ABTERRA LTD.
(Company Registration No. 199903007C)

RESPONSE TO SGX QUERIES ON ANNOUNCEMENT MADE ON 28 APRIL 2017 IN RESPECT OF MATERIAL DIFFERENCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 5 May 2017:-

Query:

With reference to paragraph 6 of "Notes", its states that "the decrease in other receivables, deposits and prepayments was due to an increase in an additional provision for non-trade receivables of S$4,892,000 …"

(i) What is the nature of these "non-trade receivables";

(ii) Provide the breakdown of the non-trade receivables before and after the additional provision;

(iii) Provide the background leading to the non-trade receivables;

(iv) What are the factors leading to the additional provisions; and

(v) Whether these factors were existent when the unaudited financial statements were released on 24 February 2017.

Our Response:

(i) The non-trade receivables mainly represented (1) dividends receivables from our fully impaired associates Tianjin Lant Development Co. Ltd and Zuoquan Yongxing Coal Co. Ltd. of S$4,322,000 and S$129,000 respectively; and (2) an amount due from a subsidiary disposed in Year 2015 of S$441,000.

(ii) Please refer to the breakdown below:

	Unaudited	Audited	Difference
	31 Dec 2016	31 Dec 2016	31 Dec 2016
	S$'000	S$'000	S$'000
Other receivables			
Amount due from immediate holding company	7,746	7,746	-
Amount due from related parties	7,783	7,783	-
Interest receivable from Shenzhen Manfu Industrial Co., Ltd	258	258	-
Dividend receivable from Tianjin Lant Development Co., Ltd.	4,494	4,494	-
Dividend receivable from Zuoquan Yongxing Coal Company Limited	129	129	-
Sundry debtors	182	182	-
Deposits			
Deposits paid to Shenzhen Manfu Industrial Co., Ltd	76,689	76,689	-
Other deposits	496	496	-
Prepayments			
General prepayments	22	22	-
Less: Allowance for doubtful debts			
Deposits paid to Shenzhen Manfu Industrial Co., Ltd	(35,369)	(35,369)	-
Dividend receivable from Tianjin Lant Development Co., Ltd.	(172)	(4,494)	(4,322)
Dividend receivable from Zuoquan Yongxing Coal Company Limited	-	(129)	(129)
An amount due from a subsidiary disposed in Year 2015	-	(441)	(441)
	62,258	57,366	(4,892)

(iii) Dividends receivables from associates were generally recognised when they declared. The amount due from a disposed subsidiary was recorded as the Group paid certain operation expenses on behalf of the disposed subsidiary in the period before it was disposed.

(iv) Our auditors are of the view that the recoverability of the amounts is remote and advise to make full provision on the amounts as doubtful debts.

(v) While the management was unable to guarantee the recoverability of the amounts, the management has been using all reasonable efforts to recover the amounts. The Board took a different view on the recoverability of the amounts when the unaudited financial statements were released on 24 February 2017. Having considered the reasons put forward by our auditors for full provision on the amounts subsequent to the release of the unaudited financial statements, the Board accepted full provision on the amounts.

BY ORDER OF THE BOARD

Lau Yu
Director and Chief Executive Officer
9 May 2017