

CHINA CERAMICS CO., LTD.



Investor Presentation
April 2014



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.

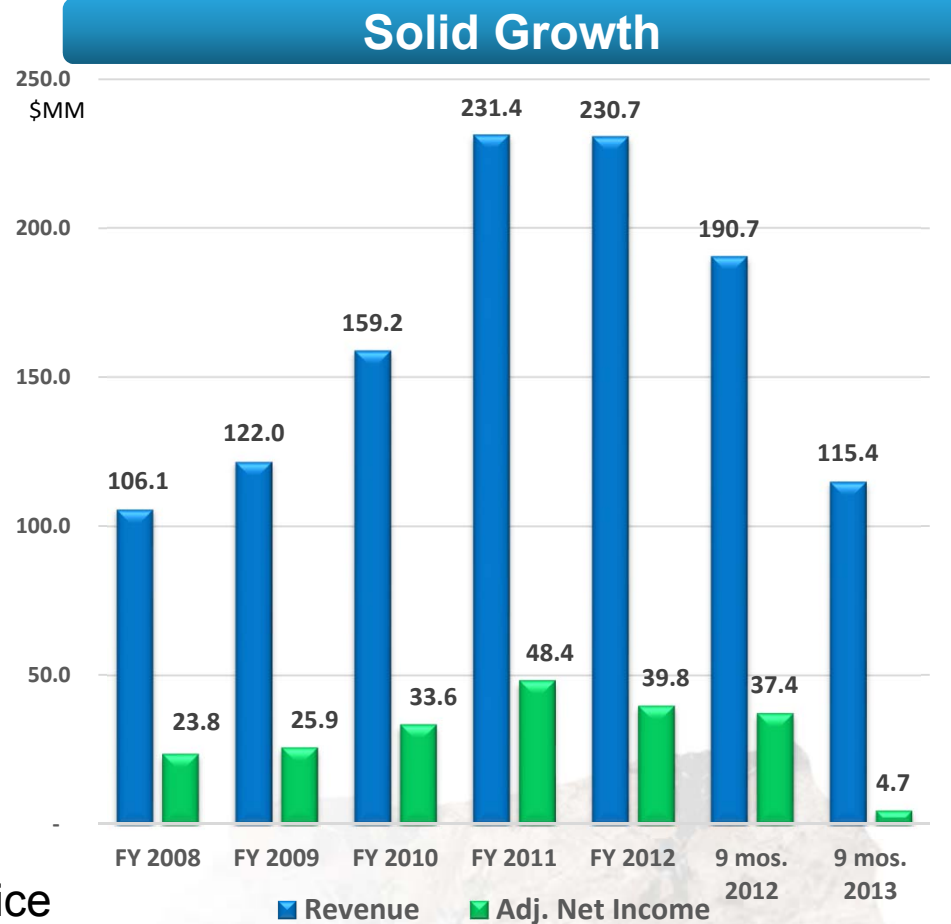
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The forward-looking statements contained in this presentation are made only as of today, and China Ceramics is under no obligation to revise or update these forward-looking statements.



Company Overview

- Ceramic tile market growth correlates with the strong urbanization and construction trends in China
- Potential plant production capacity currently 72 MSM of tiles / yr., a 90% increase from Dec. 2010
- Plant utilization in 3Q 2013 was 35 MSM / yr.; the ramp to 72 MSM is pending business conditions
- 3Q volume marks a strong rebound from the recent market retrenchment
- Over 2,000 tile, color and size combinations enable wide customer choice
- Founded in 1993; high brand recognition; sold under “Hengda / HD”, “Hengdeli / HDL”, “TOERTO”, “WULIQIAO”, and “Pottery Capital of Tang Dynasty” trademarks





Equity Snapshot

NasdaqGM: CCCL

FYE: Dec. 31

Stock Price (4/30/14)

\$1.34

Primary Shares Outstanding

20.4 MM

Market Capitalization

\$27.3 MM

Cash (Sept. 30, 2013)

\$6.6 MM

Debt (Sept. 30, 2013)

\$10.7 MM

Revenue (TTM)

\$156.1 MM

Adj. Net Income (TTM) (a)

\$ 7.2 MM

Adj. Fully Diluted EPS (TTM) (a)

\$0.35

P/E Ratio

3.83 x

Stock Yield

1.87%

(a) TTM = Trailing Twelve Months; adjusted for the asset write-down of \$3.1 million in 3Q 2013



Investment Highlights

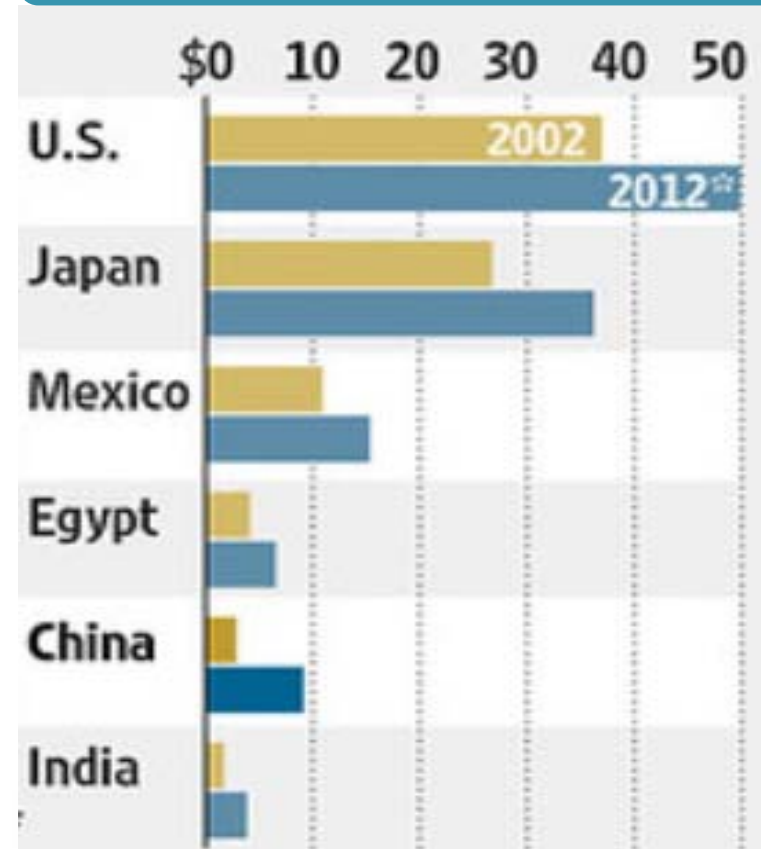
- 1 → **A premier, name-brand manufacturer of exterior ceramic tiles**
- 2 → **Intent upon capitalizing upon China's urbanization trend and preference for real estate ownership**
- 3 → **A 90% increase in annual potential plant utilization (72 MSM) since 2010 enables future capture of market share**
- 4 → **Motivated distributors and direct company sales to large developers drive revenue**
- 5 → **Capability to customize and create 1,000's of ceramic tile products enables competitive advantage**
- 6 → **In 2014, the new government could encourage new real estate development and construction as vital to GDP**



China's Macroeconomic Environment

- The Chinese economy grew 7.8% in the third quarter, its fastest pace of the year and in line with expectations
- The third quarter's GDP kept China on track to achieve the government's growth target of 7.5% with the first nine months coming in at 7.7%
- The recovery in the third quarter was largely driven by the strong momentum of the property market
- China continues to experience high growth in living standards relative to the rest of the world
- President Xi Jinping and senior leaders are expected to enact many reforms

GDP Per Capita – Joining the Ranks of Middle-Income Nations



Source: *Wall Street Journal*

GDP per capita in purchasing power parity (PPP) terms, in USD (000's)



China's Real Estate Market Environment

- Real estate investment increased 19.7% in the first nine months of 2013 compared with a year earlier
- The new government announced no new regulations to curb speculation: reduced uncertainty could spur investment
- Real estate is an important component of GDP and one that the new government looks to encourage
- Rising land prices has helped to stabilize real estate market pricing
- Owning real estate is continues to be viewed as a core appreciating household and investment asset

Secondary House Price Index (Shanghai)



Source: *GlobalPropertyGuide.com*
(2003=1000)



China's Real Estate Market Environment

- Real estate investment increased 19.7% in the first nine months of 2013 compared with a year earlier
- The new government announced no new regulations to curb speculation: reduced uncertainty could spur further investment
- Real estate is an important component of GDP and one that the new government looks to encourage
- Residential prices in the first nine months rose 35% versus last year and were up in 69 of China's 70 biggest cities
- Owning real estate continues to be viewed as a core household and an appreciating investment asset

Continued Rising China Residential Prices

High rise

China's 70-city house-price index
January 2000=100



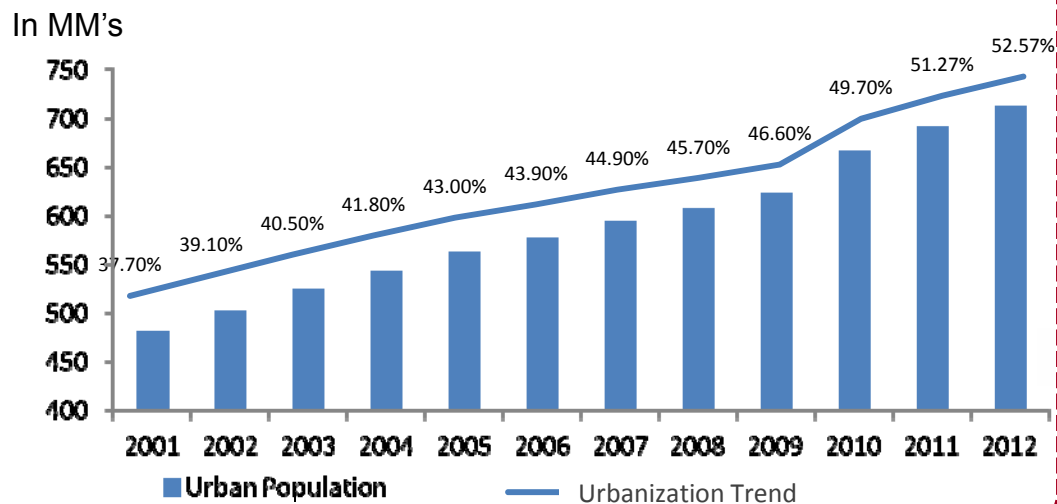
Sources: Thomson Reuters; *The Economist*



Urbanization Trend Provides Underpinning to Real Estate Construction China

- China's total urban population reached 712 million in 2012 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: *The Economic Times*, 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 believes that the land supply in 2014 in Tier II and Tier III cities will rebound and will create 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			
in Urban Residential		Existing Residential	
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
<i>a. all data in mm sq. meters</i>			
<i>b. Figures are for urban areas within referenced prefecture/municipality.</i>			
<i>c. Chongqing municipality's unusually large increase partly reflects its large size compared with other prefectures.</i>			
<i>Sources: Economist Intelligence Unit; National Bureau of Statistics (China); UNECE</i>			



Key Market Trends

- **China's long-term urbanization trend** – CCCL a prime beneficiary
- **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
 - CCCL 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
- **Distribution and Direct Sales**
 - 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 projects in an attempt to sell products to real estate developers directly



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
69.0% of Sales



Rustic
12.5% of Sales



Glazed
4.8% of Sales



Polished Glaze
7.8% of Sales



Glazed Porcelain
5.9% of Sales



Wide array of standardized and made-to-order products



Key Competitive Strengths

- **Experienced management** and a culture of hard work and success
- **Premier brand** – repeat winner of “Asia’s 500 Most Influential Brands” award
- **R&D** – the 86 person team develops new products and an energy recycling system that reuses excess heat and energy that saves up to 20% of cost
- **Manufacturing that is modern and efficient:** ISO certified, international manufacturing equipment utilized where nearly all projects are built to order
- **Enhanced marketing and sales** abetted by its new product showroom that emphasizes CCCL’s superior capabilities relative to older manufacturers.
- **New subsidiary formed** to transact with large entities such as China State Decoration Group Co., Ltd.



Modern Plants Ensure High Quality and Superior Range of Products

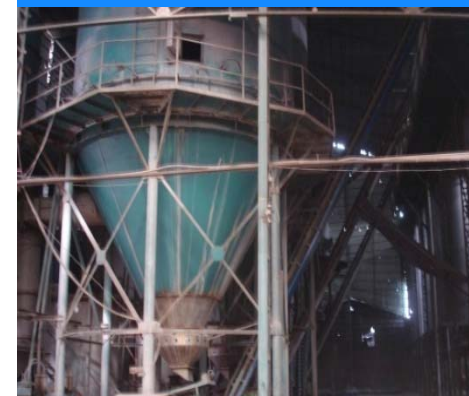
Raw Material Inspecting



Mixing & Grinding



Spray Drying



Firing



Glazing



Molding



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

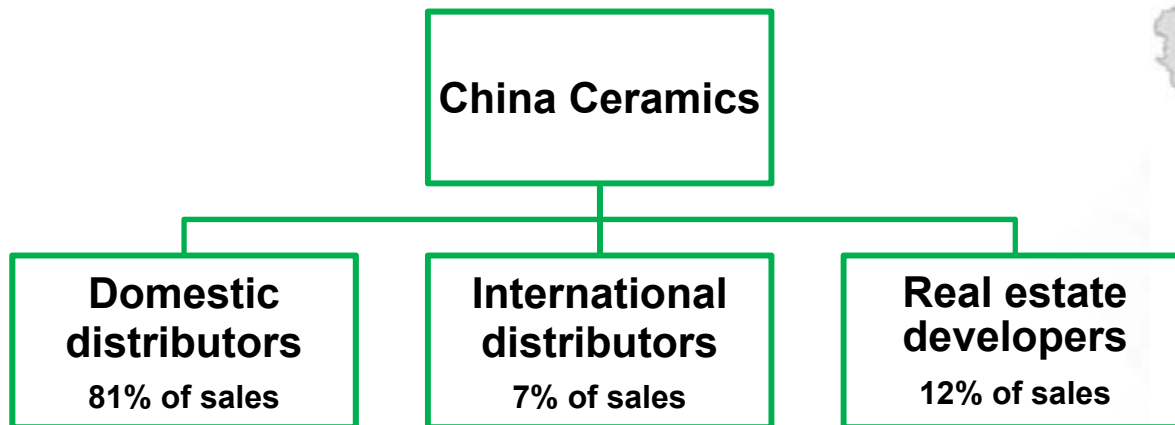


Established and Loyal Customer Base

- 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
- We estimate that the top ten customers represented 28% of total sales in 2012
- Sales in Tier II and Tier III cities account for nearly 90% of domestic sales
- Ongoing contracts with large property developers in China include 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



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		16.0 M	16.0 M
Total 2012 Capacity	42.0 M	30.0 M	72.0 M
2013 Capacity Available	42.0 M	30.0 M	72.0 M
Capacity Currently Being Utilized (a)	27.0 M	8.0 M	35.0 M
<i>(a) The 37.0 MSM of available annual production to be utilized pending business conditions.</i>			
CAPITAL EXPENDITURES			
Total Capital Expenditures in 2011	\$ 23.9 M	\$ 44.6 M	\$ 68.5 M
Total Capital Expenditures in 2012	\$ 3.0 M	Nil	\$ 3.0 M
Capital Expenditures to Date in 2013	\$ 6.9 M	\$ 8.4 M	\$ 14.9 M



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
- **Heighten High Volume Direct Sales** – through formation of new subsidiary
- **Evaluate selective M&A opportunities**

Key focus is to ramp market share domestically and to exploit market opportunities emerging since secular trough



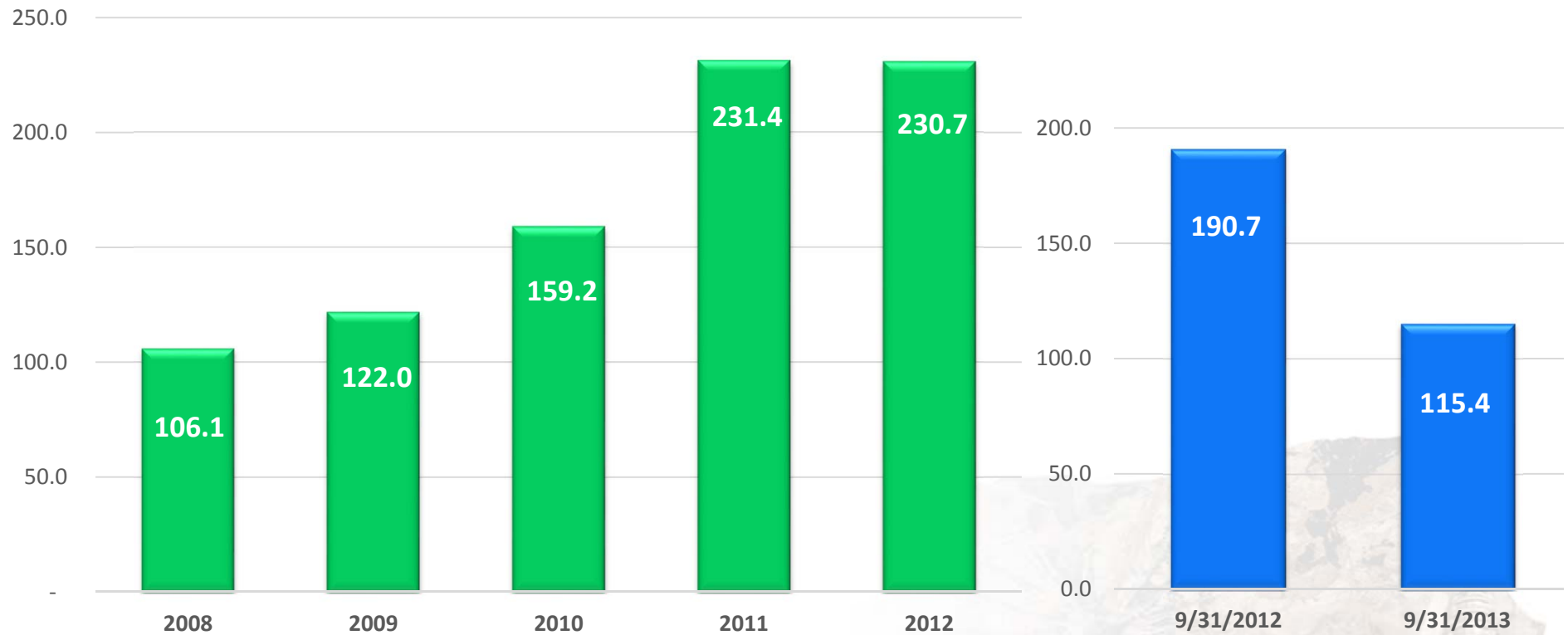
Solid Revenue Generation

FYE: Dec 31
(USD In millions)

5-Year CAGR: 21.4%

3Q13 Results

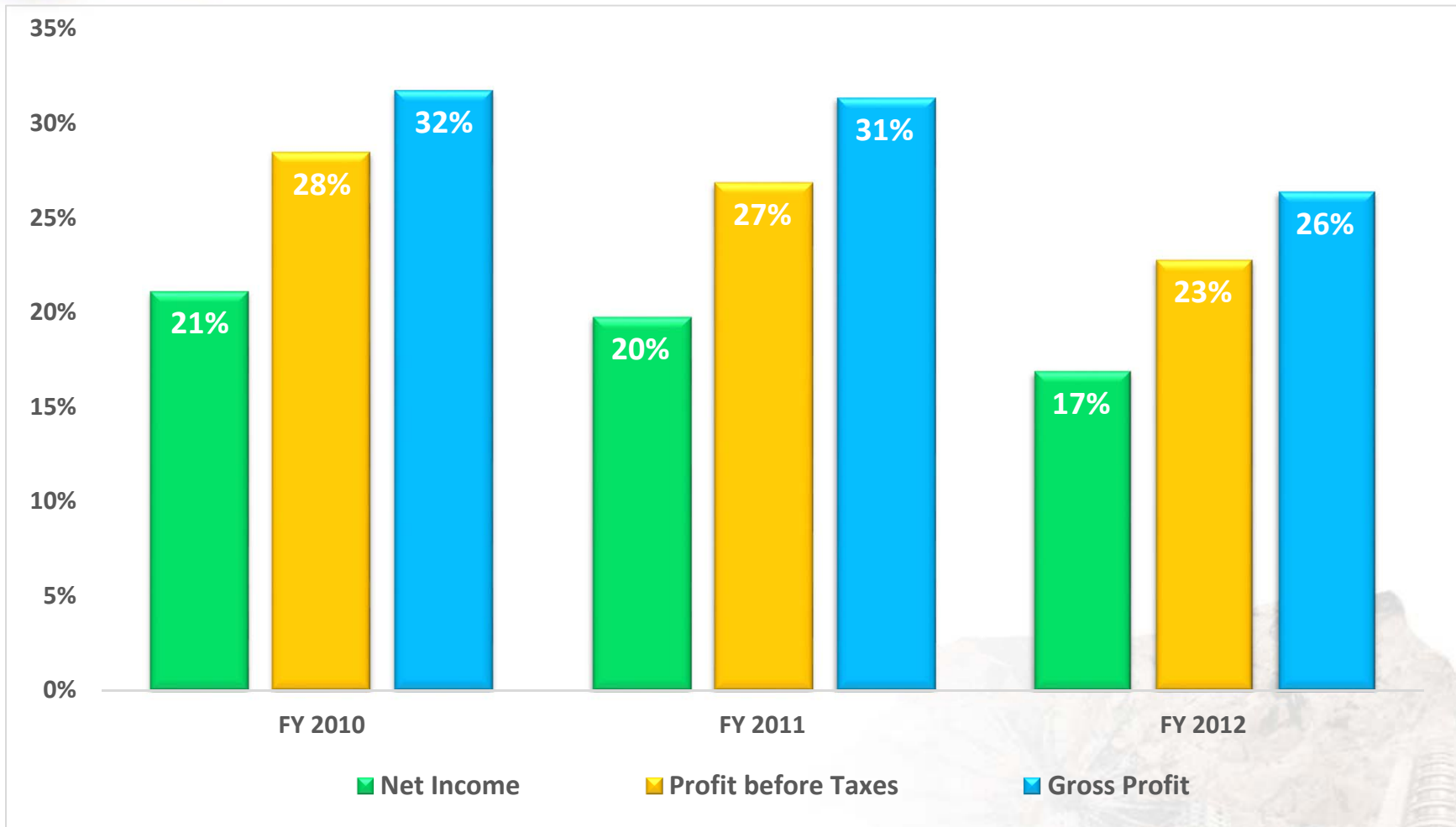
Revenues



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.



Historically Strong Financial Margins

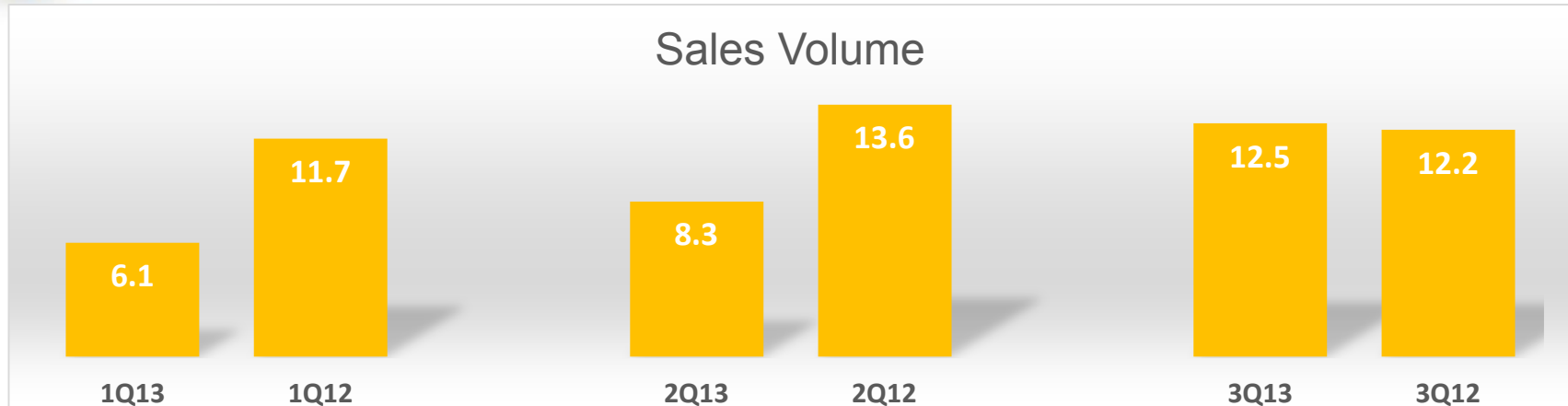


Availability of unused capacity should improve margins over time



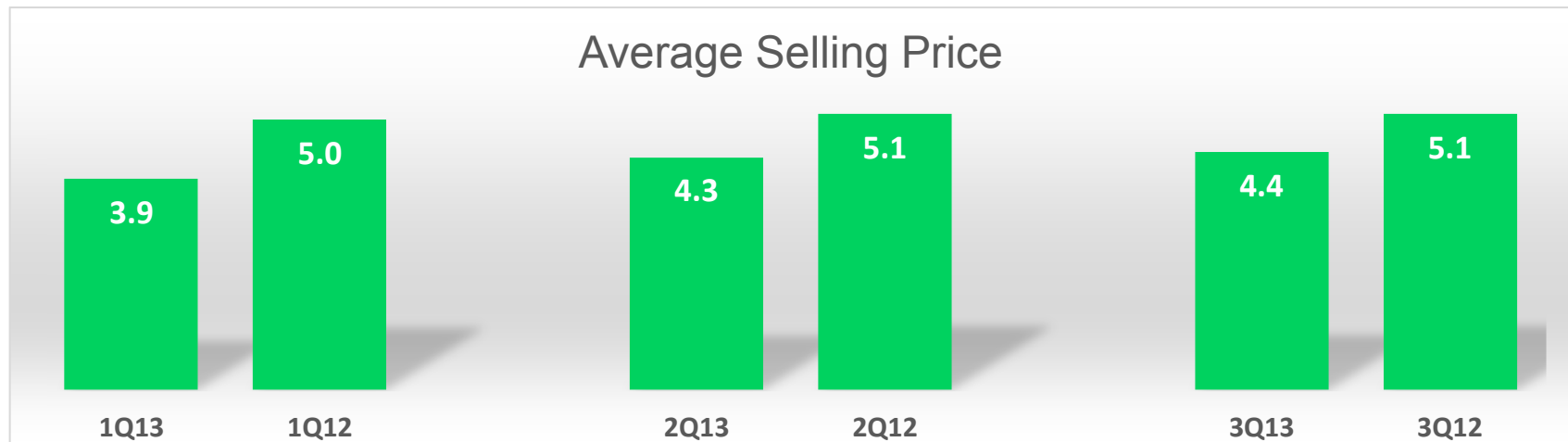
2013 YTD Revenue Metric Analysis

Sales Volume



Sales volume has recovered as of 3Q 2013 ...

Average Selling Price



... and ASP is expected to return to previous levels



Strong Balance Sheet

<i>(USD, in millions)</i>	As of Sept. 30, 2013 <u>(Unaudited)</u>	As of Dec 31, 2012 <u>(Audited)</u>
Cash	6.6	14.4
Debt	10.7	9.7
Total Working Capital	104.5	106.4
Shareholders' Equity	235.5	231.6
Inventory Turnover	126	111
Trade Receivables Turnover	164	119
ROE	6%	17%



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 operating metrics

Oversight

- Independent Board directors with prominent business backgrounds
- Audit, nomination and compensation committees provide oversight
- Top Ten auditor Crowe Horwath is the company's auditor

Measures that Build Confidence in the US Capital Markets

Transparency

- Corporate, disclosure and regulatory best practices
- Regular investor communications via earnings calls, non-deal road shows, conferences
- Analyst coverage pending

Additional Measures

- Paid semi-annual dividends in 2013 and announced two more dividends for 2014.
- CEO, CFO and Independent Directors have purchased shares
- US-based investor relations firm



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

- › 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

**Jiadong
Huang**
Chairman

- 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

Cheng Davis
*Independent
Member*

- 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.

**Shen
Chengliang**
*Independent
Member*

- Over 30 years of experience and expertise in China's ceramics industry
- Extensive career as Senior Production Engineer at Fujian Yiyan Ceramics Ltd.
- Graduated from Jindezhen Ceramics School



Board of Directors (continued)

Liu Jianwei
Independent
Member

- Currently a portfolio manager with China-based Bosera Asset Management.
- Previously worked at Shanghai AllBright law Offices and ICBC at their main HQ's
- Worked with CCCL's predecessor company and helped to structure its acquisition of its operating business in 2009.

**Su
Weifeng**

- Lawyer at Fujian Minrong Law Firm from 2005 to 2007
- Graduated from the School of Law of Xiamen University
- Son of Peizhi Su, also a Director of the Company





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 expected to benefit from China's urbanization and construction trends**
- ❖ **Government policies seems intent upon real estate and construction growth as a vital component of GDP**
- ❖ **Geographical location is optimal for supplier network**
- ❖ **2014 plan is to expand market share and capitalize upon opportunities emerging from secular trough in late 2012 / early 2013**



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 72 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



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