



ABTERRA LTD.
(Registration No. 199903007C)

PROPOSED DISPOSAL OF 22.8% EQUITY INTEREST IN ZUOQUAN XINRUI METALLURGY MINE CO., LTD

1. Introduction

1.1 Sale and Purchase Agreement

The board of directors (“**Directors**”) of Abterra Ltd. (“**Company**”) wishes to announce that the Company had on 30 June 2015 (the “**Execution Date**”) entered into a sale and purchase agreement (“**SPA**”) with Vigor Legend Investment Limited (the “**Purchaser**”), pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire 1,802,115 ordinary shares (“**Sale Shares**”) in the share capital of Max Harvest Enterprise Limited (万溢企业有限公司) (“**Max Harvest**”), representing the entire issued and paid-up share capital of Max Harvest (the “**Disposal**”).

1.2 Prior to entering into the SPA, Max Harvest had increased its share capital from HK\$10,000 comprising 10,000 ordinary shares to HK\$1,802,115 comprising 1,802,115 ordinary shares through the capitalisation of a loan of HK\$1,792,115 owed by Max Harvest to the Company into 1,792,115 new ordinary shares.

1.3 Max Harvest owns the entire equity interest in Tianjin Kaitemei Trading Co., Ltd (天津凯特美贸易有限公司), a wholly foreign owned enterprise established in the PRC (“**Kaitemei**”) which in turn owns 22.8% of the equity interest (“**Equity Interest**”) in Zuoquan Xinrui Metallurgy Mine Co., Ltd (左权县鑫瑞冶金矿山有限公司) (“**Xinrui**”), together with Max Harvest and Kaitemei, collectively the “**Max Harvest Group**”).

1.4 Non-Discloseable Transaction

We set out below the relative figures for the Disposal, computed in accordance with Rule 1006 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

(a) Rule 1006(a)

The net asset value of the assets to be disposed of, compared the Group’s net asset value is 0.04%.

(b) Rule 1006(b)

Net losses before tax attributable to the Sale Shares, based on the consolidated results of the Max Harvest Group for the financial year ended 31 December 2014	S\$141,585 ⁽¹⁾
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Consolidated net losses before tax of the Company, based on the audited financial year of the Company for the financial year ended 31 December 2014	S\$60,789,980
Relative figure	0.23%

Note:

(1) Based on the exchange rate of RMB0.20635 : S\$1 (the "Exchange Rate").

(c) Rule 1006(c)

Aggregate value of the Consideration	S\$2,000,000 ⁽¹⁾
Market capitalisation of the Company as at 26 June 2015, being the market day immediately preceding the Execution Date	S\$142,900,378 ⁽²⁾
Relative figure	1.40%

Notes:

(1) Based on the Exchange Rate.

(2) The market capitalisation of the Company is derived by multiplying the number of ordinary share in the share capital of the Company in issue of 244,274,150 by the weighted average price of the shares of S\$0.585 transacted on 29 June 2015, being the date of the market day preceding the Execution Date.

(d) Rule 1006(d)

The basis of comparison set out in Rule 1006(d) of the Listing Manual is not applicable as the consideration for the Disposal is cash.

(e) Rule 1006(e)

The basis of comparison set out in Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the relevant relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual of SGX-ST is less than 5%, the Disposal is a non-discloseable transaction for the purposes of Chapter 10 of the Listing Manual.

1.5 Disclosure pursuant to Rule 704(18) of the Listing Manual

As the Sale Shares constitute the entire share capital of Max Harvest, Max Harvest and Kaitemei will cease to be subsidiaries of the Company and Xinrui will cease to be an associated company of the Company.

2. Rationale for the Disposal

The Disposal is an opportunity for the Company to dispose of a loss-making asset for valuable consideration and the proceeds would provide an injection of working capital for ongoing operational expenses. Since the acquisition of Max Harvest by the Company in 2010, there has been no contribution by Xinrui to the Company in terms of profits or

dividends and this has arisen due to safety production license issues and decreasing iron ore prices over the past few years. As such, that the Directors are of the view that it would be in the interests of the Company to proceed with the Disposal.

3. Consideration

3.1 Pursuant to the terms and conditions of the SPA, the total consideration payable by the Purchaser for the Disposal is S\$2,000,000 (the "**Consideration**"). The Consideration was arrived at after arm's length negotiations on a willing buyer willing seller basis, taking into account, *inter alia*, the net asset value of Max Harvest.

3.2 The Consideration is to be satisfied by the Purchaser in cash to be made by telegraphic transfer to a bank account designated by the Company on the date of completion of the Disposal.

4. Completion

Completion of the Disposal is expected to take place on 31 July 2015.

5. Financial Impact on the Company

The Disposal is not expected to have any material impact on the financial results of the Company for the financial year ending 31 December 2015.

6. Interest of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company or any of their associates has any interest, direct or indirect, in the Disposal (other than through their shareholdings in the Company).

BY ORDER OF THE BOARD

Lau Yu
Chief Executive Officer
30 June 2015