SINO CONSTRUCTION LIMITED

中华建筑有限公司

Annual Report 2014

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

Pioneering Resource and Energy Development

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
31 DECEMBER 2014

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
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Corporate Profile

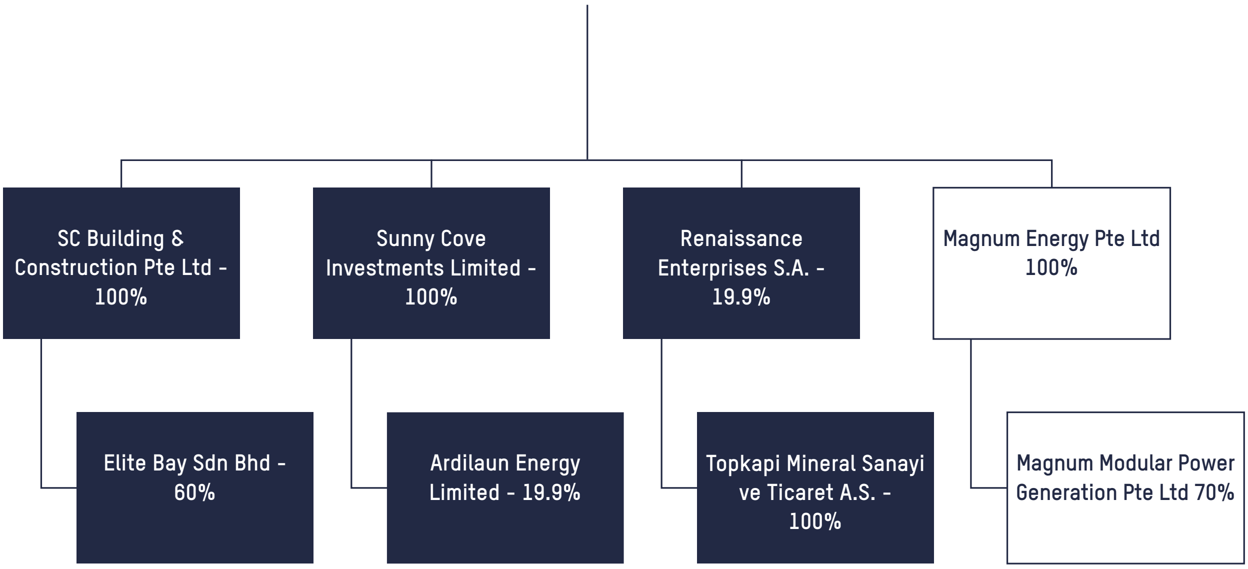
Sino Construction is in the midst of transformation – disposing of non-performing assets and exploring investments to generate new income streams – aimed at creating a new business platform that delivers sustainable earnings as well as growth opportunities.

The Group has assembled new members for its Board and Management Team and will also take on a new identity following the injection of new business to better reflect its new vision – becoming a major player in the resource sector.
The Group has been listed on SGX Mainboard since 12 June 2008.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Group Structure

SINO CONSTRUCTION LIMITED
中华建筑有限公司



SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
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Board of Directors

Drew Ethan Madacsi
Interim Executive Director

Mr. Madacsi currently holds a number of leadership positions. In addition to being the Interim Executive Director of Sino Construction Limited, he currently serves as the Interim Managing Director of Magnum Modular Power Generation Pte Ltd, Chief Operating Officer of Signet Coking Coal Limited and is a Managing Partner at Lighthouse Strategic Group Ltd, a Hong Kong based private Development, Merger, Acquisition and Venture Capital (DMAV) firm.

Previously Mr. Madacsi has consulted to multiple international companies, providing high-level oversight and established relationships within key jurisdictions - primarily Asia, North America and Africa over two decades. Hailing from a multi-generational mining family, he has extensive experience in the Resource Market. Additionally he has a proven track record in managing multidimensional corporate structures, with specialty focus in Corporate Restructuring and Broad-based Business Strategy, consulting extensively throughout Asia, North America and Africa.

Chan Ying Wei
Independent Director

Mr Chan has about 19 years of experience in the areas of auditing, accounting, treasury, taxation and corporate finance & planning in various industries. As Chief Financial Officer of OCK Group Berhad, he is responsible for financial reporting, governance and compliance, treasury, corporate finance and investor relations of OCK Group Berhad and its group of companies. Prior to joining OCK Group Berhad, Mr Chan was the Vice President – Treasury & Corporate Finance with IEV Holdings Limited, a company listed on the Catalist Board of the SGX-ST.

Mr Chan graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accounting). He is also a Charted Accountant of the Malaysian Institute of Accountants and a member of Certified Practicing Accountants (CPA) Australia.

As the Chairman of the Audit Committee, Mr Chan's experience and expertise in financial reporting, governance and compliance would be invaluable to ensure adherence to SGX-ST listing rules and corporate governance practices. (Committee members TO BE CONFIRMED)

BOARD OF DIRECTORS

Chong Chee Meng Gerard
Independent Director

Mr Chong is the Principal Consultant and Managing Partner of Radiant Communications LLP, a Singapore-based firm specializing in media publicity, online and integrated marketing communications, and public relations services.

Mr Chong is a communication and public relation specialist with over 15 years of experience in communications, magangement and team leadership. He has initiated, driven and supervised intergrated communications programmes targeting government and industry stakeholders; led and directed local and regional teams and agencies across the Asian-Pacific region and provided strategic counsel to senior-level MNC, private and public sector executives.

Mr Chong graduated with a BA in English (Literature) from the University of Calgary, Canada.

Rajesh Dilip Wadhwani
Independent Director

Mr Wadhwani is currently a Director of EMSUS Singapore Pte Ltd, which offers Energy Savings, Renewable Energy, Municipal Solid Waste and Land Rehabilitation Solutions.

Mr Wadhwani is a technologist, entrepreneur and problem solver with over 18 years of experience in business development and business management, building of high performance teams, change management and process enhancement. His career spans line management, general management and directorships. He has expensive experience with global sales operations and global business transformations.

Mr Wadhwani graduated with a Bachelor of Computing Science from Curtin University of Technology, Perth, Western Australia and a Master of Business Administration from Southern Cross University, New South Wales, Australia.

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Key Management

Peter Kim Jae Hoon
Chairman, Magnum Modular Power Generation Pte Ltd

A USA national, Peter has over 30 years of international business experience, mainly in USA and South Korea, conducting and overseeing Research & Development programs in the renewable energy sector such as bio-fuels, wind and solar energy, commercializing R&D, design, engineering and construction of bio-diesel and chemical plants, storage and distribution facilities.

A pioneer in bio-fuels in Korea, coupled with his expertise in the renewable energy sector, Peter has six patents to his name in this field. In addition to his engineering proficiency, he is also an accomplished entrepreneur having founded several companies specializing in engineering and construction of bio-diesel production plants, storage and distribution facilities and distribution and marketing of bio-diesel. He is currently the Founder and CEO of TAC Corp (Korea), Dream Energy Inc. (Korea) and Weros Technologies Sdn Bhd (Malaysia) and acting as the principal technology consultant to the microalgae plant in Kumagaya, Nagoya, Japan and the new USD220 million plant in Okinawa, Japan.

Peter obtained his Bachelor of Science (Chemistry) from George Mason University, Virginia, USA.

Mak Hon Hum
SC Building and Construction Pte Ltd

Mak Hon Hum was appointed as General Manager of SCBC since 20 December 2013. As General Manager, he is responsible for the general control, management, organization and operation of the business of SCBC.

Mr Mak graduated with a Bachelor of Science from Alabama State University, majoring in Accountancy and a Bachelor of Science in Business Administration from Auburn University, majoring in Finances. He also obtained his MBA from Auburn University in 1992.

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Statement by Executive Director

Dear Shareholders,

On behalf of the Board of Directors, I present to you the annualised report of Sino Construction Limited ("Sino Construction" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014.

Our Financial Performance

The Group recorded a loss after tax of SGD2.7 million in FY2014. The loss was mainly due to the discontinuation of operations in China and subsequent exchange variations amounting to SGD1.1 million and the increased in administrative expenses in FY2014 amounting to SGD1.2million. The increase in administrative expense is due mainly to the increase in salary, bonus and director remuneration. The acquisition of a subsidiary Elite Bay Sdn Bhd ("Elite Bay"), had increase depreciation expenses for the Group. Furthermore, with the multiple proposed investment in subsidiaries and available for sale financial assets, travelling expenses and legal fees incurred during the year increased significantly as well.

The Group experienced a continuation of deteriorating profitability in 2014, as it remedied its final business unit in China. Whilst there were some signs of improvement in the Asian construction arena, a weak performance in middle tier construction seemed to continue. Although the acquired a Malaysian based construction asset to correct losses and potentially leverage higher returns closer to Singapore, growth hadn't been as expected in 2014.

Outlook

I am pleased to report that since February 2015, the Group is set to actively reorganise and restructure its entire business, through the disposal of non-performing assets or assets requiring large capital expenditure to realise profitability. The Group is aided internally by private restructuring consultants and are supported by external Singaporean Legal and Audit firms. The Non-Executive Board believed a full overview of the Group was required and will continue a comprehensive review on an ongoing basis, to stay abreast of ongoing market movements and volatility.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
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The Board believes the Group is well prepared for the key challenges facing the construction industry in 2015 but new fiscal models are required for revenue stability. There will be renewed competition from players in our sector, and we anticipate continued volatility in our markets, so are looking beyond the peaks and troughs of previous construction cycles. We are focusing the Group's growth in major developed economies within Asia that offer geopolitical and fiscal stability.

In recognising the opportunities created by developed urbanisation and industrialisation in populous parts of the world, lies the fundamentals for a re-emergence of the construction sector. However there are downside risks in traditional construction, primarily decreasing margins and competition, as some financial markets remain fragile. A sustainable competitive advantage with short, medium and long-term revenue streams is paramount. The Group believes the solution is in the construction and operation of Micro Power Plants (MPP) and potentially low to medium cost mining operations.

As the world becomes increasingly reliant on energy for growth, more efficient ways are needed to satisfy market demand. Developed economies are looking at sustainable and renewable energy creation and the benefits associated to these activities. We are seeing increased tariffs, tax advantages and carbon credits as incentives to create cleaner energy in developed markets, such as South Korea, Japan and Australia. Existing fiscal models exist to invest in current energy players, to aid in their growth strategies. However as a primary construction business today, greater returns exist as owner operators.

The Group has recently created a Joint Venture relationship with an operational partner, whom hold proprietary MPP technologies and an ability to execute those in South Korea. With the support of a listed construction company, an ability to obtain long term cash flow stability through monthly energy tariffs exists. This provides an organic growth platform that can simply be ramped up or down based on funding availability. Hence the Group has implemented a stringent approval process that will ensure we allocate capital in a disciplined fashion, to drive strong returns in this sector.

During the 2014FY, the Group undertook to gain a strong position in the mineral sector. While there is outstanding potential in the acquisition and execution of brownfield mining projects to create value and high returns for our shareholders, we will continue to prioritise and review previous investment strategies. The Group's view moving forward requires a balanced approach to investing in the mining arena, which must provide near absolute shareholder growth in the medium to long term, competitive advantage and low to medium financial entry. The Group is unable to execute multiple capital intensive strategies at the same time, so although previous fundamental thinking was strong, timing and asset strength may not meet with current strategic outcomes.

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Investing in low risk, low to medium capital-intensive projects, while maintaining a strong balance sheet, underpins our ability to pay a dividend over time. The Board recognises that risk is an integral and unavoidable part of doing business and that while risk carries inherent issues, it also offers opportunities. The Board believes risk can be mitigated by ethical guidance, a fiduciary code of conduct and the adoption of industry best practices.

The Group's people are fundamental to our expansion program and are the core performance catalysts. It will be their integrity, commitment and hard work that will generate our results and, ultimately, our returns to shareholders. The Board is working very hard to implement funding that will allow the appointment of top rated personnel, complete with the necessary corporate and operational capabilities to execute the Board's vision.

These strategies underpin the execution of our diversified strategy in 2015 and beyond.

Acknowledgements

On behalf of the Group, I would like to thank our shareholders for their continued support. The Group has a clear strategy for growing our value, within a disciplined framework, using prudent decision-making and executing a consistent strategy. It is a rewarding part of my interim role and I look forward to meeting many of you over the coming year.

Drew Ethan Madácsi

Interim Executive Director

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Review of Operations

During the year 2014, Sino disposed of its non-performing assets in the Peoples Republic of China, namely Daqing Naifei Le Consulting and acquired the following assets and invested in the operations of the held projects:

Sunny Cove Investments Limited (Sunny Cove), a British Virgin Islands incorporated investment holding company, the acquisition was completed on 14 February 2014 and Sunny Cove has become a wholly owned subsidiary of The Group. Sunny Cove is the legal and beneficial owner of 1,990,000 issued shares (representing 19.9%) in the issued and paid up share capital of Ardilaun Energy Limited ("Ardilaun"), a private company limited by shares incorporated in the Republic of Ireland on 1 December 2010. The principal activities of Ardilaun are those of oil and gas exploration and development in Irish territories and internationally.

Renaissance Enterprises S.A.(Renaissance), a limited liability company incorporated in Luxembourg. Its principal activities are those of exploration, development, extraction, processing, production and trading of metals and minerals in through its wholly owned subsidiary Topkapi Mineral Sanayi ve Ticaret A.S. (Topkapi) in Turkey.

Topkapi is the sole legal and beneficial holder of seven (7) licences ("Key Licences") granted in respect of the titanium project located within a contiguous area of 113 square kilometres in or around the Manisa District of western Turkey. The said licences allow Topkapi to explore, develop extract, process, produce and trade titanium obtained from the Manisa Titanium Project. The Manisa Titanium Project is the world's second largest known heavy mineral reserve. The minerals contained include rutile and ilmenite (products bearing titanium) and zircon.

On 29 April 2014 Sino entered into a sale and purchase agreement with 80 Dollars Ltd and Mr Hakan Baykam for the acquisition of an aggregate of 6,169 ordinary shares of Renaissance Enterprises S.A such shares constituting 19.9% of the entire issued share capital of Renaissance. Completion of the acquisition is took place on 3 June 2014.

Signet Coking Coal International Limited, held by Lighthouse Strategic Group Limited, entered into a sale and purchase agreement, on the 6th of June 2014, for the acquisition of shares constituting 51% of the entire issued share capital of Signet Coking Coal International Limited.
The business of Signet HK, Signet BVI, Exotic and Subiflex (collectively, the "Signet Group") is the exploration for, mining of, and the processing and treatment, marketing and distribution and sale of coal, including (without limitation) thermal coal and coking coal, and all rehabilitation operations undertaken in connection therewith.

JEMS Exploration Pty Ltd ("JEMS"), a company incorporated in Victoria, Australia on 17 November 2009, focused on exploration for, and mining and production of coal in Queensland area. On 22 July 2014 SIno entered into a conditional sale and purchase agreement with Bizcap Investments Ltd for the acquisition of constituting 52% of the entire issued share capital of JEMS.

On the 1st of August 2014, Sino entered into non-binding terms with Guildford Coal Limited in respect of the proposed acquisition of the entire portfolio of coal assets in Australia. The sale offer has lapsed since 25 February 2015 and Sino has decided to not peruse the acquisition.

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Corporate Governance Report

The Board of Directors (the "Board") of Sino Construction Limited (the "Company") recognises the importance of corporate governance and the offering of high standards of accountability to the shareholders of the Company by complying with the benchmark set by the Code of Corporate Governance 2012 (the "Code").

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code, as well as any deviation from any guideline of the Code together with an explanation for such deviation.

STATEMENT OF COMPLIANCE

The Board confirms that for the financial year ended 31 December 2014 ("FY2014"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with the management (the "Management") to achieve this objective and the Management remains accountable to the Board.

The Board has four members comprising one executive director and three non-executive directors. The directors as a group possess a wide range of skills, experience, knowledge of the Company and core competence such as accounting, finance, management experience, industry knowledge, strategic planning experience and customer based experience or knowledge. Such diversity of skills will ensure that the Board is equipped to deal with a range of issues enabling them to contribute effectively to the Company.

The Group has internal guidelines governing matters that require the Board's approval which include:-

- approval of the group's strategic objectives
- approvals of the annual operating and capital expenditure budgets and any material changes to them
- review of performance in the light of the group's strategic objectives, business plans
- changes relating to the group's capital structure including reduction of capital, share issues, share buy backs
- major changes to the group's corporate structure, including, but not limited to acquisitions and disposals
- changes to the Group's management and control structure
- approval of the quarterly/half-yearly/full year's results announcements; annual reports and accounts, including the corporate governance report
- approval of the dividend policy and declaration of the interim dividend and recommendation of the final dividend
- approval of any significant changes in accounting policies or practices
- ensuring maintenance of a sound system of internal control and risk management
- approval of major capital projects
- contracts regarding acquisitions or disposals of fixed assets (including intangible assets such as intellectual property); substantial bank borrowings etc
- major investments

CORPORATE GOVERNANCE REPORT

- approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including approval of all circulars, prospectuses etc
- approval of press releases concerning matters decided by the board
- changes to the structure, size and composition of the board, including following recommendations from the nomination committee regarding appointment, cessation of directors, members of board committees
- determine the remuneration policy for the directors, and other senior executives including the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval
- establishing board committees and approving their terms of reference, and approving material changes thereto
- approval of policies, including, code of conduct, share dealing code, whistle blowing policy, environment and sustainability policy, corporate social responsibility policy etc
- any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational

The Board has established three Board committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") to assist in the execution of its responsibilities. These committees operate within clearly defined terms of reference.

The Board meets on a quarterly basis. Ad -hoc Board meetings will be convened when they are deemed necessary. In between Board meetings, other important matters will be put to the Board's approval by way of circulating resolutions in writing. The Company's Articles of Association provide for meetings of directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means.

The attendance of the directors at meetings of the Board and Board committees, as well as the frequency of such meetings is disclosed in Table 1 on Page 36 of this Annual Report.

The Company recognizes the importance of appropriate training for its directors. All newly appointed directors are given an orientation on the Group's business strategies and operations, as well as extensive information about the Company's history, mission and values. Where relevant, Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. All directors who have no prior experience as directors of a listed company will undergo training and briefing on the roles and responsibilities as directors of a listed company.

CORPORATE GOVERNANCE REPORT

Briefings and updates provided to the Directors in FY2014 :-

- the external auditors, Moore Stephens LLP, updated the AC members on the compliance with the Singapore Financial Reporting Standards and other regulatory matters.
- the Executive Director updated the Board at each meeting on business and strategic developments pertaining to the Group's business

The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

BOARD COMPOSITION AND BALANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises the following members:

Drew Ethan Madacsi	Executive Director (appointed on 9 February 2015)
Chan Ying Wei	Non- Executive Independent Director
Chong Chee Meng Gerard	Non- Executive Independent Director
Rajesh Dilip Wadhwani	Non- Executive Independent Director

The changes to the composition of the Board during FY2014 were as follows:

William Joseph Condon	Non-Executive Director (resigned on 14 November 2014)
Chee Tet Choy Andy	Non-Executive Chairman (resigned on 18 February 2015)
Lim Tiong Hian (Lin ZhongXian)	Executive Director (resigned on 18 February 2015)

Independent directors make up more than one-half of the Board. The Board has adopted the Code's criteria of an independent director in its review. An independent director is one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment with a view to the best interests of the Company. The independence of each independent director is reviewed annually by the NC. Based on the NC's review, the Board is of the view that all the non-executive independent directors have satisfied the criteria of independence as a result of its review.

CORPORATE GOVERNANCE REPORT

The composition of the Board will be reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. Together, the directors as a group provide core competencies in business, accounting, investment, audit and taxation matters.

The non-executive independent directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the executive directors and executive officers. To facilitate a more effective check on Management, the non-executive independent directors are encouraged to meet without the presence of Management.

The Board is of the opinion that given the scope and nature of the Group's operations, the size of the Board is appropriate in facilitating effective decision making.

There is no director who has served on the Board beyond nine years from the date of his first appointment.

The profiles of the directors are set out on pages 6 and 7 of this Annual Report. The Board considers the current Board size appropriate for the nature and scope of the Group's operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3 : There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

During FY2014, Mr Lim Tiong Hian (Lin ZhongXian) was the executive director of the Company, overseeing the Group's business operations supported by the Management team of the Company. Mr Chee Tet Choy Andy was the non-executive chairman of the Board during FY2014. The chairman and the executive director are separate persons and are not related to each other.

There was a clear separation of the roles and responsibilities of the chairman and the executive director to ensure appropriate balance of power and authority, accountability and decision making.

The executive director works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The executive director also works with the management of the Group to ensure that the Group operates in accordance with its strategic and operational objectives.

CORPORATE GOVERNANCE REPORT

The Chairman's responsibilities include:

scheduling meetings and leading the Board to ensure its effectiveness and approving the agenda of Board meetings in consultation with the Executive Director;
reviewing key proposals and Board papers before they are presented to the Board and ensuring that Board members are provided with accurate and timely information;
ensuring that Board members engage Management in constructive debate on various matters including strategic issues and business planning processes; and promoting high standards of corporate governance.

The Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of non-executive and independent directors on the Board, as well as the contributions made by each member at board meetings which relate to the affairs and operations of the Group. In this connection, the Board is of the view that there are adequate safeguards in place to prevent an uneven concentration of power and authority in a single individual.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the following members:

Chong Chee Meng Gerard	(Chairman and Non-executive independent Director)
Chan Ying Wei	(Non-executive independent Director)
Rajesh Dilip Wadhwani	(Non-executive independent Director)

CORPORATE GOVERNANCE REPORT

The key terms of reference of the NC includes, to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees.
- nominate a director for re-election at the Annual General Meeting ("AGM"), having regard to the director's contribution and performance.
- determine annually and as and when circumstances require if a director is independent.
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director, annual assessment of the effectiveness of the Board.
- decide whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company.
- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel
- review of training and professional development programmes for the Board.

The NC is responsible for identifying and recommending new Board members to the Board for approval, after considering the necessary and desirable competencies such as their skills, experience, knowledge and diversity of expertise. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities.

When a vacancy arises under any circumstance, either as part of the progressive renewal of the Board or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC or the Board would determine the selection criteria and source for candidates. The NC would make reference checks, meet up with the candidates, assess their suitability, and make recommendation to the Board. Shortlisted candidates would meet up with the other Board members before the Board approves the appointment.

The NC reviews and recommends to the Board the re-nomination of retiring directors standing for re-election and appointment of new directors. The review ensures that the director to be re-nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

Article 104 of the Company's Articles of Association requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at the AGM. Every director must retire from office and submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 114, any director so appointed shall hold office until the next AGM and shall be eligible for re-election.

The NC has recommended to the Board that Mr Drew Ethan Madacsi and Mr Chan Ying Wei be nominated for re-election at the forthcoming AGM pursuant to Article 114 and Article 110 of the Company's Articles of Association respectively. In making the recommendation, the NC had considered the directors' overall contributions and performance.

More information on Mr Drew Ethan Madacsi and Mr Chan Ying Wei can be found in the Key Information on the section entitled "Board of Directors" on Page 6 & 7 in this Annual Report.

In its annual review of independence, the NC, having considered the guidelines set out in the Code, is of the view that Mr Chan Ying Wei, Mr Chong Chee Meng Gerard and Mr Rajesh Dilip Wadhwani, are independent. The Board, after taking into consideration the views of the NC, is of the view that Mr Chan Ying Wei, Mr Chong Chee Meng Gerard and Mr Rajesh Dilip Wadhwani are considered independent.

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that none of the directors sit on multiple boards, except for Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Rajesh Dilip Wadhwani who hold principal commitments. The NC reviewed and has concluded that Mr Drew Ethan Madacsi, Mr Chan Ying Weii and Mr Rajesh Dilip Wadhwani have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company, notwithstanding their multiple board appointments. Please refer to Table 2 on Page 37 below for the disclosure of Mr Drew Ethan Madacsi, Mr Chan Ying Wei and Mr Rajesh Dilip Wadhwani's multiple board representations.

The Board does not see any reason to set the maximum number of listed company representations that any director may hold as all the directors are able to devote to the Company's affairs in light of their other commitments.

There is no alternate director on the Board.

Key information regarding the directors is given in the section entitled "Board of Directors" on Page 6 & 7 in this Annual Report. The shareholdings of the individual directors are set out on Page 39 of this Annual Report.

During FY2014, the NC met on one occasion.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board through the NC has used its best efforts to ensure that directors appointed to the Board and Board committees, whether individually or collectively possess the necessary background, experience and knowledge in our industry and relevant geographic areas, and in business and finance and have the appropriate management skills critical to the Company's business. It has also ensured that each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board.

During FY2014, all directors are requested to complete a Board Assessment Checklist designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, composition structure and processes of the Board, access to information, corporate strategy, internal control and risk management and standard of conduct of the Board.

The completed checklists are submitted to the Company Secretary for compilation for the NC's review before submitting to the Board for discussion and determining areas for improvement with a view to enhance Board effectiveness.

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board.

The factors taken into consideration for the re-nomination of the directors for the current year are based on the directors' attendance at meetings held during the year including their preparation and participation made by the directors at the meetings.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are from time to time furnished with complete, adequate information concerning the Group to enable them to be fully cognizant of the decisions and actions of the management. All directors have separate and independent access to management. Detailed board papers are prepared for each meeting of the Board and are normally circulated three days in advance of each meeting. The Board papers include sufficient information from management on disclosure documents, budgets, forecasts, business and monthly financial statements to enable the directors to be properly briefed on issues to be considered at Board meetings.

Directors are entitled to request from management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same to the directors in a timely manner.

The Board has separate and independent access to the Company Secretaries (each the "Company Secretary"). Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between the management and independent directors.

The Company Secretary assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (the "SGX-ST Listing Manual" or the "Listing Rules of the SGX-ST"), are complied with. Her responsibilities also include advising the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Where the directors, whether individually or collectively, require independent professional advice in the furtherance of their duties, the Chairman of the Board and the Company Secretary will assist him/them to appoint an independent professional advisor, if necessary, to render the professional advice and to keep the Board informed of the advice. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

CORPORATE GOVERNANCE REPORT

The RC comprises the following members:

Rajesh Dilip Wadhwani	(Chairman and Non-executive independent Director)
Chan Ying Wei	(Non-executive independent Director)
Chong Chee Meng Gerard	(Non-executive independent Director)

All the members of the RC including the Chairman of the RC are independent directors.

The key terms of reference of the RC is to review and recommend to the Board a framework of remuneration for board members and key management personnel, and the specific remuneration packages for each director (executive and independent) as well as for the key management personnel.

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual directors and key management personnel. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies.

The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in kind and specific remuneration packages for each director. In addition, the RC reviews the performance of the Group's key management personnel taking into consideration the CEO's assessment of and recommendation for remuneration and bonus.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.

The RC has access to appropriate expert advice inside and/or outside the Company on remuneration of all the directors. For FY 2014, the RC has not consulted any external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

During FY2014, the RC met on one occasion.

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key Management personnel to successfully manage the company. However, companies should avoid
paying more for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The RC reviews annually the remuneration of the executive directors and key management personnel to ensure that the level and structure of remuneration commensurate is aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the Company.

The remuneration package of the executive director has been designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. Please refer to the following paragraphs for more details on the remuneration package of the executive director as provided in his service agreement.

The key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The Group would follow the above guidelines in the Code had there been any proper service agreements with any executive director or key management personnel.

Service Agreements

Notwithstanding the aforesaid, the service agreement (the "Service Agreement") with the executive director, Mr Lim Tiong Hian (Lin ZhongXian), is for a fixed appointment period. The executive director does not receive director's fee. His remuneration package as set out in the Service Agreement consists of only salary without any allowance or any profit sharing element. The Company may terminate the Service Agreement in the event that Mr Lim Tiong Hian (Lin ZhongXian) commits certain events of default as described in the Service Agreement. The Service Agreement does not provide for any benefits upon their termination of employment. Mr Lim Tiong Hian (Lin ZhongXian) resigned as executive director of the Company on 18 February 2015.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key Management personnel, and performance.

Guideline 9.2 of the Code recommends that companies fully disclose the remuneration of each individual director and the CEO on a named basis.

For confidentiality reasons and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation and provide herein below a breakdown, showing the level and mix of each director's remuneration in bands of $250,000 for FY2014:-

The following shows the breakdown of remuneration of each director paid or payable for FY2014:

REMUNERATION BANDS	SALARY	BONUS	DIRECTORS' FEES	TOTAL
DIRECTORS UP TO S$250,000				
*WILLIAM JOSEPH CONDON	100%	-	-	100%
** CHEE TET CHOY ANDY	-	-	-	-
** LIM TIONG HIAN (LIN ZHONGXIAN)	100%	-	-	100%
CHAN YING WEI CONG CHEE MENG GERARD RAJESH DILLIP WADHWANI	- - -	- - -	100% 100% 100%	100% 100% 100%
*RESIGNED ON 14 NOVEMBER 2014 **RESIGNED ON 18 FEBRUARY 2015				

CORPORATE GOVERNANCE REPORT

Guideline 9.3 of the Code recommends that companies should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. In addition, the companies should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel.

For confidentiality reason and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation. The Company only partially complies with the above recommendation by providing below a breakdown, showing the level and mix of each of the top five management personnel's remuneration (who are not directors or the CEO) in bands of $250,000 for FY2014:-

REMUNERATION BANDS	SALARY	BONUS	TOTAL
KEY EXECUTIVES UP TO S$250,000			
MAK HON HUM	100%	-	100%
* CHEN GUO SHEN	-	-	-
* DAISY ONG	100%	-	100%
* RESIGNED ON 28 FEBRUARY 2015 ** RESIGNED ON 31 MARCH 2014			

Notes:-

(1) Salary is inclusive of salary, allowances, Central Provident Fund contributions, pension funds and other benefits.
(2) Directors' fees are subject to approval of the shareholders at the forthcoming AGM.

The profiles of our key executives are found on Page 6 & 7 of this Annual Report.

The Company does not have any employee who is an immediate family member of a director or the CEO and whose remuneration exceeds S$50,000 for FY2014.

The Company does not have any employee share option scheme or share award scheme for FY2014.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before their release to the SGX-ST and the media. Shareholders are provided with the quarterly and full year results and annual financial reports on a timely manner. In presenting the quarterly and full year results and annual financial reports to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility is extended to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

To ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual, the Board through management, reviews the relevant compliance reports and ensure that management seeks the Board's approval of such reports or requirements.

In compliance with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Management provides the Board with management accounts and such explanation and information on a timely basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. As the Board has separate and non-executive independent access to management, the Board has no objection to receiving the management accounts with such explanation and information on a quarterly basis.

The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems are in place, including financial, operational compliance and information technology controls.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11 : The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk Management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives The Group does not have a Risk Management Committee. However, the Management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board has overall responsibility for the Management of the Group's key risks to safeguard shareholders' interests and its assets. The Company has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed.

The external auditors provide feedback to the AC highlighting matters that require the attention of the Management. The AC keeps under review the effectiveness of the Group's system of accounting and internal financial controls, for which the directors are responsible.

The Group does not utilise sophisticated and complex computer systems in its operations and considers its exposure to information technology risks to be low.

During FY2014, the AC reviewed, with the assistance of the external auditors and the Management team, the effectiveness of the Company's financial, operational and compliance internal controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. The AC has made its best effort in ensuring timely and proper implementation of all required corrective, preventive or improvement measures are monitored closely.

The Board is of the opinion that the system of internal controls maintained by the Management and that was in place throughout the financial year was adequate and provides reasonable, but not absolute, assurance against material financial misstatements of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

Based on the framework of risk management controls and internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology risks, and risk management systems in place were adequate and effective during the financial year under review.

CORPORATE GOVERNANCE REPORT

For FY2014, the Board and the AC have received assurance from the executive director and the group accountant on the adequacy and effectiveness of the Company's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

AUDIT COMMITTEE

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises the following members:

Chan Ying Wei	(Chairman and Non-executive independent Director)
Chong Chee Meng Gerard	(Non-executive independent Director)
Rajesh Dilip Wadhwani	(Non-executive independent Director)

The key terms of reference of the AC are to:-

(a) review with the external/internal auditors the audit plans, their evaluation of the system of internal accounting controls, and their audit report including the scope and results of the external audit, the independence and objectivity of the external auditors.

(b) review the financial statements and balance sheet and profit and loss accounts including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval.

(c) review the internal control procedures, its scope and the results and to ensure co-ordination between the external/internal auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits.

(d) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls.

(e) review the effectiveness of the Company's internal audit function.

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response.

(e) make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors.

CORPORATE GOVERNANCE REPORT

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual.

(g) review potential conflicts of interest, if any.

(h) undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC.

(i) generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC meets with the external auditors, without the presence of the management, at least annually. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM. Please refer to the table below for the aggregate amount of fees paid to the external auditors and a breakdown of fees paid in total to the external auditors for audit and non-audit services respectively for the financial year.

The AC has also reviewed the independence of the external auditors annually. The AC has conducted an annual review of the volume of non-audit services provided by the external auditors to satisfy the AC that the nature and extent of such services will not prejudice the independence of the external auditors. The AC is satisfied with the external auditors' confirmation of their independence and has recommended the reappointment of the external auditors at the forthcoming AGM.

FOR FY 2014	
FEES PAYABLE TO THE EXTERNAL AUDITORS IN RESPECT OF AUDIT SERVICES	S$ 102 000
FEES PAYABLE TO THE EXTERNAL AUDITORS IN RESPECT OF NON-AUDIT SERVICES	S$ 4 000
TOTAL	S$ 106 000

CORPORATE GOVERNANCE REPORT

The Company has complied with Rules 712(2)(a) and 715 read with Rule 716 of the SGX-ST Listing Manual in relation to the appointment of its external auditors.

The Company has put in place a whistle blowing policy which has been reviewed, endorsed by the AC and approved by the Board. Under the whistle blowing policy, employees can, in confidence, raise concerns about improper conduct for investigation. The procedures for the whistle blowing policy are made public to the employees of the Group. For FY2014, there were no reported incidents pertaining to whistle blowing.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC evaluates the need for an internal audit function so as to align it to the changing needs and risk profile of the Group's activities. On the recommendation of the AC, the Board has from time to time engaged external independent auditors to undertake an internal audit. If an internal audit is deemed necessary, the AC will set the internal audit scope, approve the internal audit plans, review the internal audit reports and assess the effectiveness of the internal auditor, such as its scope of work and the quality of its audit reports. Any material weaknesses and risks identified in the course of the audit will be communicated to the Management. Management will provide updates to the AC on the status of the remedial action plans.

In view of the complete disposal of its PRC subsidiaries and the Company's investment in mineral transactions during FY2014 which were less than 20% except for its 60% equity stake in Elite Bay Sdn Bhd, no internal audit has been performed. The AC enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weaknesses. The AC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for the financial year under review. The AC is of the view that the internal controls put in place by management are adequate to address the key risks identified being relevant to the present business operations of the Group.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements

The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Articles of Association of the Company. All shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules, voting procedures relating to the general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs. Subject to legislative amendment to the Companies Act of the relevant provision regarding appointment of proxies, the Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group. Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them.

The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.

CORPORATE GOVERNANCE REPORT

The Company has an internal investor relations function to facilitate the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance.

To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out in the contents page of this Annual Report as well as on the Company's website. The Company have procedures in place for responding to investors' queries.

The Group does not have a concrete dividend policy at present. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend has been declared for FY2014 as the Group intends to conserve cash for future business growth.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the prescribed period. Notice of general meeting is announced through SGXNET and published in the Business Times.

The Company supports active shareholders' participation. If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

At general meetings, all the directors, chairman of the Board and the respective chairman of the AC, NC and RC as well as the external auditors should be present and available to address shareholders' queries at these meetings.

The Company with the help of the Company Secretary prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon their request.

CORPORATE GOVERNANCE REPORT

The Company will consider conducting poll voting at all its general meetings. Where a poll is conducted at a general meeting, the detailed voting results of each of the resolutions tabled will be announced at the meeting. The results of the poll voting stating total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNET.

RISK MANAGEMENT

Pursuant to the Listing Manual Rule 1207 (4)(b)(iv), the Group endeavours to continually reviewing and improving its business and operational activities to take into account the risk Management perspective. This includes reviewing Management and manpower resources and updating work flows,processes and procedures to meet the current and future market conditions. The Group has also considered the various financial risks and Management, details of which are found on Pages 106 of the Annual Report.

DEALING IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Group has procedures in place prohibiting directors and officers from dealing in the Company's shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and the one month before the announcement of the Company's full year financial statements ("Prohibited Periods"), or if they are in possession of unpublished material price-sensitive information of the Group.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the Prohibited Periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

The Board confirms that for FY2014, the Company has complied with Listing Rule 1207(19).

INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the SGX-ST Listing Manual for interested person transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

CORPORATE GOVERNANCE REPORT

In the event that a member of the AC is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards are complied with.

There was no interested person transaction for the financial year under review.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that except as disclosed in the Report of Directors and Financial Statements and under "Interested Person Transactions" above, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Chief Executive Officer or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

TABLE 1 - DIRECTORS' ATTENDANCE AT BOARD, AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATING COMMITTEE MEETINGS

The number of meetings held and attendance at the meetings in FY2014 were as follows:

CORPORATE GOVERNANCE REPORT

TABLE 1 – DIRECTORS' ATTENDANCE AT BOARD, AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATING COMMITTEE MEETINGS

The number of meetings held and attendance at the meetings in FY2014 were as follows:

* By invitation

\# Resigned on 31 March 2014
\## Resigned on 14 November 2014
^ Appointed on 2 May 2014 and resigned on 18 February 2015
^^ Appointed on 12 June 2014 and resigned on 18 February 2015

NAME OF DIRECTOR	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATION COMMITTEE	
	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
# ZHOU XING ZHONG	5	0	5	0	1	0	1	0
## JOSEPH CONDON	5	5	5	5*	1	1	1	1
CHAN YING WEI	5	5	5	5	1	1	1	1
CHONG CHEE MENG GERARD	5	5	5	5	1	1	1	1
RAJESH DILIP WADHWANI	5	5	5	5	1	1	1	1
^ CHEE TET CHOY ANDY	5	3	5	3*	1	NA	1	NA
^^^ LIM TIONG HIN (LIN ZHONGXIAN)	5	2	5	2*	1	NA	1	NA

CORPORATE GOVERNANCE REPORT

TABLE 2 – key information regarding the Directors, including their present and past three years' directorship in other listed companies and principal commitments

NAME OF DIRECTOR	APPOINTMENT	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION	DIRECTORSHIP IN LISTED COMPANIES	PAST DIRECTORSHIP (PRECEDING 3 YEARS IN LISTED COMPANIES	PRINCIPAL COMMITMENTS
DREW ETHAN MADACSI	EXECUTIVE DIRECTOR	9/2/2015		NIL	NIL	• Magnum Energy Pte. Ltd. • Magnum Modular Power Generation Pte. Ltd. • Lighthouse Strategic Group Limited • Signet Coking Coal Limited • Signet Coking International Limited • Exotic Coal Exploration Pty Ltd • Subiflex Pty Ltd
CHAN YING WEI	NON - EXECUTIVE INDEPENDENT DIRECTOR	19/12/2013	30/5/2014	NIL	NIL	• British Elite Sdn Bhd
CHONG CHEE MENG GERARD	NON - EXECUTIVE INDEPENDENT DIRECTOR	19/12/2013	30/5/2014	NIL	NIL	• SC Building & Construction Pte. Ltd. • Magnum Energy Pte. Ltd. • Magnum Modular Power Generation Pte. Ltd.
RAJESH DILIP WADHWANI	NON - EXECUTIVE INDEPENDENT DIRECTOR	19/12/2013	30/5/2014	NIL	NIL	• Paradime Solutions Pte. Ltd. • Emsus (Singapore) Pte. Ltd.

According to Article 114 of the Company's Articles of Association, Mr Drew Ethan Madacsi will retire at the Company's forthcoming AGM and will be eligible for re-election.

According to Article 104 of the Company's Articles of Association, Mr Chan Ying Wei will retire at the Company's forthcoming AGM and will be eligible for re-election.

Key information on the individual directors and their shareholdings in the Company are set out on Page 39 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Report of the Directors - 31 December 2014

The directors present their report to the members together with the audited consolidated financial statements of Sino Construction Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014 and the balance sheet and statement of changes in equity of the Company as at 31 December 2014.

1. Directors

The directors of the Company in office at the date of this report are as follows:

Chan Ying Wei
Rajesh Dilip Wadhwani
Chong Chee Meng Gerard
Drew Ethan Madacsi (Appointed on 9th February 2015)

2. Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

REPORT OF THE DIRECTORS

	Direct Interest		*Deemed Interest*	
	At the beginning of the financial year/at date of appointment, if later	At the end of the financial year	At the beginning of the financial year/at date of appointment, if later	At the end of the financial year
Name of director	No. of ordinary shares		No. of ordinary shares	
The Company				
Lim Tiong Hian Kenneth	-	-	6,000,000	6,000,000
Chee Tet Choy Andy	-	-	131,572,000	266,572,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2014.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later, or at the end of the financial year.

4 Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. Share Options

The Company does not have any share option schemes or share schemes.

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

REPORT OF THE DIRECTORS

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. Audit Committee

The Audit Committee carried out its functions in accordance with the Listing Manual and the Code of Corporate Governance.

The functions performed by the Audit Committee are disclosed in the Corporate Governance Report.

7. Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

Rajesh Dilip Wadhwani
Director

Chong Chee Meng Gerard
Director

Singapore
8 April 2015

Statement by Directors - 31 December 2014

The Board of Directors ("Board") of Sino Construction Limited hereby presents the financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014, as set out on Pages 49 to 119.

As mentioned in Note 9 to the financial statements, in November 2013, the Group disposed of its interest in Daqing City Dazheng Building Installation Co., Ltd. ("Dazheng") and Daqing City Baixinyuan Concrete Products Co., Ltd. ("Baixinyuan"). Further, in March 2014, the Group disposed of Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan") and Daqing Sunshine Reli Thermal Co., Ltd. ("Sunshine"). The accounting records of these subsidiaries located in the People's Republic of China were submitted to the Daqing Tax Authority in January 2013 for tax investigation. As the accounting records had not been returned to the Group, we were unable to ascertain whether all transactions relating to these subsidiaries have been properly recorded and if the disclosures contained in the notes to the financial statements have complied with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards.

As mentioned in Note 11 to the financial statements, the Group and the Company acquired unquoted equity investments amounting to S$35,380,000 and S$23,380,000 respectively, held at cost less impairment. We were unable to obtain reliable estimates of fair value for the investments as the probability of success of the exploration activities conducted by the investees cannot be reliably estimated.

As mentioned in Note 12(c)(i), the Group acquired a 60% interest in Elite Bay Sdn Bhd ("Elite Bay"), in the financial year ended 31 December 2014. We were unable to ascertain whether the financial statements of Elite Bay were appropriate for inclusion in the consolidated financial statements of the Group during the year.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
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Notwithstanding the limitations referred to above, the Board has made its best effort to prepare the consolidated financial statements in accordance with the provisions of the Act and Singapore Financial Reporting Standards.

The independent auditors have highlighted the matters discussed above in their independent auditors' report dated 8 April 2015 and the Board concurs with their findings.
Except for the matters highlighted above, in the opinion of the Board, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 11 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date; and In the opinion of the Board, at the date of this statement, for the reasons set out in Note 3 to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Rajesh Dilip Wadhwani
Director

Chong Chee Meng Gerard
Director

Singapore
8 April 2015

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Independent Auditors'Report

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Sino Construction Limited (the "Company") and its subsidiaries (collectively the "Group"), as set out on Pages 43 to 119, which comprise the balance sheets of the Group and the Company as at 31 December 2014, and the consolidated statement of changes in equity, the consolidated statement of comprehensive income, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

INDEPENDENT AUDITORS' REPORT

Basis for Disclaimer of Opinion
Opening Balances

4. In our auditors' report dated 7 May 2014, we have expressed a disclaimer of opinion in respect of the financial statements for the previous financial year ended 31 December 2013 due to the following matters:

a. The accounting records of the key operating subsidiaries in the People's Republic of China were submitted to the Daqing Tax Authority in January 2013 for tax investigation. These subsidiaries included Daqing Xinyuan Construction Installation Co., Ltd ("Xinyu an"), Daqing City Dazheng Building Installation Co., Ltd. ("Dazheng"), Daqing City Baixinyuan Concrete Products Co., Ltd. ("Baixinyuan"), and Daqing Sunshine Reli Thermal Co., Ltd. ("Sunshine"). As the accounting records had not been returned to the Group, we were unable to perform audit procedures to obtain sufficient audit evidence to ascertain the appropriateness of the carrying amount of the opening balances in the financial statements for the previous financial year ended 31 December 2013. Accordingly, we were unable to determine whether any adjustments were necessary to the opening balances of the financial statements for the previous financial year ended 31 December 2013, which would have consequential effects on the 2013 financial statements.

b. As mentioned in Note 9 to the financial statements, in November 2013, the Group disposed of its interest in Dazheng and Baixinyuan. Further, in March 2014, the Group disposed of Xinyuan and Sunshine. As the financial statements of these subsidiaries have not been audited, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence relating to the loss from discontinued operations of S$23,468,000 for the financial year ended 31 December 2013, as disclosed in Note 9 of the financial statements, and consequently:

i. the appropriateness and accuracy of the gain on disposal of Dazheng and Baixinyuan amounting to S$16,079,000 (Note 9(b) and Note 12(d)) for the financial year ended 31 December 2013; and

ii. the appropriateness and accuracy of the write down of the net assets of Xinyuan and Sunshine to their recoverable amounts amounting to S$1,700,000 (Note 9(b)) as at 31 December 2013.

5. The matters referred to in paragraph 4(b)(ii) above remains unresolved in the current year as the accounting records for the above subsidiaries were still not made available to the Group. In view of this, we were unable to perform audit procedures to obtain sufficient audit evidence to ascertain the appropriateness of the carrying amount of the opening balances relating to these subsidiaries in the financial statements for the financial year ended 31 December 2014. Accordingly, we were unable to determine whether any adjustments were required to such opening balances of the financial statements for the financial year ended 31 December 2014.

INDEPENDENT AUDITORS' REPORT

6. Our opinion on the current year's financial statements is also modified because of the possible effect of the matters referred to in paragraph 4 above on the comparability of the current year's figures and the corresponding figures.

7. As the Group disposed of Xinyuan and Sunshine in the financial year ended 31 December 2014, and the accounting records of these subsidiaries were not made available to the Group, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence relating to the loss from discontinued operations of S$1,086,000 (Note 9(b)) for the financial year ended 31 December 2014.

8. As mentioned in Note 31 to the financial statements, in the financial year ended 31 December 2014, the Group and the Company changed the presentation currency from Renminbi ("RMB") to Singapore Dollars ("S$"). The change resulted in a deficit in translation reserves amounting to S$3,015,000 and S$1,092,000 as at 1 January 2013 and 31 December 2013, respectively, arising from the above subsidiaries (referred to in paragraph 4 above), which had a functional currency of RMB. As the accounting records for these subsidiaries were not made available to the Group, we were unable to perform audit procedures to obtain sufficient audit evidence to ascertain the appropriateness and accuracy of:

a. the foreign currency translation gains amounting to S$1,923,000 and S$1,090,000, recorded in the consolidated statement of other comprehensive income for the financial years ended 31 December 2013 and 2014, respectively; and
b. the carrying amounts of the opening balance of the foreign currency translation reserves in the consolidated balance sheets for the financial years ended 31 December 2013 and 2014, amounting to a deficit balance of S$3,015,000 and S$1,092,000, respectively.

Acquisition of Elite Bay Sdn Bhd ("Elite Bay")

9. As disclosed in Note 12(c)(i) to the financial statements, the Group acquired a 60% interest in Elite Bay, during the financial year ended 31 December 2014. Included in the consolidated financial statements of the Group during and as at 31 December 2014, are the following amounts in relation to Elite Bay.

- Net assets of S$170,000
- Revenue of S$2,331,000
- Profit after tax of S$24,000

10. We were unable to obtain sufficient information about whether the Company had substantive rights to direct the relevant activities of Elite Bay during the financial year. Accordingly, we were unable to ascertain whether Elite Bay met the requirements to be consolidated under FRS 110 Consolidated Financial Statements.

INDEPENDENT AUDITORS' REPORT

11. We were unable to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the financial statements of Elite Bay, included in the consolidated financial statements of the Group, are appropriately and properly consolidated. There were no other practicable audit procedures that we could perform to satisfy ourselves that the financial statements of Elite Bay have been properly reflected in the consolidated financial statements of the Group.

12. As disclosed in Note 11 to the financial statements, the Group and the Company have unquoted equity investments amounting to S$35,380,000 and S$23,380,000, respectively, held at cost less impairment loss as at 31 December 2014. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of these investments as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of these investments. Consequently, we were unable to determine whether any impairment charges should be recognised in the consolidated statement of comprehensive income with respect to these investments.

Recoverability of Investment in Subsidiary

13. As disclosed in Note 12(c)(ii) to the financial statements, the carrying amount of the investments in subsidiaries by the Company as at 31 December 2014 included an investment amounting to S$12,000,000 in Sunny Cove Investments Ltd. We were unable to obtain sufficient appropriate audit evidence concerning the carrying amount of this investment as at 31 December 2014, nor were we able to perform alternative audit procedures to ascertain the appropriateness of the carrying amount of this investment. Consequently, we were unable to determine whether any impairment charge should be recognised in the Company's balance sheet with respect to this investment.

Appropriateness of Going Concern Assumption

14. As disclosed in Note 3(a) to the financial statements, the Group incurred a net loss of S$2,694,000 and a total comprehensive loss of S$1,604,000 for the financial year ended 31 December 2014 and, as of that date, the Group's and Company's current liabilities exceeded its current assets by S$33,005,000 and S$31,928,000, respectively. These conditions, along with the matters mentioned in paragraphs 9 to 13 above, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group and the Company to continue as going concerns. Management has prepared the financial statements on a going concern basis for the reasons disclosed in Note 3(b) to the financial statements. We were unable to obtain sufficient audit evidence to satisfy ourselves as to the ability of the Group and the Company to continue as going concerns.

INDEPENDENT AUDITORS' REPORT

15. In the event that the Group and the Company are unable to continue as going concerns, it could have an impact on the Group's and the Company's ability to realise assets at their recognised amounts and to extinguish liabilities in the normal course of business at the amounts stated in the balance sheets of the Group and the Company. The Group and the Company may also have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

16. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 15, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

17. In our opinion, except for the effects of the matters described in the Basis for Disclaimer of Opinion paragraphs, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act. The accounting and other records required by the Act to be kept by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 April 2015

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Consolidated Statement of Comprehensive Income

For the Financial Year ended 31 December 2014

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2014 S$'000	2014 Restated S$'000
Continuing operations			
Revenue from construction contracts		2,331	-
Cost of sales		(2,052)	-
Gross profit		279	-
Other Income		31	-
Expenses			
Administrative expenses		(1,887)	(676)
Finance costs	4	(26)	(1)
Other expenses	5	(5)	(4,410)
Loss before tax	6	(1,608)	(5,087)
Income tax	8(a)	-	-
Loss for the year from continuing operations		(1,608)	(5,087)
Discontinued operations			
Loss for the year from discontinued operations	9	(1,086)	(23,468)
Total loss for the financial year		(2,694)	(28,555)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference-foreign operation		(2)	2,263
Foreign currency translation differences, reclassified to profit and loss on disposal of foreign operations		1,092	(340)
Other comprehensive income for the year, net of tax		1,090	1,923
Total comprehensive loss for the financial year		1,604	(26,632)
(loss)/income attributed to		(2,704)	(28,555)
Owners of the company		10	-
Non-controlling interest		(2,694)	(28,555)
Total loss for the financial year			
Total comprehensive (loss)/income attributed to			
Owners of the company		(1,614)	(26,632)
Non-controlling interest		10	-
Total comprehensive loss for the financial year		(1,604)	(26,632)
Loss per share			
Basic and diluted (S$ cents per share) - continuing operations	10	(0.12)	(0.50)
Basic and diluted (S$ cents per share) - discontinued operations	10	(0.08)	(2.31)

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Balance Sheets
As at 31 December 2014

The accompanying notes form an integral part of the financial statements

	Note	GROUP 2014 S$'000	GROUP 2013 (restarted) S$'000	GROUP 2012 (restarted) S$'000	COMPANY 2014 S$'000	COMPANY 2013 (restarted) S$'000	COMPANY 2012 (restarted) S$'000
ASSETS							
Non-current Assets							
Investment in unquoted equities	11	35,380	-	-	23,380	-	-
Investment in subsidiaries	12	-	-	-	12,100	163	-
Property, plant and equipment	13	836	-	-	-	-	-
Deferred tax sheet	8(b)	3	-	-	-	-	-
Goodwill	12(c)	26	-	-	-	-	-
		36,245	-	-	35,480	163	-
Current Assests							
Land use rights	14	-	-	9,191	-	-	-
Inventories		-	-	725	-	-	-
Trade and other receivables	15	2,781	5,000	25,177	1,661	5,000	-
Property,plant and equipment	13	-	-	28,663	-	-	-
Due from subsidiaries		-	-	-	698	-	-
Income tax receivable		10	-	-	-	-	-
Prepaid operating expenses		43	-	7,263	10	-	19
Cash and bank balances	16	169	212	2,650	63	212	13
		3,003	5,212	73,669	2,432	5,212	32
Assets classified as held for sale	17	-	52,333	-	-	-	-
		3,003	57,545	73,669	2,432	5,212	32
Total Assets		39,248	57,545	73,669	37,912	5,375	32
EQUITY AND LIABILITIES							
Equity							
Capital and reserves attributable to equity holders of the Company							
Share capital	18	94,482	95,482	88,312	95,482	95,482	88,312
Reserve funds	19(a)	-	-	12,774	-	-	-
Merger reserve	19(6)	-	-	(18,244)	-	-	-
Other reserve	22	(5,200)	-	-	(5,200)	-	-
Foreign currency translation reserve	19(c)	(2)	(1,092)	(3,015)	-	-	(171)
Accumulated losses		(87,148)	(84,444)	(50,419)	(86,730)	(95,537)	(93,516)
Equity attributable to owners of the company		3,132	9,946	29,408	3,552	(55)	(5,375)
Non-controlling interest	20	69	-	-	-	-	-
Total equity		3,201	9,946	29,408	3,552	(55)	(5,375)
Current Liabilities							
Loan and borrowings	21	662	-	9,952	-	-	-
Trade and other payables	23	29,317	5,000	26,366	28,946	5,164	4,899
Due to directors	24	150	-	-	-	-	-
Due to shareholders	24	5,133	-	-	5,133	-	-
Other liabilities	25	296	267	1,605	281	266	508
Provision for maintenance warranties		-	-	62	-	-	-
Gross amount due to customer on construction work-in-progress	26	450	-	-	-	-	-
Income tax payable		-	-	5,269	-	-	-
Deferred tax liabilities	8(b)	-	-	1,007	-	-	-
		36,008	5,267	44,261	34,360	5,430	5,407
Liabilities directly associated with assets classified as held for sale	17	-	42,332	-	-	-	-
		36,008	47,599	44,261	34,360	5,430	5,407
Non-current Liabilites							
Loans and borrowing	21	39	-	-	-	-	-
Total Liabilities		36,047	47,599	44,261	34,360	34,360	5,407
Total Equity and Liabilites		39,248	57,545	73,669	37,912	37,912	32

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Consolidated Statement of Changes in Equity

For the Financial Year ended 31 December 2014

GROUP
Balance at 1 January 2014

Loss for the year
Other comprehensive income
- Foreign currency translation loss
Total comprehensive income for the year
Issuance of convertible bond (Note 22)
Acquisition of subsidiary

Balance at 31 December 2014

Balance at 1 January 2014

Loss for the year
Other comprehensive income
- Foreign currency translation gain
Total comprehensive loss for the year
Issuance of ordinary shares (Note 18)
Share issue expenses (Note 18)
Disposal of subsidiaries

Balance at 31 December 2014

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTE TO OWNERS OF THE COMPANY								
Share Capital S$'000	Reserve Funds S$'000	Merger Reserve S$'000	Other Reserve S$'000	Other Currency Translation Reserve S$'000	Accumalated Losses S$'000	Total S$'000	Non-Controlling Interest S$'000	Total Equity S$'000
95,482	-	-	-	(1,092)	(84,444)	9,946	-	9,946
-	-	-	-	-	(2,704)	(2,704)	10	(2,694)
-	-	-	-	1,092	-	1,090	-	1,090
-	-	-	-	1,092	(2,704)	(1,614)	10	(1,604)
			(5,200)	-	-	(5,200)	-	(5,200)
-	-	-	-	-	-	-	59	59
95,482	-	-	(5,200)	(2)	(87,148)	3,132	69	3,201
88,312	12,774	(18,244)	-	(3,015)	(50,419)	29,408	-	29,408
-	-	-	-	-	(28,555)	(28,555)	-	(28,555)
-	-	-	-	1,923	-		-	1,923
-	-	-	-	1,923	(28,555)	-	-	(26,632)
900	-	-	-	-	-	-	-	900
6,320	-	-	-	-	-	-	-	6,320
(50)	-	-	-	-	-	(5,470)	-	(50)
-	(12,774)	18,244	-	-	-	-	-	-
95,482	-	-	-	(1,092)	(84,444)	9,946	-	9,946

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Consolidated Statement of Cash Flows

For the Financial Year ended 31 December 2014

	Note	2014	2013
			(restated)
		S$'000	S$'000
Cash Flows from Operating Activities			
Loss before tax for continuing operations		(1,608)	(5,087)
Loss before tax for discontinued operations		(1,086)	(10,743)
		(2,694)	(15,830)-
Adjustments for:			
Depreciation of property, plant and equipment	13	81	3,120
Amortisation of land use rights	14	-	287
Loss on disposal of property, plant and equipment		-	-
Impairment loss on property, plant and equipment		-	-
Impairment of land use rights		-	-
Property, plant and equipment written off		-	-
Allowance for impairment of receivables		-	15,353
Reversal of provision for maintenance warranties		-	(65)
Finance costs		26	1
Loss/(Gain) on disposal of subsidiaries		1,806	(16,079)
Loss on re-measurement to fair value less costs to sell		-	1,700
Loss on settlement of loan owing to controlling shareholder by issuance of new ordinary shares		-	4,063
Unrealised exchange loss/(gain)		-	647
Operating cash flows before changes in working capital		(1,501)	(6,805)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(cont'd)	Note	2014	2013
			(restated)
		S$'000	S$'000
Changes in working capital:			
Increase in inventories		-	(70)
(Increase)/Decrease in prepaid operating expenses		(28)	13
Decrease/(Increase) in trade and other receivables		3,337	(10,293)
(Decrease)/Increase in trade and other payables		(4,822)	14,775
Increase in other liabilities		19	106
Cash Flows used in operations		(2,995)	(2,274)
Interest received		-	-
Interest paid		(26)	1
Income taxes paid		(30)	-
Net cash used in operating activities		(3,051)	(2,273)
Cash Flows from Investing Activities			
Net cash inflow on disposal of subsidiaries	12	4,634	35
Net cash flow from acquisition of subsidiary	12	(151)	-
Purchase of property, plant and equipment	13	(119)	(43)
Net cash used in investing activities	A	(10,000)	-
		(5,636)	(8)-
Cash Flows from Financing Activities			
Proceeds of non-trade amount due to directors		150	-
Proceeds of non-trade amount due to shareholders		3,133	-
Proceeds from loan and borrowings		36	15,702
Repayment of loan and borrowings		(79)	(11,514)
Proceeds from issuance of new ordinary shares		-	900
Share issuance expense		-	(50)
Net cash generated from financing activities		3,240	5,038
Net (decrease)/increase in cash and cash equivalents		(5,447)	2,757
Cash and cash equivalents at the beginning of the financial year		5,585	2,650
Effect of currency translation on cash and cash equivalents		-	178
Cash and cash equivalents at the end of the financial year	16	138	5,585

<u>NOTE A.</u>

Total consideration paid for unquoted equity investments		35,380	-
Less:			
Convertible loans issued in consideration for unquoted equity investments	22	(23,380)	-
Amount paid on behalf by shareholders	24	(2,000)	-
Cash consideration paid		10,000	-

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Notes to the Financial Statements

For the Financial Year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

1. GENERAL INFORMATION

Sino Construction Limited (the "Company") was incorporated and domiciled in the Republic of Singapore on 11 September 2006 under the Singapore Companies Act, Chapter 50 as a private company limited by shares under the name of "Sino Construction Pte. Ltd.". On 16 April 2007, the Company converted to a public limited company and changed its name to "Sino Construction Limited". On 12 June 2008, the Company was admitted to the official list on the Mainboard of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is at 21 Merchant Road, #04-01, Royal Merukh S.E.A. Building, Singapore 058267.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgments in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and contingent liabilities at the balance sheet date that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results may ultimately differ from these estimates.

There are no critical accounting judgments and estimates that would affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses and disclosures made.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New and Revised FRS

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRSs ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

- FRS 27 *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entitie*s
- Amendments to FRS 32: *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 36: *Recoverable Amount Disclosures for Non-Financial Assets*

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except that more disclosures have been required by some of the above amendments, which have been included in the notes to the accounts.

FRS 27 *Separate Financial Statements*

FRS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements.

FRS 110 *Consolidated Financial Statements*

Under FRS 110, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of FRS 27 *Consolidated Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities* – FRS 27 used a control concept whilst INT FRS 12 placed greater emphasis on risks and rewards.

A more robust definition of control has been developed in FRS 110 in order to capture unintentional weakness of the definition of control set out in the previous version of FRS 27. The definition of control in FRS 110 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of investor's returns.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of New and Revised FRS (cont'd)

FRS 110 requires investors to reassess whether or not they have control over their investees on transition to FRS 110. In general, FRS 110 requires retrospective application, with certain limited transition provisions.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joints arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements.

Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also not contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparts to the contract. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments.

Amendments to FRS 36 *Recoverable Amount Disclosure for Non-Financial Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or Cash-Generating Unit (CGU) to periods in which an impairment loss has been recognised or reversed.

The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. The application of these amendments has had no impact on the disclosure in the Group's consolidated financial statements.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised FRSs Issued but not yet Effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning
Improvements to FRSs (January 2014): FRS 103 *Business Combinations* (with consequential amendments to other standards) FRS 108 *Operating Segments* FRS 16 *Property, Plant and Equipment* FRS 24 *Related Party Disclosures* FRS 38 *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014): FRS 103 *Business Combinations* FRS 113 *Fair Value Measurement* FRS 40 *Investment Property*	
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2017

The Group is in the process of assessing the impact of these standards and interpretations.

Amendment to FRS 103 *Business Combinations - Accounting for contingent consideration in a business combination*

The amendments clarify that contingent consideration in a business combination that is not classified as equity should be measured at fair value through profit and loss at each reporting date, regardless of whether the contingent consideration is within the scope of FRS 39. Changes in fair value, other than measurement period adjustments, are recognised in profit or loss. Consequential amendments were made to FRS 37 and FRS 39.

Amendment to FRS 103 is effective prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised FRSs Issued but not yet Effective (cont'd)

Amendment to FRS 108 *Operating Segments*

The amendments require the disclosure of judgements made by management in deciding whether to combine operating segments for segment reporting purposes, including the economic indicators (e.g. gross margins) that have been assessed in determining whether the aggregated operating segments have similar economic characteristics.

The reconciliation of the total reportable segments' assets to the entity's total assets is required to be disclosed only if segment assets are regularly reported to the chief operating decision maker.

Amendment to FRS 108 is effective for annual periods beginning on or after 1 July 2014 retrospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendment to FRS 16 *Property, Plant and Equipment and FRS 38 Intangible Assets*

The amendments to FRS 16 and FRS 38 removed perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendment to FRS 16 and FRS 38 are effective for annual periods beginning on or after 1 July 2014 retrospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendment to FRS 24 *Related Party Disclosures*

This amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments require the amounts incurred by an entity for such services to be included in the related party disclosures. However, this amount need not be split into components required for other key management personnel compensation (e.g. short-term employee benefits, post-employment benefits, etc.).

Amendment to FRS 24 is effective for annual periods beginning on or after 1 July 2014 retrospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(a) **Basis of Preparation** (cont'd)

New and Revised FRSs Issued but not yet Effective (cont'd)

Amendment to FRS 103 *Business Combinations (Scope of exception for joint ventures)*

The amendment clarifies that the formation of all types of joint arrangements (and not just joint ventures) are outside the scope of FRS 103. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Amendment to FRS 103 is effective prospectively for annual periods beginning on or after 1 July 2014.

Amendment to FRS 113 *Fair Value Measurement*

The amendment clarifies that the portfolio exception for measuring the fair value of a group of financial assets an d financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with FRS 39. These contracts need not meet the definitions of financial assets or financial liabilities in FRS 32.

Amendment to FRS 113 is effective prospectively for annual periods beginning on or after 1 July 2014.

Amendment to FRS 40 *Investment Property*

This amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in FRS 103 Business Combinations and investment property as defined in FRS 40 Investment Property requires the separate application of both standards independently of each other.

Amendment to FRS 40 Investment Property is effective prospectively to acquisition of investment property in periods commencing on or after 1 July 2014.

FRS 109 *Financial Instruments*

FRS 109, published in December 2014, prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and derecognition requirements for financial instruments from FRS 39.

FRS 109 is effective for annual reporting period beginning on or after 1 January 2018, with early adoption permitted.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(a) **Basis of Preparation** (cont'd)

New and Revised FRSs Issued but not yet Effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115, published in November 2014, establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation.

FRS 115 will replace the existing revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and INT FRS 113 Customer Loyalty Programs.

FRS 115 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

(b) **Group Accounting**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(b) Group Accounting (cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.
Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

(c) Functional and Foreign Currency

Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The functional currency of the Company is Singapore Dollar ("S$").

Prior to 1 January 2014, the financial statements were presented in Renminbi (RMB). With effect from 1 January 2014, the Group and Company changed its presentation currency from RMB to Singapore Dollars (S$) as a result of the disposal of the China operations of the Group. The effects of the change in presentation currency are disclosed in Note 31 to the financial statements.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency ("foreign currency") are recognised at the exchange rates prevailing at the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the end of the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
(ii) Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(c) **Functional and Foreign Currency** (cont'd)

Translation of Group entities' financial statements (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate at the reporting date.

(d) **Property, Plant and Equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Estimated useful lives
Buildings	20 - 50 years
Motor vehicles	5 years
Machinery and Construction equipment	5 years
Office equipment and furniture and fittings	5 years

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(d) Property, Plant and Equipment (cont'd)

Construction-in-progress relates to factory facilities and are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognised.

(e) Assets Classified as Held-for-Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(i) represents a separate major line of business or geographical area of operation; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geo graphical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(f) Land Use Rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised over the lease term of 35 years. The amortisation period and method are reviewed at each financial year end.

(g) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("CGU") or groups of CGU, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Property, plant and equipment, investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(g) Impairment of Non-Financial Assets (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment loss.

(i) Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the Group and Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(i) Financial Assets (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) whose fair value can be reliably measured are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables including trade and other receivables, and cash and cash equivalents. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(j) Impairment of Financial Assets

The Group and Company assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. Significant Accounting Policies (cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average basis and comprises all costs of purchase and other related charges incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for obsolete, slow-moving and defective inventories.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value.

(m) Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. Significant Accounting Policies (cont'd)

In applying the percentage of completion method, the Group determines the stage of completion of a contract in a variety of ways. The Group uses the method that measures reliably the work performed. Depending on the nature of the contract, the methods include:

(i) the proportion that contract costs (as defined below) incurred for work performed to date bear to the estimated total contract costs.

(ii) surveys of work performed.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- Separate proposals have been submitted for each asset;
- Each asset has been subjected to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset; and
- The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

- The group of contracts is negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- The contracts are performed concurrently or in a continuous sequence.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(o) Financial Liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(p) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(q) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Social Insurance Schemes participated by the subsidiaries (in respect of retirement insurance and medical insurance scheme organised by the People's Republic of China ("PRC") provisional social security bureau pursuant to the relevant provisions), and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years.
The Group's contributions to defined contributions are recognised as employee compensation expense when they are due.

(r) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(r) Leases (cont'd)

(i) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(s) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measure at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if is acting as principal or agent, and has concluded that is acting as a principal in all of its revenue arrangements. In addition, the following specific recognition criteria must also be met before revenue is recognised:

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(s) Revenue Recognition (cont'd)

(i) Construction revenue

Construction revenue is recognised using the percentage of completion when the outcome of the construction contracts can be reliably estimated. The accounting policy for construction contracts is set out in Note 2(m).

(ii) Sales of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Heating revenue

Revenue from the provision of heat service is recognised in the accounting period in which the services are rendered.

(iv) Interest income

Interest income is recognised using effective interest method.

(t) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(t) Income Taxes (cont'd)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(t) Income Taxes (cont'd)

(ii) Deferred tax (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

(v) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(w) Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii. The amount of the obligation cannot be measured with sufficient reliability.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

2. **Significant Accounting Policies** (cont'd)

(w) **Contingencies** (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(x) **Related Parties**

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. both entities are joint ventures of the same third party;
   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. the entity is controlled or jointly controlled by a person identified in (a); or a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

3. GOING CONCERNS ASSUMPTIONS

(a) The Group incurred a net loss of S$2,694,000 and a total comprehensive loss of S$1,604,000 for the financial year ended 31 December 2014 (2013: net loss of S$28,555,000 and a total comprehensive loss of S$26,632,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by S$33,005,000 (2013: current assets exceeded its current liabilities by S$9,946,000), while the Company's current liabilities exceeded its current assets by S$31,928,000 (2013: current liabilities exceeded its current assets by S$218,000). These conditions indicate the existence of an uncertainty that may cast significant doubt as to the ability of the Group and the Company to continue as going concerns.

(b) The financial statements are prepared on a going concern basis for the following reasons:

- the Group and Company have obtained financial support from a shareholder of the Group for an amount up to S$1,000,000;
- the Group and Company intend to exercise the right to convert the convertible loans of S$28,580,000 (Note 22) into ordinary shares of the Company, which will enable the Group and Company to reduce its liabilities without incurring further cash outflow;
- the Group and Company have reached an agreement to settle an amount due to shareholders (Note 24) of approximately S$4,715,000 using ordinary shares of the Company, which will enable the Group and Company to reduce its liabilities without incurring further cash outflow; and
- the Group and Company have entered into share subscription agreements with 4 individuals, on 30 March 2015, to issue a total of 262 million new ordinary shares at S$0.0248 per share, with a gross proceeds amounting to approximately S$6,498,000.

Management has a reasonable expectation that the above measures will enable the Group and the Company to continue in operation and pay its debts as and when they fall due for at least the next 12 months from the date of these financial statements. If, for any reason, the Group and the Company are unable to continue as going concerns, it could have an impact on the Group's and the Company's ability to realise assets at their recognised amounts and to extinguish liabilities in the normal course of business at the amounts stated in the balance sheets of the Group and the Company. The Group and the Company may also have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

4. Finance Costs

	Group	
	2014 S$'000	2013 S$'000
Continuing operations		
Bank charges	3	-
Interest on borrowing	16	1
Interest on finance lease liabilities	7	-
	26	1

5. Other Expenses

	Group	
	2014 S$'000	2013 S$'000
Continuing operations		
Loss from settlement of financial liability by issuance of new shares (Note 18(b))	-	4,063
Other losses	5	347
	5	4,410

6. Loss before Tax

This is arrived at after charging the following items:

	Group	
	2014 S$'000	2013 S$'000
Continuing operations		
Depreciation of property, plant and equipment	81	-
Sub-contractor costs incurred on construction contracts	2,052	-
Operating lease expense	139	12
Personnel expenses (Note 7)	587	146
Audit fees:		
- Auditors of the Company	102	50
- Overprovision in prior financial year	(9)	-
Non-audit fees:		
- Auditors of the Company	15	-

7. Personnel Expenses

	Group	
	2014 S$'000	2013 S$'000
Salaries and bonus	542	2,101
Contribution to defined contribution plans	45	253
	587	2.354
Less: Amounts attributable to discontinued operations	-	(2,208)
Amounts attributable to continuing operations (Note 6)	587	146

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

8 Income Tax

(a) Income tax expense

	Group	
	2014 S$'000	2013 S$'000
Current income tax	-	-

(b) The tax expenses for the year can be reconciled to the accounting loss as follows:

	Group	
	2014 S$'000	2013 S$'000
Loss before tax from continuing operations	(1,608)	(5,087)
Income tax benefit calculated at applicable rates	(273)	(865)
Non-taxable income	(1)	-
Effects of different tax rate in other jurisdictions	(3)	-
Utilisation of previous unrecognised deferred tax asset	(5)	-
Deferred tax asset not recognised	282	
Expenses not deductible for tax purposes	-	865
	-	-

The tax rates used for the years tax reconciliations above are the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

8 Income Tax (cont'd)

(c) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2014 S$'000	2013 S$'000
Deferred income tax assets:		
- To be recovered after one year	3	-

Movement in deferred income tax assets/(liabilities) account are as follows:	Group	
	2014 S$'000	2013 S$'000
Fair value and other adjustments on acquisition of subsidiaries	3	(1,050)
Reclassified as held-for-sale	-	1,050
End of financial year	3	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$475,000 at the balance sheet date.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

9. Discontinued Operations

(a) Disposal of construction business in PRC

On 6 November 2013, the wholly owned subsidiary of the Group, Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan") entered into separate sale and purchase agreements with Mr Zhang Xu Li (the "Purchaser") for the disposal of its 100% equity interests in its subsidiaries, Dazheng and Baixinyuan respectively for a cash consideration of S$20,392 for each of Dazheng and Baixinyuan respectively.

The disposal was completed on 6 November 2013, on which date control of the construction business in PRC passed to the Purchaser. Details of the assets and liabilities disposed of, and the calculation of the gain or loss on disposal, are disclosed in Note 12 Investment in Subsidiaries.

On 27 March 2014, the Group completed the disposal of 100% of the equity interests of its wholly owned subsidiary, Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan"), together with Xinyuan's wholly-owned subsidiary, Daqing Sunshine Reli Thermal Co., Ltd. ("Sunshine"), to Calcourt Limited (the "Purchaser") for a purchase consideration of S$10 million. Xinyuan operates the heating services business of the Group. The Group has recognised a disposal loss of S$1,086,000 in respect of the disposal in the current financial year.

(b) Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations included in the consolidated statement of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	Group	
	2014 S$'000	2013 S$'000
Revenue	-	24,590
Expense	-	(50,164)
Loss from operations	-	(25,574)
Finance income	-	4
Other income	-	2,040
Finance costs	-	(1,592)
(Loss)/gain on disposal of subsidiaries (Note 12)	(1,086)	16,079
Loss recognised on re-measurement to fair value less costs to sell	-	(1,700)
Loss before tax from discontinued operations	(1,086)	(10,743)
Income tax	-	(12,725)
Loss after tax from discontinued operations	(1,086)	(23,468)

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

9. Discontinued Operations (cont'd)

The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
	2014 S$'000	2013 S$'000
Net cash flow from operating activities	(1,539)	-
Net cash flow from investing activities	(43)	(43)
Net cash flow from financing activities	4,078	-
Net cash outflow	2,497	(43)

The heating business has been classified and accounted for at 31 December 2013 as a disposal group held for sale (see Note 17 Assets Classified as Held for Sale).

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

10. Loss Per Share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group		
2014	Continuing	Discontinued	Total
Loss attributable to equity holders of the Company (S$'000)	(1,608)	(1,086)	(2,694)
Weighted average number of ordinary shares for basic loss per share calculation ('000)	1,316,764	1,316,764	1,316,764
Basic and diluted loss per share (cents per share)	(0.12)	(0.08)	(0.20)

2013	Continuing	Discontinued	Total
Loss attributable to equity holders of the Company (S$'000)	(5,087)	(23,468)	(28,555)
Weighted average number of ordinary shares for basic loss per share calculation ('000)	1,014,010	1,014,010	1,014,010
Basic and diluted loss per share (cents per share)	(0.50)	(2.31)	(2.81)

For the financial years ended 31 December 2014 and 31 December 2013, the basic and diluted loss per share of the Group were the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2014 and 31 December 2013.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

11. Investments in Unquoted Equities, held at Cost Less Impairment

	Group		Company	
	2014	2013	2014	2013
Investment in unquoted equities.	S$'000	S$'000	S$'000	S$'000
	35,380	-	23,380	-

(i) On 29 April 2014, the Company acquired 19.9% of Renaissance Enterprises S.A. ("Renaissance") for S$23.4m.

Renaissance is a limited liability company incorporated in Luxembourg. Topkapi Mineral Sanayi ve Ticaret A.S. ("Topkapi") is a wholly-owned subsidiary of Renaissance. Topkapi is a corporation established in Turkey and its principal activities are those of exploration, development, extraction, processing, production and trading of metals and minerals in Turkey.

(ii) On 14 February 2014, the Group acquired 19.9% of Ardilaun Energy Limited ("Ardilaun"), a company established in the Republic of Ireland, through the acquisition of Sunny Cove (see Note 12) for S$12m.

The principal activities of Ardilaun are those of oil and gas exploration and development in Irish territories and internationally.

The above investments cannot be reliably fair valued as the probability of success of the exploration activities conducted by the investees cannot be reliably estimated. The directors are of the view that no impairment charge is required in the current financial year as the probability of success remains uncertain.

12. Investment in Subsidiaries

	Company	
	2014	2013
	S$'000	S$'000
Unquoted shares, at cost		
At 1 January	163	50,076
Additions	12,00	163
Disposal	(63)	-
	12,100	50,239
Less: Allowance for impairment loss	-	(50,076)
At 31 December	12,100	163

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

12. Investment in Subsidiaries (cont'd)

	Company 2014 S$'000	Company 2013 S$'000
Movement in the allowance for impairment loss is as follows:		
At 1 January	49,393	49,393
Written off upon disposal of subsidiaries	(49,393	-
At 31 December	_	49,393

(a) Significant subsidiaries of the group

Name of company	Country of Incorporation	Principal activities	Proportion (%) of ownership interest 2014 %	2013 %
Held by the Company				
Daqing Xinyuan Construction Installation Co., Ltd ("Xinyuan") [1]	PRC	Investment and planning services	-	-
Sunny Cove Investments Limited [3]	BVI	Investment holding	10	-
Sino Building & Construction Pte. Ltd. ("SCBC") [2]	Singapore	Design, construction and civil engineering activities, project consultancy and management services	100	100
Daqing Nafei Le Consulting Co., Ltd ("Naifei Le") [1]	PRC	Design and planning services, project management and consultancy services	-	100
Held by Xinyuan				
Daqing Sunshine Reli Thermal Co., Ltd. ("Sunshine") [1]	PRC	Heating services	-	100
Held by SCBC				
Elite Bay Sdn Bhd [3]	Malaysia	Design and construction services	60	-

[1] Disposed of during the current financial year
[2] Audited by Moore Stephens LLP Singapore.
[3] Reviewed by Moore Stephens LLP Singapore for FRS consolidation purposes

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

12. Investment in Subsidiaries (cont'd)

(b) Incorporation of subsidiaries

(i) During the previous financial year, the Company incorporated a wholly-owned subsidiary, SC Building & Construction Pte. Ltd., with an initial share capital of S$100,000.

(ii) During the previous financial year, the Company incorporated a wholly-owned subsidiary, Daqing Nafei Le Consulting Co., Ltd, with an initial share capital of US$50,000.

(c) Acquisition of subsidiaries

(i) On 30 January 2014, the Group acquired a 60% equity interest in Elite Bay Sdn Bhd ("Elite Bay") for a cash consideration of S$114,000.

Details of the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		S$'000
(a)	Effect on cash flows of the Group	
	Cash paid (as above)	114
	Less: Cash and cash equivalents in subsidiary acquired, net of bank overdraft acquired	37
	Cash outflow on acquisition	151

		At fair values S$'000
(b)	Identifiable assets acquired and liabilities acquired	
	Cash at bank	3
	Property, plant and equipment (Note 13)	804
	Deferred tax asset (Note 8b)	3
	Trade and other receivables	1,132
	Total assets	1,942
	Trade and other payables	(745)
	Borrowings, excluding bank overdraft	(709)
	Bank overdraft	(40)
	Amount due to customers for work-in-progress	(281)
	Current tax liabilities	(20)
	Total liabilities	(1,795)
	Total identifiable net assets	147
	Less: Non-controlling interest at proportionate share of book value	(59)
	Add: Goodwill	26
	Consideration transferred for the business	114

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

12. Investment in Subsidiaries (cont'd)

(c) Acquisition of subsidiaries (cont'd)

(ii) On 14th February 2014, the Group acquired a 100% equity interest in Sunny Cove Investments Limited ("Sunny Cove"), which owns a 19.9% interest in Ardilaun Energy Limited (see note 15).

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acqui sition date, are as follows:

		S$'000
(a)	Purchase consideration	
	Cash paid	2,000
	Liabilities incurred	10,000
		12,000
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	2,000
	Less: Cash and cash equivalents in subsidiary acquired	-
	Cash outflow on acquisition	2,000
(c)	Assets acquired, at cost	
	Investments in unquoted equity securities (Note 13)	12,000

The acquisition of Sunny Cove has been accounted for as an asset acquisition rather than a business combination as the Group did not acquire any processes as part of the transaction.

(d) Disposal of subsidiaries

(i) On 27 April 2014, the Group disposed of Xinyuan and its subsidiary Sunshine, which operated the heating business of the Group in the prior financial year.

The effects of the disposal on the cash flows of the Group were:

	2014 S$'000
Carrying amounts of assets and liabilities disposed:	
Assets classified as held for sales	52,333
Liabilities directly associated with assets classified as held for sale	(42,332)
Net assets disposed	10,001

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

12. Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries (cont'd)

(i) (cont'd)

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	2014 S$'000
Net assets disposed of (as above)	10,001
Loss on disposal (Note 9)	(1,086)
Foreign currency translation differences reclassified to profit and loss on disposal of foreign operation	1,086
Cash consideration from disposal	10,001
Less: cash and cash equivalent in subsidiaries disposed	(5,373)
Net cash inflow on disposal	4,628

ii) On the 29th December 2014, the Group and Company disposed of Daqing Nafei Le Consulting Co.

The effects of the disposal on the cash flows of the Group were:

	2014 S$'000
Carry amounts of assets and liabilities disposed:	
Other assets	
Cash and bank balances	6
Net assets disposed	15
	21

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	2014 S$'000
Net assets disposed of (as above)	21
Cash consideration from disposal	21
Less: cash and cash equivalent in subsidiaries disposed	(15)
Net cash inflow on disposal	6

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

12. Investment in Subsidiaries (cont'd)

(d) Disposal of subsidiaries (cont'd)

(iii) In the prior year, on 6 November 2013, the Group disposed of Dazheng and Baixinyuan which carried out its construction business in the PRC (Note 9(a)).

The effects of the disposal on the cash flows of the Group were:

	2013 S$'000
Carry amounts of assets and liabilities disposed:	
Property, plant and equipment	2,782
Inventories	729
Prepaid operating expenses	39
Trade and other receivables	9,607
Cash and bank balances	6
Total assets	13,163
Trade and other payables	18,160
Other liabilities	1,516
Loan and borrowings	151
Income tax payable	9,374
Total liabilities	29,201
Net liabilities disposed	(16,038)

The aggregate cash inflow arising from the disposal of subsidiaries is as follow:

	2013 S$'000
Net liabilities disposed of (as above)	(16,038)
Gain on disposal (Note 9)	16,079
Cash consideration from disposal	41
Less: cash and cash equivalent in subsidiaries disposed	(6)
Net cash inflow on disposal	35

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

13. Property, Plant and Equipment

	Buildings S$'000	Motor vehicles S$'000	Machinery and construction equipment S$'000	Office equipment and furniture and fittings S$'000	Construction in-progress S$'000	Total S$'000
Group						
2014						
Cost						
Acquisition of Subsidiary	743	18	41	2	-	804
Additions	43	-	-	76	-	119
Currency translation differences	(6)	-	(1)	-	-	(7)
At 31 December 2014	780	18	40	78		916
Accumulated depreciation						
Depreciation charge for the year	12	18	41	10	-	81
Currency translation differences	-	-	(1)	-	-	(1)
At 31 December 2014	12	18	40	10		80
Net book value						
At 31 December 2014	768	-	-	68	-	836
2013						
Cost						
At 1 January 2013	33,729	4,725	43,301	101	47	81,903
Additions	-	-	41	-	2	43
Derecognised on disposal of subsidiaries	(10,532)	(4,614)	(9,541)	(72)	(29)	(24,788)
Reclassified as held for sale	(25,188)	(307)	(36,466)	(34)	(23)	(62,018)
Currency translation differences	1,991	196	2,665	5	3	4,860
At 31 December 2013	-	-	-	-	-	-
Accumulated depreciation						
At 1 January 2013	17,651	3,290	32,243	56	-	53,240
Depreciation charge for the year	1,096	851	1,154	19	-	3,120
Derecognised on disposal of subsidiaries	(9,333)	(4,089)	(8,533)	(51)	-	(22,006)
Reclassified as held for sale	(10,385)	(187)	(26,840)	(27)	-	(37,439)
Currency translation differences	971	135	1,976	3	-	3,085
At 31 December 2013	-	-	-	-	-	-
Net book value						
At 31 December 2013	-	-	-	-	-	-

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14. Land Use Rights

	Group	
	2014 S$'000	2013 S$'000
Cost		
At 1 January	-	11,538
Reclassified as held for sale	-	(12,315)
Currency translation differences		777
At 31 December	-	-
Accumulated amortisation		
At 1 January	-	2,347
Amortisation charge for the year	-	287
Reclassified as held for sale	-	(2,800)
Currency translation differences	-	166
At 31 December	-	-
Net carrying amount		
At 31 December	-	-

15. Trade and Other Receivables

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Trade receivables	557	-	-	-
Retention monies	283	-	-	-
Other receivables	1,941	-	1,661	-
Deposit	-	5,000	-	5,000
	2,781	5,000	1,661	5,000

Trade receivables

Trade receivables were non-interest bearing and normally settled on 30 to 90 days' term. They were recognised at their original invoice amounts which represented their fair values on initial recognition.

Retention monies

At 31 December 2014, trade receivables of the Group included retentions of $283,000 (2013: Nil) related to construction contracts in progress.

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15. Trade and Other Receivables (cont'd)

Other receivables

Included in other receivables of the Group and the Company is an amount of S$1,640,000 due from an investee of the Company, Renaissance Enterprises S.A (Note 11). This amount is unsecured interest-free and repayable on demand.

Included in other receivables of the Group is an amount of S$127,273 due from the companies in which certain directors of a subsidiary have a significant interest.

16. Cash and Bank Balances

Cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Cash at banks and on hand	169	212	63	212

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates as at 31 December 2013 and 2014 for the Group and the Company were insignificant.

Cash and cash equivalent at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

	Group	
	2014 S$'000	2013 S$'000
Cash at banks and on hand	169	212
Cash and bank balances included in a disposal group held for sale (Note 17)	-	5,373
	169	5,585
Bank overdrafts (Note 21)	(31)	-
	138	5,585

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17. Assets Classified as Held for Sale

	Group	
	2014 S$'000	2013 S$'000
Assets related to heating business	-	52,333
Liabilities associated with assets held for sale	-	42,332

As described in Note 9 Discontinued Operations, the Group disposed of its heating services business on 27 March 2014.

As disclosed in Note 9, the Accounting Records were provided to the Tax Authority pursuant to the Tax Investigation Notices. As the Accounting Records have not been returned to the Group, it has not been possible to determine the appropriateness and accuracy of the write-down of the net assets of the disposal group to their recoverable amount.

The major classes of assets and liabilities of the heating services business at the end of the reporting period are as follows:

	Group	
	2014 S$'000	2013 S$'000
Assets		
Property, plant and equipment (Note 13)	-	24,579
Land use rights (Note 14)	-	9,515
Inventories	-	66
Prepaid operating expenses	-	7,700
Cash and bank balances (Note 16)	-	5,373
Trade and other receivables	-	5,100
Assets of heating services business classified as held for sale	-	52,333
Liabilities		
Trade and other payables	-	17,500
Other liabilities	-	37
Loan and borrowings	-	14,655
Income tax payable	-	9,090
Deferred tax liabilities (Note 8c)	-	1,050
Liabilities of heating services business classified as held for sale	-	42,332
Net assets of heating services business classified as held for sale	-	10,001

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18. Share Capital

	2014		2013	
	Number of shares S$'000	Value S$'000	Number of shares S$'000	Value S$'000
Issued and fully paid:				
At 1 January	1,316,764	95,482	685,306	88,312
Issuance of ordinary shares (a)	-	-	180,000	900
Issuance of ordinary shares for debt capitalisation (b)	-	-	451,458	6,320
Share issue expense	-	-	-	(50)
At 31 December	1,316,764	95,482	1,316,764	95,482

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(a) On 26 June 2013, the Company completed the placement of 180,000,000 ordinary shares of the Company issued at the price of S$0.005 per placement share and raised gross proceeds of S$900,000.

(b) On 26 June 2013, the Company completed the placement of 451,458,200 ordinary shares of the Company issued at the price of S$0.005 per placement share to the controlling share holder for the full and final settlement of a loan owing to the controlling shareholder. The loss on settlement has been recorded in profit and loss.

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19. Other Reserves

(a) Reserve funds

Reserve funds arise in prior financial years, and comprise of statutory and general reserve funds.

Pursuant to the relevant Company Law in the PRC, profits of PRC subsidiaries are available for distribution in the form of cash dividends to the investors after it has (i) satisfied all tax liabilities; (ii) provided for losses in previous years and (iii) made appropriations to the statutory reserve fund and general reserve fund as determined by the board of directors.

Subject to certain restrictions set out in the relevant PRC regulations, the statutory reserve fund and general reserve fund can be used to offset accumulated losses or be converted into paid-in capital.

The statutory and general reserve fund is appropriated based on 10% and 5% of the PRC subsidiaries' profit after tax respectively, as determined in accordance with PRC accounting standards. The Group appropriates profit after tax to the statutory reserve fund until such reserve reaches 50% of its registered capital. Appropriation to general reserve fund is voluntary. These reserves are not available for distribution as dividends to shareholders in the ordinary course of business.

(b) Merger reserve

In prior years, this represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of a subsidiary accounted for under "merger accounting".

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The movement in foreign currency translation reserves is presented in the statement of changes in equity.

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20. Non-controlling Interests ("NCI")

The following summarises the financial information of the Group's 60% subsidiary, Elite Bay Sdn Bhd ("Elite Bay"), based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. Elite Bay first became a subsidiary on 30 January 2014. Accordingly, the information relating to Elite Bay is only for the period from 30 January 2014 to 31 December 2014. There are no other subsidiaries with material NCI.

	S$'000
2014	
Revenue	2,331
Profit	24
Total comprehensive income	2,355
Profit and total comprehensive income attributable to NCI	10
Non-current assets	772
Current assets	1,084
Non-current liabilities	(39)
Current liabilities	(1,647)
Net assets	170
Net assets attributable to NCI	69
Cash flows from operating activities	(152)
Cash flows from investing activities	29
Cash flows from financing activities (dividends to NCI: nil)	165
Net increase/(decrease) in cash and cash equivalents	42

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21. Loan and Borrowings

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Current				
Bank overdraft (note 16)	31	-	-	-
Bank borrowings	590	-	-	-
Finance lease liabilities	41	-	-	-
	662	-	-	-
Non-current				
Finance lease liabilities	39	-	-	-
Total borrowings	701	-	-	-

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Current				
Within the next year	662	-	-	-
Between 1-5 years	39	-	-	-
Over 5 years	-	-	-	-
	701	-	-	-

Bank borrowings

The borrowings bear variable interest rates pegged to the Malaysian Ringgit Base Lending Rate of the lender.

Obligation under finance lease

The obligation was secured by a charge over leased motor vehicles (Note 13) which have been fully depreciated as at 31 December 2014. The average discount rate implicit in the finance lease was 3.38% per annum.

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22. Convertible Loans

	Group and Company
	2014
	S$'000
Fair value of convertible loans upon issue	23,380
Amount classified as equity	5,200
Carrying amount of liability at 29 April 2014	28,580

The convertible notes of S$28,580,000 were issued on 29 April 2014. They are convertible into 95,266,667 ordinary shares within 12 months at the option of the Group and Company. Any unconverted notes become repayable on demand.

23. Trade and Other Payables

	Group		Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Trade payables	236	-	-	-
Advance receipt from a third party	-	5,000	-	5,000
Convertible loans (Note 22)	28,580	-	28,580	-
Amount due to subsidiaries (non-trade)	-	-	-	164
Other payables	501	-	366	-
	29,317	5,000	28,946	5,164

Trade payables

Trade payables were non-interest bearing and normally settled on 30 to 90 days terms.

Advance receipt from a third party

Advance receipt from a third party relates to the advance received from the Purchaser of the heating services business (Note 9 and 17).

Amount due to subsidiaries (non-trade)

These amounts are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Other payables

Other payables are non-interest bearing and are due within 12 months.

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24. Amount due to Directors and Shareholders

The amounts due to directors and shareholders are non-trade in nature, interest-free, and repayable on demand. The counterparties are directors, and shareholders in which certain directors of the Group have a controlling interest.

25. Other Liabilities

	Group		Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Accrued operating expenses	296	267	281	266

26. Gross amount due to customer on construction work-in-progress

	Group	
	2014 S$'000	2013 S$'000
Construction contract work-in-progress:		
Beginning of financial year	-	-
Contract costs incurred	2,052	-
Contract expense recognised in profit or loss	(2,052)	-
End of financial year	-	-
Aggregated costs incurred and profit recognised to date on uncompleted construction contract	9,273	-
Less: Progress billing	(9,723)	-
Due to customers on construction contracts	(450)	-

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27. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease arrangements during the year in respect of its office building.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to S$139,000 (2013: S$12,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014 S$'000	2013 S$'000
Not later than one year	274	-
Later than one year but not later than five years	245	-
	519	-

(b) Finance lease commitments

As at the end of the financial year, the Group has entered into finance lease arrangements for certain motor vehicles. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group				
	2014			2013	
	Minimum lease payments S$'000	Interest S$'000	Present value of payments S$'000	Minimum lease payments S$'000	Present value of payments S$'000
Not later than one year	44	3	41	-	-

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28. Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and Company also engaged in the following transactions with related parties.

	Group	
	2014 S$'000	2013 S$'000
Amounts due from companies in which a director of a subsidiary has controlling interests	127	-
Payments on behalf of the Group by shareholders in which certain directors have a controlling interest	5,330	-
Payments by the Group on behalf shareholders in which certain directors have a controlling interest	1,640	-

Compensation of key management personnel

	Group	
	2014 S$'000	2013 S$'000
Directors' fees	90	130
Salaries	542	268
Contribution to defined contribution plans	45	6
Total compensation to key management personnel	677	404
Comprises amount paid to:		
- Directors	430	192
- Other key management personnel	247	212
	677	404

NOTES OF THE FINANCIAL STATEMENT
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29. Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the finance department. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the balance sheet.

Credit risk concentration profile

The Group has no significant concentration of credit risk except as disclosed in Note 15 and Note 33.

Trade and other receivables that are neither past due nor impaired are creditworthy customers with a good payment record with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

As at 31 December 2014, trade and other receivables which are neither past due nor impaired amounted to Nil (2013: S$5m).

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29. Financial Risk Management Objectives and Policies (cont'd)

Financial assets that are past due but not impaired

There are no trade and other receivables that are past due at the end of the reporting period but not impaired.

Financial assets that are past due and impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014 S$'000	2013 S$'000
Trade and other receivables – nominal amounts	-	67,135
Less: Allowance for impairment	-	(67,135)
	-	-
Movement in allowance accounts:		
At 1 January	67,135	67,135
Written off during the year	(67,135)	-
At 31 December	-	67,135

Trade and other receivables that are individually determined at the end of the reporting period relate to debtors that are in significant financial difficulties and might not be able to repay within the next 12 months or debtors that have not made payment upon completion of construction projects. These receivables are not secured by any collateral or credit enhancements.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate cash at bank balances for the financial year. The Group's policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings.

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29. Financial Risk Management Objectives and Policies (cont'd)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

There are no interest-bearing balances at the end of 2013.

As at 31 December 2014, the Group's exposure to variable interest rates mainly arise from bank borrowings of S$590,000 (Note 21), which is pegged to the floating Malaysian Ringgit (RM) Base Lending Rate (BLR) of the lender. If the RM BLR is 100 basis points higher with all other variables held constant, the Group's loss before tax would have been S$6,000 higher, arising mainly as a result of higher interest expense on the RM borrowings. If the RM BLR is 100 basis points lower, the Group's loss before tax would have been S$6,000 lower.

(c) Foreign currency risk

The Group is not exposed to significant foreign exchange risk as at 31 December 2014 and 2013.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with various banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows.

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29. Financial Risk Management Objectives and Policies (cont'd)

	Carrying amount S$'000	Contractual cash flows S$'000	1 year or less S$'000	2 to 5 years S$'000
Group				
2014				
Financial liabilities:				
Loans and borrowings (Note 21)	701	701	662	39
Trade and other payables (Note 23)	29,317	29,317	29,317	-
Due to director (Note 24)	150	150	150	-
Due to shareholders (Note 24)	5,133	5,133	5,133	-
Other liabilities (Note 25)	296	296	296	-
Gross amount due to customer on	450	450	450	-
construction work-in-progress (Note 26)	36,047	36,047	36,008	39
2013				
Financial liabilities:	5,000	5,000	5,000	-
Trade and other payables (Note 23)	267	267	267	-
Other liabilities (Note 25)	5,267	5,267	5,267	-
Company				
2014				
Financial liabilities:				
Trade and other payables (Note 23)	28,946	28,946	28,946	-
Due to shareholders (Note 24)	5,133	5,133	-	-
Other liabilities (Note 25)	281	281	281	-
	34,360	34,360	29,227	-
2013				
Financial liabilities:				
Trade and other payables (Note 23)	5,164	5,164	5,164	-
Other liabilities (Note 25)	266	266	266	-
	5,430	5,430	5,430	-

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2014	2013	2014	2013
Loans and receivables	2,950	5,212	1,724	5,212
Financial liabilities at amortised cost	35,597	5,267	34,360	5,430

30. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is measured as net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, amounts due to directors and shareholders, gross amount due to customers on construction work-in-progress, other liabilities and loan and borrowings, less cash and bank balances. Capital represents equity attributable to the owners of the Company.

	Group	
	2014 S$'000	2013 S$'000
Loan and borrowings (Note 21)	701	-
Trade and other payables (Note 23)	29,317	5,000
Amount due to directors (Note 24)	150	-
Amount due to shareholders (Note 24)	5,133	-
Other liabilities (Note 25)	296	267
Gross amount due to customers on construction work-in-progress (Note 26)	450	-
Less: Cash and bank balances (Note 16)	(169)	(212)
Net debt	35,878	5,055
Total capital, comprising of equity attributable to owners of the Company	3,132	9,946
Total capital plus net debt	39,010	15,001
Gearing ratio	92%	34%

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31. Effects of Change in Presentation Currency

Effects of Change in Presentation Currency

Prior to 1 January 2014, the financial statements were presented in Renminbi (RMB). With effect from 1 January 2014, the Group and Company changed its presentation currency from RMB to Singapore dollars (S$) as a result of the disposal of the China operations of the Group, as disclosed in Note 12. The financial statements have been presented as if the change in presentation currency had always been in place by restating comparative financial statements of the preceding year as required by FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

The effects of the change in presentation currency are as follows:

(a) Statement of Comprehensive Income

	Group	
2013	As restated S$'000	As previously reported RMB '000
Continuing Operation		
Administrative expenses	(676)	(3,317)
Other operating expenses	(4,410)	(21,628)
Finance costs	(1)	(3)
Discontinued Operation		
Loss of the year from discontinued operation, net of tax	(23,468)	(115,085)

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31. Effects of Change in Presentation Currency (cont'd)

(b) Balance Sheet

	Group		Company	
As at 31 December 2013	As restated S$'000	As previously reported RMB '000	As restated S$'000	As previously reported RMB '000
Current assets				
Inventories	-	-	-	-
Trade and other receivables	5,000	23,883	5,000	23,883
Other current assets	-	-	-	
Cash and cash equivalents	212	1,012	212	1,012
Assets classified as held-for-sale	52,333	249,970	-	-
	57,545	274,865	5,212	24,895
Non-current assets				
Investment in subsidiaries	-	-	163	781
Plant and equipment	-	-	-	-
Total assets	57,545	274,865	5,375	25,676
Equity				
Share capital	95,482	480,540	95,482	480,540
Foreign currency translation reserve	(1,092)	(2,848)	-	2,598
Accumulated losses	(84,444)	(430,187)	(95,537)	(483,399)
Total equity	9,946	47,505	(55)	(261)
Current liabilities				
Trade and other payables	5,000	23,883	5,164	24,664
Other liabilities	267	1,273	266	1,273
Liabilities directly associated with disposal group classified as held-for-sale	42,332	202,204	-	-
Total liabilities	47,599	227,360	5,430	25,937
Total equity and liabilities	57,545	274,865	5,375	25,676

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31. Effects of Change in Presentation Currency (cont'd)

(b) Balance Sheet

	Group		Company	
As at 31 December 2012	As restated S$'000	As previously reported RMB '000	As restated S$'000	As previously reported RMB '000
Current assets				
Land use rights	9,191	46,859	-	-
Trade and other receivables	25,177	128,360	-	2
Property, plant and equipment	28,663	146,135	-	-
Prepaid operating expenses	7,263	37,028	19	97
Inventories	725	3,703	-	-
Cash and cash equivalents	2,650	13,513	13	66
Total assets	73,669	375,598	32	165
Equity				
Share capital	88,312	445,908	88,312	445,908
Merger fund	(18,244)	(92,568)	-	-
Reserve fund	12,774	64,814	-	-
Foreign currency translation reserve	(3,015)	(5,822)	(171)	179
Accumulated losses	(50,419)	(262,400)	(93,516)	(473,494)
Total equity	29,408	149,932	(5,375)	(27,407)
Current liabilities				
Trade and other payables	26,366	134,423	4,899	24,980
Loans and borrowings	9,952	50,740	-	-
Provision for maintenance warranties	62	317	-	-
Other liabilities	1,605	8,184	508	2,592
Deferred tax liability	1,007	5,136	-	-
Income tax payable	5,269	26,866	-	-
Total liabilities	44,261	225,666	5,407	27,572
Total equity and liabilities	73,669	375,598	32	165

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32. Fair Value Measurement

The Group classifies its fair value measurements into Levels 1 to 3 based on the extent to which the fair value is based on observable inputs.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2013 and 2014, there are no assets and liabilities held by the Group that are measured at fair value on a recurring basis.

Fair value of assets and liabilities that are measured at fair value on a non-recurring basis

As at 31 December 2013, the net carrying value of the disposal group classified as held for sale has been written down to fair value less costs to sell amounting to S$10,001,000 on a non-recurring basis, comprising of assets classified as held for sale amounting to S$52,333,000 and liabilities directly associated with assets classified as held for sale amounting to S$42,332,000.

The fair value of the disposal group as at 31 December 2013 was classified as level 2, as it is based on the observable subsequent disposal consideration amount.

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

Current trade and other receivables (Note 15), trade and other payables (Note 23), loan and borrowings (Note 21), amounts due to directors and shareholders (Note 24), and other liabilities (Note 25).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short-term nature or frequent re-pricing. The carrying amount of loans and borrowings approximates fair value as the average implicit discount rate approximates market interest rate.

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33. Segment Information

In prior years, for management purposes, the Group was organised into business units based on their products and services, and had four reportable operating segments as follows:

- The “Construction – China” segment relates to the Group’s activities in acting as main con tractors on construction projects in the PRC, and provision of services mainly to property and infrastructure developers in both the private and public sectors.
- The “Concrete products – China” segment relates to the sale of concrete and bricks.
- The “Service – China” segment relates to provision of heating services.
- The “Investment holding – Singapore” segment relates to general investment holding activities at the corporate level.

In the current year, the Group acquired an additional business unit:

- The “Construction – Malaysia” segment relates to the Group’s activities in acting as main contractors on construction projects in Malaysia.

No operating segments have been aggregated to form the above reportable segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

33. Segment Information (cont'd)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	(Discontinued operations)							
	Construction China S$'000	Concrete Products China S$'000	Service China S$'000	Investment-holding - Singapore S$'000	Construction Malaysia S$'000	Elimination S$'000	Notes	Total S$'000
Group								
2014								
Segment Revenue								
External customers, representing total revenue	-	-	-	-	2,331	-		2,331
Segment Results								
Cost of work done	-	-	-	-	(2,052)	-		(2,052)
Depreciation of plant, property and equipment	-	-	-	(9)	(72)	-		(81)
Loss before tax from continuing operations	-	-	-	(1,632)	24	-		(1,608)
Segment assets	-	-	-	37,405	1,843	-		39,248
Segment liabilities	-	-	-	34,360	1,674	-		36,047
Other disclosures								
Additions to non-current assets	-	-	-	35,455	874	-	A	36,329

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

33. Segment Information (cont'd)

Notes to the segment information

(Discontinued operations)	Construction China S$'000	Concrete Products China S$'000	Service China S$'000	Investment-holding Singapore S$'000	Elimination S$'000	Notes	Total S$'000
Group							
2013							
Segment revenue							
External customers, representing total revenue	-	7,447	17,143	-	(24,590)	B	-
Segment results							
Loss before tax from continuing operations	-	-	-	(5,087)	-		(5,087)
Segment assets	3,676	9,837	54,077	5,212	(67,590)	C	5,212
Segment liabilities	12,853	17,125	42,332	5,267	(72,310)	C	5,267
Other disclosures							
Interest income	2	1	2	-	(5)	B	-
Depreciation of property, plant and equipment	(220)	(1,136)	(1,764)	-	3,120	B	-
Amortisation of land use rights	-	-	287	-	(287)	B	-
Reversal of provision for maintenance warranties	65	-	-	-	(65)	B	-
Allowance for impairment of receivables	(15,353)	-	-	-	15,353	B	-
Additions to non- current assets	-	2	42	-	(44)	A,C	-

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A: Additions to non-current assets consist of additions to goodwill, property, plant and equipment and investments in unquoted equities.

B: These amounts relate to the results of Dazheng, Baixinyuan and heating services business, which have been excluded from the results of continuing operations and presented separately on the consolidated statement of comprehensive income as "Discontinued Operations".

C: These amounts relate to the assets and liabilities of Dazheng, Baixinyuan and heating services business. Other than the assets and liabilities of heating services business which have been presented in the balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale".

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

33. Segment Information (cont'd)

The Group operates in Singapore, Malaysia and China. The Group's revenue from continuing operations from external customers and information about its non-current assets (excluding financial instruments, deferred tax assets and assets under disposal group held for sale) by geographical location are detailed below:

	Group's reserve from continuing operations from external customers		Group's non-current assets	
	Year ended 31/12/14	Year ended 31/12/13	Year ended 31/12/14	Year ended 31/12/13
	S$'000	S$'000	S$'000	S$'000
Singapore	-	-	67	-
Malaysia	2,331	-	795	-
Total	2,331	-	862	-

Information about major customers

Included in revenues from continuing operations arising from construction services of S$2.3 million (2013: Nil) are revenues of approximately S$1.36 million (2013: Nil) which arose from a construction project undertaken by the Group with a customer in Malaysia.

NOTES OF THE FINANCIAL STATEMENT
31 December 2014

34. Events Ocurring after the Reporting Date

During the financial year, the Group has entered into the following transactions which will be concluded subsequent to the reporting date.

- 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 Coking Coal International Limited ("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. Accordingly, the Group and Company will no longer proceed with the Signet Acquisition.

- 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 Exploration Pty Ltd ("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.

  Subsequent to the financial year end, 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.

- On 25 September 2014, the Group and Company announced an off-market takeover bid to acquire all the fully paid ordinary shares of Guildford Coal Limited ("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.

  As at 31 December 2014, the acquisition was subject to shareholders' approval at an extraordinary general meeting. Subsequent to the financial year end, the Group has decided not to seek this approval, and allowed the takeover bid to lapse on 25 February 2015.

  Subsequent to the end of the financial year, on 2 February 2015, the Group entered into an agreement with Primeforth Special Situation Fund Limited ("PSSL") to establish and operate a jointly-owned company ("JV Co") in Singapore to undertake the business of generation and sales of electricity from biofuel. The Group will own 70% of JV Co.

  On 30 March 2015, the Group and Company entered into share subscription agreements with 4 individuals, (the "Subscribers"). The Subscribers have agreed to subscribe for a total of 262 million new ordinary shares at S$0.0248 per share, amounting to approximately S$6,498,000.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Statistics of Shareholding

STATISTCS OF SHAREHOLDING AS AT 23 MARCH 2015

ISSUED AND FULLY PAID UP CAPITAL	101,101,098.88*
NO. OF SHARES ISSUED	1 316 763 799
CLASS OF SHARES	Ordinary shares
VOTING RIGHTS	1 Vote per share
TREASURY SHARES	Nil

* **This is based on records kept with the Accounting & Corporate Regulatory Authority (ACRA) and differs from the accounting records of the company due to certain share issue expenses.**

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLERS	%	NO. OF SHARES	%
1 - 99	1	0,10	1	0,00
100 - 1,000	74	7,41	71 493	0,01
1,001 - 10,000	287	28,73	1 809 193	0.14
10,001 - 1,000,000	574	57,46	90 888 300	6,90
1,000,000 AND ABOVE	63	6,30	1 223 994 812	92,95
TOTAL	**999**	**100,00**	**1 316 763 799**	**100,00**

STATISTICS OF SHAREHOLDING

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	QUINTESTELLAR RE CAPITAL INC	191 572 000	14,55
2	OCBC SECURITIES PRIVATE LIMITED	186 794 500	14,19
3	SINO XIN YUAN CONSTRUCTION INVESTMENTS PTE LTD	146 311 413	11,11
4	LEXON GLOBAL CAPITAL LIMITED	120 000 000	9,11
5	DBS NOMINEES (PRIVATE) LIMITED	52 242 600	3,97
6	ZHANG YANMIN	46 542 667	3,53
7	UOB KAY HIAN PRIVATE LIMITED	46 513 100	3,53
8	DBSN SERVICES PTE. LTD.	44 124 000	3,35
9	EDWARD LEE EWE MING	33 651 667	2,56
10	GREENSTONE JUNIOR MINES INC	30 000 000	2,28
11	RHB SECURITIES SINGAPORE PTE. LTD.	23 192 000	1,76
12	CITIBANK NOMINEES SINGAPORE PTE LTD	22 453 000	1,71
13	DEALSON LIMITED	20 000 000	1,52
14	GOH BEE LAN	20 000 000	1,52
15	SUNVEST HOLDINGS LIMITED	20 000 000	1,52
16	RAFFLES NOMINEES (PTE) LIMITED	14 455 800	1,10
17	ADVANCE SPRING LIMITED	12 450 000	0,95
18	MCWAY CAPITAL LIMITED	12 450 000	0,95
19	NEWMAN VENTURES LIMITED	12 450 000	0,95
20	NOMURA SINGAPORE LIMITED	10 500 000	0,80
	TOTAL	**1 065 702 747**	**80,96**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC
Based on the information provided and to the best knowledge of the Directors, approximately 65.23% of the issued.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 on 30 April 2015, Thursday at 10.00 a.m. to transact the following business: -

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2014 and the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Drew Ethan Madacsi, who is retiring by rotation in accordance with Article 114 of the Company's Articles of Association, as a Director of the Company. **[Resolution 2]**

3. To re-elect Mr Chan Ying Wei, who is retiring by rotation in accordance with Article 104 of the Company's Articles of Association, as a Director of the Company.
[See Explanatory note (a)] **[Resolution 3]**

4. To approve the amount of S$90,000.00 as Directors' fees for the financial year ending 31 December 2015. [2014: S$90,000.00] **[Resolution 4]**

5. To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications: -

7. Share Issue Mandate

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "***Act***") and the listing rules of the Singapore Exchange Securities Trading Limited (the "***SGX-ST***"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) allot and issue shares in the capital of the Company ("***Shares***") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(B) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below); and

NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(C) in exercising the authority conferred by this Resolution, the Company shall comply with the pro visions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(D) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (b)] **[Resolution 6]**

By Order of the Board

Sharon Yeoh
Company Secretary

Singapore
14 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Mr Chan Ying Wei, if re-elected, will remain as a member of the Company's Nominating Committee and Remuneration Committee and will also continue to be the Chairman of the Audit Committee. Mr Chan Ying Wei will be considered as an Independent Director of the Company.

(b) The ordinary resolution 6 set out in item 7 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares excluding treasury shares in the capital of the Company, of which the aggregate number issued other than on a pro rata basis to all existing shareholders of the Company shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company, as more particularly set out in the resolution.

Note:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy. The instrument appointing the proxy must be deposited at the registered office of the Company at 21 Merchant Road #04-01 Singapore 058267 not later than 48 hours before the time appointed for the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

Proxy Form

PROXY FORM

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

IMPORTANT FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF investors and shall not be effective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of Sino Construction Limited.

I/We ______________________ NRIC/Passport/Co. Registration No. __________

of ____

being a member/members of **SINO CONSTRUCTION LIMITED** hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDING (%)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDING (%)

as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting ("AGM") of the Company to be held at 20 Martin Road #10-02 Seng Kee Building Singapore 239070 on **30 April 2015 at 10.00 a.m.** and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain at his/their discretion as he/they will on any other matters arising at the AGM.

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST
	AS ORDINARY BUSINESS		
1.	Directors' Report and Audited Accounts for the financial year ended 31 December 2014		
2.	Re-election of Mr Drew Ethan Madacsi as director		
3.	Re-election of Mr Chan Ying Wei as director		
4.	Approval of directors' fees FY2015		
5.	Re-appointment of Moore Stephens LLP as auditors		
	AS SPECIAL BUSINESS		
6.	Authority to directors to issue new shares		

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this ________ day of ______________ 2015

TOTAL NUMBER OF SHARES HELD

____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No. 21 Merchant Road, #04-01 Singapore 058267 not less than 48 hours before the time set for t he AGM.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified and the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies shall be in writing and signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised by the corporation.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy of that power of attorney (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Company's Registered Office, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise any person to act as its representative at the AGM.

8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

SINO CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
(Incorporated in Singapore)

Corporate Information

Board of Directors:	Chan Ying Wei Rajesh Dilip Wadhwani Chong Chee Meng Gerard Drew Ethan Madacsi (Appointed on 9th February 2015)
Company Secretaries:	Sharon Yeoh Angeline Chiang
Audit Committee:	Chan Ying Wei Rajesh Dilip Wadhwani Chong Chee Meng Gerard
Nominating Committee:	Chong Chee Meng Gerard Chan Ying Wei Rajesh Dilip Wadhwani
Remuneration Committee:	Rajesh Dilip Wadhwani Chan Ying Wei Chong Chee Meng Gerard
Registered Office:	21 Merchant Road #04-01 Royal Merukh S.E.A Building Singapore 058267
Bankers:	HL Bank UOB Bank China Construction Bank
Share Registrar:	Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Auditors:	Moore Stephens LLP Public Accountants and Chartered Accountants 10 Anson Road #29-15 International Plaza Singapore 079903 Partner in charge: Christopher Bruce Johnson

Pioneering Resource and Energy Development

SINO CONSTRUCTION LIMITED
中华建筑有限公司

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

21 Merchant Road #04-01, Royal Merukh S.E.A. Building, Singapore 058267