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

PROPOSED ISSUE OF CONVERTIBLE BONDS

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1. INTRODUCTION

The Board of Directors of Sino Construction Limited (the "**Company**" and together with its subsidiaries, collectively, the "**Group**") wishes to announce that it has entered into a subscription agreement dated 7 April 2014 (the "**Bond Subscription Agreement**") with Dealson Limited (the "**Bond Subscriber**"). Pursuant to the Bond Subscription Agreement, the Company proposes to issue unsecured redeemable convertible bonds due in 2017 (the "**Bonds**") to the Bond Subscriber (the "**Bond Subscription**"), in the principal amount of S$16,000,000, which can be converted into issued ordinary shares in the capital of the Company ("**Shares**") (the "**Conversion Shares**").

The Bond Subscriber is a company incorporated in the British Virgin Islands and an investment holding company. As at the date hereof, the Bond Subscriber is the legal and beneficial owner of approximately 23.16% of the issued Shares of the Company. Mr. William Joseph Condon, the Executive Director of the Company, is the sole director and sole shareholder of the Bond Subscriber.

Pursuant to Rule 812 of the SGX-ST Listing Rules ("**SGX Listing Rules**") an issue of shares, company warrants and convertible securities (other than rights issue) must not be placed to an issuer's directors and substantial shareholders unless such a placement has been approved by way of specific shareholder approval.

The Bond Subscription and the issuance of the Conversion Shares are subject to, amongst others, the approval of the Shareholders in an extraordinary general meeting to be convened ("**EGM**") pursuant to Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

There will not be any prospectus or offer information statement issued in connection with the Proposed Offerings as the Proposed Offerings will be made pursuant to Section 272B of the Securities and Futures Act, Chapter 289 of Singapore or any other applicable exemption under the said Act.

2. THE BOND SUBSCRIPTION AGREEMENT

2.1 Principal Terms

The principal terms and conditions of the Bonds are as follows:

Principal Size of the Offering	:	Up to S$16,000,000 in aggregate principal amount of Bonds.
Issue Price	:	100% of the principal amount of the Bonds.
Interest Rate	:	The Bonds will bear interest at the rate of 5.0% per annum.

Drawdown	:	At the option of the Company, by serving a drawdown notice during the Drawdown Period, in S$500,000 in principal amount or an integral multiple thereof. For the avoidance of doubt, there can be maximum 32 tranches of drawdown.
Drawdown Period	:	Any time during the period commencing from the date falling five (5) business days after the fulfilment of the conditions precedent in the Bond Subscription Agreement (the "**Commencement Date**") and ending 7 days prior to the Maturity Date.
Maturity Date	:	The date falling 36 months after the Commencement Date.
Conversion Period	:	The conversion right attaching to any Bonds may be exercised, at the option of the Bond Subscribers, at any time on or after the 30th calendar day after the date of issuance of the relevant tranche of the Bonds (the "**Issue Date**") and up to the close of business on the Maturity Date. In the event that the Issue Date of any Bonds is a date which falls within 30 calendar days from the Maturity Date, conversion right attaching to such Bonds may be exercised at any time up to the close of business on the Maturity Date. If the Maturity Date is not a business day, then the period for the exercise of the conversion right by the Bond Subscribers shall end on the immediately following business day.
Conversion Price	:	The price at which the Conversion Shares will be issued upon conversion will be S$0.16 per Conversion Share. The Conversion Price will be subject to adjustment in the manner provided in the applicable terms and conditions of the Bonds (the "**Conditions**"). (The Conversion Price represents a premium of 1.07% to the volume weighted average price of S$0.1583 for trades done on the Shares of the Company on the SGX-ST for the full market day on 7 April 2014 (being the market day on which the Bond Subscription Agreement was signed)).
Early Redemption Amount	:	For each Bond, 100% of its principal amount.
Redemption at the Option of the Company	:	On or at any time after the date which is 24 months from the Commencement Date but prior to the Maturity Date, the Company may, having given written notice to the Bond Subscriber (which notice will be irrevocable), redeem all of the Bonds then in issue (being S$500,000 in principal amount or an integral multiple thereof).
Conversion for Change of Control	:	Following the occurrence of a Change of Control Event, the Bond Subscriber will have the right, at such their option, to exercise the conversion right attaching to any Bond. A "**Change of Control Event**" means: i) an offer which is made to all Shareholders to acquire the whole or any part of the issued share capital or the Company;

ii) any person proposing a scheme of arrangement with regard to such acquisition, and (such offer or scheme having become or been declared unconditional in all respects) more than 50% of the voting rights of the issued share capital of the Company have or will become unconditionally vested in the offeror and/or its associates; or

iii) an event which has a like or similar effect.

Redemption for Change of Control	:	In the event a Change of Control Event occurs, the Bond Subscriber shall have the right, at the Bond Subscriber's option, to require the Company to redeem in whole but not in part the Bond Subscriber's Bonds at 100% of a Bond's principal amount together with accrued interest (calculated up to but excluding the date of redemption) at the date fixed for such redemption.
Redemption on Maturity	:	Unless redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem each Bond at 100% of its principal amount together with all accrued interest (calculated up to but excluding the Maturity Date).
Governing Law	:	The laws of Singapore.

2.2 **The Bonds**

The Bond Subscriber proposes to subscribe for the Bonds as follows:

Name of Bond Subscriber	**Aggregate Principal Amount**	**Number of Conversion Shares**	**Percentage of enlarged share capital**[1]
Dealson Limited	S$16,000,000	100,000,000	7.06%

Notes:

1. Assuming that the Subscription Shares and the Bonds are fully subscribed for and all the Bonds are converted into Conversion Shares.

2.3 **Conditions**

Completion of the Bond Subscription is conditional upon, amongst others:

(a) the approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares being obtained and not having been revoked as of the Commencement Date;

(b) the Company obtaining approval from its Shareholders at the EGM for the issuance of the Bonds and the allotment and issuance of the Conversion Shares; and

(c) the issue of the Bonds on the Issue Date not being prohibited by (i) any statute, order, rule or regulation promulgated after the date of the Bond Subscription Agreement by any legislative executive or regulatory body or authority of Singapore or any other jurisdiction which is applicable to the Company or (ii) any injunction or other orders issued by any court of competent jurisdiction.

2.4 **EGM**

A circular to Shareholders containing, *inter alia*, the notice of the EGM in relation to the Bond Subscription will be dispatched to Shareholders in due course.

3. STATUS OF THE BONDS AND THE CONVERSION SHARES

The Conversion Shares, when allotted and issued by the Company, will rank *pari passu* in all respects with the Shares, except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of issue of the Conversion Shares.

The Bonds will constitute direct, unconditional and unsecured obligations of the Company, and will rank *pari passu* and rateably and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of the Company's other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.

The Company will apply to the SGX-ST for the admission of the Conversion Shares to the Official List of the SGX-ST and for the listing and quotation of the Conversion Shares on the SGX-ST.

The Company will make the necessary announcements once the approval in-principle for the Conversion Shares has been obtained from the SGX-ST.

4. INFORMATION ON THE SUBSCRIBER

The Bond Subscriber is a company incorporated in the British Virgin Islands and an investment holding company. As at the date of the Bond Subscription Agreement, the Bond Subscriber is the legal and beneficial owner of approximately 23.16% of the issued Shares of the Company. Mr. William Joseph Condon, the Executive Director of the Company, is the sole director and sole shareholder of the Bond Subscriber.

No placement agent has been appointed in relation to the Bond Subscription and no commission or finder's fee is payable by the Company to any person in relation thereto.

5. FINANCIAL EFFECTS OF THE BOND SUBSCRIPTION

For illustration purposes only, the table below sets out the financial effects of the Bond Subscription based on the following bases and assumptions:-

(a) The unaudited consolidated financial statements of the Group for the financial year ended 31 December 2013;

(b) The issued share capital of the Company comprising of 1,316,763,799 Shares as a result of the completion of the allotment and issue of 631,458,200 Shares to the controlling Shareholder of the Company on 26 June 2013;

(c) The Bonds are fully subscribed for and all the Bonds are converted into 100,000,000 new Conversion Shares;

(d) The disposal of the Company's PRC subsidiaries – Daqing Xinyuan Construction Installation Co., Ltd ("**Xinyuan Construction**") and Daqing Sunshine Reli Thermal Co., Ltd ("**Reli Thermal**") which had been completed on 27 March 2014; and

(e) The financial impact on the Group's consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Bond Subscription was completed on 31 December 2013 and in relation to the Group's consolidated earnings per Share ("**EPS**"), computed based on the assumption that the Bond Subscription was completed on 1 January 2013. The foregoing financial impact on the NTA and EPS shall be computed taking into account the allotment and issue of the 631,458,200 new Shares and the disposal of Xinyuan Construction and Reli Thermal referred to in Notes (b) and (d) above respectively.

	Before the Bond Subscription and issue of the Conversion Shares	**After the Bond Subscription and issue of the Conversion Shares**
Share Capital		
- Issued and paid up share capital (RMB)	480,540,000	556,966,000
- Issued and paid up share capital (S$)[(1)]	96,108,000	111,393,200
- Number of Shares	1,316,763,799	1,416,763,799
Net Tangible Assets		
- NTA (RMB)	47,505,000	123,931,000
- NTA (S$)[(1)]	9,501,000	24,786,200
- Number of Shares	1,316,763,799	1,416,763,799
- NTA per Share (RMB)	0.0361	0.0875
- NTA per Share (S$) [(1)]	0.0072	0.0175
Loss Per Share		
- Loss after tax attributable to owners of the Company (RMB)	140,033,000	140,033,000
- Loss after tax attributable to owners of the Company (S$)[(1)]	28,006,600	28,006,600
- Number of Shares	1,014,009,867	1,114,009,867
- Loss per Share (RMB)	0.1381	0.1257
- Loss per Share (S$) [(1)]	0.0276	0.0251

Notes:
(1) Based on the exchange rate of S$1:RMB5

The financial effects of the Issuance of Convertible Bonds on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Issuance of Convertible Bonds.

6. USE OF PROCEEDS

The Bond Subscription will raise gross proceeds of approximately S$16,000,000 and net proceeds of approximately S$15,850,000 (after deducting estimated expenses of approximately S$150,000).

The Company intends to utilise the net proceeds from the Bond Subscription for the following purposes:

(a) 80% of the net proceeds to fund the Group's business expansion, *inter alia*, through acquisitions, investments, joint ventures and/or other collaborations; and

(b) 20% of the net proceeds for general working capital purposes.

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the directors of the Company may, in their absolute discretion, deem fit from time to time.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors or substantial Shareholders of the Company (other than in their capacity as Director or Shareholders of the Company) has any interest, direct or indirect, in the Bond Subscription.

By Order of the Board

William Joseph Condon
Executive Director
8 April 2014