

CHINA CERAMICS CO., LTD.



China Ceramics Co., Ltd.

WWW.CCERAMICS.COM



Investor Presentation
September 2012



Safe Harbor Statement

This presentation contains forward-looking statements and management may make additional forward-looking statements in response to your questions. Such written and oral disclosures are made pursuant to the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995.

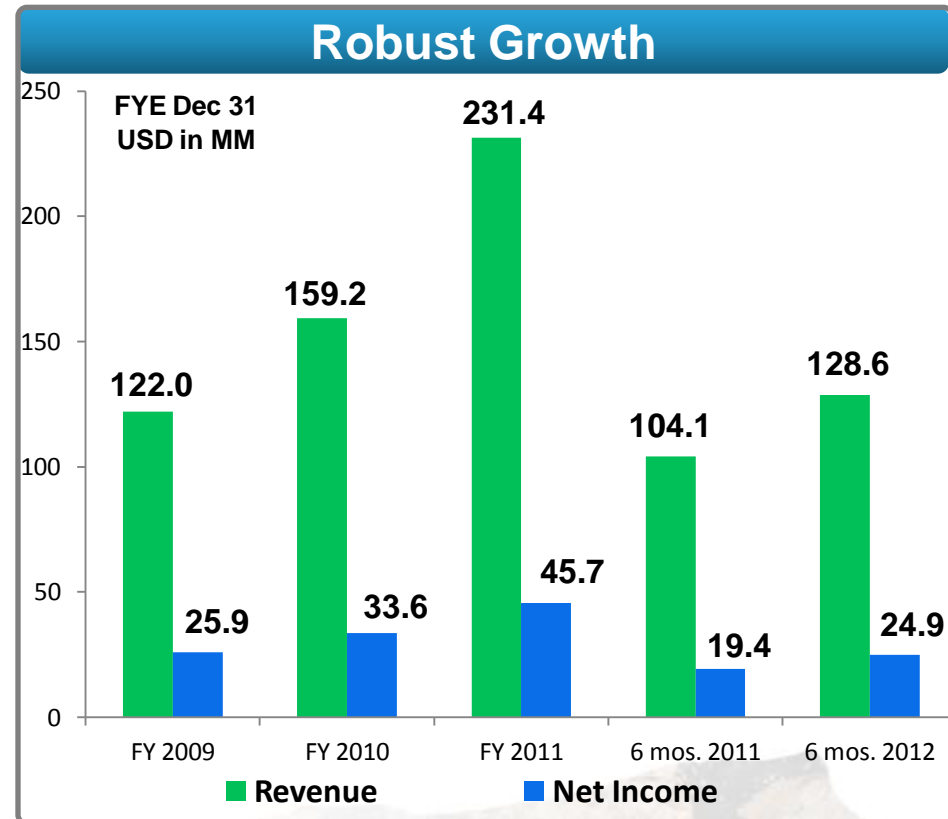
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The forward-looking statements contained in this presentation are made only as of today, and China Ceramics is under no obligation to revise or update these forward-looking statements.



Company Overview

- Founded as Jinjiang Hengda Ceramics in 1993
- Ceramic tile market growth correlates with the strong urbanization and construction trends in China
- Potential plant production capacity currently 72 MSM of ceramic tiles / yr., a 90% increase from Dec. 2010
- Actual plant utilization is 56 MSM / yr. as of 2Q 2012; the ramp to 72 MSM is pending business conditions
- Government initiatives to promote affordable housing augurs sustainable growth
- Over 2,000 tile color and size combinations enable extensive customer choice
- High brand recognition, five brands sold under “Hengda / HD”, “Hengdeli / HDL”, “TOERTO”, “WULIQIAO”, and “Pottery Capital of Tang Dynasty” trademarks





Equity Snapshot

NasdaqGM: CCCL	FYE: Dec. 31
Price (9/17/12)	\$1.85
Primary Shares Outstanding*	20.4 MM
Market Capitalization	\$37.7 MM
Cash (June 30, 2012)	\$12.3 MM
Debt (June 30, 2012)	\$15.0 MM
Revenue (TTM)	\$255.8 MM
Net Income (TTM)	\$ 51.3 MM
Fully Diluted EPS (TTM)	\$2.50
P/E Ratio	0.74 x

* Weighted Average under treasury method. We have 20.4 MM shares outstanding giving effect to the 2.2 million shares held in escrow and released on April 6, 2012 as the final purchase agreement pay-out. CCCL has 2.75 million warrants outstanding with an exercise price of \$7.50, callable at \$14.25 (for 20 out of 30 trading days) and an expiration date of November 16, 2012.



Corporate History

Founded in 1993 as a manufacturer of outdoor ceramic tiles in Jinjiang, Fujian Province

Received the certification of ISO9002, ISO9001 and ISO14001 in 1999; Gradually built up brand reputation

Introduced state-of-the-art equipment from abroad; developed plans to expand Hengda's capacity

Named a Top Growing Enterprise by China Building Materials Association

Acquired Hengdali facility in Jan.'10;

Total annual manufacturing capacity of both Hengda & Hengdali currently 56 million square meters

Listed on NASDAQ (CCCL) in November 2010

Owens 4 patents with right to use 11 more. Continuously focusing on R&D for environmental-friendly products

Completed merger with SPAC (CHAC) in November 2009



Investment Highlights

1

Prominent manufacturer of exterior ceramic tiles

2

Intent upon capitalizing upon China's urbanization trend

3

A 90% increase in annual potential plant utilization (72 MSM) since 2010 enables capture of market share

4

Motivated distributors and direct company sales drive revenue

5

Product customization enables premium pricing and sustainable margins

6

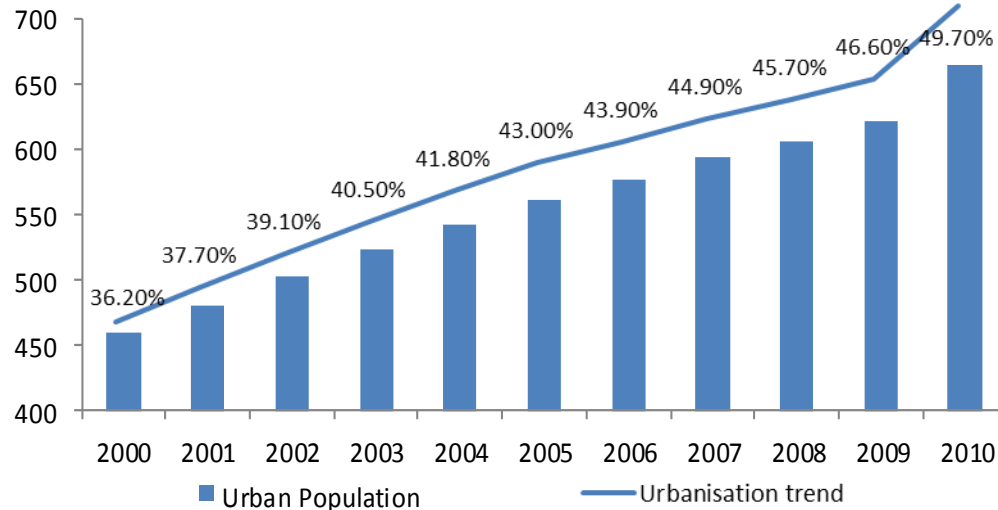
Favorable government policies stimulate demand in Tier II and Tier III cities



Urbanization Trend Provides Underpinning to Real Estate Construction China

- China's total urban population reached 691 million in 2011 vs. 450 million in 2001; according to projections, nearly 70% of the population will live in urban areas by 2035.
- The scale and pace of China's urbanization trend is unprecedented: 219 cities of more than 1 million and an aggregate urban population nearing 1 billion are projected by 2025
- Tier I cities are expected to account for only 10% of China's commercial real estate activities by 2020, highlighting the significant development opportunities in Tier II and Tier III cities

Urbanization Trend in China



% of Population Urbanized by Country –

Country	% of Population Urbanized
Indonesia	50.3%
Malaysia	69.4%
Russia	72.9%
US	81.4%
UK	89.9%

Sources: National Bureau of Statistics of China, Wikipedia; www.china.org.cn, <http://esa.un.org/unup/>



A Long-Term Trend of Strong Real Estate Growth in China

- The scale of construction in China is immense: the expected future increase in cities is equal to the residential floor space of a number of European cities today
- CCCL believes that sound underlying demand for housing is sustainable throughout the next decade; a correction should be short-lived
- There are fewer restrictions by municipal governments in Tier II and Tier III cities
- CCCL sees the current influx of land supply recorded in Tier II and Tier III cities as solid in terms of creating demand for ceramic tiles
- Central government initiatives stipulate for 36 million new affordable housing units by 2015 at a cost of nearly \$800 billion

Forecast of Net Increase		Existing Residential	
in Urban Residential		Building Stock	
Building Stock (2011-2020)		Building Stock	
Chongqing	1,109	Poland	807
Chengdu	447	Greece	494
Zhengzhou	396	Portugal	424
Tianjin	389	Sweden	411
Beijing	350	Czech Rep.	369
Xi'an	279	Romania	366
Changsha	272	Switzerland	352
Shanghai	271	Hungary	319
Shenzhen	265	Austria	318
Dongguan	234	Denmark	282

a. all data in mm sq. meters

b. Figures are for urban areas within referenced prefecture/municipality.

c. Chongqing municipality's unusually large increase partly reflects its large size compared with other prefectures.

Sources: Economist Intelligence Unit; National Bureau of Statistics (China); UNECE



Key Market Trends

- **Beneficiary of China's long-term urbanization trend**
- **Product trend** – New outdoor ceramic tiles products are “Green”, lighter, heat insulating and noise-reducing
- **Potential of Tier II and III Cities**
 - CCCL believes that much of the growth in China's GDP is being driven by economic activity in Tier II and Tier III cities
 - According to Jones Lang LaSalle, Tier I cities will account for only 10% of China's commercial real estate activities by 2020
 - The Company sees restrictive policies that are imposed on housing in Tier I cities as potentially encouraging real estate activities in Tier II and Tier III cities
 - Significant land hoarding could mean large construction project launches in coming years
- **Importance of distributors**
 - China's outdoor ceramic tile industry relies heavily on distributors; an estimated 73% of total sales are made through distributors
 - As competition intensifies, more manufacturers will bid for large construction projects in an attempt to sell products to real estate developers directly



Current Market Environment

- The Chinese economy has experienced a relative slowdown; GDP growth in 2Q12 was 7.6%, the slowest rate in 3 years - and the World Bank's forecast of 8.2% GDP growth in 2012 would be the slowest growth rate since '99.
- To provide a stimulus, the People's Bank of China lowered the official one-year borrowing rate by 25 basis points.
- CCCL's backlog of orders decreased for 3Q12 and is reflective of slower customer demand.
- CCCL believes its focus on Tier II and Tier III cities enables it to sustain better demand due to better fundamentals relative to generally more volatile Tier I cities.
- CCCL expects to maintain strong margins as its customers continue to transition from lower margin ceramic tiles to higher margin, better performing ceramic tiles
- The Company is reviewing plans to market of its products outside of China as well as other revenue enhancing ideas.



Competitive Landscape

- China's outdoor ceramics tile industry is highly fragmented with hundreds of manufacturers; CCCL estimates its current market share in China to be 5%.
- The Company believes that more than 200 manufacturers are located in Jinjiang, with a combined annual production volume of 70% of China's total production volume
- Others are mainly located in Foshan, Zibo, Linyi, and Dehua, specializing in manufacturing interior wall and floor ceramic tiles
- Competition often based on quality, branding, service and produce diversity, CCCL's strengths
- Major competitors include:
 - *White Rabbit Ceramics (est. 5% share (1))*
 - *Jinjiang Tengda Ceramics Co. (est. 3% share (1))*
 - *Fujian Jinjiang Xielong Ceramics Co. (est.1% share (1))*

(1) of China market





Comprehensive Product Suite

The company has over 2,000 size and color combinations

Porcelain
56% of Sales



Rustic
25% of Sales



Glazed
6% of Sales



Polished Glaze
6% of Sales



Glazed Porcelain
4% of Sales



Ultra Thin
3% of Sales

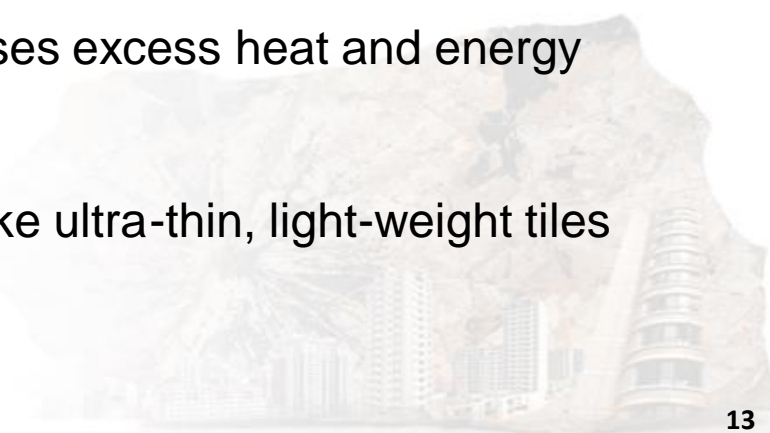


Wide array of standardized and made-to-order products



Research & Development

- R&D is an integral component of the Company's culture and a key to its competitive advantage: R&D expenditures were \$3.0 MM for 1H2012 or 2.3% of revenue, a noteworthy figure for a company in the building materials sector.
- The 86 person team has developed over 2,000 types of different product combinations
- in March 2012, the Company was certified by Fujian Municipal as one of the Top 100 2012-2013 Leading Enterprises
- Devised an energy recycling system that reuses excess heat and energy that saves up to 20% of cost
- Develops environmentally friendly products like ultra-thin, light-weight tiles





Modern Production Lines Ensure High Quality

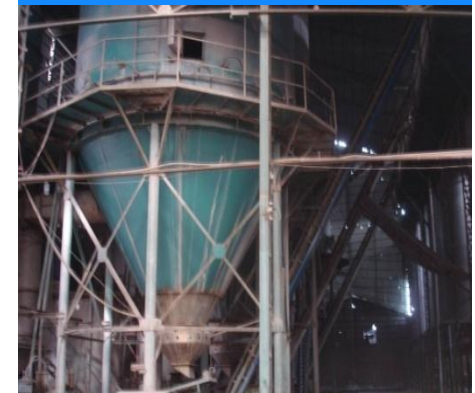
Raw Material Inspecting



Mixing & Grinding



Spray Drying



Firing



Glazing



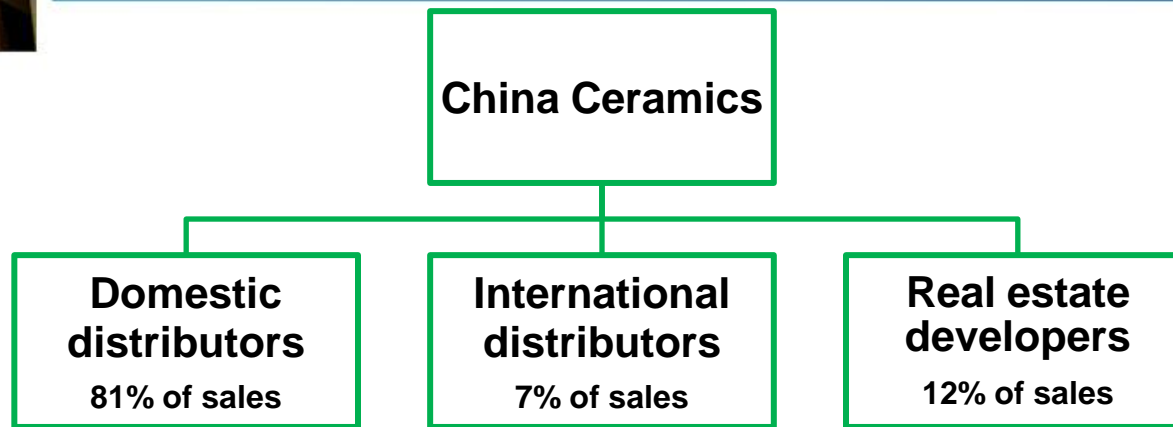
Molding



Plant's ISO 9001:2000 accreditation signifies high quality control processes



Established and Loyal Customer Base



- 88% of products sold to 40 exclusive domestic distributors and 6 international distributors
- 12% of products sold directly to larger real estate developers via own sales force
- The top ten customers have purchased from CCCL for over 10 years each
- The top ten customers represented 27% of total sales in 2011
- Sales in Tier II and Tier III cities account for nearly 90% of domestic sales
- Ongoing contracts with large property developers in China, including:
 - ❖ Evergrande, China Resources Land, China SCE Property,
 - ❖ China National Real Estate Development Group, Poly Real Estate,
 - ❖ Wanda Group, Sany Group and Green Town



Our Sales Coverage



Sales Process



- Excellent communication between our sales force and distributors avoids overlapping of sales
- Distributors required to make monthly reports on customer requirements
- Provide installation instructions and collect after-sales feedback by our sales force
- Seeking new highly-qualified distributors to expand geographic reach

We typically book sales within 2-3 months of delivery



Selected Hengda Projects

Chengdu Kanjun Garden



210,000 sq. meters

China Resources Land Limited Lanxi Town



100,000 sq. meters

The 11th National Games Village



95,000 sq. meters

Hangzhou Redbud Garden



53,000 sq. meters

Xiamen Blue Gulf Peninsula



133,000 sq. meters

Shenyang Institute of Aeronautical Engineering



97,000 sq. meters



Stable Supplier Base

- Clay and coal are the two major raw materials for tile production, accounting for 50% of COGS
- Over 10 years' cooperation with key suppliers ensures on-time supply and reasonably stable pricing
- All raw materials are inspected on delivery for quality control

Raw Material	% of COGS	# of Suppliers
Clay	28	11
Coal	22	8
Coloring	21	8
Glazing	6	4



Sustainable Gross Margins

- **Continued steady demand** – backlog and channel checks indicate a steady pace of new construction projects.
- **Customized product** – nearly all production is built to order for specific projects.
- **High quality manufacturing** – ISO certified; international manufacturing equipment.
- **Quality, well-known brand** – “Asia’s 500 Most Influential Brands” award.
- **Economies of scale** – large plants enables a superior range of products at competitive price points.
- **Energy efficiency** – production lines recover and / or reuse waste water, waste dust, exhaust and kiln after-heat. This decreased energy costs by 20% in our Hengda factory.

Due to our reputation for quality, we are able to sell many of our products at a 15-20% premium vs. our competitors



Plant Expansion and Fully Funded Capital Expenditures

<i>(All Capacity figures in Square Meters)</i>	Hengda	Hengdali	Total
Capacity as of Dec. 2010	28.0 M	10.0 M	38.0 M
2010 and 2011 Capacity Expansion	14.0 M	4.0 M	18.0 M
Total 2011 Capacity	42.0 M	14.0 M	56.0 M
2012 Capacity Expansion Built To Date		16.0 M	16.0 M
Total 2012 Capacity To Date	42.0 M	30.0 M	72.0 M
2012 Capacity - Currently Available	42.0 M	30.0 M	72.0 M
2012 Capacity - Currently Being Utilized (a)	42.0 M	14.0 M	56.0 M
<i>(a) The 16.0 MSM of available annual production to be utilized pending business conditions.</i>			
Additional Potential Capacity Expansion		14.0 M	
Potential Total Capacity (in Aggregate)	42.0 M	44.0 M	86.0 M
Est. Capital Exp. for Potential Expansion	Nil	\$38.0 M	\$38.0 M
Total Capital Expenditures in 2011	\$23.9 M	\$44.6 M	\$68.5 M
Total Capital Expenditures in 2012	Nil	TBD	TBD



Growth Strategy

- **Continue to capitalize upon strong brand awareness**
- **Utilize the near doubling of production capacity**
- **Reach new markets** – new Hengdali facility extends reach while reducing costs
- **Continue to broaden product suite** – through innovative R&D
- **Penetrate new markets** – via a broadened distribution network
- **Evaluate selective M&A opportunities**

Key focus is to ramp market share domestically and to exploit market opportunities abroad

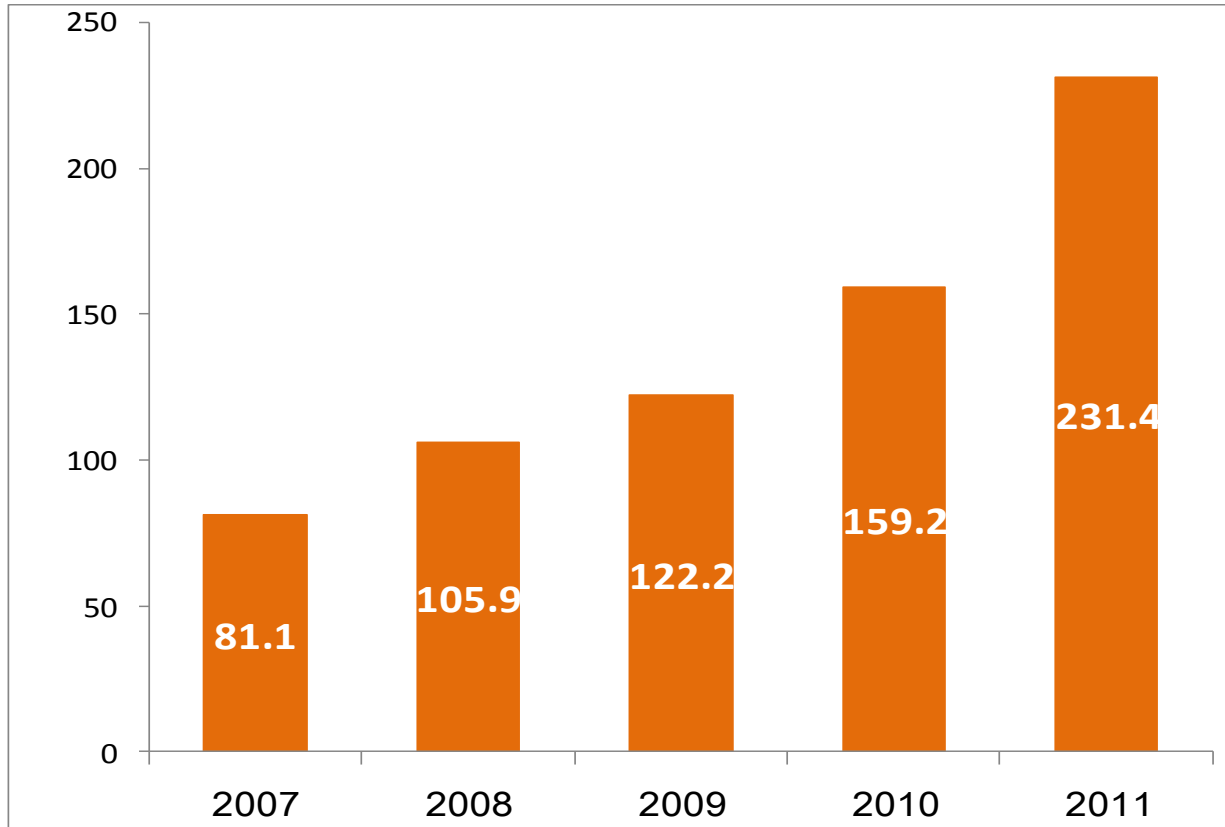


Robust Revenue Growth

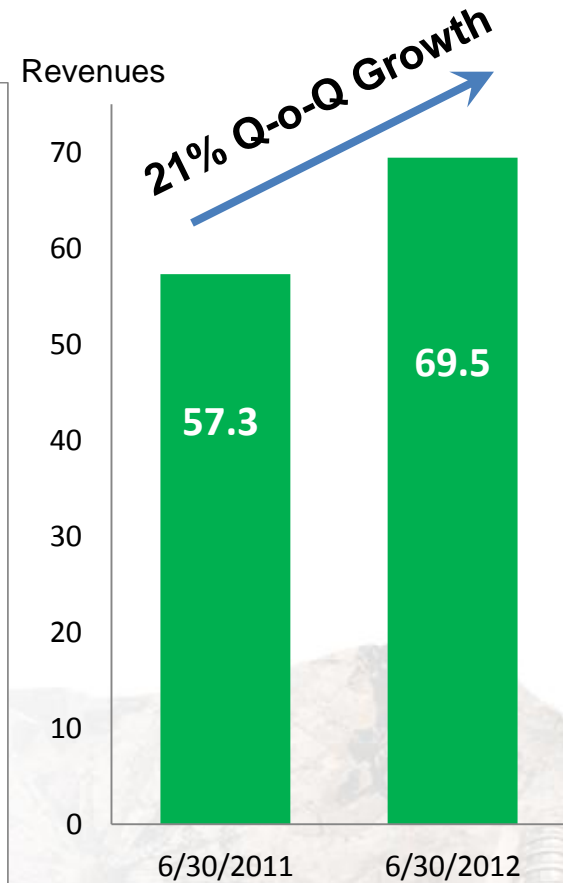
FYE: Dec 31
(USD In millions)

5-Year CAGR: 30.0%

Revenues



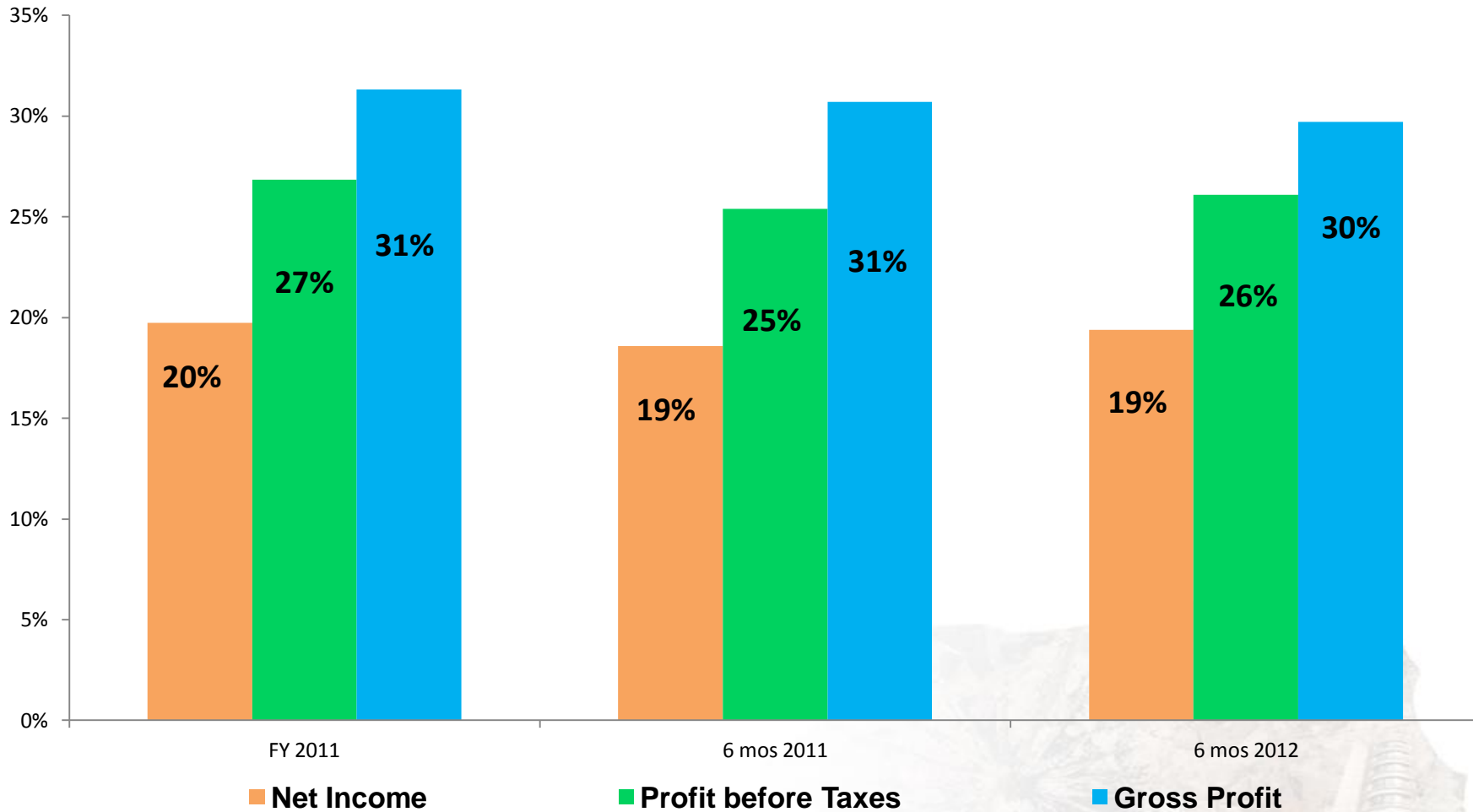
Revenues



For statements of financial position data, translation of RMB into U.S. dollars has been made using historic spot exchange rates published by www.federalreserve.gov. For statements of comprehensive income data, translation of RMB into U.S. dollars has been made using the average of historical daily exchange rates as applicable to the financial reporting period. Such translations should not be construed as representations that RMB amounts could be converted into U.S. dollars at that rate or any other rate, or to be the amounts that would have been reported under IFRS.



Strong Financial Margins



Planned reduction in OEM outsourcing and increased capacity should continue to improve margins



Strong Balance Sheet

<i>(USD, in millions)</i>	<u>As of June 30, 2012</u> (Unaudited)	<u>As of Dec 31, 2011</u> (Audited)
Cash	12.3	6.7
Debt	15.0	29.4
Total Working Capital	89.6	59.8
Shareholders' Equity	213.2	189.7
Days Sales Outstanding	109	93
Inventory Turnover	99	84
ROE	24%	24%



Capital Markets: Key Differentiators

Management

- CEO founded the company and is a well-known industry expert
- CFO an English-speaking CPA formerly at Deloitte Touche
- Strong fundamentals, 30% revenue CAGR, 24% ROE, net margins of 20%+

Transparency

- Corporate, disclosure and regulatory best practices
- Regular investor communications via earnings calls, conferences
- Analyst coverage – Roth

Oversight

- Independent Board directors with prominent business backgrounds
- Former long-time partner at Price WaterhouseCoopers is head of the Audit committee
- Grant Thornton has audited the Company's financials going back to 2008

Additional Measures

- Independent directors purchased shares (May 2011)
- CEO and CFO purchased shares (December 2011)
- SAIC filings posted on website and kept current
- Warrant exchange and stock offering grew shareholder base, solidified capital and enabled Nasdaq uplisting

Measures that Build Confidence in the US Capital Markets



Purchase Agreement Pay-Out

	Net Income Target (US\$ in million)	Implied Growth	Shares Released to Seller
2009	22.3		1,214,127 on 5/26/10
2010	31.4	~ 40%	1,794,800 on 4/7/11
2011	43.5	~ 40%	2,176,836 on 4/6/12

Summary

A total of 5,185,763 shares have been issued to the seller based on the original purchase agreement resulting from the attainment in certain net earnings targets.

An additional 3 million contingent shares held in escrow to be issued to the seller based upon stock price performance have been cancelled as the price targets set were not met.



Management Team

**Jiadong
Huang**
CEO

- Founder of Jinjiang Hengda Ceramics Co., Ltd. In 1993
- 20 years of experience in the China ceramic tile industry
- Vice Chairman of Fujian Province Ceramic Industry Association and Executive Director of Jinjiang City Chamber of Import and Export Trade

Edmund Hen
CFO

- Former CFO of a Sichuan switchgear manufacturer and accountant for Dickson Concepts Ltd., a publicly-listed Hong Kong company
- Formerly at Deloitte Touche Tohmatsu and a variety of accounting firms
- Bachelor Degree from University of East Anglia, United Kingdom
- Associate member of Institute of Chartered Accountants in England and Wales, and of the Hong Kong Institute of Certified Public Accountants

**Peizhi
Su**
*Sales Deputy GM &
Director*

- Over 10 years of experience in the China ceramic tile industry
- Established a national sales network of distributors and property developers
- Also a Director of the Company

**Weifeng
Su**
*General Legal
Counsel & Secretary*

- Lawyer at Fujian Minrong Law Firm from 2005 to 2007
- Graduated from the School of Law of Xiamen University
- Also a Director of the Company



Board of Directors

Paul K. Kelly
*Non-Executive
Chairman*

- Founder and CEO of both Knox & Co., an investment bank, and The Westgate Group, an advisory firm which emphasizes business opportunities in China and Asia
- Served in senior management positions at several Wall Street investment banks
- Was the founder of CHAC, the Company's predecessor corporation

**Cheng Yan
Davis**

- Special Advisor to University of Columbia
- Special Advisor and Vice Dean of University of Pennsylvania where she pioneered management programs for Chinese executives
- Advisor to blue-chip companies including CIGNA, Lucent, China Telecom, China Industrial Bank, Morgan Stanley and Motorola.

**Ding Wei
Dong**

- Over 40 years of experience and expertise in the building materials Industry
- Honorary President of China Building Ceramics and Sanitaryware Association and served as President (1997– 2008)
- Graduated from Nanjing University of Science and Technology

**Bill
Stulginsky**
*Audit Committee
Chairman*

- Was a Partner at Pricewaterhouse Coopers and has over 36 years of experience in public accounting with clients in a wide variety of industries
- On Board of Directors of Fox Chase Cancer Center in Philadelphia and the Visiting Nurse Association of Greater Philadelphia

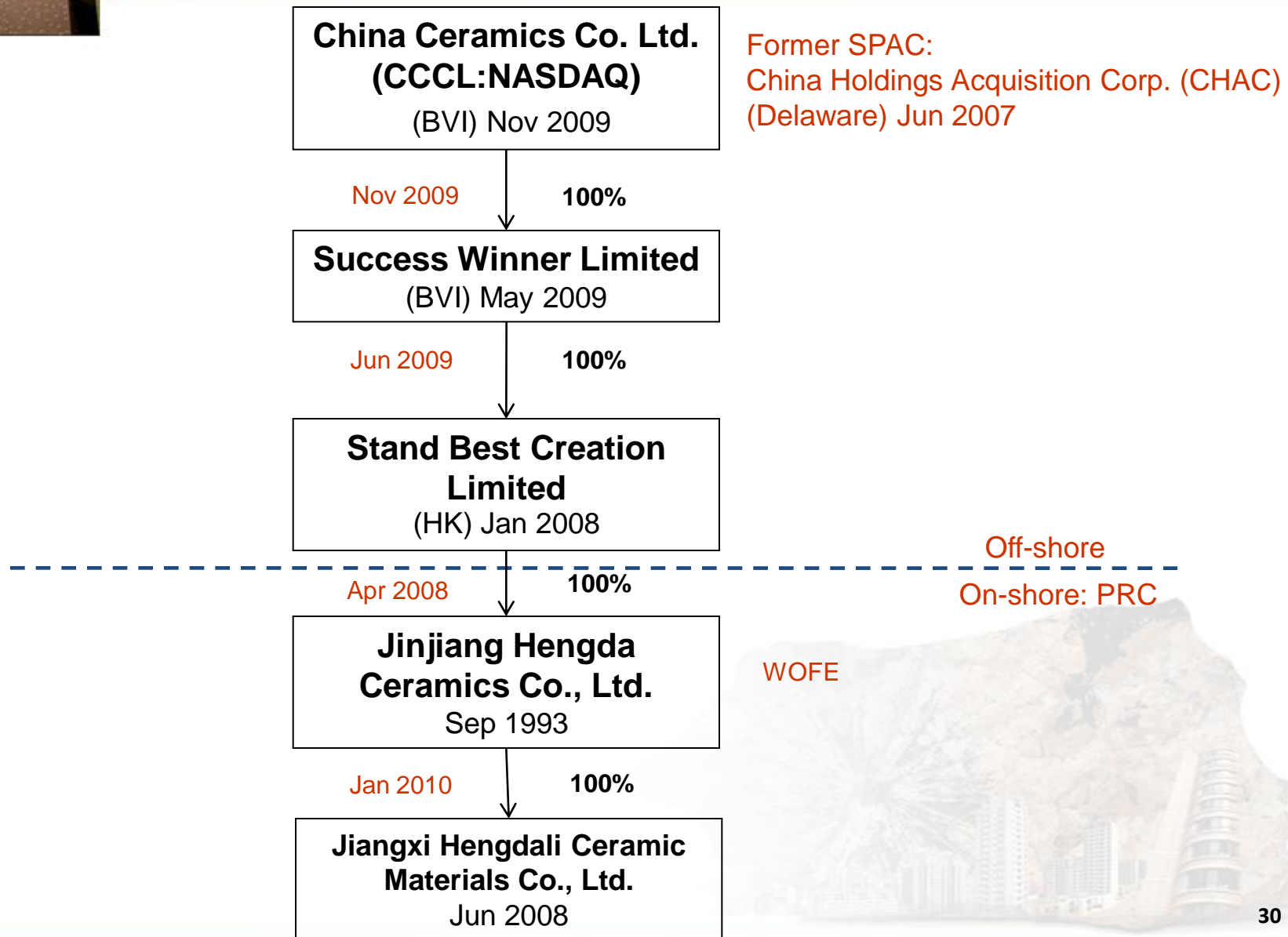


Summary Investment Thesis

- ❖ **China Ceramics is a key competitor in a highly fragmented space**
- ❖ **Plant expansion and a near-doubling of production will enable more competitive market positioning**
- ❖ **Sustainable advantages due to capacity expansion, R&D, exclusive distributor relationships and world-class brands**
- ❖ **The construction materials industry looks to benefit from China's urbanization and construction trends**
- ❖ **Government policies will spur construction in Tier II and Tier III cities**
- ❖ **Geographical location is optimal for supplier network**
- ❖ **2012 plan is to expand market share and increase export growth**



Appendix: Corporate Structure





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Grant Thornton PRC

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