ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") of Abterra Ltd. (the "**Company**") wishes to make the following clarification in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 8 May 2018:-

SGX-ST Query 1

Please provide:

(i) details of the Company's cash situation:

Company's Response

The Company and the Board are of the opinion that the Company has sufficient cash flow for the following reasons:

(a) the Company is able to pay for its operational expenditures and there are no defaults in the payments;

(b) the Company's trading business and revenue is ongoing, and it has been able to generate cash flow;

(c) the Company is actively procuring cash loans to fund its operations, expansion plans and to further increase cash flow; and

(d) the Company intends to dispose of certain assets to generate further cash flow.

In this regard, the Company also refers to paragraph 3 of its announcement dated 17 April 2018, where the Board sets out its opinion (and the reasons for such opinion) that the Group and the Company is able to continue as a going concern.

(ii) the controls in place to safeguard the Company's assets including and not limited to cash:

Company's Response

The Company has a system of internal controls ("**Internal Controls**") maintained by the Company's management in place to safeguard the Company's assets, including and not limited to cash. The Internal Controls are a set of Company policies, procedures and guidelines instructing the Board, the Company's management, and employees on matters in relation to (but not limited to): trading, acquisitions, investments, financial accounting, fixed assets, whistle-blowing and control over the Company's subsidiaries. Some of these Internal Controls include:

(a) Board approval (and where necessary, shareholders' approval) is required for acquisitions and disposals of assets and business undertakings;

(b) segregation of duties in cash and bank handling processes;

(c) approval of payments from the Group's bank accounts only upon verification of supporting documents such as approved receipts or invoices;

(d) Bank withdrawals or disbursements need to be approved based on an approval matrix and the transaction will need to be handled by at least two separate personnel;

(e) bank reconciliation process is performed monthly by Company finance staff and reviewed by executive Directors; and

(f) significant bank accounts are reviewed by the external auditors at least once a year. Internal audit of cash and bank management process is carried out once every three years or according to the internal audit plan.

(iii) **the Audit Committee ("AC") and Board's view as to the adequacy and effectiveness of these controls to safeguard the Company's assets including and not limited to cash:**

Company's Response

The Board and the AC are of the opinion that the Internal Controls are adequate and effective to address the financial, operational and compliance risks in relation to the Company's assets, including and not limited to cash.

The Board and AC are of the opinion that the Internal Controls are adequate, based on:

(a) the Internal Controls policies established and maintained by the Company;

(b) reports issued by the internal auditors and external auditors (for previous years); and

(c) regular reviews performed by the management of the Company, and regular reviews undertaken by AC and the Board.

Notwithstanding the above, the Board and the AC will also be reviewing the operational and internal processes of 天津博朗信国际贸易有限公司 (Tianjin Bolangxin International Trading Ltd) ("**BLX**"), an indirect 51% owned subsidiary of the Company which had been acquired on 18 August 2017, to be in line with that of the Group and to implement stronger control procedures.

SGX-ST Query 2

Please provide an update on the Company since its SGXNet announcement of 17 April 2018 regarding the auditors' notice to resign.

Company's Response

The Company is awaiting confirmation in relation to Accounting and Corporate Regulatory Authority ("**ACRA**")'s approval of the resignation of Mazars LLP as auditors of the Company (the "**ACRA Approval**").

Upon receipt of the ACRA Approval and the AC and Board's approval of the appointment of the Company's new set of auditors, the Company will convene an extraordinary meeting to obtain shareholders' approval for the appointment of the new auditors. A circular to the shareholders of the Company together with a notice of extraordinary general meeting will be despatched in due course.

The Board will update the Shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments.

In the meantime, the Board wishes to advise shareholders and investors to exercise caution when dealing in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

BY ORDER OF THE BOARD

Cai Suirong
Director and Chief Executive Officer
9 May 2018