

China Ceramics' Third 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' third quarter and fiscal year 2010 earnings conference call.

With us today are China Ceramics' 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 in this call, management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties.

Therefore, the Company claims the 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 therefore

we refer you to a more detailed discussion of the risks and uncertainties in the Company's filings with the Securities & Exchange Commission.

In addition, any projections as to the Company's future performance represent management's estimates as of today, November 8, 2010. Unless otherwise required by law, China Ceramics assumes no obligation to update these projections in the future as market conditions change.

The company has determined not to have a Q&A session at the end of this call.

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

Opening Remarks: Mr. Huang, CEO of China Ceramics

谢谢 Ed（艾德）。

感谢各位参加中国陶瓷 2010 年第三季度的季报会议。

Thank you, Ed.

Welcome to everyone joining our third quarter 2010 earnings conference call.

第三季度的财务业绩很好地反映了我们扩张战略的稳步推行，这让我们非常满意。另外不得不提的是，我们在 2010 年度亚洲最具影响力的 500 强品牌中榜上有名。而且，我们也成功地转板至纳斯达克资本市场交易。

We are delighted with the progress we have made in the execution of our strategy. In addition to reporting solid financial results for the quarter we are also very proud to have been included in _____'s Asia's 500 Most Influential Brands of the Year 2010, and to have successfully listed our shares on the NASDAQ Capital Market.

第三季度的财务亮点包括：

收入同比增长 24.7%，达到 2.941 亿人民币

毛利同比增长 24.2%，达到 9340 万人民币

毛利率达到 31.7%

净利润同比增长 20%，达到 6330 万人民币

稀释后的每股收益达到 5.69 元人民币，折合 84 美分

Financial highlights for the third quarter include:

- Revenue grew 24.7% year-over-year to RMB 294.1 million
- Gross profit grew 24.2% year-over-year to RMB 93.4 million
- Gross profit margin was 31.7%
- Net profit grew 20.% year-over-year to RMB 63.3 million
- Earnings per share were RMB 5.69 or US\$ 84 cents per fully diluted share

很显然，我们成功转板纳斯达克是公司发展的重要里程碑，我们希望借此受到资本市场的更多关注，以支持我们未来的持续增长。

众所周知，中国经济保持着健康的成长态势，第三季度的 GDP 增速达到了 9.6%。较受关注的房地产泡沫问题也被大多数中国的分析师认为是可控的，因为中国大部分地区的房产价格还较为合理。另外，城市化进程势头不减，特别是二三线城市，

这样也对房地产市场带来了不断的需求。所以说，我们将继续经历市场对于瓷砖产品的大量需求。

即将进入 2011 年，我们对于业务的展望保持着坚实的信心。我们希望继续贯彻注重产品研发，积极扩张市场的政策，并逐步扩大产能，以满足市场对我们产品不断增长的需求。

Clearly, our listing on NASDAQ is an important milestone in our development, and we hope it will increase our visibility and improve our access to the capital markets to support our growth in the quarters ahead.

As many of you know, the economy in China is healthy, with GDP growth for the third quarter coming in at 9.6%. The much-publicized real estate bubble is considered to be a manageable problem by most analysts within China as the majority of China's housing stock is modestly priced and the demand for it by the increasingly urbanized population is robust, especially in second and third tier cities. As a result, we continue to experience strong demand for our ceramic tiles. As we move into 2011, the outlook for our business remains positive. And we expect to continue to execute on our strategy to continuously invest in research and development, expand our distribution network, and gradually

increase our manufacturing capacity to meet the growing demand for our products.

Now that I have completed translating Mr. Huang's comments, I would like to spend a few minutes discussing China Ceramics' business performance in more detail.

[Overview of Q3 results: Edmund Hen, Chief Financial Officer]

Our net revenue for the third quarter was up 24.7% to RMB 294.1 million (US\$ 43.3 million) compared to the third quarter 2009. The year-over-year increase in revenue was primarily driven by a 21.3% increase in volume, to 11.4 million square meters, in the third quarter of 2010 compared with the same period in 2009.

Our gross profit was RMB 93.4 million (US\$ 13.8 million), up 24.2% from the third quarter 2009. Gross margin was 31.7% compared to 31.9% in the same period last year. The year-over-year increase in gross profit was mostly driven by strong growth in sales volume.

Selling expenses were RMB 1.7 million (US\$ 0.2 million), or 0.6% of sales.

Administrative expenses were RMB 7.3 million (US\$ 1.1 million), up 21.7% from RMB 2.6 million in the third quarter of 2009. The year-over-year increase in administrative expenses resulted mainly from expenses incurred at the new Hengdali plant as well as expenses related to China Ceramics' status as a public company.

Profit from operations for the third quarter 2010 was RMB 87.0 million (US\$ 12.8 million), up 22.7% from RMB 62.0 million in the first quarter of 2010. The year-over-year increase in profit from operations was the result of higher revenue, partially offset by higher operating costs.

Our net profit for the third quarter 2010 was RMB 63.3 million (US\$ 9.3 million), up 20.0% from the comparable period in 2009. The year-over-year increase in net profit was mainly driven by strong growth in revenue.

Earnings per fully diluted share in the quarter were RMB 5.69, equivalent to 84 cents.

Turning to our balance sheet, we had cash of RMB 41.5 million or US\$6.2 million as of June 30, 2010, down from US\$ 10.0 million last quarter.

As of the balance sheet date we had inventory turnover of 66 days compared with 70 days last quarter.

Our trade receivables turnover was 109 days in Q3 unchanged from Q1. Our trade receivables include a 17% value-added-tax but our reported revenue is net of VAT. Trade receivables turnover excluding VAT amounts was 93 days in Q3.

Trade payables turnover was 71 days in Q3 compared with 77 days in Q1 due to a shorter payment cycle for our suppliers.

Bank borrowings increased to RMB 99.7 million or US\$ 14.9 million in Q3 compared to RMB 104.7 million or US\$15.4 million in Q2.

Total capital expenditure incurred in the quarter was approximately RMB 88.6 million or US\$ 13.2 million of which RMB 41.2 million or US\$ 6.1 million was spent at the Hengda facility and RMB 47.4 million or US\$ 7.1 million at phase II of the Hengdali facility.

Total capital expenditures 2010 are expected to be approximately RMB 253.4 million, or US\$41.6 million, of which US\$ 28.8 million has been spent year to date.

We expect to have total capacity of approximately 56.2 million square meters by the end of 2010 and total capital expenditure of approximately US\$ 41.6 million in 2010 of which US\$ 28.8 million has been spent year to date.

Moving on to outlook:

Our backlog of orders for delivery in the fourth quarter was at approximately RMB 260.0 million (US\$ 38.8 million), representing a year-over-year growth rate of 12.3% compared to the revenue in the fourth quarter of 2009. The expected sales volume in the fourth quarter 2010 is approximately 9.6 million square meters representing a 11.6% increase from 8.6 million square meters sold in the fourth quarter of 2009.

On behalf of the entire China Ceramics management team, we want to thank you for your interest and participation on this call. Operator,?