

## **Chairman's Message of SMT 20<sup>th</sup> Anniversary**

The year 2006 marks SMT's 20<sup>th</sup> anniversary since its establishment in 1986. Our development in the past two decades was indeed phenomenal, characterized by outstanding performance and notable industry leadership in manufacturing and quality. We are now a prominent EMS provider in China and moving fast forward.

Twenty years ago, SMT started modestly as a small factory in Hong Kong with one basic SMT line and hired about 20 employees. In 1990, we began our first venture into China by setting up a pilot factory in Shekou, Guangdong. The advantage of production in China was overwhelming; we then moved all our manufacturing facilities to Dalingshan in Dongguan in 1993 and never looked back. Our business have enjoyed the booming electronic outsourcing to China. Every year we expanded our production space and added new SMT lines. We now operate three factories in China with two facilities in Dongguan and one plant in Suzhou. The total employee exceeds ten thousand and the number of SMT lines surpassed one hundred.

Financially, we have had enormous and continuous growth. Our revenue was US\$81 million in 1998 and now it is US\$315 million in 2005. This pattern is also reflected in our profit which also followed a similar growth curve. These are very respectable performances, given the fact that it was achieved against a very unfavorable economic global climate in the last ten years. We encountered extremely challenging circumstances which include the Asian financial crisis, the bursting of the technology bubble, the 911 terrorist attack and the SARS pandemics. SMT did prevail and emerged better and stronger. Our achievement was recognized with our successful listing in the main board of the Singapore Stock Exchange in 2001. Since going public, our shareholders have been rewarded with yearly dividend payout and the stock price also appreciated.

A very important development in SMT is our initiatives in Corporate Social Responsibility. We are pioneering the Green Manufacturing practice and other efforts in environmental protection. All our factories are ISO14001 certified and fully qualified as a Green Partner to many world class companies. We continue to enhance the well being and living

standards of our employees. The emphasis on safety and health is reflected in the award of OHSAS18001 certification to all our production facilities. One of our strong corporate values is the support and help to the community. A major area is education. We are long term partnership to Universities in Hong Kong and China. We provide not only financial sponsorship but also training schemes for students. We donate generously to building programs for primary and secondary schools in under privileged areas in China.

Looking forward, our vision is to build SMT into a world class company, supported by happy employees, satisfied customers and shareholders. Our aim is to establish Pan-China EMS manufacturing operations by setting up new factories and SMT lines. The next focus will be the Bohai region and China's north eastern provinces. We are diversifying both our product portfolio and marketing coverage. In this respect, automotive electronics and telecommunication products will be key target industries. We are expanding our sales network in both USA and Europe and we expect to see good results in the coming years. To stay competitive, we continuously enhance our operation efficiency and quality standard. There is a long term program to introduce advanced manufacturing technology and management practice. SMT is determined to be a formidable player in the EMS industry!

SMT has come a long way in 20 years. We are very proud of what we have achieved and confident in moving ahead with even higher aspirations. All the performance could not have been possible without the help and support of our loyal and hard working employees, customers, suppliers, service providers, friends and financial institutions. Special mentions must be given to our Board of Directors for their guidance and help. I would like to take this opportunity to express my deepest gratitude to all of you for a memorable and wonderful twenty years. The next twenty will be equally exciting and rewarding!

Finally, I would like to wish everyone a happy and prosperous Year of the Dog.

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