HEATEC JIETONG HOLDINGS LTD.
Heat Transfer & Piping System Specialist

PROPOSED JOINT VENTURE AND SUBSCRIPTION OF SHARES IN KARNOT TECHNOLOGY PTE. LTD. PURSUANT TO THE JOINT VENTURE AGREEMENT AND SUBSCRIPTION AGREEMENT

The Board of Directors of Heatec Jietong Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that Heatec Jietong Pte Ltd ("**HJPL**"), a wholly-owned subsidiary of the Company, together with ES Energy Pte Ltd ("**ES**"), a wholly-owned subsidiary of ES Group (Holdings) Limited, have entered into a joint venture agreement ("**JV Agreement**") dated 29 May 2014 with Stuart Edmund Cox ("**SC**") with respect to Karnot Technology Pte. Ltd. ("**KTPL**"), a newly incorporated company, to develop, design and manufacture a new kind of process heating and cooling system for both marine and non-marine application based on the unique properties of trans-critical carbon dioxide.

As of the date of this announcement and immediately prior to the Subscription (as defined herein), KTPL's net book value, net tangible assets and the paid-up and issued share capital is S$2 comprising 2 ordinary shares which are owned by SC.

Pursuant to a subscription agreement dated 29 May 2014 entered into by SC, HJPL and ES (the "**Subscription Agreement**"), SC will subscribe for 11,998 new shares and each of ES and HJPL will subscribe for 4,000 new shares respectively in KTPL (the "**Subscription**"). The initial consideration to be paid by HJPL for its 20% subscription in KTPL is S$75,000 in cash. Upon fulfillment of various milestones stated in the JV Agreement, subsequent capital injections of up to S$375,000, payable in a combination of cash and shareholders' loans, will be injected into KTPL by the HJPL in tranches.

Funding and Financial Effects

The subscription of shares in KTPL by HJPL and the provision of the shareholder's loan by HJPL will be funded through the Group's internal resources and are not expected to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2014.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the JV Agreement and the Subscription, other than through their respective shareholding interests in the Company.

None of the Directors or substantial shareholders of the Company and their respective associates are related to SC and ES, except for Ong Beng Chye, a director of the Company, who has 1.36% shareholding interest in ES.

Inspection of Documents

The following documents are available for inspection at the registered office of the Company at No. 10 Tuas South Street 15, Singapore 637076 during normal business hours for three (3) months from the date of this announcement:

(a) the JV Agreement; and

(b) the Subscription Agreement.

By Order of the Board

Johnny Soon
Executive Chairman and CEO
29 May 2014

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, Telephone: (65) 6229 8088.