



天益有限公司

ABTERRA LTD.

(Company Registration No. 199903007C)

PROPOSED ACQUISITION OF 61.25% OF THE ISSUED AND PAID UP CAPITAL OF SUNNY ENERGY LIMITED

1. Introduction

On 19 December 2007, Abterra Ltd. ("Company") entered into a Sale and Purchase Agreement ("Old SPA") with Shenzhen Manfu Industrial Company Limited (深圳市满孚实业有限公司) ("Vendor"), in respect of the proposed purchase by the Company from the Vendor of 49% of the registered capital of Shanxi Tai Xing Jiao Zhong Coal Industry Company Limited (山西泰星椒仲煤业股份有限公司) ("Jiaozhong"), a domestic company established in the People's Republic of China ("PRC") at a consideration of RMB188 million. Jiaozhong owns the Jiao Zhong Coal Mine, further details of which are set out below.

Subsequent to the execution of the Old SPA and prior to completion thereof, Jiaozhong was involved in a restructuring exercise ("Restructuring Exercise"). Subsequent to the Restructuring Exercise and as at the date of this announcement, Jiaozhong is held by Shenzhen Chuangrongxin Trading Co., Ltd. (深圳市创融新贸易有限公司) (80%) ("CRX"), a domestic company established in the PRC, and Yang Guangling (杨广陵) (20%), a PRC national. CRX is a wholly owned subsidiary of Shenzhen Manxin Trading Co., Ltd. (深圳市满鑫贸易有限公司) ("Manxin"), a wholly foreign owned enterprise established in the PRC. Manxin is a wholly owned subsidiary of Sunny Energy Limited ("Sunny"), a company established in Hong Kong (Jiaozhong, CRX, Manxin and Sunny shall be collectively referred to as "Group Companies" and each, a "Group Company"). The Vendor is the beneficial owner of the entire issued and paid up capital of Sunny.

The Board of Directors of the Company is pleased to announce that the Company has on 29 May 2009 entered into a conditional sale and purchase agreement ("SPA") with the Vendor for the purpose of terminating the Old SPA and to acquire 6,125 ordinary shares of par value HK\$1.00 each, representing 61.25% of the issued and paid up capital of Sunny ("Proposed Acquisition"), at a consideration of RMB188 million ("Consideration") which was arrived at a willing buyer and willing seller basis.

As a result of the Proposed Acquisition, the Company will also acquire a beneficial equity interest in Sunny's subsidiaries, namely Manxin (100%), CRX (100%) and Jiaozhong (80%).

2. Details of the Vendor, Sunny, Jiaozhong and the Jiao Zhong Coal Mine

Vendor

The Vendor is a company incorporated under the laws of the PRC and registered in Shenzhen, and is mainly engaged in the development of mines and the trading of coal, coke and iron ore. The Vendor currently owns two coal mines in Shanxi, one iron mine in Shandong, one iron mine in Liaoning and one iron mine in Shanxi.

Sunny

Sunny is an investment holding company established in the Hong Kong Special Administrative Region of the PRC with a issued and paid up share capital of HK\$10,000 comprising 10,000 shares of HK\$1.00 each.

Jiaozhong

The registered capital of Jiaozhong is RMB 50,000,000 and its main asset is the Jiao Zhong Coal Mine which is located in Shanxi and produces high-quality coking coal. Construction of the Jiao Zhong Coal Mine commenced in 1983, with production commencing in 1986. Jiaozhong has a licence to extract coking coal from the Jiao Zhong Coal Mine which is valid until December 2011 and an annual production capacity of 150,000 tons. The total reserve of the Jiao Zhong Coal Mine is approximately 10.24 million tonnes.

3. Purchase Consideration

The Consideration is payable as follows:-

- i) on 24 December 2007, the sum of RMB94,000,000 was paid by the Company to the Vendor in cash pursuant to the Old SPA. Upon the termination of the Old SPA, the Parties have agreed that the First Tranche shall be deemed as partial payment of the Consideration; and
- ii) upon completion, the Company will procure a major customer and/or its ultimate shareholder (collectively "Major Customer") to pay the remaining consideration amounting to RMB94,000,000 ("Second Tranche").

The Major Customer owes the Company and its subsidiaries a debt and has substantial RMB currency reserves that could be used to pay the Second Tranche. Pursuant to a Deed of Agreement dated 6 April 2009 between the Major Customer, the Company and the Vendor, the Company agreed to release the debt of the Major Customer to the extent of RMB94,000,000 upon the payment of the Second Tranche by the Major Customer.

No known relationship between the Vendor and the Major Customer has been declared to the Company and no valuation of the Sale Shares was undertaken for purposes of the Proposed Acquisition. The Consideration was arrived at after arm's length negotiations between the Company and the Vendor, on a "willing buyer and willing seller" basis.

4. Conditions Precedent to the Proposed Acquisition

Completion is expected to take place three (3) business days after the fulfilment or waiver of all the conditions precedent set out below or such other date as the parties to the SPA may mutually agree in writing ("Completion Date").

The obligation of the Company to complete the Proposed Acquisition is conditional upon the following conditions ("Conditions Precedent") being fulfilled:-

- (a) the representations and warranties of the Vendor in the SPA being true and correct in all material respects as of the date of the SPA and as of the Completion Date so as to not result in a material adverse effect on (a) the business and assets of Sunny; or (b) the ability of the Vendor to consummate the transactions contemplated hereby in any material respect;
- (b) there being no Material Adverse Effect (as defined in the SPA) on or prior to Completion;
- (c) the completion of the financial and legal due diligence investigations conducted by the Company and its professional advisers on the Group Companies and their assets on or before the Completion Date, and the results of such due diligence investigations being satisfactory to the Company;
- (d) the delivery to the Company of a certified true copy of the resolutions of the directors of Sunny approving the sale of the Sale Shares to the Company in accordance with the SPA;
- (e) the delivery of a disclosure letter in form and substance acceptable to the Company; and
- (f) the receipt by the Company of a legal opinion in form and substance acceptable to the Company from a law firm qualified to practice PRC law acting as counsel to the Company as to matters of PRC law pertaining to the Proposed Acquisition.

5. Other Salient Terms of the SPA

The Proposed Acquisition is subject to the following terms and conditions:

- (a) the Company and the Vendor agree mutually to terminate the Old SPA, on and subject to the terms and conditions of the SPA; and
- (b) If any Condition Precedent is not satisfied or waived by the Company on or before 30 June 2009, or such other date determined by the Company at its sole and absolute discretion, the Company shall not be bound to proceed with the purchase of the Sale Shares.

6. Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with the Company's plans to expand the scope of its business activities, vertically and horizontally, into the production of coal and coke, and other synergistic businesses.

7. Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Company are as follows:-

- (i) the effect of the Proposed Acquisition on the net tangible asset ("NTA") per share of the Company ("Share") for the three month period ended 31 March 2009 assuming that the Proposed Transaction had been effected at the end of that financial period is as follows:-

NTA per Share⁽¹⁾	Per Unaudited Financial Statements as at 31 March 2009
Before adjusting for Proposed Acquisition	4.01 cents
After adjusting for Proposed Acquisition ⁽²⁾	4.35 cents

Notes:

- (1) Computed based on the issued share capital of 5,084,755,824 Shares as at 31 March 2009.
- (2) Based on Jiaozhong's unaudited NTA as at 31 March 2009 of approximately RMB82.5 million.
- (ii) the effect of the Proposed Acquisition on the earnings per Share at Group level for the three month period ended 31 March 2009 assuming that the Proposed Acquisition had been effected at the beginning of that financial period is as follows:-

Earnings/(loss) per Share	For the 3 month financial period ended 31 March 2009
Before adjusting for Proposed Acquisition	
- Earnings/(loss) per Share	0.03 cents
After adjusting for Proposed Acquisition	
Earnings/(loss) per Share	0.04 cents

8. Relative Figures computed pursuant to Rule 1006 of the Listing Manual

Rule 1006(a)

The basis of comparison set out in Rule 1006(a) of the Listing Manual is not applicable as Rule 1006(a) only applies to disposal of assets.

Rule 1006(b)

Based on the unaudited financial statements of the Company for the three month period ended 31 March 2009, the net profit on a consolidated basis was approximately S\$1.67 million. Accordingly, the net profit attributable to the assets acquired, amounting to approximately RMB1.23 million, compared with the Company's net profit is approximately 15.6% (based on the exchange rate of RMB4.70:S\$1.00).

Rule 1006(c)

The aggregate value of the Proposed Acquisition amounts to 13.04% of the Company's market capitalization of approximately S\$306,469,965 as at 28 May 2009. The market capitalization of the Company is derived by multiplying the number of Shares in issue of 5,107,832,747 by the weighted average price of the Shares being S\$0.06 on the date preceding the signing of the SPA.

Rule 1006(d)

The basis of comparison set out in Rule 1006(d) of the Listing Manual is not applicable as Rule 1006(d) only applies where the purchase consideration is in the form of shares issued by the Company.

9. Interest of Directors and controlling Shareholders

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

10. Documents for inspection

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company at 7 Temasek Boulevard, #11-05 Suntec Tower 1, Singapore 038987 for three months from the date of this announcement.

Issued by Abterra Ltd.

Lau Yu
Director and Chief Executive Officer
29 May 2009