

EASTGATE TECHNOLOGY LTD

(Company Registration No. 198905519R)

REPLY TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERY OF 4 NOVEMBER 2014 RELATING TO THE FY2014 FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT MADE ON 30 OCTOBER 2014

Singapore Exchange Securities Trading Limited ("SGX-ST") had, on 4 November 2014, requested for the following clarifications on Eastgate Technology Ltd's ("the Company") FY2014 full year financial statement and dividend announcement made on 30 October 2014:-

- (a) Please explain the reason(s) for the decrease in other receivables and deposits by approximately 88.32% from S\$3,674,000 as at 31 August 2013 to S\$429,000 as at 31 August 2014.

The decrease in other receivables and deposits was due mainly to the completion of the investment of 10% equity interest in the Espressif Group for a cash consideration of USD3.30 million (equivalent to approximately S\$4.11 million) on 19 March 2014. A refundable deposit of USD2.8 million (equivalent to approximately S\$3.48 million) was paid in the last financial year ended 31 August 2013 while an aggregate balance payments of USD0.50 million (equivalent to approximately S\$0.63 million) was paid in the current financial year ended 31 August 2014. Upon completion, the refundable deposit and aggregate balance payments were reclassified as investment in available-for-sale financial assets in the statement of financial position.

- (b) Please explain the reason(s) for the decrease in prepayments by approximately 36.01% from S\$1,244,000 as at 31 August 2013 to S\$796,000 as at 31 August 2014.

Higher prepayments were made as at 31 August 2013 for the purchase of machineries in the precision engineering business segment.

**BY ORDER OF THE BOARD
EASTGATE TECHNOLOGY LTD**

Submitted by Wong Siew Chuan, Company Secretary on 05/11/2014 to the SGX