SINO CONSTRUCTION LIMITED

中华建筑有限公司

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

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 8 APRIL 2015 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT ON 24 MARCH 2015 ON ITS FULL YEAR RESULTS FOR FY2014

The Board of Directors ("**Board**") of Sino Construction Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to announce the following:-

Response to Queries

The Company would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 8 April 2015 with respect to the Company's announcements on 24 March 2015 on its Full Year Results for FY2014 ("**FY2014 Results**"). Unless otherwise defined herein, terms defined in such announcements shall have the same definitions herein.

(1) It was disclosed in the Company's FY2014 Results announcement that "The increase in revenue for 4Q2014 was attributed by the completion of projects."

Please elaborate on these projects (i.e. the size and percentage of completion); and

Project	**Contract Sum**	**% of Completion**
Repairing Work at House no. 177 & 179, Taman Camar Jaya, Nibong Tebal, Penang	MYR 22,000 (SGD 8,531)	100
Proposed Amalgamation & Subdivision for 2 blocks of Condominiums at Bkt Padang, Kota Kinabula	MYR 874,040 (SGD 338,933)	50
Proposed mixed commercial development cum bus terminal in Kota Kinabalu	MYR 43,226,516 (SGD 16,762,260)	6

(i) Provide details on how these projects impacted the Company's revenue.

Projects were completed during 4Q2014 and payment was collected.

(2) The Company disclosed in its FY2014 Results that "Increased in cost of sales was in line with the increase in revenue." The Company disclosed a Gross Profit Margin of 13.3% in 3Q2014. Please elaborate on the factors which caused the Gross Profit Margin to decrease to 6.70% for 4Q2014.

The decrease in Gross Profit Margin was due the adjustments in regard to the recognition of Work In Progress and its associated costs which were all adjusted in the 4Q2014.

(3) The Company disclosed that "The Group had in previous quarter recognized a negative goodwill of S$220,000 arising from the acquisition. The amount was reversed in 4Q2014 after the finalization of Elite Bay accounts."

(i) What does "the acquisition" refer to; and

"The acquisition" refers to the Group's acquisition of Elite Bay Sdn. Bhd.

(ii) Provide details on the factors which caused the reversal in negative goodwill of S$220,000 after this was recognized in the Company's 3rd Quarter results. Please elaborate on what had changed in 4Q2014.

Reversal of negative goodwill was due to adjustments with regards to the recognition of Work in Progress and its associated costs made during 4Q2014. It is believed that previous management obtained a more comprehensive and deemed completed set of accounts at a later date post acquisition and upon review deemed the adjustments necessary and hence the reversal in negative goodwill.

(4) It was disclosed that the investment in Ardilaun Energy Limited "led to the increase in available-for-sale financial assets by S$35.4 million". We note in the Company's announcement on 15th February 2014 that the consideration for the acquisition of Ardilaun was S$12.0 million. Please elaborate on how this increased to S$35.4 million. To also elaborate on the performance of this investment.

The increase in available-for-sale financial assets includes Renaissance Enterprises S.A. for S$23.4m. We have no new updates on the progress of Ardilaun and are hence unable to offer any opinion on its performance at this juncture. However, in line with the Group's strategy, we are actively reviewing our investment and business portfolio and divesting non-core, non-strategic assets to focus on our new core business which is the construction, owning and operating MPPs in South Korea.

(5) In paragraph 9, the Company is required to disclose whether there are any variances between the prospects disclosed in paragraph 10 of its 3Q2014 Results announcement and its Profit Guidance on 27th February 2015. This disclosure is applicable. Please disclose accordingly.

There are no material variances between the prospects disclosed in paragraph 10 of 3Q2014 Results announcement and Profit Guidance on 27th February 2015.

We will like to provide an update on the other Recent Developments that were discussed in our 3Q2014 Results announcement:

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

On 6 June 2014, the Group and Company entered into a sale and purchase agreement with Lighthouse Strategic Group Limited ("**Lighthouse**"), for the acquisition of 51% of the issued share capital of Signet HK at a purchase consideration of USD 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.

Subsequent to the sale and purchase agreement, Lighthouse has asked to be released from the agreement, as certain conditions have not been met. On 7 April 2015, the Group and Company have agreed to a release in writing, cancelling the agreement, with no liability to either party. Accordingly, the Group and Company will no longer proceed with the Signet Acquisition.

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

On 22 July 2014, the Group and Company entered into a conditional sale and purchase agreement with Bizcap Investments Ltd for the acquisition of shares constituting 52% of the 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 conditions precedent in the sale and purchase agreement have remained unfulfilled, and as a result, the sales and purchase agreement has automatically lapsed and ceased to be of force and effect, and the Parties have no further rights and/or obligations under the agreement. The Group and Company will thus no longer proceed with the acquisition.

Takeover Bid for Guildford Coal Limited ("**GUF**")

On 25 September 2014, the Group and Company announced an off-market takeover bid to acquire all the fully paid ordinary shares 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 shares in GUF.

The Group has decided not to seek this approval, and allowed the takeover bid to lapse on 25 February 2015.

Diversification and Change of Name

On 25 September 2014, the Company announced the adoption of a new strategic direction and its proposal to diversity 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 proposed 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 a Change of Name.

The Group will no longer go ahead with the name "Magnum Strategic Resources Limited", but will propose a new name that is more reflective of its new core micro power plant business, as well as a reduced potential mineral portfolio instead. The Company will convene an EGM to seek the approval of shareholders for the Change of Name.

(6) It was announced that "The Company is targeting the turnkey operation of the first MPP by the 10th April 2015". Please provide details on when the Company expects to start recording revenue for this project and whether such revenue will be material.

Due to South Korean administrative matters, the expected completion date of construction of the MPP has deviated slightly from our initial target of 10th April 2015, but the management remains optimistic (having stated in recent announcements) that the MPP will be operational before 30th April 2015. Upon execution, we will be running the testing phase, which will test compliance adherence, safety and functionality of the MPP and expect full operational capability and record revenue stream by mid May 2015. The revenues from the MPP are expected to form a substantial portion of the Groups' revenues from 3QFY2015 onwards.

(7) As announced by the Company on 27 February 2015, it is required to provide timely updates on the progress of the issues relating to Elite Bay via SGXNet. Please provide a status update on these issues as well as the steps taken by the Company to obtain information and cooperation from the management of Elite Bay on the reporting of its financial results.

Since the said announcement date, discussions had been conducted with Elite Bay's management with regards to these issues. Due to the differences in the management of accounts by Elite Bay in Malaysia, the management recognizes the difficulties in reconciling these differences in order to produce fair, accurate and timely reporting. Due to these difficulties, coupled with not-so-benign outlook for the Malaysian construction sector, we are also reviewing our position in this company on a strategic level as with all of our other investments as in Question 4. The Board shall inform our shareholders on any new developments concerning Elite Bay and all our other investments as and when it materializes.

BY ORDER OF THE BOARD

Drew Ethan Madacsi
Executive Director
10 April 2015