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 COMPANY'S ANNOUNCEMENT ON 1 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 Company's announcement on 1 August 2014 on the Company's entry into non-binding terms with Guildford Coal Limited (the "**Vendor**") for the proposed acquisition of Australian coal assets (the "**Relevant Announcement**"). Unless otherwise defined, capitalised terms used in this announcement shall bear the meanings given in the Relevant Announcement.

Preliminary Non-legally Binding Terms

The Company would like to inform its shareholders (the "**Shareholders**") that the Relevant Announcement was made voluntarily to avoid market rumours and for good corporate governance, bearing in mind that both the Company and Vendor are public listed companies. The terms disclosed in the Relevant Announcement are not legally binding and are intended by the parties to be preliminary terms for commencing formal negotiations. The Proposed Acquisition is subject to negotiation, due diligence and final contract.

While the Company has attempted to provide replies to the SGX-ST's queries (the "**Queries**") in this Announcement, it is not able to provide comprehensive responses to each query as discussions on the Proposed Acquisition are still in the preliminary stages. In addition, as the Company has not yet conducted detailed legal, financial or commercial due diligence or entered into definitive agreements in relation to the Proposed Acquisition, the Board wishes to avoid making unverified statements publicly which may be inaccurate or misleading.

The Company will address the Queries and make further disclosure on the Australian Coal Assets and the Proposed Acquisition when definitive agreements are entered, in accordance with applicable laws and regulations.

The Queries

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

1.1. The basis for the factors taken into account at the value of the purchase consideration of US$25 million.

The Company confidentially submitted an unsolicited offer to the Vendor to acquire the Australian Coal Assets based on the consideration for the proposed acquisition of

52.0% JEMS Exploration Pty Ltd ("**JEMS**"), being US$10.0 million[1] for a company with JORC compliant inferred coal resources of 858 million tonnes.

The parties then commenced initial discussions on a proposed transaction for the Australian Coal Assets. The Consideration, comprising the Principal Sum of USS$25.0 million and the royalty of US$0.35 per tonne of coal sold from the Sale Assets, are preliminary terms negotiated between the Company and the Vendor, and remain subject to further negotiation, due diligence and final contract.

1.2. The valuation per tonne of coal for Guildford's Australian coal assets and the basis for this value.

As stated above, the value of the Consideration as disclosed in the Relevant Announcement for the Australian Coal Assets was reached following initial discussions between the two parties. In arriving at the Consideration, the Company also considered the value agreed for the proposed acquisition of JEMS, being US$10.0 million for 52.0% of a company with JORC compliant inferred coal resources of 858 million tonnes.

As disclosed in the Relevant Announcement, the Australian Coal Assets have JORC compliant inferred coal resources of 1.901 billion tonnes, with an upper exploration target of 7.170 billion tonnes of coal.

Based on the Consideration and the inferred coal resources disclosed, and assuming there are no changes to the terms in the definitive agreements, the value per tonne of inferred coal resource for the Australian Coal Assets is US$0.0132.

1.3. The reason why a royalty of US$0.35 per tonne of coal for 5 years is payable in addition to the purchase consideration of US$25 million. Will coal production be profitable taking into account depreciation, development, operational & production costs and royalty fees.

The Company only recently commenced discussions over the Proposed Acquisition and has not completed financial and commercial due diligence on the Australian Coal Assets. In addition, the Australian Coal Assets are not producing coal commercially. The profitability of coal production will depend on factors, such as the cost of establishing extraction infrastructure and logistics, cost of labour, quality of coal extracted, demand for the coal produced and market prices for coal in general.

Given the uncertainty involved, the Company believes that it would be premature to comment on the profitability of the Australian Assets.

1.4. The concession period for the mines and the tenure of production the Company expects from the mines.

As the Company has not completed legal due diligence over the Australian Coal Assets, it cannot comment definitively on the concession period for each mine.

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1 Please refer to the Company's announcements dated 23 July 2014 and 24 July 2014 in relation to the proposed acquisition of 52.0% of JEMS.

1.5. The Company's share price must exceed S$0.24 two days before maturity date of the US$25 million 6-month promissory note or else the Company must repay the Promissory Note in cash. Noting that the Company's cash on hand is only S$246K as at 31 March 2014 and the recent acquisitions of non-revenue generating mines, is the Company able to meet this significant payment obligation when it falls due?

The Company has not made specific plans to meet the funding requirements for the Proposed Acquisition as it has not entered binding agreements for the transaction. The Company will make more specific plans for funding of the Proposed Acquisition if and when it decides to proceed with the transaction.

1.6. When the commercial production of the mines will commence and what is the cost of bringing the mines to production.

Please refer to paragraph 1.3 above. As at the date of this Announcement, the Company does not believe that it is able to comment definitively on this matter.

2. The SGX-ST referred to the Company's link to the Vendor's website which contains an ASX announcement made on 1 August 2014. The Company was requested to clarify:

2.1. Will there be any exclusive management agreements with the Vendor? If so, please disclose the duration and events of termination; and

The exclusive management agreement with the Vendor is intended to be a condition precedent to the Proposed Acquisition. However, terms relating to the duration and termination events under the management agreement have not been agreed.

2.2. If applicable, the terms, management fee payable and the reason why management fee is still payable despite the Company already paying a royalty of US$0.35 per tonne of coal.

Please refer to paragraph 2.1 above. The terms relating to management fees under the management agreement have not been agreed.

Caution on Forward Looking Statements and Trading

Shareholders and potential investors should note that some of the responses above are forward looking statements and are only predictions. The Company's venture into the Proposed Acquisition involves known and unknown risks, uncertainties and other factors that may cause its actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. The Company will make further disclosure on the risk factors associated with the Australian Coal Assets and the coal industry in general if and when it enters into definitive agreements.

The Board would like to remind Shareholders that the Relevant Announcement was a disclosure made voluntarily, as the terms disclosed are not binding and remain subject to further negotiation, due diligence and contract. There is no assurance that the

definitive agreements will be entered in relation to the Proposed Acquisition, the terms finally agreed will not differ from those set out in the Relevant Announcement, or the Proposed Acquisition will be undertaken at all.

Shareholders and potential investors are advised to read this and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Andy Chee
Chairman
4 August 2014