



MICRO-MECHANICS (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199604632W)

ANNOUNCEMENT

INTERESTED PERSON TRANSACTION – LEASE BETWEEN MICRO-MECHANICS, INC. AND SARCADIA LLC IN RESPECT OF THE PREMISES KNOWN AS 465 WOODVIEW AVENUE, MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, UNITED STATES OF AMERICA

1. INTRODUCTION

(i) The Board of Directors of Micro-Mechanics (Holdings) Ltd. (the “Company”) wishes to announce that Micro-Mechanics, Inc. (“MMUS”), a wholly-owned subsidiary of the Company, has entered into a lease agreement (the “Lease”) with Sarcadia LLC (“Sarcadia”) in respect of the premises known as 465 Woodview Avenue, Morgan Hill, County of Santa Clara, State of California, United States of America (the “Premises”) on 27 February 2015.

(ii) Pursuant to the Lease, Sarcadia will lease the Premises to MMUS for a period of 3 years with effect from 1 May 2015. The estimated rental fees payable for the duration of the Lease is US\$1,044,000.00 (approximately equivalent to S\$1,419,840.00).

(iii) Sarcadia is a controlling shareholder of the Company with a direct interest of 27.16%. Further, Sarcadia is a family trust set up by Mr Christopher Reid Borch, an Executive Director and Chief Executive Officer of the Company. Accordingly, Sarcadia would be regarded to be an “interested person” and MMUS, being a wholly-owned subsidiary of the Company, would be regarded to be an “entity at risk” within the meaning defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“Listing Manual”).

(iv) Accordingly, the Lease would constitute an interested person transaction and the requirements under Chapter 9 of the Listing Manual are applicable. The amount of S\$1,419,840 rental fee represented 3.45% of the Group’s audited net tangible assets of S\$41,112,684 as at 30 June 2014.

2. DETAILS OF LEASE AND RATIONALE FOR THE LEASE

MMUS has been operating from the Premises, being an area of 3,837 square metres, having leased the same from a local company which intended to revise the present rent to US\$35,000 per month for the 1st year and thereafter at increasing amounts. To ease the financial burden of MMUS and provide it continuity, Mr Borch has arranged for Sarcadia to purchase the Premises and thereafter lease it to MMUS at a monthly rent of US\$28,000 for the first year, US\$29,000 for the second year and US\$30,000 for the third year. Under the Lease, MMUS will continue to use the Premises for general office use and custom manufacturing and there will be no change or interruption in this regard.

Since the total amount of rental fees payable over the agreed term shall be less than 5% of the Group's audited net tangible assets as at 30 June 2014, the execution of the Lease does not require the prior approval of the shareholders of the Company. Further, the agreed term of the Lease pertaining to the Premises is not more than 3 years and the agreed Rental rate is supported by an independent valuation report from Colliers International dated 20 January 2015.

3. TOTAL INTERESTED PERSON TRANSACTIONS WITH THE SAME INTERESTED PERSON FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015 ("FY2015") AND THE TOTAL INTERESTED PERSON TRANSACTIONS FOR FY2015

Save as disclosed above, for the period from 1 July 2014 to the date of this announcement, there were no interested person transactions relating to any director, controlling shareholders and their associates as defined in Chapter 9 of the Listing Manual.

By Order of the Board

Chow Kam Wing
Director
Date: 27 February 2015