

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

EXECUTION OF A SHAREHOLDERS' AGREEMENT BY A SUBSIDIARY

The Board of Directors of Eastgate Technology Ltd (the "Company") wishes to announce that its subsidiary, GD Tech (H.K.) Private Co., Limited ("GDT") has on 28 August 2014 terminated the joint venture agreement ("JVA") executed with Mr Poon Kok Loong ("Poon"), an individual, on 10 July 2013 to incorporate a company named GD Precision Pte. Ltd. ("GDP") in Singapore, which shall engage in the manufacture and trading of high precision components and complex electromechanical assembly.

Instead, on the same day, GDT executed a shareholders' agreement ("SHA") with Poon to regulate their relationships as shareholders in GDP.

Information on GDP

Pursuant to the JVA, GDP would have a paid-up capital of S\$800,000, of which 51% would be contributed by GDT and the balance of 49% would be contributed by Poon. Upon the execution of SHA, the shareholding of GDT in GDP shall be diluted to 49% and Poon shall own 51% of GDP.

Rationale

Since the incorporation of GDP, Poon has been overseeing its daily operations. The change in shareholding structure in GDP is to recognise Poon's contributions and to capitalise on Poon's expertise in precision engineering used in the electromechanical industry and networking in Singapore so as to serve the existing and potential customers of GDT and its subsidiaries in Singapore.

Financial Effects

The termination of the JVA and execution of the SHA are 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

None of the Directors or substantial shareholders of the Company, GDT and its subsidiaries has any interest, direct or indirect, in the above transaction.

BY ORDER OF THE BOARD

Teo Teck Leong
Managing Director
29 August 2014