



ABTERRA LTD.

(Company Registration No. 199903007C)

**ABTERRA LTD SIGNS MEMORANDUM OF UNDERSTANDING FOR PROPOSED ACQUISITION
OF COMMERCIAL PROPERTY IN BEIJING, PRC**

1. INTRODUCTION

The board of directors ("**Board**") of Abterra Ltd. (the "**Company**") is pleased to announce that the Company has entered into a non-binding Memorandum of Understanding ("**MOU**") dated 31 December 2014 with Full Winner Industrial (Overseas) Limited (the "**Vendor**") in relation to the proposed acquisition of the entire issued and paid-up share capital of Smart Harmony Investment Limited (the "**Target**"), an investment holding company incorporated in the British Virgin Islands ("**BVI**") ("**Proposed Acquisition**").

2. INFORMATION ON THE TARGET

The Target owns the entire issued and paid-up share capital of Success Linker Investment Limited, an investment holding company incorporated in Hong Kong ("**Success Linker**"). Success Linker owns the entire registered capital of Yangpu Quanan Commercial Management Co., Ltd. (洋浦权安商业管理有限公司), a wholly foreign owned enterprise established in the People's Republic of China ("**PRC**") ("**YPQA**"). YQPA is the owner of a commercial property located in Beijing, PRC on which are situated four buildings with a gross floor area of approximately 10,735.38 square metres (the "**Property**").

3. PRINCIPAL TERMS OF THE MOU

The principal terms of the Proposed Acquisition as set out in the MOU are subject to the terms and conditions to be agreed and set out in definitive agreements ("**Definitive Agreements**") to be entered into between the Vendor and the Company (collectively the "**Parties**") and are not intended to be legally binding on the Parties, except for certain provisions relating to, *inter alia*, exclusivity and confidentiality.

The Purchase Consideration for the Sale Shares will be negotiated between the Parties on a willing buyer and willing seller basis and shall be based on the consolidated net asset value of the Target, Success Linker and YQPA (together, the "**Group**"), adjusted for agreed items following the completion of the Company's due diligence investigations to be conducted on the Group, and on the Property. The Parties have agreed to engage an independent valuer acceptable to the Company to issue a valuation report of international standard on the Property ("**Valuation Report**"), and the value of the Property set out in the Valuation Report will be the agreed property value of the Property for the purposes of determining the Purchase Consideration.

The Parties shall use their respective best endeavours to negotiate, finalise and execute the Definitive Agreements during the six (6) month period commencing on the date of the MOU ("**Exclusivity Period**"). During the Exclusivity Period, the Vendor shall not engage in any

discussions, negotiations or dealings, or solicit, entertain or enter into any understanding or agreement with any third party regarding the Proposed Acquisition or other transaction which may conflict with or jeopardize the Proposed Acquisition without the prior written consent of the Company.

Shareholders of the Company (“Shareholders”) should note that, except for certain customary provisions relating to, *inter alia*, the Exclusivity Period and confidentiality obligations of the Company and the Vendor, the MOU states that no legally binding obligations will be created between the Company and the Vendor until the relevant Definitive Agreements are executed and delivered. Accordingly, there can be no assurance that the Proposed Acquisition will materialise.

4. RATIONALE OF PROPOSED ACQUISITION

In September 2011, the Company successfully obtained approval of the Shareholders for the addition of the property and minerals businesses to its core trading business. The addition of the property business allows the Company to diversify into property investment, property holding and property development. As set out in the annual report of the Company for the financial year ended on 31 December 2013, the Company has been actively exploring investment opportunities in the regional property market.

The Proposed Acquisition presents the Company with an opportunity to enter into the property market in the PRC, and if completed, will diversify the Company's existing businesses and provide an alternative income stream.

5. FURTHER UPDATES

The Company will provide further updates and details on the Proposed Acquisition in subsequent announcements as appropriate when there are material developments to the Proposed Acquisition and/or disclose further details in accordance with the listing rules of the Singapore Exchange Securities Trading Limited. In the meantime, Shareholders of the Company are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests and to exercise caution when dealing with shares in the Company. In the event that Shareholders of the Company wish to deal in the shares of the Company, they are advised to seek their own professional advice and/or consult their stockbrokers.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors of the Company or, to the best of the knowledge and belief of the Company, the substantial Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

BY ORDER OF THE BOARD

Lau Yu
Chief Executive Officer
31 December 2014