

ES GROUP (HOLDINGS) LIMITED
(Company Registration Number: 200410497Z)
(Incorporated in the Republic of Singapore)

PROPOSED JOINT VENTURE AND SUBSCRIPTION OF SHARES IN KARNOT TECHNOLOGY PTE LTD

The board of directors (“**Board**” or “**Directors**”) of ES Group (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that ES Energy Pte Ltd (“**ES**”), a wholly-owned subsidiary of the Company, together with Heatec Jietong Pte Ltd (“**HT**”) 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 process heating and cooling system which can be used in marine and other industries, 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 below), KTPL’s net book value, net tangible assets and 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 between ES, HT, SC and KTPL (the “**Subscription Agreement**”), SC will subscribe for 11,998 new shares and each of ES and HT will subscribe for 4,000 new shares respectively in KTPL (“**Subscription**”). Immediately after the Subscription, the shareholders of KTPL will be SC (60%), HT (20%) and ES (20%).

Funding and Financial Effects

The initial consideration to be paid by the Company for its 20% Subscription 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 Company in tranches (“**Consideration**”).

The Consideration was arrived at taking into account, *inter alia*, the working capital requirements of KTPL. The Consideration 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 Subscription, other than through their respective shareholding interests in the Company.

None of the Directors or controlling shareholders of the Company and their respective associates are related to SC and HT, except for Low Chee Wee, a Director of ES, who has less than 1% shareholding interest in HT.

Inspection of Documents

The following documents are available for inspection at the registered office of the Company at 8 Ubi Road 2, #06-26, Singapore 408538 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

Christopher Low Chee Leng
Chief Executive Officer

29 May 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd. 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. Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road, #21-02, Singapore 068896, telephone (65) 6854 6160.