

**Operator:**

Good day, ladies and gentlemen. Welcome to the China Ceramics Company Ltd. 4Q and fiscal year 2009 earnings conference call. My name is Nicole, and I will be your operator for today.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the conference over to your host, for today's call. Mr. Ed Job, please proceed.

**Ed Job:**

Thank you, Nicole. Good morning and good evening, and welcome to China Ceramics' 4Q and fiscal year 2009 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, and management may make additional forward-looking statements in response to your questions.

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, April 5th, 2010. 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 will make reference to certain non-GAAP financial measures, which the Company believes provides meaningful additional information to understand China Ceramics' operating performance. A table reconciling non-GAAP measures to the nearest GAAP equivalent can be found on the earnings press release issued earlier today.

And now it is my pleasure to turn the call over to China Ceramics' Chief Executive Officer, Mr. JiaDong Huang, and Chief Financial Officer, Mr. Edmund Hen, who will be translating for Mr. Huang. Mr. Huang, you may proceed.

**JiaDong Huang:**

*(Speaking in foreign language)*

Thank you, Ed. Welcome, everyone, and thank you for joining us today.

*(Speaking in foreign language)*

We are very pleased to report exceptional results for the 4Q and fiscal year 2009. In addition to meeting our guidance for revenues and net income, we also made significant progress in the execution of our business plan, and positioned China Ceramics well to continue its rapid growth in the years ahead.

*(Speaking in foreign language)*

The highlights for 2009 include: revenue was up 13.3% to RMB 880.1 million, or equivalent to US\$128.7 million; net profit was RMB 152.9 million, equivalent to US\$22.3 million; and adjusted net profit, excluding merger costs, was RMB 179.3 million, or equivalent to US\$26.2 million.

*(Speaking in foreign language)*

As most of you know, we completed a merger with China Holdings Acquisition Corp., a special purpose acquisition corporation, and as a result we became a public company in the United States. We believe the completion of this merger is an important milestone in our development, as it has broadened our investor base and provided us with access to capital to accelerate the growth of our business.

*(Speaking in foreign language)*

In connection with our status as a public company, and our immediate goal to list our shares on the Nasdaq exchange, we have appointed Bill Stulginsky and Mr. Wei Feng Su to our Board of Directors, effective April 1<sup>st</sup>, 2010. Mr. Stulginsky brings over 36 years of public accounting experience as former partner at PricewaterhouseCoopers, and he will head the audit committee. Mr. Su joined China Ceramics in March 20<sup>th</sup>, 2007. He currently acts as general legal counsel and Secretary for the Company. We are greatly honored to have both of them on our Board.

In addition Mr. Huang has been appointed Chief Executive Officer and Paul Kelly has been appointed Non-Executive Chairman.

*(Speaking in foreign language)*

In January, we acquired a new production facility in Gaoan, expanding our capacity by 10 million m<sup>2</sup> to 38 million m<sup>2</sup> per year. We are pleased that both plants are currently operating at full capacity to meet strong demand from our customers. Looking ahead, we expect to expand capacity at our Gaoan facility to 42 million m<sup>2</sup> per year by the end of 2011, providing us with a strong platform to continue our rapid growth.

*(Speaking in foreign language)*

As we enter 2010 we are very excited with the opportunities ahead for delivering positive results and creating value for our customers and shareholders for many years to come, and I look forward to reporting on our progress every quarter during our earnings conference call.

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 4Q financials, let me start by providing some background about our business and our industry. China Ceramics is a manufacturer of ceramic tiles used for exterior siding and interior flooring in residential and commercial buildings. We are based in Jinjiang, in the Fujian Province of China. As some of you may know, Jinjiang is one of the most important manufacturing hubs for ceramic tiles in China, due to the specific quality of the clay found in the area.

Our manufacturing facility in Jinjiang was commissioned in 1993 and currently has the capacity to produce 28 million m<sup>2</sup> of ceramic tiles that are sold under the Hengda or HD brands. We have recently acquired a new, state-of-the-art production facility in Gaoan, which was commissioned in January and currently has capacity to produce 10 million m<sup>2</sup> of ceramic tiles. Our goal is to expand the Gaoan plant to 42 million m<sup>2</sup> by the end of 2011, providing us with a platform to continue our rapid growth.

China Ceramics has a very broad product offering with five different types of tiles with over 2,000 different combinations of products, colors, and sizes. We distribute our product through 35 exclusive distributors. Our top-10 customers represented less than 50% of our sales, and 9 out of them have worked with us for over 10 years.

The key underlying trends supporting the growth of our business include: the Chinese government announced a RMB 4 trillion plan to stimulate the economy, the continued trends toward increasing urbanization, and general improvement in living standards driven by higher per-capita GDP.

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

Now, moving on to a more detailed discussion of our financial results. Net revenue for the 4Q09 was RMB 231.5 million, or US\$33.9 million, up 25.3% from the 4Q08. The increase was primarily driven by an 18.7% increase in sales volume in this quarter, because real estate development in China continued to rebound from the slowdown in 2H08. Also, the average selling price per m<sup>2</sup> increased by 5.5% in the 4Q09 compared with the same period in 2008.

Gross profit was RMB 83.4 million, or US\$12.2 million, compared to RMB 53.1 million for the 4Q08, up 57.3%. Gross margin was 36% compared to 28.7% for the same period last year. The increase in gross profit and gross margin was mostly driven by strong growth in revenue combined with strict cost controls. Selling expenses were RMB 13.7 million, or US\$2 million, or 5.9% of sales, compared to RMB 12.1 million, or 6.6% of sales, in the 4Q08. This was primarily due to the change in sales commissions payable to distributors.

Administrative expenses were RMB 2.7 million, or US\$0.4 million, compared with RMB 2.6 million for the 3Q09 and RMB 2.2 million for the 4Q08. Non-recurring costs associated with our reverse merger and going public transaction were RMB 26.4 million, or US\$3.9 million. Net profit for the 4Q09 was RMB 25.9 million, or US\$3.8 million, declining 24.8% from the comparable period in 2008. The decrease in net profit was mainly due to the above-mentioned reverse merger transaction, as well as the change in statutory tax rate from 12.5% in 2008 to 25% in 2009.

Adjusted net profit, excluding the impact of merger costs, was RMB 52.3 million, or US\$7.7 million, up 51.9% over the comparable period in 2008. The increase in

adjusted net profit was driven by strong growth in revenue compounded by management's ability to control costs. This favorable trend was partially offset by the increase in statutory tax rate. We have included a table reconciling adjusted net profit, to net profit in our press release issued earlier today.

Earnings per fully diluted share were RMB 3.03, or US\$0.44, for the 4Q09, up from RMB 6.00, or US\$0.88, in the same period in 2008. Adjusted earnings per fully diluted share were RMB 6.12, or US\$0.89, for the 4Q09, up from RMB 6.00, or US\$0.88, in the same period in 2008.

Turning to our balance sheet, we had cash of RMB 150.1 million, or US\$22 million, at the end of the year. As of the balance sheet date we had inventory turnover of 77 days, receivables turnover was 97 days, and payables turnover was 69 days. Bank borrowings were RMB 26.5 million, or US\$3.9 million.

Let me now turn to our growth plans and future outlook. The current annual production capacity at the Jinjiang facility is 28 million m<sup>2</sup> and 10 million m<sup>2</sup> at the Gaoan facility. Our nine production lines at the Jinjiang facility and three production lines at the Gaoan facility are all running at full capacity. During fiscal year 2010, we expect to spend approximately US\$20 million to install four additional production lines at the Gaoan facility. The annual production capacity at the Gaoan facility is expected to reach 42 million m<sup>2</sup> by the end of 2011.

Our backlog of orders for delivery in the 1Q stands at approximately RMB 242.2 million, or US\$35.5 million, representing a year-over-year revenue growth rate of 35.9% compared to the 1Q09.

Overall, we are very excited about our future prospects and we look forward to reporting positive results in the quarters ahead. With that we would like to open up the call to your questions.

**Edmund Hen:**

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

**Bing Li, Region Four:**

Hi. I want to ask a question about the shares outstanding and how you are going to handle how many shares of *[unintelligible]*? Thank you.

**JiaDong Huang:**

*(Speaking in foreign language)*

We are working with our financial advisors to adjust this situation, and we will make an announcement once we have a decision by our Board.

**Operator:**

There are no further questions at this time.

**Edmund Hen:**

Thank you for your interest and participation on this call. And on behalf of the entire China Ceramics management we thank you for your interest.

**Operator:**

Thank you sir. This concludes today's conference. You may now disconnect.

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