



**SINO CONSTRUCTION LIMITED**

(Incorporated in the Republic of Singapore)

(Registration No: 200613299H)

**UNAUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	4 <sup>th</sup> Quarter Ended			Year Ended		
	31/12/2013	31/12/2012 (Restated)	(+/-) %	31/12/2013	31/12/2012 (Restated)	(+/-) %
	Rmb'000	Rmb'000		Rmb'000	Rmb'000	
<b>Continuing operations</b>						
<b>Other items of income</b>						
Other income	–	5,121	(100.0)	–	–	–
<b>Other items of expense</b>						
Administrative expenses	(419)	–	n.m	(3,317)	(1,367)	>100.0
Finance costs	–	–	–	(3)	(3)	–
Other expenses	(973)	–	n.m	(21,628)	(238)	>100.0
(Loss) profit before income tax	(1,392)	5,121	(>100.0)	(24,948)	(1,608)	>100.0
Income tax expense	–	–	–	–	–	–
<b>(Loss) profit from continuing operations</b>	<b>(1,392)</b>	<b>5,121</b>	<b>(&gt;100.0)</b>	<b>(24,948)</b>	<b>(1,608)</b>	<b>&gt;100.0</b>
<b>Discontinued operations</b>						
Profit (loss) from discontinued operations	11,970	(446,035)	>100.0	(106,750)	(491,466)	(78.3)
<b>Profit (loss) for the period/year attributable to owners of the Company</b>	<b>10,578</b>	<b>(440,914)</b>	<b>&gt;100.0</b>	<b>(131,698)</b>	<b>(493,074)</b>	<b>(73.3)</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(131)	(4,344)	(97.0)	2,974	(3,425)	>100.0
<b>Total comprehensive income for the period/year attributable to owners of the Company</b>	<b>10,447</b>	<b>(445,258)</b>	<b>&gt;100.0</b>	<b>(128,724)</b>	<b>(496,499)</b>	<b>(74.1)</b>

n.m – not meaningful

**1(a)(ii) Other income**

	4 <sup>th</sup> Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
		(Restated)		(Restated)
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Unrealised exchange gain, net	–	5,121	–	–

**1(a)(iii) Other expenses**

	4 <sup>th</sup> Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
		(Restated)		(Restated)
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Unrealised exchange loss, net	973	–	1,703	238
Loss from settlement of loan owing to controlling shareholder by issuance of new ordinary shares	–	–	19,925	–
	973	–	21,628	238

**1(a)(iv) Discontinued operations and disposal group classified as held for sale**

The Company had on, 30 December 2013, entered into a conditional sale and purchase agreement (the “**Conditional Agreement**”) with Calcourt Limited (the “**Purchaser**”) to dispose 100% of the equity interests (“**Sale Equity**”) of Daqing Xinyuan Construction Installation Co., Ltd (“**Xinyuan Construction**”) to the Purchaser for a purchase consideration (“**Consideration**”) of S\$10.0 million (or RMB 50.0 million based on the exchange rate of S\$1:RMB5) (the “**Proposed Disposal**”)<sup>(1)</sup>. Xinyuan Construction is the holding company of Daqing Sunshine Reli Thermal Co., Ltd (“**Reli Thermal**”), which operates the heating services business of the Group (“**Heating Services Business**”), following which, the assets and liabilities related to the Heating Services Business have been presented in the statement of financial position as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale”, and its the results from Heating Services Business are presented separately on the consolidated statement of comprehensive income as “Discontinued operations”.

In addition, on 30 December 2013, the Company disposed of its entire interests in its subsidiaries, Daqing City Dazheng Building Installation Co., Ltd (“**Dazheng Building**”) and Daqing City Baixinyuan Concrete Products Co., Ltd (“**Baixinyuan Concrete**”) respectively for a cash consideration of RMB100,000 for each of Dazheng Building and Baixinyuan Concrete respectively. Following which, the results from Dazheng Building and Baixinyuan Concrete are presently on the consolidated statement of comprehensive income as “Discontinued operations”.

**Note:**

- (1) An Extraordinary General Meeting (“**EGM**”) will be convened to seek Shareholders’ approval for the Proposed Disposal and a circular containing further details thereof and enclosing the notice of EGM in connection therewith will be despatched to shareholders in due course.

**1(a)(iv) Discontinued operations and disposal group classified as held for sale (cont'd)**

The results of the Heating Services Business, Dazheng Building and Baixinyuan Concrete are as follows:

	<b>Year Ended</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Revenue	120,585	285,798
Expenses	(157,145)	(798,450)
<b>Loss from operations</b>	<b>(36,560)</b>	<b>(512,652)</b>
Interest income	20	370
Finance costs	(7,807)	(4,515)
<b>Loss before tax from discontinued operations</b>	<b>(44,347)</b>	<b>(516,797)</b>
Income tax (expense) credit	(62,403)	25,331
<b>Loss from discontinued operations, net of tax</b>	<b>(106,750)</b>	<b>(491,466)</b>

The major classes of assets and liabilities of the Heating Services Business classified as held for sale as at 31 December are as follows:

	<b>Group</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
<b>Assets:</b>		
Property, plant and equipment	117,402	–
Land use rights	45,450	–
Inventories	313	–
Prepaid operating expenses	36,781	–
Trade and other receivables	32,695	–
Cash and bank balances	25,664	–
Assets of disposal group classified as held for sale	<u>258,305</u>	<u>–</u>
<b>Liabilities:</b>		
Trade and other payables	83,592	–
Other liabilities	178	–
Loans and borrowings	70,000	–
Income tax payable	43,417	–
Deferred tax liabilities	5,017	–
Liabilities directly associated with disposal group classified as held for sale	<u>202,204</u>	<u>–</u>

**1(b)(i) A statement of financial position together with a comparative statement for the corresponding periods of the immediately preceding year:**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>	<b>Rmb'000</b>	<b>Rmb'000</b>
<b>Non-current assets</b>				
Investment in subsidiaries	–	–	781	–
<b>Current assets</b>				
Property, plant and equipment	–	146,135	–	–
Land use rights	–	46,859	–	–
Inventories	–	3,703	–	–
Prepaid operating expenses	–	37,028	–	97
Trade and other receivables	–	128,360	–	2
Cash and bank balances	24,895	13,513	24,895	66
	<u>24,895</u>	<u>375,598</u>	<u>24,895</u>	<u>165</u>
Assets of disposal group classified as held for sale	258,305	–	–	–
	<u>283,200</u>	<u>375,598</u>	<u>24,895</u>	<u>165</u>
<b>Total assets</b>	<u>283,200</u>	<u>375,598</u>	<u>25,676</u>	<u>165</u>
<b>Current liabilities</b>				
Trade and other payables	23,883	134,423	24,664	24,980
Other liabilities	1,273	8,184	1,273	2,592
Loans and borrowings	–	50,740	–	–
Provision for maintenance warranties	–	317	–	–
Income tax payable	–	26,866	–	–
Deferred tax liabilities	–	5,136	–	–
	<u>25,156</u>	<u>225,666</u>	<u>25,937</u>	<u>27,572</u>
Liabilities directly associated with disposal group classified as held for sale	202,204	–	–	–
<b>Total liabilities</b>	<u>227,360</u>	<u>225,666</u>	<u>25,937</u>	<u>27,572</u>
<b>Net current assets (liabilities)</b>	<u>55,840</u>	<u>149,932</u>	<u>(1,042)</u>	<u>(27,407)</u>
<b>Net assets (liabilities)</b>	<u>55,840</u>	<u>149,932</u>	<u>(261)</u>	<u>(27,407)</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	480,540	445,908	480,540	445,908
Reserve funds	–	64,814	–	–
Merger reserve	–	(92,568)	–	–
Translation reserve	(2,848)	(5,822)	2,598	179
Accumulated losses	(421,852)	(262,400)	(483,399)	(473,494)
	<u>55,840</u>	<u>149,932</u>	<u>(261)</u>	<u>(27,407)</u>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

**Amount repayable in one year or less, or on demand**

	As at 31/12/2013		As at 31/12/2012	
	Secured	Unsecured	Secured	Unsecured
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Obligation under finance lease	–	–	740 <sup>(1)</sup>	–
Borrowings	70,000 <sup>(2)</sup>	–	50,000 <sup>(2)</sup>	–
	<u>70,000</u>	<u>–</u>	<u>50,740</u>	<u>–</u>

**Amount repayable after one year**

Not applicable.

**Details of any collateral**

- (1) In FY2012, the finance lease of Baixinyuan Concrete was secured by the underlying assets under the finance lease with a net carrying value of Rmb1.4 million and guaranteed by a major shareholder and his spouse.
- (2) The bank loans are secured by Reli Thermal's trade receivables.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Year Ended	
	31/12/2013 Rmb'000	31/12/2012 Rmb'000
<b>Operating activities</b>		
Loss before tax for continuing operations	(24,948)	(1,608)
Loss before tax for discontinued operations	(44,347)	(516,797)
Loss before tax, total	(69,295)	(518,405)
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	15,300	37,485
Amortisation of land use rights	1,409	1,705
Loss on disposal of property, plant and equipment	–	6,098
Impairment loss on property, plant and equipment	–	158,209
Impairment of land use rights	–	9,832
Property, plant and equipment written off	–	24,575
Allowance for impairment of doubtful debts	75,291	320,678
Reversal in provision for maintenance warranties	(317)	(1,079)
Finance costs	3	4,518
Interest income	–	(370)
Gain from settlement of payable to ex-shareholder of a subsidiary via issuance of ordinary shares	–	(30,984)
Gain on disposal of subsidiaries	(78,850)	–
Loss on settlement of loan owing to controlling shareholder by issuance of new ordinary shares	19,925	–
Unrealised exchange loss (gain)	2,974	(3,390)
<b>Operating cash flows before changes in working capital</b>	<b>(33,560)</b>	<b>8,872</b>
<u>Changes in working capital:</u>		
(Increase) decrease in inventories	(188)	15,617
(Increase) decrease in trade and other receivables	(45,123)	7,380
Decrease (increase) in prepaid operating expenses	56	(15,408)
Increase in trade and other payables	91,097	24,287
Increase in other liabilities	702	1,217
<b>Cash flows from operations</b>	<b>12,984</b>	<b>41,965</b>
Interest received	–	370
Finance costs paid	(3)	(4,518)
Income taxes paid	–	(12,100)
<b>Net cash flows from operating activities</b>	<b>12,981</b>	<b>25,717</b>
<b>Investing activities</b>		
Net cash inflow on disposal of subsidiaries	173	–
Repayment of outstanding payable to ex-shareholder of a subsidiary	–	(77,817)
Purchase of property, plant and equipment	(211)	(1,428)
Net proceeds from disposal of property, plant and equipment (Note A)	–	525
<b>Net cash flows used in investing activities</b>	<b>(38)</b>	<b>(78,720)</b>

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).**

	Year Ended	
	31/12/2013	31/12/2012
	Rmb'000	Rmb'000
<b>Financing activities</b>		
Proceeds from loans and borrowings	75,000	–
Repayment of loans and borrowings	(55,000)	–
Proceeds from issuance of new ordinary shares	4,347	–
Share issuance expenses	(244)	–
<b>Net cash flows from financing activities</b>	24,103	–
Net increase (decrease) in cash and bank balances	37,046	(53,003)
Cash and bank balances at 1 January	13,513	66,516
<b>Cash and bank balances at 31 December</b>	50,559	13,513

Note to statement of cashflows

A. Net proceeds from disposal of property, plant and equipment

	Year Ended	
	31/12/2013	31/12/2012
	Rmb'000	Rmb'000
Total proceeds	–	11,790
Less: Other receivables	–	(11,265)
Net proceeds	–	525

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

2013 – Group	Share Capital Rmb'000	Reserve Funds Rmb'000	Merger Reserve Rmb'000	Translation Reserve Rmb'000	Accumulated Losses Rmb'000	Total Equity Rmb'000
At 1 January 2013	445,908	64,814	(92,568)	(5,822)	(262,400)	149,932
Loss for the year	–	–	–	–	(131,698)	(131,698)
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	–	2,974	–	2,974
Other comprehensive income for the year, net of tax	–	–	–	2,974	–	2,974
Total comprehensive income for the year	–	–	–	2,974	(131,698)	(128,724)
<u>Contribution by and distributions to owners</u>						
Issuance of ordinary shares	34,632	–	–	–	–	34,632
Disposal of subsidiaries	–	(64,814)	92,568	–	(27,754)	–
At 31 December 2013	480,540	–	–	(2,848)	(421,852)	55,840
<b>2012 – Group</b>	<b>Share Capital Rmb'000</b>	<b>Reserve Funds Rmb'000</b>	<b>Merger Reserve Rmb'000</b>	<b>Translation Reserve Rmb'000</b>	<b>Accumulated Profits (Losses) Rmb'000</b>	<b>Total Equity Rmb'000</b>
At 1 January 2012	426,832	64,814	(92,568)	(2,397)	230,674	627,355
Loss for the year	–	–	–	–	(493,074)	(493,074)
<u>Other comprehensive income</u>						
Foreign currency translation	–	–	–	(3,425)	–	(3,425)
Other comprehensive income for the year, net of tax	–	–	–	(3,425)	–	(3,425)
Total comprehensive income for the year	–	–	–	(3,425)	(493,074)	(496,499)
<u>Contribution by and distributions to owners</u>						
Issuance of ordinary shares	19,076	–	–	–	–	19,076
At 31 December 2012	445,908	64,814	(92,568)	(5,822)	(262,400)	149,932



1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

<b>2013 – Company</b>	<b>Share Capital Rmb'000</b>	<b>Translation Reserve Rmb'000</b>	<b>Accumulated Losses Rmb'000</b>	<b>Total Equity Rmb'000</b>
At 1 January 2013	445,908	179	(473,494)	(27,407)
Loss for the year, representing total comprehensive income for the year	–	2,419	(9,905)	(7,486)
Issuance of ordinary shares	34,632	–	–	34,632
At 31 December 2013	480,540	2,598	(483,399)	(261)
<b>2012 – Company</b>	<b>Share Capital Rmb'000</b>	<b>Translation Reserve Rmb'000</b>	<b>Accumulated Losses Rmb'000</b>	<b>Total Equity Rmb'000</b>
At 1 January 2012	426,832	(8,752)	(16,954)	401,126
Loss for the year, representing total comprehensive income for the year	–	8,931	(456,540)	(447,609)
Issuance of ordinary shares	19,076	–	–	19,076
At 31 December 2012	445,908	179	(473,494)	(27,407)

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Details of ordinary share capital movements are as shown below:

<b>As at 31/12/2013</b>		<b>As at 31/12/2012</b>	
<b>No of shares</b>	<b>Rmb</b>	<b>No of shares</b>	<b>Rmb</b>
1,316,763,799	480,540,052	685,305,599	445,908,319

The increase in share capital is due to:

- (i) issuance of 451,458,200 new ordinary shares to settle outstanding loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees; and
- (ii) issuance of 180,000,000 new ordinary shares to the controlling shareholder for a cash consideration of Rmb4.3 million.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

<b>Company</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
Total number of issued shares	<u>1,316,763,799</u>	<u>685,305,599</u>

There are no treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most**

recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2012 have been applied in the preparation for the financial statements for year ended 31 December 2013 except that the Group has adopted the new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INTFRS) which became effective for annual period beginning on 1 January 2013 or otherwise stated.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current year.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends. (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	4 <sup>th</sup> Quarter Ended		Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	Rmb (cents)	Rmb (cents)	Rmb (cents)	Rmb (cents)
Loss per share				
- Basic	0.80	(64.34)	(12.99)	(75.69)
- Diluted	0.80	(64.34)	(12.99)	(75.69)

The basic and diluted EPS is computed using loss attributable to shareholders in the relevant periods over the weighted average number of shares as shown below:

	No. of shares	No. of shares	No. of shares	No. of shares
Basic	1,316,763,799	685,305,599	1,014,009,867	651,417,073
Diluted	1,316,763,799	685,305,599	1,014,009,867	651,417,073

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	Rmb	Rmb	Rmb	Rmb
Net asset value per ordinary share	0.04	0.22	—*	—*

\*Less than Rmb 0.01

Net asset value per ordinary share of the Group was calculated based on the share capital of 1,316,763,799 (FY2012: 685,305,599) shares.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of**

the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Statement of comprehensive income review

#### **Continuing operations**

Loss from continuing operations increased by Rmb23.3 million mainly due to the loss of Rmb19.9 million for issuance of 451,458,200 new ordinary shares at S\$0.005 from settlement of loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees. The loss arose from the difference between the issued price of S\$0.005 per share and the market price of S\$0.014 per share at date of issuance i.e. 26 June 2013.

The Company had on 3 and 27 December 2013 incorporated two wholly-owned subsidiaries, namely SC Building & Construction Pte Ltd ("**SCBC**") and Daqing Naifei Le Consulting Co., Ltd ("**Naifei Le**"), to carry on business of construction in the PRC, Singapore and other Asia-Pacific regions. As SCBC and Naifei Le did not have business activities for the financial year ended 31 December 2013, there was no impact to the results of continuing operations.

#### **Discontinued operations**

The profit recorded in 4Q2013 for the discontinued operations was mainly due to the gain on disposal of subsidiaries, Dazheng Building and Baixinyuan Concrete of Rmb78.6 million.

An analysis of loss from discontinued operations is as follows:

#### **Revenue**

A breakdown of revenue of discontinued operations by business segments is as follows:

	<b>4Q2013</b>	<b>4Q2012</b>	<b>(+/-) %</b>	<b>FY2013</b>	<b>FY2012</b>	<b>(+/-) %</b>
	Rmb'000	Rmb'000		Rmb'000	Rmb'000	
Construction	–	9,838	(100.0)	–	204,256	(100.0)
Concrete products	–	2,317	(100.0)	36,519	3,950	>100.0
Heating services	34,336	29,334	(17.1)	84,066	77,592	(8.34)
	<u>34,336</u>	<u>41,489</u>	(17.2)	<u>120,585</u>	<u>285,798</u>	(57.8)

Revenue of discontinued operations dropped significantly to Rmb120.6 million in FY2013, representing a decrease of Rmb165.2 million or 57.8% over the revenue of Rmb285.8 million in FY2012. The decrease was attributable to a decrease in revenue derived from construction works by Rmb204.3 million or 100.0% from Rmb204.3 million for FY2012 to no revenue for FY2013 and by Rmb9.8 million or 100.0% from Rmb9.8 million for 4Q2012 to no revenue for 4Q2013 respectively.

The decrease is offset by the increase in revenue derived from concrete products by Rmb32.5 million or

812.5% from Rmb4.0 million for FY2012 to Rmb36.5 million for FY2013 and by Rmb2.3 million or 100.0% from Rmb2.3 million for 4Q2012 to no revenue for 4Q2013 and increase in revenue derived from heating services by Rmb6.5 million or 8.3% from Rmb77.6 million for FY2012 to Rmb84.1 million for FY2013 and by Rmb5.0 million or 17.1% from Rmb29.3 million for 4Q2012 to Rmb34.3 million for 4Q2013 respectively.

The Chinese government had directives to cool the property market last year and it had introduced more cooling measures and restrictions to further curb property speculation in May 2013. It had also imposed a ban on construction of government buildings for the next five years which came into effect in late July 2013. These factors, coupled with the entry of larger industry players from outside Daqing City to compete with the local construction companies, Dazheng Building had faced tremendous pressure to secure new construction contracts and did not manage to secure any new projects during the financial year ended 31 December 2013. Hence, there was no revenue recognised for FY2013 for the construction segment.

Revenue from discontinued concrete products segment increased mainly due to the resumption of production of the concrete production facility during the year, as the technical breakdown encountered after reinstallation in the new premise during FY2012 had been fixed. Despite the deteriorating business environment as compared to the previous years, the Group managed to receive some orders for concrete products during the year. These orders had been delivered and recognised as revenue for FY2013.

Due to the commencement of winter period in 4Q2013, both the construction and concrete products segments had stopped operations while heating services resumed its provision of heat supply during this period. Arising thereon, there was no revenue for the construction and concrete products segments in 4Q2013.

Revenue from discontinued heating services increased mainly due to improved collectability of fees arising from residential units of approximately Rmb5.0 million for the winter period during the year.

### **Expenses**

Expenses from discontinued operations decreased by Rmb641.3 million or 80.3% from Rmb798.4 million in FY2012 to Rmb157.1 million in FY2013 mainly due to decrease in the following expenses:

- (a) impairment loss for property, plant and equipment of Rmb158.2 million in FY2012;
- (b) loss on disposal and written off of property, plant and equipment of Rmb30.7 million in FY2012;
- (c) impairment of land use rights of Rmb9.8 million in FY2012;
- (d) provision for doubtful debts of Rmb245.4 million as compared to FY2013;
- (e) depreciation of property, plant and equipment of Rmb21.4 million as compared to FY2013; and
- (f) cost of sales of Rmb149.4 million as compared to FY2013, which was in tandem with the decrease in revenue of discontinued operations.

### **Finance costs**

The finance costs mainly consist of interest expense arising from a short-term bank loan of Rmb50.0 million, new bank loan of Rmb75.0 million as well as amount due to a related company, Daqing Dazheng Property Development Co., Ltd. of Rmb50.0 million relating to Reli Thermal, amounting to an aggregate of Rmb7.4 million.

### **Income tax expense**

The income tax expense of Rmb62.4 million relates to provision of income tax in respect of profit earned by Reli Thermal and Baixinyuan Concrete at entity level, which arose as a result of offset of inter-company balances as part of the Group's restructuring as announced by the Company on 6 November 2013. The income tax credit recorded in FY2012 was due to the reversal of deferred tax provision relating to fair value adjustments arising from the acquisition of Reli Thermal in 4Q2011 of Rmb10.7 million, which had been significantly impaired in FY2012 and reversal of withholding tax in relation to undistributed post 2008 profits of Rmb15.6 million as a result of losses incurred during the year.

## **Consolidated Balance Sheet**

### **Current assets**

Current assets decreased by Rmb92.4 million or 24.6% from Rmb375.6 million in FY2012 to Rmb283.2 million in FY2013 mainly due to the decrease in:

- (a) property, plant and equipment of Rmb28.7 million as a result of the disposal of Dazheng Building and Baixinyuan Concrete with an aggregate of property, plant and equipment value of Rmb13.6 million and depreciation for FY2013 of Rmb15.3 million;
- (b) inventories of disposed subsidiaries, Dazheng Building and Baixinyuan Concrete of Rmb3.6 million; and
- (c) trade and other receivables arising from the disposal of Dazheng Building and Baixinyuan of Rmb47.1 million and impairment of trade receivables of Rmb75.2 million arising from a customer who was unable to make payment as announced by the Group on 9 October 2013, which is offset by the increase in net trade receivables of Rmb27.0 million arising from the heat services provided for the year as well as sale of concrete products.

The decrease is offset by the increase in cash and bank balances of Rmb37.0 million mainly due to net cash flows generated from operating activities amounting to Rmb13.0 million and net cashflows from financing activities amounting to Rmb24.1 million which is offset by cash flows used in purchasing of auxiliary equipment for Reli Thermal amounting to Rmb0.2 million and net cash inflow on disposal of subsidiaries of Rmb0.2 million.

### **Current liabilities**

Current liabilities increased by Rmb1.7 million or 0.8% from Rmb225.7 million in FY2012 to Rmb227.4 million mainly due to the increase in:

- (a) loans and borrowings of Rmb19.2 million mainly due to the proceeds from loans and borrowings for purchase of coal and repair and maintenance of network facilities in relation to Reli Thermal of Rmb75.0 million, which is offset by the repayment of loans of borrowings of Rmb55.0 million during the year; and
- (b) income tax payable of Rmb16.6 million mainly due to provision of Rmb62.4 million relates to provision of income tax in respect of profit earned by Reli Thermal and Baixinyuan Concrete at entity level, which arose as a result of offset of inter-company balances as part of the Group's restructuring as announced by the Company on 6 November 2013, which is offset by the disposal of subsidiaries with income tax payable of Rmb46.0 million.

The increase is offset by the decrease in:

- (a) trade and other payables of Rmb26.8 million mainly due to the repayment of outstanding loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees by issuance of 451,458,200 new ordinary shares at \$0.005 per share. In addition, the disposal of Dazheng Building and Baixinyuan Concrete with trade and other payables of Rmb89.1 million. The decrease is offset by the increase in other payables arising from a loan of Rmb50.0 from a company related to the controlling shareholder, Daqing City Dazheng Property Development Co., Ltd to repay Reli Thermal's short-term bank loan, which was announced on 30 May 2013 as well as refundable deposit of Rmb23.9 million from the Proposed Disposal of the Heating Services Business; and
- (b) other liabilities of Rmb6.7 million due to the disposal of Dazheng Building and Baixinyuan Concrete of Rmb7.4 million, which is offset by the increase in other liabilities of Rmb0.7 million arising from the accrual of operating expenses

#### **Equity attributable to owners of the Company**

Equity attributable to owners of the Company decreased by Rmb94.1 million or 62.8% from Rmb149.9 million in FY2012 to Rmb55.8 million in FY2013 due to loss amounting to Rmb131.7 million incurred during FY2013. The decrease is offset by the increase in share capital amounting to Rmb34.6 million arising from the issuance of 631,458,200 new shares to settle outstanding loan of Rmb11.4 million owing to the controlling shareholder for advances made to the Company for the period from 1 January 2010 to 17 January 2013 to fund and pay its operating expenses and professional fees and for a cash consideration of Rmb4.3 million from the controlling shareholder.

#### **Statement of cash flows review**

The increase in net cash and bank balances of Rmb37.0 million is mainly due to:

- (a) net cash flows generated from operating activities amounted to Rmb13.0 million; and
- (b) net cash flows from financing activities amounted to Rmb24.1 million due to proceeds from loans and borrowings for purchase of coal and repair and maintenance of network facilities in relation to heating services of Rmb75.0 million, which is offset by repayment of loans and borrowings of Rmb55.0 million, and issuance of new ordinary shares amounting to an aggregate of Rmb79.3 million.

The increase is offset by cash flows used in purchasing of auxiliary equipment for Reli Thermal of Rmb0.2 million and net cash inflow on disposal of subsidiaries of Rmb0.2 million respectively.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As announced by the Company on 6 November 2013, 3, 12, 16, 27 and 30 December 2013 and 9 and 30 January 2014, the Company is actively undertaking steps to reorganise and restructure its business,

especially to re-focus on its core business of construction in the PRC, Singapore and other Asia-Pacific regions, for the overall rejuvenation of the Group in the best interests of the Company and its shareholders.

In addition, as noted in the Company's announcement dated 15 February 2014, the Company is also exploring on other investment opportunities to diversify its existing business so as to bring in additional value to the Company and its shareholders.

The Board and the management are focused and committed in reorganising as well as restructuring the Group's business. The Company will continue to make further announcements promptly as and when there are further developments.

**11 If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

**(b) (i) Amount per share**

**(ii) Previous corresponding period**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the year ended 31 December 2013.



**13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person	Aggregate value of all interested person transactions during the financial period ended 31 December 2013 under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Daqing Dazheng Property Development Co., Ltd.	1) Use of the services and facilities at Lido Spa – Rmb 1,764,000 2) Interest expense arising from Rmb50.0 million loan as announced on 30 May 2013 – Rmb2,587,000	Nil

The Group has not obtained a general mandate from its shareholders for IPTs.

**14 Use of proceeds from placement**

The Company refers to the proceeds raised from placement to the controlling shareholder amounting to Rmb4.3 million or S\$900,000, which was completed on 26 June 2013.

As at 25 February 2014, the status on the use of proceeds from placement is as follows:

Use of proceeds	Allocation S\$'000	Utilisation S\$'000	Amount yet to be utilised S\$'000
Operating expenses	854	743 <sup>(1)</sup>	111
Placement expenses	46	46	–
<b>Total</b>	<b>900</b>	<b>789</b>	<b>111</b>

<sup>(1)</sup> Comprises compliance and listing expenses, directors' fees for fourth quarter of FY2011, FY2012 and FY2013, payroll expenses of Financial Controller, expenses in connection with the unsuccessful conditional cash offer by Allegro Sky Global Pte Ltd, internal and external auditors' fee for FY2012, legal fees in respect of the acquisition of Reli, capital injection for new subsidiary - Daqing Naifei Le Consulting Co., Ltd and office expenses amounting to S\$96,000, S\$247,000, \$120,000, S\$92,000, \$47,000, \$25,000, \$64,000 and \$52,000 respectively.

The utilisation is in accordance with the intended use of the placement proceeds as disclosed in the circular dated 11 June 2013.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half-Year Results)

**15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Discontinued operations					Note	Total Rmb'000
	Concrete						
	Construction Rmb'000	Products Rmb'000	Service Rmb'000	Others Rmb'000	Adjustments Rmb'000		
<b>Group</b>							
<b>2013</b>							
<b>Revenue:</b>							
External customers, representing total revenue	–	36,519	84,066	–	(120,585)	A	–
<b>Results:</b>							
Segment EBDITA	(7,068)	(8,553)	31,676	(24,948)	(16,055)	A	(24,948)
Interest income	9	3	8	–	(20)	A	–
Depreciation of property, plant and equipment	(1,079)	(5,572)	(8,649)	–	15,300	A	–
Amortisation of land use rights	–	–	(1,409)	–	1,409	A	–
Reversal of provision for maintenance warranties	317	–	–	–	(317)	A	–
Provision for doubtful debts	75,291	–	–	–	(75,291)	A	–
Loss before income tax from continuing operations							(24,948)
<b>Assets:</b>							
Additions to non-current assets	–	9	202	–	(211)	B	–
Segment assets	17,558	46,989	258,305	24,895	(322,852)	B	24,895
<b>Liabilities:</b>							
Segment liabilities	61,396	81,801	202,204	25,156	(345,401)	B	25,156

	Discontinued operations						Notes	Total Rmb'000
	Concrete				Adjustments Rmb'000			
	Construction Rmb'000	Products Rmb'000	Service Rmb'000	Others Rmb'000				
<b>Group</b>								
<b>2012</b>								
<b>Revenue:</b>								
External customers	204,257	3,950	77,591	–	(285,798)	A	–	
Inter-segment	–	104,437	–	–	(104,437)	A	–	
<b>Total revenue</b>	<b>204,257</b>	<b>108,387</b>	<b>77,591</b>	<b>–</b>	<b>(390,235)</b>		<b>–</b>	
<b>Results:</b>								
Segment EBDITA	34,326	7,854	366	(1,661)	(42,546)	A	(1,661)	
Interest income	290	64	16	–	(370)	A	–	
Depreciation of property, plant and equipment	(8,286)	(9,585)	(19,550)	(63)	37,421	A	(63)	
Amortisation of land use rights	–	–	(1,705)	–	1,705	A	–	
Impairment loss on property, plant and equipment	(6,957)	(5,603)	(145,649)	–	158,209	A	–	
Property, plant and equipment written off	(24,575)	–	–	–	24,575	A	–	
Impairment of land use rights	–	–	(9,832)	–	9,832	A	–	
Reversal of provision for maintenance warranties	1,079	–	–	–	(1,079)	A	–	
Loss on disposal of property, plant and equipment	–	(6,214)	–	116	6,214	A	116	
Provision for doubtful debts	(303,588)	(15,320)	(1,770)	–	320,678	A	–	
Loss before income tax from continuing operations							(1,608)	

	Discontinued operations						Total
	Concrete					Note	
	Construction	Products	Service	Others	Adjustments		
Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000		Rmb'000	
<b>Group</b>							
<b>2012</b>							
<b>Assets:</b>							
Additions to							
non-current assets	–	1,175	253	–	–	C	1,428
Segment assets	593,363	43,022	353,870	442,885	(1,057,542)	D	375,598
<b>Liabilities:</b>							
Segment liabilities	324,192	126,677	296,990	217,443	(739,636)	E	225,666

Notes:

- A These amounts relate to the results of Dazheng Building, Baixinyuan Concrete 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”.
- B These amounts relate to the assets and liabilities of Dazheng Building, Baixinyuan Concrete and Heating Services Business. Other than the assets and liabilities of Heating Services Business which have been presented in the balance sheet as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale” respectively, the assets and liabilities of Dazheng Building and Baixinyuan Concrete had been disposed of on 30 December 2013 respectively.
- C Additions to non-current assets consist of additions to property, plant and equipment.
- D The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2013 Rmb'000	2012 Rmb'000
Inter-segment assets	–	(1,057,542)

- E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Deferred tax liabilities	–	5,136
Income tax payable	–	26,866
Loans and borrowings	–	50,740
Inter-segment liabilities	–	(822,378)
	<hr/>	<hr/>
	–	(739,636)
	<hr/>	<hr/>

- 16 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

The Group does not provide geographical segment results as the Group's operation are located in the PRC.

- 17 **A breakdown of sales.**

	<b>2013</b>	<b>2012</b>	<b>(+/-)</b>
	<b>Rmb '000</b>	<b>Rmb '000</b>	<b>%</b>
<b>1<sup>st</sup> Half Year:</b>			
(a) Sales reported for the period	– <sup>(1)</sup>	– <sup>(1)</sup>	–
(b) Operating loss after tax reported for the period	(22,891) <sup>(1)</sup>	(855) <sup>(1)</sup>	>100.0
<b>2<sup>nd</sup> Half Year:</b>			
(a) Sales reported for the period	– <sup>(1)</sup>	– <sup>(1)</sup>	
(b) Operating loss after tax reported for the period	(2,057) <sup>(1)</sup>	(753) <sup>(1)</sup>	>100.0

Note:

(1) Exclude sales and loss from discontinued operations.

- 18 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Rmb'000)</b>	<b>(Rmb'000)</b>
(a) Ordinary	–	–
(b) Preference	–	–
(c) Total	–	–

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Group would like to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

William Joseph Condon

Executive Director

25 February 2014