



ABTERRA LTD.

(Registration No. 199903007C)

PROPOSED CONSOLIDATION OF EVERY TWENTY FIVE (25) 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

1. INTRODUCTION

The Board of Directors of Abterra Ltd (the “Company”) wishes to announce that the Company proposes to undertake a share consolidation (“**Share Consolidation**”) of every twenty five (25) 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 SHARE CONSOLIDATION

2.1 General

The Company proposes to undertake the Share Consolidation pursuant to which the Company will consolidate every twenty five (25) existing Shares prior to the Share Consolidation (“**Existing Shares**”) into one (1) Consolidated Share. After the Books Closure Date, every twenty five (25) 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 an issued share capital of S\$205,854,610.0639 divided into 5,213,106,295 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 Share Consolidation, the Company will have a share capital of S\$205,854,610.0639 divided into 208,524,251 Consolidated Shares, after disregarding fractional interests in the Consolidated Shares arising from the proposed Share Consolidation.

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 the diminution 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.

2.2 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 4.5 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 11.1% and 9.1% in the Company's share price respectively. For illustrative purposes only, assuming the share price is S\$1.25 after the Share Consolidation, a movement of 1.0 cent would only represent a change of 0.8% 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 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.

2.3 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 announcement on the outcome of the application will be made in due course.

A circular containing, *inter alia*, further details of the proposed 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
Chief Executive Officer
23 June 2010