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MEDIA RELEASE

IT'S BUSINESS AS USUAL ON KIANI KERTAS PULP MILL ACQUISITION PROCESS, SAYS UFS

Singapore, 21 August 2005 – United Fiber System Ltd (“UFS”) today requested for a resumption of its share trading on the Singapore Exchange on Monday, 22 August 2005, after asking for trading halt on Friday.

“We had to suspend trading on Friday because an article in a prominent Indonesian newspaper that morning had given confusing and misleading information on our investment opportunity in PT Kiani Kertas which is currently being evaluated by our Company. The article gave an overall impression that UFS’ investment opportunity regarding PT Kiani Kertas had fallen through,” said UFS CEO Kishore Dass.

“The truth of the matter is that it is business as usual for UFS and we are currently performing all the necessary due diligence review on PT Kiani Kertas,” said Mr Dass.

“As far as UFS is concerned, our immediate priority is to get the Kiani Kertas pulp mill up and running by the end of this month, under the terms of our Operational Management Agreement. We have already secured wood supply for the mill and everything is on track.” Mr Dass added.

UFS also reiterated its commitment to proceed with the acquisition of PT Kiani Kertas and on 15 August 2005, appointed Deutsche Bank as its financial advisor to advise UFS on the transaction and arrange the financing thereof.

Jonathan Paul, Co-Head of Global Banking, Asia-Pacific at Deutsche Bank said "We believe the proposed investment opportunity will further enhance the development of UFS into a key player in the international pulp market. It is well known that Indonesia is highly cost competitive amongst the world's pulp producers, and we understand that the Kiani Kertas pulp mill should re-start operation by the end of this month, under the management of UFS. UFS has recently announced that it has secured a long-term supply of plantation wood for the mill from the Indonesian state-owned PT Inhutani II."

On 25 June 2005, UFS had signed a Letter of Intent with Kingsclere Finance Limited to buy a majority stake in PT Kiani Kertas and on 25 July 2005 it had entered into an Operational Management Agreement with PT Kiani Kertas to operate the pulp mill while the transaction is in process.

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).

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