

SURFACE MOUNT TECHNOLOGY (HOLDINGS) LIMITED

Surface Mount Technology reports operating profit in Q4 and full year FY2014

Singapore - 23 May 2014 – 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.

Revenue contribution by products is as follows:-

	Q4FY2014	Q4FY2013	FY2014	FY2013
Industrial controls	93%	91%	92%	84%
Automotive electronics	-	2%	-	2%
Digital audio video	-	7%	1%	2%
Consumer & others	7%	-	7%	12%

Revenue contribution by customers' country of origin is as follows:-

	Q4FY2014	Q4FY2013	FY2014	FY2013
Japan	9%	9%	7%	10%
Korea	1%	-	1%	-
Europe & US	86%	84%	88%	84%
Other Asian countries	4%	7%	4%	6%

Capital investment for the year ended 31 March 2014 was HK\$1.0 million (S\$0.16 million) mainly for the enhancement of production equipment and plant and facilities.

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Press Release - 23 May 2014 (Cont'd)

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.

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.

"We have experienced a gradual recovery in the first quarter of 2014. The world economy however remains fragile and becomes even more uncertain. It is regrettable that the Company is being delisted. We have started to complete the delisting process in an orderly manner and transition into a private corporation!" said Professor Chan Kei Bui, Chairman and Senior Managing Director.

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