



## NEWS RELEASE

### COMAT INDUSTRIAL'S 1HFY2005 REVENUE UP 12% TO RMB131.9m

#### *1HFY2005 Results Highlights:*

- Group revenue increased 12% to RMB131.9 million, up from RMB117.5 million
- Net profit at RMB13.6 million
- Net profit margin of 10.4%

*Singapore, August 04, 2005* – Comat Industrial Ltd. (“Comat” or “The Group”), the PRC’s leading manufacturer of aluminium panels, today announced its results for the six months ended June 30, 2005 (“1HFY2005”). The Group reported a 12% increase in its 1HFY2005 revenue to RMB131.9 million, compared to RMB117.5 million in the previous corresponding period. Net profit declined 30.7% to RMB13.6 million during the period under review.

Said Mr Xu Youcai, Chief Executive Officer of Comat: “Despite the improvement in our Group’s topline results, rising raw material costs took a toll on our bottomline, resulting in a decline in the Group’s gross profit margin.

Going forward, we expect raw material prices to stabilize and thus, ease the pressure on our gross profit margins. We are also heartened by our good progress in growing our overseas markets and expect reasonable growth in the coming months. We will continue to step up our business development and marketing efforts to further expand our overseas markets.”

The Group's revenue growth in 1HFY2005 was mainly attributed to an increase in demand for the Group's interior aluminium composite panels as well as stronger orders from its overseas markets. On an overall basis, total sales volume of aluminium panels rose 36% to 1.5 million square metres in 1HFY2005, compared to 1.1 million square metres in 1HFY2004. The Group's average selling prices have decreased marginally, due to increased competition.

The Group's continuous marketing efforts to grow its overseas markets have started to pay off. Revenue contribution from its overseas markets jumped 143% from RMB14 million in 1HFY2004 to RMB34 million in 1HFY2005.

However, rising costs of principal raw materials such as aluminium coils, low density polyethylene, PVDF paint and thermosol contributed to the Group's higher cost of sales. As a result, the Group's gross profit dipped 11.7% from RMB30.9 million in 1HFY2004 to RMB27.3 million in 1HFY2005. The Group reported a gross profit margin of 20.7% in 1HFY2005, compared to 26.3% in the previous corresponding period.

The Group experienced an 88.9% increase in administrative expenses from RMB3.6 million in 1HFY2004 to RMB6.8 million for 1HFY2005, mainly due to higher corporate and compliance expenses since its listing in November last year.

Total shareholders' funds increased by 43.6% from RMB114.8 million to RMB164.9 million due mainly to the net profit registered for 1HFY2005 of RMB13.6 million and the write-back of negative goodwill of RMB46.6 million to retained profits as at January 1, 2005. On April 25, 2005, the Board of Directors declared an interim one-tier tax exempt dividend of 0.9 Singapore cent per ordinary share amounting to approximately S\$2.0 million (RMB10.0 million). The dividend was paid on 30 May 2005.

"We are pleased to reward our shareholders with an interim dividend earlier this year to thank them for their support since the Group's listing," added Mr Xu.

Further, the Company wishes to reiterate its dividend policy which was first announced on 20 May 2005. The Board of Directors intends to recommend not less than 50% of the Company's net profit attributable to shareholders for FY2005 and not less than 50% of the Company's net profit attributable to shareholders for FY2006 as dividends, barring unforeseen circumstances and subject to the amount of dividends that the Company received from its subsidiary and the timing of such receipts. For full details of the Group's dividend policy, please refer to its announcement dated 20 May 2005.

While the Group remains cautiously optimistic about the outlook of the rest of year, the Board of Directors expects the Group's second half performance to be better than its first half.

### **About Comat Industrial Ltd.**

Listed on the Mainboard of the SGX-ST since 8 November 2004, Comat is principally engaged in the manufacture and sale of Aluminium Composite Panels and Aluminium Single Panels that offer modern, creative and practical design possibilities for various applications. The Group believes that it is one of the largest manufacturers of Aluminium Composite Panels in the PRC.

Comat's products are suitable for use in various interior and exterior applications such as curtain walls, wall claddings, facades, ceilings, roof edgings, column claddings, shop fronts, partitions, furniture, stairways and elevators. Comat is capable of manufacturing a wide range of Aluminium Composite Panels and Aluminium Single Panels according to customers' specifications and needs.

The Group's strengths lie in its established track record and reputation in the industry. Since its establishment, the Group has been involved in numerous high profile projects including, amongst others, the construction of Shanghai Pudong International Airport, the Capital Airport in Beijing, the Guangzhou Baiyun International Airport, the Mao Memorial and the China Central Broadcasting Station.

In order to remain competitive, the Group continues to focus on its R&D efforts to offer a wider range of high quality products while at the same time, increase its marketing efforts domestically and globally to gain greater market share.

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