ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 November 2015:-

Query no. (a)

It is stated on page 9 of the results announcement, "Revenue and gross profit decreased to zero from the corresponding period in 2014 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 for such an opinion.

Our Response:

(i) No sales were recorded during the period mainly due to lack of financial facilities and weakening global economy. The outlook for the Company's trading business is expected to remain challenging.

(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 for the next six months and will keep the shareholders updated of their review. Abterra 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.

Query no. (b)

Please provide a breakdown of the other receivables, deposits and repayments. Please also disclose as to whether:

(i) any impairment needs to be recognised; and if so
(ii) the amount of impairment recognized.

Our Response:

The breakdown of other receivables, deposits and prepayments are as follows:

	30 Sep 2015 (Unaudited) S$'000	31 Dec 2014 (Audited) S$'000
Deposits	83,091	79,770
Interest receivable from Manfu	278	266
Amount due from the immediate holding company	7,698	7,615
Prepayments	577	623
Sundry debtors	8,205	5,729
Dividends receivable	4,494	4,494
Less: Allowance for doubtful debts	(38,105)	(36,541)
	66,238	61,956

Included in the deposits is an amount paid to a third party, Shenzhen Manfu Industrial Co., Ltd ("**Manfu Deposit**") for the proposed acquisition of the 54.42% of equity interest of Zuoquan Xinrui Metallurgy Mine Co., Ltd. amounting to $82,900,000 (2014: $79,498,000). Allowance for doubtful debts amounting to $38,105,000 (2014: $36,541,000) was provided as doubtful debts.

The increase in allowance for doubtful debts was due to the exchange translation. As at 30 September 2015, no additional impairment was provided as no further recoverability problem was noted. With reference to the announcement made by the Company on 27 July 2015 in relation to the proposed acquisition of commercial property in Beijing, PRC ("**Acquisition**"), payment of the consideration of the Acquisition will be satisfied by setting-off Manfu Deposit on completion. As the Acquisition is in progress, no further recoverability problem is noted and the corresponding allowance for doubtful debts will be reversed on completion.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
30 November 2015