

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 30 June 2014 (“Q1 FY2015”):-

Update on Financial Position

The Group’s revenue for the three months ended 30 June 2014 was HK\$200.1 million (S\$32.0 million) as compared to HK\$178.8 million (S\$28.6 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\$2.1 million (S\$0.34 million) previously. Profit per share for the quarter was 0.83 HK cents (0.13 Singapore cents) as compared to 1.18 HK cents (0.19 Singapore cents) for the corresponding quarter last year. Net asset value per share as at 30 June 2014 was a negative HK\$0.34 (S\$0.054), same as that as at 31 March 2014.

The increase in revenue was mainly due to higher demand for industrial control products. Gross margin for the three months ended 30 June 2014 decreased to 16.3% from 20.5% in the corresponding period last year due to lower proportion of consignment business and higher assembly costs. Depreciation charge and finance costs for the quarter were lower than the same period last year due mainly to lower carrying value of property, plant and equipment and outstanding balance of borrowing respectively. The net margin for the quarter was 0.77% as compared to 1.17% for the same quarter last year.

Footnote: The exchange rate used above is S\$1.00 = HK\$6.246

Update on Financial Direction

The IMF has just trimmed down the global GDP growth forecast for 2014 from 3.7% to 3.4%. The US economic performance remains weak and China may not meet the GDP growth target. The rest of the BRICS are struggling with Russia and Brazil facing much slower growth. The European economy is stable with UK and Germany reporting better performance. However, the world geopolitical risks are increasing with deepening conflicts in Eastern Europe and the Middle East. Extreme caution remains.

Update on Financial Direction – cont'd

SMT's business outlook is stable with European based customers continue to increase in forecast and orders. Our performance in Q1 FY2015 was positive and our target for FY2015 is to be profitable for the whole year. However, challenges remain with operational costs increasing mainly due to higher wages. We have initiated a new workers retention program with direct recruitment of student graduates from the schools in other provinces. The program also includes implementation of a higher standard of amenities and training for the workers. So far the result of our human capital development program has been encouraging.

By Order of the Board

Pan Mi Keay

Company Secretary

29 July 2014