



MICRO-MECHANICS (HOLDINGS) LTD.

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

ANNOUNCEMENT

INTERESTED PERSON TRANSACTION – AGREEMENT BETWEEN MICRO-MECHANICS, INC. AND SARCADIA LLC ON THE PAYMENT OF ELECTRICAL SERVICES PROVIDED TO THE PREMISES KNOWN AS 465 WOODVIEW AVENUE, MORGAN HILL, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, UNITED STATES OF AMERICA

The Board of Directors of Micro-Mechanics (Holdings) Ltd. (the “Company”) wishes to announce that:

(1) Micro-Mechanics, Inc. (“MMUS”), a wholly-owned subsidiary of the Company will enter into an agreement with Sarcadia LLC (“Sarcadia”) relating to the payment of electrical services provided to the premises known as 465 Woodview Avenue, Morgan Hill, County of Santa Clara, State of California, United States of America (the “Premises”).

(2) Sarcadia leased the Premises to MMUS as announced by the Company in 2015 and MMUS renewed the lease of the Premises for 3 years in May 2018 as reported in the Company’s Annual Report for financial year ended 30 June 2018. Subsequently, MMUS will enter into a supplemental agreement for the payment of electrical services (the “Addendum to Lease”). Sarcadia owns a solar system which will generate electrical energy for use at the Premises. This solar system remains interconnected with the utility grid.

(3) Under the Addendum to Lease, MMUS agrees to pay Sarcadia for electrical services and billing is expected to commence in October 2018 after the utility company, Pacific Gas & Electric completes the hook-up and monitoring of the solar system. The rates to be charged by Sarcadia will be 10% less than the rates charged by Pacific Gas & Electric for a given billing period.

(4) Sarcadia remains 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 as an “interested person” and MMUS, being a wholly-owned subsidiary of the Company, would be regarded as an “entity at risk” within the meaning defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(5) The estimated fee for electrical services and rental of the Premises payable over the agreed term is as follows:

Details of IPT between MMUS and Sarcadia	FYE 30 June 2019		FYE 30 June 2018	
	Duration of services	Total value of IPT for 2.5 years	Duration of lease	Total value of IPT for 3 years
Payment of electrical services provided to the Premises	October 2018 to April 2021	US\$327,360 (approx. S\$451,266) ¹ (0.75%)	-	-
Rental of the Premises	-	-	May 2018 to April 2021	US\$1,152,000 (approx. S\$1,525,709) ² (2.79%)

¹Based on the Group's audited net tangible assets of S\$60,304,541 as at 30 June 2018

²Based on the Group's audited net tangible assets of S\$54,771,303 as at 30 June 2017

By Order of the Board

Chow Kam Wing
Director
22 October 2018