



Co Reg No. 199508589E

MEDIA RELEASE
(For immediate release)

**UNITED FIBER SYSTEM SECURES S\$50
MILLION LOAN NOTE FROM CORNELL**

This is backed by the S\$165 million equity line of credit which was announced on 2 August 2004.

Singapore, 4 August 2005 – United Fiber System Ltd (“UFS” or the “Company”) today announced that it has secured a loan note of S\$50 million (“Series Three Loan Note”) from Cornell Capital Partners Offshore, LP (“Cornell”) ..

Series Three Loan Note

The Loan Note, which is repayable within 380 days, is backed by the S\$165 million Amended and Restated Equity Line of Credit Agreement (“Amended ELCA”) and can be repaid either via cash or drawdowns from the Amended ELCA, at the option of the Company. UFS has earlier announced that it has entered into the Amended ELCA with Cornell on 2 August 2005.

Mr Philip Ho, Managing Director and Head of Global Capital Markets at Cornell Capital, said: *"UFS is an outstanding investment opportunity for us. In our view, the wood pulp sector shows enormous potential, and UFS is well positioned as a leading producer in the region. We are eager to assist UFS in meeting its ongoing financing needs and we look forward to a long-term relationship with the Company."*

Amended ELCA

Under the Amended ELCA, the total amount of new shares that UFS, at its own discretion, can require Cornell to subscribe for has been increased from S\$ 40 million

to S\$ 165 million. The maximum amount for each subscription request by the Company to Cornell has been increased from S\$ 1.2 million to S\$ 5 million for a five year commitment period from 7 December 2004.

Mr Kishore Dass, UFS' CEO, commented: *"Cornell's Equity Line is ideal for our needs. For growth-oriented companies like us, an ELCA allows us instant access to capital regardless of market conditions. The commitment under the Amended ELCA with Cornell gives significant comfort to UFS on the availability of funds for our various projects."*

Mr Dass added that the Amended ELCA underscores Cornell Capital's confidence in the management of UFS and of the Company's long-term viability as it makes available another S\$ 125 million to UFS. *"We have a sound strategy and we have the expertise, partners and contacts to execute it successfully,"* he said. *"With the support and solid backing of our financiers and investors such as Cornell Capital, we are on our way to realising our vision of becoming a global market pulp producer."*

Unlike the traditional share placement, the ELCA gives UFS substantial flexibility in terms of both drawdowns and the freedom to use alternative funding sources, as and when required.

Mr Dass said: *"The ELCA is in line with UFS' commitment to provide good returns to long-term investors. Based on the current market price, our financial illustrations demonstrate that the NTA and NAV per share have increased by 4.63 cents and 1.82 cents, respectively, assuming a full drawdown of the Amended ELCA at recent prices."*

For the full illustrations of the financial effects of the Amended ELCA, please refer to the SGXNET announcement dated 2 August, posted on www.sgx.com.

As of 2 August 2005, S\$ 8.7 million from the Equity Line has been drawn down. Should UFS drawdown the full remaining S\$ 156.3 million of the Amended ELCA it will receive approximately S\$ 150 million of proceeds, after deducting the 4% commission payment to Cornell for each subscription of shares.

The proceeds from these two financing arrangements will be used for general corporate purposes, to finance the pre-operating expenses of the UFS' Pulp Mill and

Wood Chip Mill projects, and the proposed acquisition of the PT Kiani Kertas Pulp Mill as announced by the company on 29 June 2005.

About United Fiber System Ltd

United Fiber System Ltd is a Mainboard-listed company with market capitalisation of approximately S\$ 700 million. The Company has three main business divisions namely, Forestry and Pulp, Construction and Property Development. To date, it has 268,585 hectares of forest concession and is constructing two greenfield projects in South Kalimantan, Indonesia – a Bleached Hardwood Kraft Pulp Mill (PT Marga Buana Bumi Mulia) and a Wood Chip Mill (PT Mangium Anugerah Lestari). The Pulp Mill is expected to be completed at the end of 2007 and the Wood Chip Mill is expected to be completed in the first quarter of 2006. As at FY2004, the Company recorded revenue of S\$ 92.4 million and a net profit after tax of S\$ 0.77 million (www.ufs.com.sg).

About Cornell Capital Offshore LP

Managed by US based Yorkville Advisers LLC, the Cornell group of funds specialises in providing equity and equity-linked capital to growth-oriented public companies in the US, the UK, Australia, Germany and Singapore. To date, the group has made available in excess of over US\$750 million for over 80 companies. The Cornell group also enjoys a rapidly growing reputation in the Asia Pacific region, with over fifteen transactions completed in the region over the last 2 years. (www.cornellcapital.com).

For media enquiries, please contact:

Mr Kelvin Chua, Associate, Cogent Communication

DID: 6323-3061, Mobile: 9660-1824, Email: kelvin@cogentcomms.com

Mr Gerald Woon, Director, Cogent Communications

DID: 6323-1051, Mobile: 9694-8364, Email: woon@cogentcomms.com