
EXECUTION OF EPC CONTRACT AND SUPPLIER'S CREDIT AGREEMENT FOR THE CONSTRUCTION OF MBBM PULP MILL

A. INTRODUCTION

The Board of Directors of United Fiber System Limited ("Unifiber") is pleased to announce that its wholly owned subsidiary, PT Marga Buana Bumi Mulia ("PT MBBM") has on 10 April 2008 executed the Engineering, Procurement and Construction Contract ("EPC Contract") and the Supplier's Credit Agreement ("Supplier's Credit Agreement") with China MCC20 Construction Co. Ltd ("MCC20") for the construction of a bleached hardwood kraft pulp mill in South Kalimantan with a capacity of 600,000 air dry tonnes per annum (the "Project").

Under the EPC Contract, MCC20 is responsible for, *inter alia*, the design, engineering, procurement and supply of all machinery and equipment, civil work, construction and the installation work required to set up a complete pulp mill for a consideration value of approximately US\$893 million. MCC20 shall be responsible for financing 75 per cent of the total development costs in the form of a supplier's credit (terms described below) and PT MBBM shall be responsible for the remaining 25 per cent (the "Advance Payment").

In the EPC Contract, both parties agree on the standards with regards to the design and engineering, construction, procurement, testing, commissioning, check and acceptance, of which details of the specifications form an integral part of the contract. The main machineries for the Project are intended to be supplied by Andritz OY of Finland. The commencement of the work will take place within 90 days of the date of the contract. Prior to the effective date of the EPC Contract, both parties agree to work on among other things, the project scheduling, delivery schedule, the issuance of the performance bonds, the finalization of all related insurances and the financial closing for the Project. The mill is expected to be completed within 30 months after the effective date of the EPC Contract.

Mr Li Yong, Chairman of MCC20 commented, "We are very pleased to be able to move forward in a timely manner despite the complexity of the Project and we look forward to maintaining the positive momentum. We see a strong strategic value in our partnership with Unifiber and our involvement in this prestigious project. The completion of the Project is crucial in securing the pulp raw materials which are much needed by the paper industry in China."

Mr Jaka Prasetya, Chief Executive Officer of Unifiber commented, "The pulp mill is an integral part of our business strategy. We need to ensure that we get the project off the ground and the mill must be completed in a timely manner. The partnership with a prominent organization with strong track records as MCC20 will help us to achieve this goal."

B.FINANCING AND PAYMENT TERMS

The Supplier's Credit Agreement (the "Supplier's Credit Agreement") sets out the terms and conditions of the Supplier's Credit that shall be provided by MCC20 for the Project.

As per the Supplier's Credit Agreement, MCC20 shall be responsible to provide a 10-year US\$670 million credit facility for the Project (the "Supplier's Credit") and PT MBBM shall be required to provide the remaining balance. Drawdown of the facility shall be made in accordance with the progress of the construction. The Supplier's Credit shall have an interest of 9 per cent per annum and payable semi-annually. PT MBBM will not be required to make any repayment (whether on principal or interest) on the Supplier's Credit for the first 42 months of the project, during the construction period and the first 12 months post completion of the Project, Thereafter, PT MBBM shall be required to make semi annual repayments on interest and on principal for a period of six and a half years based on the revenue of the mill. Both parties agree that they shall continue to optimize the financing terms of the Supplier's Credit to achieve the most cost-effective structure for the Project.

Unifiber is currently procuring the financing for the Advance Payment and non-binding term sheets have been executed with two short-listed potential investors. The Company expects to move into selecting the most preferred financing structure and finalizing the terms, of which discussions were previously put on hold awaiting the execution of the EPC Contract with MCC20. The Board will make further announcements upon the finalization of the terms.

C. ABOUT MCC20 and MCC

MCC20 is China's leading multi-disciplinary, multi-national company that is mainly engaged in EPC (Engineering, Procurement and Construction), natural resource exploration, papermaking business, equipment fabrication, and real estate development. MCC20 is an integrated company which includes engineering consultation, building and process design, equipment purchasing, construction and project management.

China Metallurgical Group Corporation ("MCC"), the parent company of MCC20 is a leading investor licensed by the government in China to develop natural resources. It is a major driving force behind the growth of China's steel industry, and a reputable contractor of a number of key projects, both at home and abroad. MCC has to date invested as much as US\$ 1 billion in mining resources abroad, and owns many natural resource production facilities including some 2,000,000 tonnes paper production facilities. MCC is one of the largest equipment manufacturers in China, registering revenue of over RMB18 billion in 2006. It is also the only central enterprise that is authorized to run pulp-making and papermaking businesses in and outside of the country.

MCC owns total assets of RMB83 billion, has over 50,000 technical and managerial talents, and ranked No 22 and No 35 on the central enterprise list in 2006 in terms of its total operating revenue and profitability respectively. MCC ranked No 18 worldwide on the prestigious ENR's Top 225 Global Contractors in terms of its total contracting revenue in 2007.

Save as disclosed above, none of the Directors, controlling shareholders or substantial shareholders of the Company have an interest, direct or indirectly, in the above-mentioned transaction.

By Order of the Board

Jaka Prasetya

Chief Executive Officer

11 April 2008