ABTERRA LTD.
(Company Registration No. 199903007C)

DISPOSAL OF OFFICE UNITS LOCATED AT 7 TEMASEK BOULEVARD SUNTEC TOWER 1 SINGAPORE 038987 (the "Property")

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1. Introduction

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to announce that the Company has today granted an option (the "**Option**") to an unrelated third party (the "**Purchaser**") pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Property at a purchase consideration of S$11,366,680 (the "**Sale Consideration**") subject to the terms and conditions of the Option (the "**Proposed Disposal**").

2. Information on the Property Units

The Property comprises 3 office units with an aggregate floor area of 5,683.34 square feet located at 7 Temasek Boulevard Suntec Tower 1 Singapore 038987 together with related fixtures and fittings and furniture included therein.

The Property is held for rental income.

3. The Sale Consideration and Use of Sale Proceeds

A deposit of 1% of the Sale Consideration amounting to S$113,666.80 (the "**Option Fee**") has been paid to the Company in exchange for the Option. 9% of the Sale Consideration amounting to S$1,023,001.20 (the "**Exercise Fee**") will be paid to the Company upon the Purchaser's exercise of the Option. The balance of the Sale Consideration will be paid upon completion of the Proposed Disposal.

The net book value of the Property in the Company's audited financial statements as at 31 December 2015 was S$15,260,000 and the deficit of the proceeds over the net book value is S$3,893,320. The net profit attributable to the Property for FY2015 was approximately S$523,000 and the Group will recognise a pre-tax loss on the Proposed Disposal of approximately S$3,893,000.

No valuation was commissioned as the Company had already conducted an internal valuation in February 2016 for its annual auditing purposes.

The Company's internal valuation of the Property was arrived at based on information found in caveats lodged on similar properties obtained by the Company's real estate agent. The Property was put up for sale and the Sale Consideration was arrived at on a willing buyer-willing seller basis, taking into consideration the valuation of the Property, the current market conditions, and the offers which the Company had received.

The net proceeds (less all expenses) from the disposal of the Property would be S$11,359,480. Subject to the applicable rules of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), it is intended that the proceeds from the Proposed Disposal be used to reduce bank borrowings and general working capital.

4. Section 160 of the Companies Act

The Proposed Disposal would constitute the disposal of the whole or substantially the whole of the Company's property or undertaking under section 160 of the Companies Act (Chapter 50) of Singapore ("**Act**"). Further, the Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual. Please refer to paragraph 6 below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual.

Accordingly, the Proposed Disposal is subject to the approval ("**Approval**") of the Company's shareholders ("**Shareholders**") at an extraordinary general meeting ("**EGM**") of the Company to be convened.

5. Terms and Conditions

In event the Approval is not obtained by 6 p.m. on 12 October 2016, the Option shall immediately be deemed to be terminated and the Company shall as soon as practicable refund to the Purchaser the Option Fee without any interest compensation or deductions, and the Purchaser shall at the Purchaser's sole cost and expense withdraw all caveats and cancel all entries relating to the Property in the Singapore Land Authority lodged in favour of the Purchaser or any one claiming through the Purchaser (if any).

The Proposed Disposal is expected to be completed within three (3) months from the date the Option is exercised. To exercise the Option, the Purchaser shall, within the Option Period (as defined below), deliver the Option with the "Acceptance Copy" duly signed to the Company's solicitors named in the Option, together with the Exercise Fee made payable to the Company. "Option Period" means the period starting on the date the Purchaser receives the Company's notice in writing that the Approval has been obtained and ending at 4pm on the date falling one (1) week thereafter**.**

Save where expressly excluded, the Option is subject to the general conditions of sale known as "The Law Society of Singapore's Conditions of Sale 2012" (the "**Conditions**"). Where there are inconsistencies between the Conditions and the terms of the Option, the latter shall prevail.

6. Relative Figures under Rule 1006

Based on the unaudited financial statements of the Group for the first quarter ended 31 March 2016 announced on 13 May 2016 ("**1Q2016"**), the relative figures computed under the relevant bases of Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	%
(a)	The net asset value of the assets disposed of, compared with the Group's net asset value	20.59%(1)
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	Not meaningful(2)
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	13.26%(3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount proven and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

(1) The relative figure in Rule 1006(a) is computed by dividing the net asset value of the disposed Property of S$15,260,000, by the unaudited Group's net asset value of S$74,109,000 as at 31 March 2016.

(2) The relative figure in Rule 1006(b) is computed by dividing the net profits attributable to the assets disposed of S$130,838.40, by the unaudited Group's net loss of S$2,744,000 for the quarter ended 31 March 2016. The relative figure calculated under Listing Rule 1006(b) is -4.77%.

(3) The relative figure in Rule 1006(c) is computed by dividing the Sale Consideration of S$11,366,680 by the market capitalisation of the Company of approximately S$85,740,226.65, which is determined by multiplying the total issued share capital of the Company of 244,274,150 shares and the volume weighted average price of the shares of S$0.351 as at 5 August 2016, being the market day immediately preceding the date of the signing of the Option.

As the relative figure under Rule 1006(a) exceeds 20%, the Proposed Disposal constitutes a major transaction as defined in Chapter 10 of the Listing Manual and is subject to Shareholders' approval at a general meeting.

7. Rationale for Proposed Disposal

The Board has approved a plan for the divestment of the Company's investment property, which would provide the Company with cash proceeds. Subject to the applicable rules of the Listing Manual, the proceeds from the Proposed Disposal would be used to reduce bank borrowings and general working capital.

8. Financial Effects

The *pro forma* financial effects of the Proposed Disposal set out below, based on the Group's audited financial statements for the financial year ended 31 December 2015 ("**FY2015**"), are purely for illustration purposes only and do not reflect the future actual financial position and performance of the Company or the Group after the completion of the Proposed Disposal.

(a) Net tangible assets ("NTA")

The effect of the Proposed Disposal on the NTA (calculated as equity attributable to owners of the Company less intangible assets) per share of the Group for FY2015, assuming that the Proposal Disposal has been effected as at 31 December 2015 is as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$)	76,432,000	72,539,000
Number of issued shares	244,274,150	244,274,150
NTA per share (Singapore cents)	31.29	29.70

(b) Loss per share

Assuming that the Proposed Disposal was completed on 1 January 2016, the effect on the loss per share ("**LPS**") of the Group would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Loss attributable to shareholders (S$)	51,014,000	54,907,000
LPS (Singapore cents)	20.88	22.48

9. Cash Company

Upon completion of the Proposal Disposal, the Company will cease to have any operating business and will be deemed as a cash company as defined under Rule 1018 of the Listing Manual. Accordingly, the Company will have to comply with the requirements pursuant to Rule 1018 of the Listing Manual.

Shareholders are to note that under Rule 1018 of the Listing Manual, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced.

Upon completion of the Proposal Disposal, the Company will be required to:

(a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the Proposed Disposal) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders, and

(b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market via SGXNET.

The SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company, subject to any extension as may be approved by the SGX-ST.

10. Interest of Directors' and Controlling Shareholders

Save for their respective shareholdings in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal.

11. Service Contracts

No person will be appointed to the Board of the Company in connection with the Proposed Disposal. Accordingly, no service contract will be entered into by the Company.

12. EGM

A circular to Shareholders ("**Circular"**) setting out information on the Proposed Disposal, together with the notice of EGM to be convened, will be dispatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

13. Document(s) available for inspection

A copy of the Option is available for inspection during normal business hours at the Company's registered office at 7 Temasek Boulevard #11-01 Suntec Tower 1 Singapore 038987, for three months from the date of this announcement.

14. Cautionary Statement

Shareholders and potential investors of the Company should note that the Proposed Disposal is subject to the conditions of the Option, and are advised to exercise caution when dealing in the Company's securities as there is no certainty or assurance that the Proposed Disposal will be completed, or that no changes will be made to the terms of the Option thereof.

When in doubt, Shareholders and potential investors of the Company are advised to seek independent advice from their bank managers, stockbrokers, solicitors, accountants, tax advisers or other professional advisers immediately.

15. Further Announcements and Updates

The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
5 August 2016