ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to make the following clarification in response to the query raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 May 2016:-

Query no. (a)

It is stated on page 9 of the results announcement, "*Revenue and gross profit remained as zero comparing with 1Q 2015 as no sales were made during the period under review.*" Please provide an explanation as to (i) why no sales were made during the period; and (ii) the Board of Directors' opinion on the viability of the Company's business and the bases of such an opinion.

We further note that the Company has had no sales for the full year ended 31 December 2015 as well as the first quarter ended 31 March 2016.

In addition, the Company announced via SGXNet on 4 May 2016 of the disposal of two office units located at 7 Temasek Boulevard Suntec Tower 1 Singapore 039987.

In view of the above, please let us know whether the Company has any ongoing businesses or it has become a cash company under Listing Rule 1018 and the bases of the Board's assessment. If the Company has become a cash company, the Company is to disclose this information via SGXNet immediately and comply with Listing Rule 1018(1). If the Company needs more time to comply with Listing Rule 1018(1), the Company may consider requesting for a trading halt.

Our Response:

(i) No sales were recorded during the period mainly due to the weakening of global economy especially the mining industry.

(ii) With regards to the viability of the Group's business, the Board of Directors have agreed to review and monitor the Group's business and will keep the shareholders updated of their review. The Company currently receives rental income from its investment properties located in Singapore. The Group has also been actively exploring investment opportunities in the regional property markets. The addition of the property business allows the Group to diversify into property investment and provide an alternative stable income stream.

The Company confirms that it has ongoing businesses. It has several investment properties which provide stable income to the Company. The Company monitors the market closely and notes that the business environment is currently unfavourable giving the continued decline in the unit price of coal and iron ore. The Company continues to be on the lookout for smaller deals relating to iron ore. Furthermore, the Company is in the process of acquiring a

company which owns commercial properties in Beijing, the PRC. This will provide the Company with an alternative stable income stream once the project is completed.

Query no. (b)

Please provide a breakdown of the "*Other receivables, deposits and prepayments*" financial statement line item; and disclose as to whether (i) any impairment needs to be recognized; (ii) the amount of impairment recognized; and (iii) the bases for the Board's assessment under both situations, that is, whether an impairment needs or needs not be recognized.

Our Response:

Breakdown of the other receivables, deposits and prepayments:

	31 March 2016	31 December 2015
	S$'000	S$'000
Other receivables		
Amount due from immediate holding company	7,512	7,664
Amount due from related parties	7,184	7,353
Interest receivable from Shenzhen Manfu Industrial Co., Ltd	259	270
Dividend receivable	4,494	4,494
Sundry debtors	588	590
Deposits		
Deposits paid to Shenzhen Manfu Industrial Co., Ltd	77,058	80,264
Other deposits	482	479
Prepayments	30	559
Less: Allowance for doubtful debts	(35,711)	(37,740)
	61,896	**63,933**

(i) As mentioned in the annual report for the year ended 31 December 2015, in absence of further information, the management is unable to ascertain if further allowances for doubtful debts on the deposit is required. The impairment is solely brought forward from 1 January 2016, the difference being the foreign exchange difference.

(ii) As explained in point (i) above.

(iii) As explained in point (i) above.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
30 May 2016