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

RESPONSE TO FURTHER QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 25 JULY 2014 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 22 JULY 2014 ON THE PROPOSED ACQUISITION OF 52% OF JEMS EXPLORATION PTY LTD

The Board of Directors ("**Board**") of Sino Construction Limited (the "**Company**" and together with its subsidiaries the "**Group**") would like to respond to the following further queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 25 July 2014 with respect to the Company's announcement on 22 July 2014 on the proposed acquisition of 52% of JEMS Exploration Pty Ltd. Unless otherwise defined herein, terms defined in such announcement shall have the same definitions herein.

The Company has been informed by the SGX-ST to provide the following further information in an announcement to be released via SGXNET before lifting the current trading halt on the Company's Shares on the SGX-ST.

(1) We refer to your announcements of 24 and 25 July 2014. Please provide full and complete explanation for your answers to each and every part of all the questions below. Please ensure that the Board satisfies itself of the information in its clarification announcement before it requests for the lifting of the trading halt. The market must be fully informed of true and accurate information for the operation of a fair, orderly and transparent market. Please advise:

(i) Who are the owners of the JEMS shares which is the subject of the SPA between Bizcap Investment Ltd ("Bizcap") and Sino Construction;

According to Bizcap, as the JEMS shares have yet to be transferred from AusAsia to Bizcap, AusAsia remains as the registered shareholder of 100% of the shares of JEMS and Bizcap has beneficially ownership of the shares.

(ii) Does Bizcap have the rights to sell JEMS shares at the date of the SPA?

Pursuant to the SPA, Bizcap has represented and warranted that, on Completion, Bizcap shall be entitled to transfer the Sale Shares to the Company free from all and any encumbrances whatsoever.

To reiterate again, as clearly stated in the Company's announcement dated 22 July 2014, the Proposed Acquisition is subject to, inter alia, due diligence and these issues regarding the ownership of the shares of JEMS and the rights of Bizcap to sell the JEMS shares (whether as at the date of the SPA and on Completion) would have been checked and addressed in due course.

(iii) Who owns AusAsia Energy Pty Ltd ("AusAsia");

According to AusAsia:-

(a) the Directors of AusAsia are Joseph Maxim Goldberg, Christopher Domenic Martino, Domenic Vincent Martino and Gary Alexander Williams; and

(b) the total issued share capital of AusAsia comprises of 1,875 shares and such shares are registered in the names of the following shareholders: Minimum Risk Pty Ltd (440 shares), Lightglow Enterprises Pty Ltd (440 shares), Fanucci Pty Ltd (440 shares), Twenty Ten Enterprises Pty Ltd (40 shares), Louisa Anne Martino (40 shares) and Atlantic Innovations Pty Ltd (475 shares).

(iv) When was the agreement between AusAsia and Bizcap signed and when did AusAsia sign its agreement with MUI? Please clarify the nature of the agreement between AusAsia and Bizcap and of AusAsia's rights for the sale of JEMS in light of MUI's announcement on 23 July 2014 on the charge over 100% of the shares in JEMS; and

The Company is not privy to the details of the agreement between AusAsia and Bizcap and the agreement between AusAsia and MUI.

Please refer to (2) below with respect to the security over the shares in JEMS.

(v) Taking into account that "the SPA specifically provide that the Sale Shares are transferred from all and any encumbrances whatsoever" and the encumbrance over the JEMS shares in favour of MUI, does this mean that this condition cannot be met and therefore, the SPA will not be completed?

The Company is acquiring the Sale Shares free from encumbrances and there will not be any Completion of the SPA if the Sale Shares cannot be transferred free from encumbrances.

(2) Is MUI agreeable to the transfer of the securitized shares to Sino Construction? Please explain what are Sino Construction's rights to the 52% interest it acquired in JEMS should the security be enforced by MUI and the US$20 million paid by Sino Construction for these shares.

Based on its ASX announcement dated 23 July 2014 (which was attached to the Company's announcement dated 24 July 2014), MUI has clearly stated that MUI has agreed with AusAsia to relinquish the call option between MUI and AusAsia to purchase 100% of the shares in JEMS, and to release the following security:-

- charge over the assets of JEMS and AusAsia (which include the shares in JEMS;
- corporate guarantee of JEMS; and
- personal guarantee of Mr Domenic Martino,

upon receipt of the following payments:

- a non-refundable cash payment of AUD1.2 million by 29 August 2014; and
- AUD4.8 million in cash by 15 December 2015.

As such, it is clear that, as long as MUI receives the aforesaid payments, it will release the security.

Consequently, as long as MUI receives the aforesaid payments:-

- **AusAsia will be able to transfer 100% of the JEMS shares to Bizcap; and**

- **Bizcap will be able to transfer 52% of the JEMS shares (i.e. the Sale Shares) to the Company,**

from all and any encumbrances whatsoever.

If the security is not released, the Company will not complete the Proposed Acquisition and payment will be made by the Company.

The Board would like to assure Shareholders that, notwithstanding the above queries and the trading halt in the Shares of the Company by the SGX-ST, the Company has taken the necessary protective measures in undertaking the Proposed Acquisition to protect the Company in the best interests of all Shareholders. As clearly stated in the Company's announcement dated 22 July 2014, these measures include subjecting the Proposed Acquisition to due diligence, shareholders' approval and all necessary third party consents.

BY ORDER OF THE BOARD

Andy Chee / Kenneth Lim
Chairman / Executive Director
25 July 2014