

SURFACE MOUNT TECHNOLOGY (HOLDINGS) LIMITED

Quarterly Update Pursuant to Rule 1313(2) of the Listing Manual

On 3 June 2011, Surface Mount Technology (Holdings) Ltd (the “Company”) was placed on the Watch List pursuant to Rule 1311 of the Listing Manual.

In accordance with Rule 1313(2), the Board of Directors of the Company wishes to provide the following update for the quarter ended 31 March 2014 (“Q4 FY2014”):-

Update on Financial Position

The Group’s revenue for the three months ended 31 March 2014 was HK\$144.1 million (S\$23.2 million) as compared to HK\$144.9 million (S\$23.3 million) in the corresponding period of the previous financial year. Profit attributable to shareholders was HK\$1.5 million (S\$0.24 million) as compared to HK\$168.4 million (S\$27.1 million) previously. If the restructuring gain of HK\$159.1 million (S\$25.6 million) from the currency translation reserve reclassified to income statement upon deconsolidation of scheme subsidiaries were to be excluded, the operating profit for the same quarter last year would have been HK\$9.3 million (S\$1.5 million). Profit per share for the quarter was HK\$0.008 (S\$0.0013) as compared to HK\$0.95 (S\$0.15) for the corresponding quarter last year. Net asset value per share as at 31 March 2014 was a negative HK\$0.34 (S\$0.05) as compared to that as at 31 March 2013 of a negative HK\$0.42 (S\$0.068).

On a quarter-to-quarter basis, revenue decreased from HK\$180.0 million (S\$29.0 million) to HK\$144.1 million (S\$23.2 million) due mainly to the seasonal long holiday periods in Q1 2014.

For the financial year ended 31 March 2014, the Group’s revenue increased to HK\$697.1 million (S\$112.3 million) from HK\$621.5 million (S\$100.1 million) in the previous financial year mainly due to higher demand for industrial control products. Gross margin for the twelve months ended 31 March 2014 decreased to 19.5% from 21.2% in the last financial year because of a lower revenue portion from consignment business. Profit attributable to shareholders was HK\$6.6 million (S\$1.1 million) for the full year. The profit figure reported for FY2013 was HK\$276.8 million (S\$44.6 million) which includes the gain on restructuring and restructuring expense of HK\$258.7 million (S\$41.7 million). For a year-on-year comparison purpose, if the net exceptional gain amount was excluded, the profit figure would be HK\$18.1 million (S\$2.9 million) for FY2013.

Footnote: The exchange rate used above is S\$1.00 = HK\$6.21

Update on Financial Direction

The global economic recovery continues into 2014. However, the Q1 2014 GDP growth in both US and Europe were below expectation. China economy continues to slow down. Japan’s economy holds steady. Emerging market economy is just stable. However, there are recent developments in political unrest and territorial disputes in parts of Europe and Asia. These factors have introduced more uncertainty and volatility. The economic outlook remains cautious.

QUARTERLY UPDATE (CONT'D)

Update on Financial Direction – cont'd

SMT's recovery continues to gain momentum. We are seeing increases in demand from most of our existing customers, in particular those from Europe. There are new projects and new customers. Our outlook is positive. However, the escalating operating costs in China remain challenging.

In March 2014, the Company received a delisting notification from the SGX-ST. The Company's shares were suspended from trading since 12 April 2014. As we have been unable to source a reasonable cash exit alternative for the shareholders from our major shareholders, we will be seeking the shareholders' approval in respect of exit alternatives for the shareholders. A circular setting out the details of these exit alternatives will be announced in due course.

As the Company is on a recovery path, the largest shareholder and the management plan to continue the present operation after delisting. SMT will then become a private Bermuda company.

By Order of the Board

Woo May Poh

Company Secretary

23 May 2014