

ABTERRA LTD.

(Registration No. 199903007C)

APPLICATION FOR WAIVER TO COMPLY WITH RULE 705(1) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") (THE "LISTING MANUAL") AND EXTENSION OF TIME

1. The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has today applied to the SGX-ST for a waiver from Rule 705(1) of the Listing Manual and for an extension of time to announce its unaudited full year financial statements for the twelve (12) months ended 31 December 2018 ("**FY2018**") (the "**Unaudited FY2018 Financial Statements**") by 30 June 2019 (the "**Extension**").
2. Whilst the SGX-ST had previously rejected the Company's earlier application dated 1 March 2019 for an extension of time to release its Unaudited FY2018 Financial Statements, the Company is now re-applying for the Extension for the following reasons:
 - (i) The Company's new auditors, Messrs Foo Kon Tan LLP ("**FKT**") was appointed on 30 January 2019. Since March 2019, the Company has been working very closely with FKT in preparation for FKT's audit of the financial statements of the Group for the year ended 31 December 2017. As part of FKT's audit work, the Company and FKT has embarked on a review of the consolidation journal entries ("**CJE**") in respect of the Group, including the relevant CJE in relation to the business acquisitions carried out by the Group (the "**Preliminary Review**"). This is a time-consuming task which requires significant energy and effort from the management of the Company (the "**Management**") for reasons set out below. To date, FKT has met with Management and the Audit Committee of the Company on several occasions during March 2019 and April 2019 to discuss, *inter alia*, the Preliminary Review.
 - (ii) During the course of the Preliminary Review, it has come to FKT's attention that they have yet to receive any purchase price allocation ("**PPA**") reports for the following business acquisitions undertaken by the Group:
 - (a) acquisition of 61.25% of the issued share capital of Sunny Energy Limited ("**Sunny Energy**") and beneficial equity interest in Sunny Energy's subsidiaries, namely Shenzhen Manxin Trading Co. Ltd., Shenzhen Chuangrongxin Trading Co. Ltd. and an associated company, Shanxi Fenxi Ruitai Zhengzhong Coal Limited (formerly known as Shanxi Taixing Jiaozhong Coal Industry Company Limited) ("**Jiaozhong**") (Sunny Energy holds 80% equity in Jiaozhong and the Company's effective equity interest is therefore 49%) in May 2009 (the "**Sunny Energy Transaction**"); and
 - (b) acquisition of 51% equity interest in Tianjin Belong Faith Energy Minerals Co., Ltd ("**BLX**") via the acquisition of the entire equity interest in Lead China Development Limited and its subsidiaries ("**Lead China**"), where Lead China is the controlling shareholder of BLX in June 2017 (the "**BLX Transaction**"),(collectively, the "**Transactions**").
 - (iii) Whilst the Preliminary Review is still ongoing to date, FKT has informed the Company on 8 April 2019 that they will need to receive and review the assessment from Management whether, *inter alia*, the Transactions constitute a business acquisition in accordance with the relevant accounting standards; and also to receive and review

the PPA reports and/or other relevant supporting documents to ascertain the accuracy and appropriateness of the fair value of the identifiable assets and liabilities, intangible assets and the resultant goodwill or bargain purchase arising from the above acquisitions as set out at (ii) above, and the Company may need to make the necessary adjustments should the information in the PPA reports and other relevant supporting documents differ from the existing CJE recorded by the Group (“**Potential Revision**”).

- (iv) The Company will need more time to prepare and collate information before presenting to FKT for their review and assessment, particularly as the current finance manager was only appointed on 22 October 2018, after the occurrence of the Transactions. To date, the Company has unfortunately been unable to locate the PPA reports referenced at (ii) above. At the same time, the Company's previous auditors, Mazars LLP, did not agree to allow FKT to review their working papers. Accordingly, Management has since undertaken the following steps:
 - (a) in relation to the Sunny Energy Transaction, Management is continuing to comb through its records for other supporting documents; and
 - (b) in relation to the BLX Transaction, Management has, in consultation with FKT, been reviewing potential valuers to carry out PPA assessment since March 2019. The Company expects to finalise the appointment of a valuer no later than end-May 2019.
 - (v) During March 2019 and April 2019, the possibility of the Potential Revision has become more likely after the Preliminary Review and several rounds of meetings with FKT. It has become increasingly likely that there may be significant adjustments to the Unaudited FY2018 Financial Statements, including the opening balance for FY2018. If the Company were to continue and proceed to release the Unaudited FY2018 Financial Statements without any verification of the Potential Revision, this may give rise to potential material differences between the Unaudited FY2018 Financial Statements and the eventual audited financial statements for FY2018.
 - (vi) As the Potential Revision is likely to affect the Group's financial figures, the Board is of the view that it would be prudent to ask for an extension to time to release the Unaudited FY2018 Financial Statements instead of rushing to release the same, particularly since trading in the Company's shares has already been suspended. This would ensure that the Company would not be put in a position of releasing financial figures which it already knows would be subject to material amendments or adjustments. Further, prior to more clarity as to the Potential Revision, the Company is not able to identify all the line entries in the Unaudited FY2018 Financial Statements which may be subject to material amendments or adjustments. It may not be meaningful to have published the Unaudited FY2018 Financial Statements indicating generally that there may be material amendments or adjustments without identifying the specific line entries.
 - (vii) FKT has indicated to the Company that they are expecting to complete their audit by mid-June 2019 subject to the timely provision of the relevant schedules and supporting documents by the management of the Company to FKT and would then be in a position to present their detailed findings as well as to advise whether there are any more material audit adjustments to be made to the Unaudited FY2018 Financial Statements.
3. It is in light of the abovementioned circumstances that the Company had sought the Extension.
 4. The Company will announce the outcome of the application for the Extension in due course.



BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
29 April 2019