SINO CONSTRUCTION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200613299H)

RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED WITH RESPECT TO THE FY2014 Q2 FINANCIAL STATEMENT ANNOUNCEMENT ON 14 AUGUST 2014

The Board of Directors ("**Board**") of Sino Construction Limited (the "**Company**" and together with its subsidiaries, the "**Group**") would like to respond to queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with respect to the FY2014 Q2 Financial Statement announcement released on 14 August 2014.

The SGX-ST requested that the Company provide further details on the following matters.

(a) In paragraph 8 of the Company's 2Q2014 Results Announcement ("Announcement"), the Company announced that the increase in Revenue from nil in 1H2013 to S$1.137 mil in 1H2014 was "attributable to the revenue from the group's subsidiary Elite Bay Sdn Bhd ("Elite Bay")."

i) Please disclose the percentage of completion for the "proposed mixed commercial development cum bus terminal in Kota Kinabalu" which the Company announced "has since commenced construction and has accounted significant contribution to the revenue of Elite Bay amongst its other existing projects" and how this project is progressing; and

The proposed mixed commercial development cum bus terminal in Kota Kinabalu is currently under construction and is about 7% completed.

ii) Please give details and updates on "other existing projects" that the Company has.

The other existing projects of Elite Bay are listed as follows;

	Completion
- Construction of KTMB Staff Quarters (Ipoh)	75%
- Construction of KTMB Staff Quarters (Kuala Kangsar)	96%
- Construction of KTMB Staff Quarters (Sungai Siput)	95%
- Construction of KTMB Operation Station (Chemor)	65%
- Construction of KTMB Operation Station (Kanthan)	67%
- Proposed Amalgamation & Subdivision for 2 blocks Of Condominiums at Bkt Padang, Kota Kinabula	9%
- Repairing Work at House no.177 & 179, Taman Camar Jaya, Nibong Tebal, Penang	100%

(b) In the Balance Sheet, "Trade and other payables" of the Company amounted to S$35.2 million (1H2013:Nil).

i) Of the S$35.2 million, the Company disclosed that S$28.58 mil is due to its investment in Renaissance Enterprise S.A. "Renaissance" and S$2 mil for Ardiluan Energy Limited "Ardiluan". Please provide details and a breakdown of each material item of the remaining S$4.62 mil outstanding payables of.

The breakdown of the remaining S$4.62 mil is as follows;

Loan from Shareholders	S$3.62 mil
Accrued Operating Expenses	S$0.2 mil
Amount due to Directors	S$0.3 mil
Trade and Other Payables of Elite Bay	S$0.5 mil
Total	**S$4.62 mil**

ii) As the Company has a cash balance of only S$113K, please provide details how the Company intends to finance the balance S$4.62 mil.

As disclosed in (b)(i) above, the remaining S$4.62 mil consist mainly of loans from Directors / shareholders. These are interest-free loans with no fixed term for repayment for the working capital of the Company.

(c) In the Balance Sheet, the Company reported a negative working capital of S$30.64mil mainly due to the Promissory Notes issued for the three acquisitions - of Renaissance, Ardilaun and Signet Coking Coal International Limited ("Signet"). Based on the Company's announcements, the Company had not submitted any Additional Listing Application for shares arising from the conversion of the promissory notes for these three acquisitions. Please provide details on whether and how the Company will have sufficient cash to finance such repayments as and when the promissory notes are required to be repaid in cash.

As mentioned in previous announcements relating to the respective transactions, the Company intends to fund these acquisitions by way of shareholders' loans or issuance of shares arising from the promissory notes. In addition, the Company is in the process of submitting the Additional Listing Application for shares arising from the conversion of promissory notes for these acquisitions.

(d) Please provide a review of the performance of Signet, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

i) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
ii) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

As mentioned in the previous announcements, the acquisition of Signet is subject to shareholders' approval at an EGM to be convened at a later date. As such, the acquisition has not been completed. Consequently, the financial results and performance of Signet has yet to be consolidated with the financial results of the Company and its subsidiaries.

Nevertheless, for the interest of the shareholders, the Company would like to provide the following updates on the latest development of Signet as follows;

Signet Coking Coal International Limited, through its subsidiary interests, is currently in the final stages of proving JORC / SAMREC Measured and Indicated coal resource classifications at The Duel Project, Limpopo, South Africa. Signet is awaiting final laboratory analysis of potential coking coal fractions, however initial indications highlight a strong Hard Coking Coal component combined with a Thermal Coal middling by-product.

Drilling has proven shallow and openpit coal opportunities located closer to the southern boundary of the project area, with coal of good quality found from 45m downwards to 180m. Signet has decided to realign planned boreholes in the north to the south and to drill this area to a JORC / SAMREC Measured resource classification. Currently all final drilling will be concentrated along the southern 3 drill lines. Signet is now planning to conduct exploration drilling at its Tshipise 2 Project.

(e) In paragraph 10 under "Recent Developments", the Company mentioned that on "3 June 2014, the company had completed the acquisition of 19.9% of the entire issued share capital of Renaissance". Please disclose how these assets are performing and whether the book value is reflective of the Fair Value of these mines.

Renaissance is performing as per expectations. Since the Company completed the acquisition of 19.9%, Renaissance's main operating subsidiary, Topkapi Mineral, has continued to progress work on the Manisa Titanium Project. Work has been progressed by the project engineering team (including third-party consultants) to prepare the bankable feasibility study. In particular, the engineering team is working towards the final design of a 200 tonnes per day small-scale production plant. It's expected that this plant will be constructed in the first half of 2015. The Company has no obligation to make any funding towards such construction.

The book value reflects the valuation according to accounting principles. This can be divergent from real market value from time to time. In the case of the Company's stake in Renaissance, the Company believes that the acquisition cost as reflected is at a discount to the fair value of the asset and continues to do so.

By Order of the Board

Andy Chee / Kenneth Lim
Chairman / Executive Director
29 August 2014