



ABTERRA LTD.

(Registration No. 199903007C)

- (1) **THE PROPOSED CHANGE OF NAME OF THE COMPANY**
 - (2) **PROPOSED CONSOLIDATION OF EVERY TWENTY (20) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**
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1. INTRODUCTION

The Board of Directors of Abterra Ltd (the "Company") wishes to announce that the Company proposes to undertake to undertake the following:

- (1) the change of the name of the Company from "Abterra Ltd." to "Abterra Holdings Ltd." ("**Change of Name**"); and
- (2) the share consolidation ("**Share Consolidation**") of every twenty (20) ordinary shares in the capital of the Company ("**Shares**") as at a books closure date to be determined by the Directors ("**Books Closure Date**") into one (1) consolidated Share ("**Consolidated Share**"), fractional entitlements to be disregarded.

2. DETAILS OF THE PROPOSED CHANGE OF NAME OF THE COMPANY

2.1 Background and Rationale

The Company is one of the leading supply chain manager of resources and minerals in the Asia Pacific region, supplying steel mills and suppliers with iron ore, coke and coking coal. Besides trading these resources globally, the Company has also acquired key assets along the supply chain to vertically integrate its resources in order to secure a stable supply for its customers. During the financial year ended 30 June 2008, the Company has acquired the following equity interests:

- 45% equity interest in Tianjin Lant Development Company Limited, a company engaged in providing bulk delivery services at Tianjin Port; and
- 15% equity interest in Zuoquan Yongxing Coal Company Limited, a company engaged in coal mining and coking coal processing.

The Company has also announced the following proposed acquisitions:

- 49% equity interest in Taixing Jiaozhong Coal Industry Company Limited, a company owning coal mines;

- 22.8% equity interest in Zuoquan Xinrui Metallurgy Mine Company Limited, a company owning iron mines; and
- 49.9% equity interest in Shanxi Loudong General Nice Coking and Gas Company Limited, a company engaged in the manufacturing of coke.

The Company therefore seeks the approval of the Shareholders to change the name of the Company from "Abterra Ltd." to "Abterra Holdings Ltd." in order to reflect its evolution from a trader in minerals and resources into a vertically integrated supply chain manager of minerals and resources, focusing not only in trading of minerals and resources but in extending value added supply chain services that better represent the Company's overall values and identity.

The proposed Change of Name will not affect any of the Shareholders' rights or the Company's daily business operations and financial standing. The Change of Name will take effect upon the issue by the Registrar of Companies of a notice of incorporation of the Company under the new name.

2.1 Approvals

The proposed Change of Name is subject to Shareholders' approval, and will be proposed as a Special Resolution at an extra-ordinary meeting ("EGM") to be convened. Meanwhile, the Accounting and Corporate Regulatory Authority [has approved] the reservation of the proposed name "Abterra Holdings Ltd." till 03 January 2009 and such period may be extended further from the expiry date.

3. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

3.1 General

The Company proposes to undertake the Share Consolidation pursuant to which the Company will consolidate every twenty (20) existing Shares prior to the Share Consolidation ("**Existing Shares**") into one (1) Consolidated Share. After the Books Closure Date, every twenty (20) Existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the proposed Share Consolidation will be disregarded. As the net proceeds of the sale of fractions of Consolidated Shares arising from the proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to Shareholders, fractions of Consolidated Shares arising from the proposed Share Consolidation will be aggregated and sold and the net proceeds arising therefrom shall be retained for the benefit of the Company.

Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 1,000 Consolidated Shares.

As at the date of this announcement, the Company has a share capital of approximately S\$179,973,043 divided into 5,017,404,533 Existing Shares. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, following the implementation of the proposed Share Consolidation, the Company will have a share capital of S\$179,973,043 divided into approximately 250,870,226 Consolidated Shares.

The proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The proposed Share Consolidation will also not involve any diminishing of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Group.

Shareholders will not be required to make any payment to the Company in respect of the proposed Share Consolidation.

3.2 Rationale for the proposed Share Consolidation

The minimum bid and ask quote is 0.5 cents for counters that trade at S\$2.00 or lower on the SGX-ST quotation system. Each such movement of 0.5 cents has a substantial effect on the share price of the Company. The Company's shares have historically traded between 3.0 cents and 5.5 cents in the month preceding the date of this announcement. Every movement of 0.5 cents will cause a change of approximately 16.67% and 9.09% in the Company's share price respectively. For illustrative purposes only, assuming the share price is S\$1.10 cents after the proposed Share Consolidation, a 0.5 cents movement would only represent a change of approximately 0.45% in the Company's share price. In view of the high absolute percentage change in pricing for each trading spread of the Shares, the Directors believe that it has generally hindered trading activities and interest in the Shares.

The Directors believe the proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as it may serve to reduce the fluctuation in magnitude of the Company's share price and reduce the percentage transaction cost for trading in each board lot of Shares. In addition, the Share Consolidation may also increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors, thus providing a more diverse shareholder base. Accordingly, the Directors believe that the Share Consolidation should be beneficial to the Company and its Shareholders.

However, Shareholders should note that there is no assurance that the proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3.3 Approvals

Pursuant to Article 9(a) of the Articles, the implementation of the proposed Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution at an EGM to be convened. The approval of the SGX-ST for the listing of, and quotation for, all the Consolidated Shares arising from the proposed Share Consolidation is also required.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares arising from the proposed Share Consolidation. An appropriate announcement on the outcome of the application will be made in due course.

A circular containing, *inter alia*, further details of the proposed Change of Name and Share Consolidation and the notice of EGM, to seek Shareholders' approval will be dispatched to Shareholders in due course.

Issued by Abterra Ltd.

Lau Yu
Director and Chief Executive Officer
4 November 2008