

EASTGATE TECHNOLOGY LTD
(Incorporated in Singapore on 16 December 1989)
(Company Registration No. 198905519R)

ACQUISITION OF A SUBSIDIARY

The Board of Directors of Eastgate Technology Ltd (the “Company”) wishes to announce that it has on 1 August 2014 terminated the joint venture agreement executed with 2 individuals, Messrs Jerick Teo Wei Jun (“Jerick”) and Poon Kok Loong (“Poon”), on 21 May 2014 to incorporate a company named Focal Oilfield Solutions Pte. Ltd. (“Focal”) in Singapore as Poon did not proceed with his subscription of 20% equity interest in Focal.

Instead, on the same day, it entered into a new shareholders’ agreement with Jerick. Pursuant to which, Focal will have a paid-up capital of S\$650,000 whereby the Company and Jerick shall contribute 51% and 49% respectively in cash. Prior to the execution of the shareholders’ agreement, Focal has a paid-up capital of S\$318,500, which was entirely contributed by Jerick. Subsequently, the Company subscribed for 331,500 ordinary shares at S\$1.00 each in Focal for cash. The subscription monies were funded from internal resources. Following the aforesaid subscription for shares, Focal became a subsidiary of the Company and Jerick’s equity interest in Focal was diluted to 49%.

Information on Focal

Focal was incorporated for the purpose of engaging in the business of precision engineering in oil and gas products and related services in the Republic of Singapore, Malaysia, Indonesia, Thailand, Vietnam and China.

Rationale

The Company believes that the business of Focal would complement the Group’s core business as a one-stop solution provider of industrial fasteners and custom-made parts.

Financial Effects

The acquisition of Focal is not expected to have any material effect on the consolidated earnings per share and net tangible assets per share of the Company for the current financial year ending 31 August 2014.

Directors’ and Substantial Shareholders’ Interest

Except for Jerick who is the son of our Executive Chairman, Teo Cher Cheong, no other Directors or substantial shareholders of the Company, and its subsidiaries have any interest, direct or indirect, in the incorporation of Focal.

BY ORDER OF THE BOARD

Teo Teck Leong
Managing Director
1 August 2014