the ceramic industry.

China Ceramics has a very broad product offering with five different types of tiles with over 2000 different combinations of products, colors and sizes. About 80 percent of our product is sold through our 40 exclusive distributors. The top 10 customers have worked with China Ceramics for approximately 10 years each. About 90 percent of our products are tailor-made for our customers, which gives us pricing

powers and allows us to price 15 to 20 percent above our competitors.

We also differentiate ourselves through our strong R&D capabilities. We are known for the superior quality of our products as well as our ability to meet customer specifications consistently. In 2010, China Ceramic was the only ceramics company recognized among Asia's top 500 brands.

The key underlying trends supporting the growth of our business include, firstly, the continued trend towards the urbanization of China; secondly, government plan to invest in low income housing. The current target is to build 36 million units of low income housing over the next five years, of which 10 million will be built this year; and thirdly, the generally improved the living standards driven by higher per capita GDP in China.

With this macroeconomic scenario as a backdrop, we see the significant opportunity for China Ceramics to grow its top and bottom line in the years ahead while we gradually expand the capacity of our two production plants to meet the demand from our customers.

Now, moving on to a more detailed discussion of our financial results....

[Overview of Q4 results: Edmund Hen, Chief Financial Officer]

Revenue for the fourth quarter of 2010 was RMB 273.1 million, equivalent to \$42.5 million, up 24.3 percent compared to last year. The increase was primarily driven by a 17.4 percent increase in sales volume due to the increased production capacity at the Hengdali plant in Jiangxi Province. Hengda and Hengdali plants contribute RMB 217.2 million and RMB 55.9 million of the total revenue in the final quarter of 2010, respectively.

Gross profit for the fourth quarter of 2010 was RMB 91.5 million, or \$14.2 million, up 27.6 percent from the last year. Gross margin was 33.5 percent, compared to 32.6 percent for the same period last year. The year over year increase in gross profits was driven by higher sales volume and higher gross margin from our new products at our Hengdali operation.

Administrative expenses for the fourth quarter were RMB 6.5 million, or \$1 million, up 140.7 percent from last year. The year over year increase was primarily due to the additional depreciation and amortization expenses incurred for the acquisition of property, plants and equipment as well as consulting expenses related to public offering in November 2010, and from legal consulting and other expenses related to China Ceramics' status as a public company.

Selling distribution expenses for the fourth quarter of 2010 were RMB 2.4 million, or \$0.4 million, or 0.9 percent of sales, compared to RMB 1.9 million, or 0.9 percent of sales in the same period of 2009. The year over year increase in selling expenses was due to the higher payroll of RMB 0.2 million and advertising expenses RMB 0.3 million at the newly acquired Hengdali facility.

Finance costs for the fourth quarter were RMB 1.5 million, or \$0.2 million, up 275 percent from last year as a result of debts incurred from the acquisition of Hengdali.

Profit from operation for the fourth quarter was RMB 83.6 million or \$13 million, up 20.5 percent from last year. The year over year increase in profits from operations was the result of higher revenue

and the absence of one-time merger costs of RMB 26.4 million incurred in the fourth quarter of 2009.

Other income for the fourth quarter of 2010 was RMB 1 million, or \$0.2 million, down 56.5 percent from the RMB 2.3 million in the same period of 2009. Other income mainly consisted of sales of waste parts, such as scrap metals, gears and transportation belts from the equipments and moldings and foreign exchange gain or loss. The year over year decrease in other income was primarily due to foreign exchange loss of RMB 0.8 million in the final quarter.

Net profit for the fourth quarter of 2010 was RMB 60.5 million, or \$9.4 million, up 133.5 percent from the same period in 2009. The year over year increase in the net profits was primarily driven by strong growth in revenue of Hengdali in 2010 and the absence of one-time merger costs incurred in November 2009, which reduced the net profit for the fourth quarter of 2009.

Earnings per fully diluted share were RMB 3.71, or \$0.58, for the fourth quarter of 2010, up 22.4 percent from the same period in (last) year. The year over year increase in earnings per share was mainly due to the strong growth in net profits, partially offset by increase in

numbers of share outstanding. On November 24, 2010, 3.35 million shares were issued, bringing the number of issued and outstanding shares to approximately 16.5 million as of December 31, 2010.

Turning to our balance sheet, we had cash of RMB 263.5 million, or \$39.9 million, at the end of the year. As of the balance sheet date, we have inventory turnover of 73 days. Receivables turnover was 95 days, and the payables turnover was 76 days. Bank borrowings were RMB 97 million, or \$14.7 million. During the year, capital expenditures amounted to RMB 192 million, equivalent to \$28.6 million.

Moving on to outlook:

Turning to our outlook, the company's backlog of orders for delivery in the first quarter of 2011 is approximately \$49.0 million, representing a year-over-year growth rate of 33.4 percent compared to the first quarter of 2010. The expected sales volume in the first quarter of 2011 is approximately 11.5 million square meters, representing a 30.7 percent increase from the same period last year. Overall, we are very excited about our future prospects. And we look forward to reporting positive results in quarters ahead.

Now, before we open to—before we open the call to your questions, I would like to note that the company will be making its 2009 SAIC filing with the Department of Commerce in China available on the investor relations section of our Web site by tomorrow, March 15 for the benefit of the investors. Interested parties may visit our Web site at www.cceramics.com.

We are committed to providing investors with that great and timely information to allow them to make a fair assessment of the value of their investments in China Ceramics stocks. We will continue to work with our board, our legal and investor relations advisors to ensure we can consistently maintain an adequate level of disclosure.

With that, we would like to open up the call to your questions.
Operator?