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NEWS RELEASE

Micro-Mechanics Posts 14.4% Growth in Net Profit to S\$3.6M in 2Q20; Increases Interim Dividend by 25% to 5 cents per share

- 2Q20 revenue rose 7.4% to S\$16.3m; marks the Group's first yoy growth in quarterly sales since 4Q18
- Ongoing operational strategies lift gross profit margin to 53.9% in 2Q20
- Sound financial position with cash of S\$19.2 million and zero borrowings

Singapore, 8 February 2020 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools and parts used in process-critical applications for the semiconductor industry, today reported a 14.4% increase in net profit to S\$3.6 million for the three months ended 31 December 2019 (“2Q20”).

The Group's stronger bottom line performance in 2Q20 was achieved on the back of higher revenue and an expansion of its gross profit margin. The Group recorded a 7.4% increase in revenue to S\$16.3 million in 2Q20, thanks to higher sales in China, Singapore, Japan and Taiwan which offset lower sales contributions from the Philippines, Malaysia and Europe markets.

The Group continued to work on various operational strategies such as set-up time reduction, higher automation and smart-factory initiatives which helped to widen its gross profit margin to 53.9% in 2Q20 from 52.4% in 2Q19.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group's results in 2Q20 marked the first year-on-year growth in our quarterly revenue since 4Q18. We believe this reflects the improving stability of the global semiconductor industry from the cyclical downturn that began during the second half of calendar year 2018. The higher revenue, coupled with our continuous efforts to enhance manufacturing processes, productivity and cost structure, drove the improvement in the Group's profitability during 2Q20.”

Recent data released by World Semiconductor Trade Statistics (WSTS) indicates the global semiconductor industry is beginning to stabilise and WSTS is projecting worldwide chip sales to recover in 2020 with growth of 5.9%.

Based on Micro-Mechanics' steady performance, sound financial position, modest capital requirements for FY2020 and encouraging long-term business outlook, the Group is raising its interim dividend by 25% to 5 cents per share (one-tier tax exempt), compared to 4 cents per share a year ago. The interim dividend will be paid on 28 February 2020 to shareholders on record as at 19 February 2020.

As at 31 December 2019, the Group maintained its sound financial position with total assets of S\$67.7 million, shareholders' equity of S\$56.7 million, cash and cash equivalents of S\$19.2 million and no bank borrowings.

Voluntary Quarterly Reporting - After due consideration, the Board has elected to continue with the quarterly reporting.

This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 8 February 2020.

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About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

The Group serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA, and a direct sales presence in Taiwan and Europe. Micro-Mechanics' strategy is to relentlessly pursue product and operational improvements while providing fast, effective and local support to its customers worldwide.

In addition to designing and manufacturing a market-leading range of consumable tools and parts used in the assembly and testing of semiconductors, the Group also engages in the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Since listing on the Singapore Exchange in June 2003, Micro-Mechanics has won over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

For more information, please visit the Group's website at www.micro-mechanics.com