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

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited 3rd Quarter Ended			Unaudited 9 Months Ended		
	30/9/2014	30/9/2013 (Restated)	(+/-)	30/9/2014	30/9/2013 (Restated)	(+/-)
	S$'000	S$'000	%	S$'000	S$'000	%
Continuing Operations						
Revenue	75	-	n.m	1,212	-	n.m
Cost of Sales	(65)	-	n.m	(1,008)	-	n.m
Gross Profit	**10**	**-**	n.m	**204**	**-**	n.m
Other Items of Income						
Other Income	(81)	15	>(100)	222	-	n.m
Other Items of Expense						
Administrative Expenses	(535)	(148)	>100	(974)	(582)	67.4
Finance Costs	(1)	(1)	-	(6)	(1)	>100
Other Expenses	-	-	-	(3)	(4,152)	(99.9)
Profit (Loss) before Tax	**(608)**	**(134)**	>100	**(557)**	**(4,735)**	(88.2)
Income Tax	-	-	-	-	-	-
Profit (Loss) from Continuing Operations	**(608)**	**(134)**	>100	**(557)**	**(4,735)**	(88.2)
Discontinued Operations						
Profit (Loss) from Discontinued Operations	4,870	(22,318)	>100	4,870	(23,865)	>100
Profit (Loss) for the Period	**4,262**	**(22,452)**	>100	**4,313**	**(28,600)**	>100
Other Comprehensive Income:						
Foreign Currency Translation	(4,568)	254	>(100)	(3,754)	3,670	>(100)
Total Comprehensive Income for the Period	**(306)**	**(22,198)**	(98.6)	**559**	**(24,930)**	>100
Profit(Loss) for the Period attributable to:						
Owner Of the Company	4,280	(22,452)	>100	4,294	(28,600)	>100
Non-Controlling Interests	(18)	-	n.m	19	-	n.m
	4,262	**(22,452)**	>100	**4,093**	**(28,600)**	>100
Total Comprehensive Income for the Period attributable to :						
Owner Of the Company	(280)	(22,198)	(98.7)	540	(24,930)	>100
Non-Controlling Interests	(18)	-	n.m	19	-	n.m
	(306)	**(22,198)**	(98.6)	**559**	**(24,930)**	>100

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit (Loss) before Tax is arrived at after charging and (crediting) the following items:

	Unaudited 3rd Quarter Ended		Unaudited 9 Months Ended	
	30/9/2014	30/9/2013 (Restated)	30/9/2014	30/9/2013 (Restated)
	S$'000	S$'000	S$'000	S$'000
Depreciation Of Property, Plant & Equipment	23	-	58	-

1(a)(iii) Other Income

	Unaudited 3rd Quarter Ended		Unaudited 9 Months Ended	
	30/9/2014	30/9/2013 (Restated)	30/9/2014	30/9/2013 (Restated)
	S$'000	S$'000	S$'000	S$'000
Unrealised Exchange Gain, Net	-	15	2	-
Gain on Disposal of Group	(301)*	-	-	-
Negative Goodwill	220	-	220	-
	(81)	15	222	-

* Being reclassification of account from Gain on Disposal of Group to Profit (Loss) from Discontinued Operation

1(a)(iv) Other Expenses

	Unaudited 3rd Quarter Ended		Unaudited 9 Months Ended	
	30/9/2014	30/9/2013 (Restated)	30/9/2014	30/9/2013 (Restated)
	S$'000	S$'000	S$'000	S$'000
Unrealised Exchange Loss, Net	-	-		89
Loss from settlement of loan owing to controlling shareholder by issuance of new ordinary shares	-	-		4,063
Realised Exchange Loss	-	-	3	-
	-	-	3	4,152

1(a)(v) Profit (Loss) From Discontinued Operations

On 27 March 2014, the Company had disposed of its 100% of the equity interests in Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan Construction") to Calcourt Limited for a purchase consideration of S$10.0 million. Xinyuan Construction is the holding company of Daqing Sunshine Reli Thermal Co., Ltd ("Reli Thermal"), which operated the heating services business of the Group ("Heating Services Business").

The Group had recognised a *Gain on Disposal* of S$301,000 during the financial period ended 30 June 2014. As the gain was derived from the disposal of the Heating Services Business which was part of the Discontinued Operations, the Group had made a reclassification adjustment for the gain (from *Other Income* to *Profit from Discontinued Operations)*. The *Translation Reserve* of S$4,568,379 was attributable to the former PRC subsidiaries. As these subsidiaries had been disposed during the Group's restructuring exercise, the *Translation Reserve* was reclassified to *Profit from Discontinued Operations*.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year:

	Group		Company	
	Unaudited 30/9/2014	Audited 31/12/2013 (Restated)	Unaudited 30/9/2014	Audited 31/12/2013 (Restated)
	S$'000	S$'000	S$'000	S$'000
Non-Current Assets				
Investment In Subsidiaries	-	-	163	163
Investment In Equity (unquoted)	35,380	-	35,380	-
Property, Plant and Equipment	874	-	-	-
	36,254	-	35,543	163
Current assets				
Trade and Other Receivables	2,228	5,000	1,700	5,000
Gross Amount Due From Customers For Contract Work-In-Progress	160	-		-
Prepayment	46	-	18	-
Cash and Bank Balances	74	212	23	212
	2,508	5,212	1,741	5,212
Assets of Disposal Group classified as Held for Sale	-	52,332	-	-
	2,508	57,544	1,741	5,212
Total assets	38,762	57,544	37,284	5,375
Current liabilities				
Trade and Other Payables	33,277	5,000	32,824	5,163
Accruals	266	266	251	267
Bank Overdraft	98	-	-	-
Loans and Borrowings	77	-	-	-
Income Tax Payable	11	-	-	-
	33,729	5,266	33,075	5,430
Liabilities directly associated with Disposal Group classified as Held for Sale	-	42,332	-	-
	33,729	47,598	33,075	5,430
Net Current Assets (Liabilities)	(31,221)	9,946	(31,334)	(218)
Non-Current Liabilities				
Loans and Borrowings	611	-	-	-
	611	-	-	-
Total Liabilities	34,340	47,598	33,075	5,430
Net assets (Liabilities)	4,422	9,946	4,209	(55)
Equity attributable to Owners of the Company				
Share Capital	95,482	95,482	95,482	95,482
Reserve Funds	(5,200)	-	(5,200)	-
Translation Reserve	10	3,764	-	-
Accumulated Losses	(86,112)	(89,300)	(86,073)	(95,537)
	4,180	9,946	4,209	(55)
Non-Controlling Interest	242	-	-	-
	4,422	9,946	4,209	(55)

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

	As at 30/09/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Obligation under Finance Lease	50 (1)	-	-	-
Borrowings	27 (2)	-	-	-
	77	-	-	-

Amount repayable after one year

	As at 30/09/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Obligation under Finance Lease	32 (1)	-	-	-
Borrowings	579 (2)	-	-	-
	611	-	-	-

Details of any collateral

(1) The Finance Lease was secured by the underlying assets of our subsidiary under the Finance Lease with a net carrying amount of S$15,081 (RM38,804).

(2) In FY2014, the bank loan with a net carrying value of S$606,000 is secured by our subsidiary's building.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited 9 Months Ended	
	30/9/2014	30/9/2013 (Restated)
	S$'000	S$'000
Operating Activities		
Profit (Loss) before Tax	(557)	(4,735)
Adjustments for:-		
Profit (loss) from Discontinued Operations before Tax	4,870	(23,884)
Depreciation of Property, Plant and Equipment	58	2,356
Amortisation of Land Use Rights	-	212
Allowance for Impairment of Doubtful Debts	-	15,135
Gain on Disposal of Subsidiary	(301)	-
Negative Goodwill	(220)	
Finance Costs	6	710
Interest Income	-	(3)
Loss on settlement of loan owing to Controlling Shareholder by issuance of new ordinary shares	-	4,063
Translation Difference	(4,570)	561
Operating Cash Flows before Changes in Working Capital	**(714)**	**(5,585)**
Changes in Working Capital:		
(Increase) Decrease in Gross Amount Due from Customers for Contract Work-In-Progress	(160)	**-**
(Increase) Decrease in Inventories	-	(46)
(Increase) Decrease in Trade and Other Receivables	3,775	(5,966)
(Increase) Decrease in Prepaid Operating Expenses	(45)	3,313
Increase (Decrease) in Gross Amount Due to Customers for Contract Work-In-Progress	(3)	-
Increase (Decrease) in Trade and Other Payables	(2,794)	9,682
Increase (Decrease) in Other Liabilities	(3)	57
Cash Flows from Operations	**56**	**1,455**
Interest Received	-	(718)
Interest Paid	(6)	3
Net Cash Flows from Operating Activities	**50**	**740**
Investing Activities		
Purchase of Property, Plant and Equipment	(112)	(43)
Net Cash Outflow on Acquisition of Subsidiary	(114)	**-**
Net Cash Flows used in Investing Activities	**(226)**	**(43)**

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

	Unaudited 9 Months Ended	
	30/9/2014	30/9/2013 (Restated)
	S$'000	S$'000
Financing Activities		
Repayment of Loans and Borrowings	(35)	(10,167)
Proceeds of Bank Overdraft	51	-
Proceeds from Issuance of New Ordinary Shares	-	884
Proceeds from Loans and Borrowing	22	15,251
Share Issuance Expenses	-	(50)
Net Cash Flows from (used in) Financing Activities	**38**	**5,918**
Net Increase (Decrease) in Cash and Bank Balances	(138)	6,615
Cash and Bank Balances at Beginning of Period	212	2,747
Cash and Bank Balances at End of Period	**74**	**9,362**

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited 2014 – Group	Share Capital S$'000	Reserve Funds S$'000	Merger Reserve S$'000	Translation Reserve S$'000	Accumulated Losses S$'000	Attributable to owners of the parent S$'000	Non-controlling interest S$'000	Total Equity S$'000
At 1 January 2014	95,482	-	-	3,764	(89,300)	9,946	-	9,946
Profit/(Loss) for the Period	-	-	-	-	4,294	4,294	19	4,313
Other Comprehensive Income								
Foreign Currency Translation	-	-	-	(3,754)	-	(3,754)	-	(3,754)
Total Comprehensive Income for the Period	-	-	-	(3,754)	4,294	540	19	559
Disposal of Subsidiaries	-	-	-	-	(1,106)	(1,106)	-	(1,106)
Other Reserve – Equity Component of Convertible Promissory Note	-	(5,200)	-	-	-	(5,200)	-	(5,200)
Additional Non-Controlling Interest arising on the Acquisition of Subsidiary	-	-	-	-	-	-	223	223
At 30 September 2014	95,482	(5,200)	-	10	(86,112)	4,180	242	4,422

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Unaudited 2013 – Group	**Share Capital S$'000**	**Reserve Funds S$'000**	**Merger Reserve S$'000**	**Translation Reserve S$'000**	**Accumulated Losses S$'000**	**Attributable to owners of the parent S$'000**	**Non-controlling interest S$'000**	**Total Equity S$'000**
At 1 January 2013	88,312	12,713	(18,156)	(1,994)	(51,467)	29,408	-	29,408
Loss for the Period	-	-	-	-	(28,600)	(28,600)	-	(28,600)
Other Comprehensive Income								
Foreign Currency Translation	-	466	(666)	3,670	(2,218)	1,252	-	1,252
Total Comprehensive Income for the Period	-	466	(666)	3,670	(30,818)	(27,348)	-	(27,348)
Issue of Ordinary Shares	7,170	-	-	-	-	7,170	-	7,170
At 30 September 2013	95,482	13,179	(18,822)	1,676	(82,285)	9,230	-	9,230

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

Unaudited 2014 – Company	**Share Capital S$'000**	**Reserve Funds S$'000**	**Accumulated Losses S$'000**	**Attributable to owners of the parent S$'000**
At 1 January 2014	95,482	-	(95,537)	(55)
Profit for the Period	-	-	9,464	9,464
Other Comprehensive Income				
Foreign Currency Translation	-	-	-	-
Total Comprehensive Income for the Period	-	-	9,464	9,464
Other Reserve – Equity Component of Convertible Promissory Note	-	(5,200)	-	(5,200)
At 30 September 2014	95,482	(5,200)	(86,073)	4,209

Unaudited 2013 – Company	**Share Capital S$'000**	**Translation Reserve S$'000**	**Accumulated Losses S$'000**	**Attributable to owners of the parent S$'000**
At 1 January 2013	88,312	(171)	(93,516)	(5,375)
Loss for the Period	-	-	(1,931)	(1,931)
Other Comprehensive Income				
Foreign Currency Translation	-	171	-	171
Total Comprehensive Income for the Period	-	-	(1,931)	(1,760)
Issue of Ordinary Shares	7,170	-	-	7,170
At 30 September 2013	95,482	-	(95,447)	35

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of ordinary share capital movements are as shown below:

As at 30/9/2014		As at 31/12/2013	
No of shares	**S$**	**No of shares**	**S$**
1,316,763,799	95,481,587	1,316,763,799	95,481,587

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Company	**30/9/2014**	**31/12/2013**
Total number of issued shares	1,316,763,799	1,316,763,799

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted in the most recent audited financial statements for the financial year ended 31 December 2013 have been applied in the preparation of the financial statements for period ended 30 September 2014 except that the Group has adopted the new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INTFRS) which became effective for annual periods beginning on 1 January 2014 or otherwise stated.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current period.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends. (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	3rd Quarter Ended		9 Months Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	S$ (cents)	S$ (cents)	S$ (cents)	S$ (cents)
Loss per Share				
- Basic	0.33	2.47	0.33	3.14
- Diluted	0.33	2.47	0.33	3.14

The basic and diluted EPS is computed using loss attributable to shareholders in the relevant periods over the weighted average number of shares as shown below:

	No. of shares	No. of shares	No. of shares	No. of shares
Basic	1,316,763,799	910,494,737	1,316,763,799	910,494,737
Diluted	1,316,763,799	910,494,737	1,316,763,799	910,494,737

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	S$	S$	S$	S$
Net Asset Value per Ordinary Share	-*	0.01	-*	-*

Net Asset Value per ordinary share of the Group was calculated based on the share capital of 1,316,763,799 (FY2013:1,316,763,799) shares.

Note:

(1) Less than Rmb 0.01

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) 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 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income Review

The Group reported a net profit of S$4,313,000 for the 9 months ended 30 September 2014 ('9M 2014'). An analysis of the statement of comprehensive income is as follows:

Revenue

Revenue increased to S$1,212,000 in 9M 2014 from nil in 9M 2013. The increase was attributable to the revenue from the group's subsidiary Elite Bay Sdn Bhd ("Elite Bay"). However, revenue only increased S$75,000 in 3Q 2014 from nil in 3Q 2013 due to a delay in revenue recognition on the part of Elite Bay. See Note 10 for more details.

Cost of Sales

Cost of Sales increased to S$1,008,000 in 9M 2014 from nil in 9M 2013, which was incurred in Elite Bay's construction operations.

Other Income

Other Income comprises of mainly the recognition of negative goodwill of S$220,000 arising from the acquisition of Elite Bay. The Group had recognized a *Gain on Disposal* of S$301,000 during the financial period ended 30 June 2014. As the gain was derived from the disposal of the Heating Services Business which was part of the Discontinued Operations, the Group had made a reclassification adjustment for the gain (from *Other Income* to *Profit from Discontinued Operations)*.

Administrative Expenses

Administrative Expenses consist mainly of administrative salaries, provision of 9M 2014 directors' fee, acquisition expenses and other office expenses. The Administrative Expenses increased from S$582,000 in 9M 2013 to S$974,000 in 9M 2014 and from S$148,000 in 3Q 2013 to S$535,000 in 3Q 2014.

The increases are mainly due to the following:

- Increase in Administrative salaries of S$280,419
- Increase in Acquisition related expenses of S$177,476
- Increase in Investor relations service expenses of S$15,576
- Increase in Board meeting expenses of S$12,564
- Increase in SGX expenses of S$25,247
- Increase in Depreciation expenses of S$53,135

The increases are offset by the decrease in professional fee of S$149,083 in relation to a voluntary conditional cash offer ("Offer") announced on 2013 and director fee of S$27,000 from S$94,500 in 9M 2013 to S$67,500 in 9M 2014.

Other Expenses

The decrease in Other Expenses is mainly due to the loss of S$4,063,000 for issuance of 451,458,200 new ordinary shares at S$0.005 from settlement of loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees. The loss arises from the difference between the issued price of S$0.005 per share and the market price of S$0.014 per share at date of issuance i.e. 26 June 2013, but there is no such transaction in 9M 2014.

Consolidated Balance Sheet Review

Non-Current Assets

The Non-Current Assets as at 30 September 2014 comprises of Investment In Equity (unquoted) and Property, Plant and Equipment ("PPE").

The Investment In Equity (unquoted) comprises of investment in Ardilaun Energy Limited ("Ardilaun") whose principal activities are those of oil and gas exploration and development in Irish territories and internationally, and also investment in Topkapi Mineral Sanayi ve Ticaret A.S. ("Topkapi"), a wholly-owned subsidiary of Renaissance, whose principal activities are those of exploration, development, extraction, processing, production and trading of metals and minerals in Turkey.

The Property, Plant and Equipment ("PPE") are mainly acquired through the subscription of 60% equity interests in Elite Bay.

Current Assets

Current Assets as at 30 September 2014 amount to S$2,508,000 (FY2013: S$57,544,000). The decrease of S$55,036,000 is mainly due to the decrease in Assets of the Disposal Group classified as Held for Sale amounting to S$52,332,000 whereby the disposal was completed on 27 March 2014.

Trade and Other Receivables decreased by S$2,772,000 as at 30 September 2014 as compared to 31 December 2013. The decrease was mainly due to the transfer of deposit held in escrow (with the lawyer) from the consideration of the disposal of heating services business amounting to S$5,000,000, as payment for acquisition of 19.9% equity interests in Ardilaun. The decrease is offset by the increase in Trade Receivables of S$253,386 from Elite Bay, Other Receivables of S$654,207 from Elite Bay included Retention sum, Payment on behalf of subcontractor, Deposit paid, Amount due to related party and others, Loan to Renaissance of S$1,255,500 and Deposit of S$58,171 for office rental.

Current Liabilities

Current Liabilities as at 30 September 2014 amount to S$33,729,000 (FY2013: S$47,598,000). The decrease of S$13,869,000 in Current Liabilities is mainly due to the decrease in Liabilities directly associated with Disposal Group classified as Held for Sale amounting S$42,332,000 whereby the disposal was completed on 27 March 2014.

The decrease is offset by the increase of S$28,277,000 in Trade and Other Payables from S$5,000,000 as at 31 December 2013 to S$33,277,000 as at 30 September 2014.

The breakdown of the Trade and Other Payables are as follows;

Loan from Shareholders	S$ 4,544,325
Redeemable Promissory Note	S$28,279,500
Amount due to Directors	S$200,118
Trade Payables of Elite Bay	S$18,477
Advance from customer	S$74,480
Other Payables	S$160,223
Total	**S$33,277,123**

Equity attributable to Owners of the Company

Equity attributable to Owners of the Company decreased by S$5,524,000 from S$9,946,000 as at 31 December 2013 to S$4,422,000 as at 30 September 2014 due to the Total Comprehensive Income amounting to S$559,000 recorded during 9M 2014, additional Non-Controlling Interest amounting to S$223,000 arising from the subscription of 60% equity interests in Elite Bay. The increase is offset by the decrease in Other Reserve due to transfer of Translation Reserve of S$1,106,000 to Accumulated Losses as a result of the disposal of Daqing Xinyuan Construction Installation Co., Ltd and Daqing Sunshine Reli Thermal Co., Ltd and recognition of Other Reserve - Equity component of Convertible Promissory Note (redeemable promissory note for acquisition of Renaissance) of S$5,200,000.

Consolidated Statement of Cash Flows Review

The decrease in Net Cash and Bank balances of S$138,000 from S$212,000 as at 31 December 2013 to S$74,000 as at 30 September 2014 is mainly due to cash flow used in the purchase of Property, Plant and Equipment amounting to S$112,000, subscription of 60% equity interests in Elite Bay amounting to S$114,000. The increase is offset by Cash Flows from Operating Activities of approximately S$50,000 and Cash Flow from Financing Activities amounting to S$38,000 9M 2014.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Construction

The RM43.2 million project (proposed mixed commercial development cum bus terminal in Kota Kinabalu, Sabah, Malaysia) undertaken by the Group's subsidiary in Malaysia, Elite Bay, has been experiencing slow progress in relation to its piling work (currently 57% completed) which resulted in the delay of Elite Bay's revenue recognition as the progress claims could not be submitted until the piling work is fully completed. In

addition, other construction activities are unable to proceed pending the completion of the piling work.

Daqing Nafei Le Consulting Co. Ltd, the Group's other subsidiary, has been actively sourcing for business opportunities in the PRC but has not been able to secure any construction projects.

Recent Developments

As part of the strategy to diversify and expand its business base, the recent developments undertaken by the Group are as follows;

Proposed Acquisition of Signet Coking Coal International Limited ("Signet HK")

- On 6 June 2014, the company had entered into a sale and purchase agreement with Lighthouse Strategic Group Limited, for the acquisition of shares constituting 51% of the entire issued share capital of Signet HK for a purchase consideration of US$21 million. The business of Signet HK is that of exploration for, mining of, and the processing and treatment, marketing and distribution and sale of coal in South Africa.

  The acquisition is subjected to shareholders' approval at an EGM to be convened at a later date.

Proposed Acquisition of JEMS Exploration Pty Ltd ("JEMS")

- On 22 July 2014, the company entered into a conditional sale and purchase agreement with Bizcap Investments Ltd for the acquisition of shares constituting 52% of the entire issued share capital of JEMS for a purchase consideration of US$20 million. The business of JEMS is the exploration for, and mining and production of coal in Queensland, Australia.

  The acquisition is subjected to shareholders' approval at an EGM to be convened at a later date.

Takeover Bid for Guildford Coal Limited ("GUF")

- On 31 July 2014, the Group has entered into non-binding terms with GUF to acquire GUF's entire portfolio of coal assets in Australia for a total consideration of US$25 million and a payment of an ongoing royalty. However, the management of Sino Construction was of the view that it is more advantageous to acquire all of GUF's assets, including its coal producing assets in Mongolia. So on 25 September 2014, the Company has announced an off-market takeover bid for Guildford Coal to acquire all the fully paid ordinary shares in the capital of GUF by way of an allotment and issue of 1 new fully paid ordinary share in the capital of the Company for every 4.5 GUF Shares.

  The acquisition is subjected to shareholders' approval at an EGM to be convened at a later date.

Diversification and Change Of Name

- On 25 September 2014, the Company announced the adoption of a new strategic direction and its proposal to diversify its operations to enter the mineral and energy resources business (the "**Diversification**"). Since early 2014, the Group has sought to acquire and hold multiple and diversified mineral and energy resources assets (including mines), and has actively pursued new investment opportunities in this sector, with the goal of transforming itself into a mineral and energy resource business.

In conjunction with the Diversification, the Company also propose a change of the Company's name to "**Magnum Strategic Resources Limited**" to better reflect the Group's new strategy and scope of operations in future. The Company will convene an EGM to seek the approval of shareholders for the Diversification and the Change of Name.

The Company is in the progress of preparing a circular containing further information on the proposed acquisitions, as well as the scope of the Diversification and the risk factors involved, to be despatched to shareholders in due course. The Company will update the shareholders when there are further developments.

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share
(ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the third quarter ended 30 September 2014.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from its shareholders for IPTs.

14 Negative confirmation pursuant to Rule 705(5).

We, Chee Tet Choy Andy and Lim Tiong Hian Kenneth, being Directors of the Company, do hereby confirm for and on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months ended 30 September 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Andy Chee / Kenneth Lim
Chairman / Executive Director
14 November 2014