

UNITED FIBER SYSTEM LIMITED

(Incorporated in the Republic of Singapore)

Company Registration Number: 199508589E

ISSUANCE OF 5% MANDATORY CONVERTIBLE BONDS DUE 2015 IN CONNECTION WITH THE PROPOSED S\$1.88 BILLION ACQUISITION OF 66.9998% OF PT GOLDEN ENERGY MINES TBK – SUPPLEMENTAL AGREEMENT

Capitalised terms used herein shall have the definitions ascribed to them in the SPA Announcement, the SPA Supplemental Announcement and the MCB Announcement (each as herein defined), unless otherwise stated or the context otherwise requires.

1. INTRODUCTION

The Board of Directors ("**Board**") of United Fiber System Limited ("**Company**") refers to the announcements released by the Company on 16 July 2013 ("**SPA Announcement**"), 31 January 2014 and 7 July 2014 ("**SPA Supplemental Announcement**") in relation to the Proposed DSS Acquisition and the announcement released by the Company on 30 August 2013, in relation to the Bonds Issue ("**MCB Announcement**").

Further to the SPA Supplemental Announcement, the Board wishes to announce that the Company has, on 31 July 2014, entered into a supplemental agreement ("**MCB Supplemental Agreement**") with the Subscribers to amend certain terms and conditions of the Subscription Agreement as required under the SPA Supplemental Agreement.

2. AMENDMENTS TO THE SUBSCRIPTION AGREEMENT

2.1 Key Amendments. In view of the agreement between the Company and DSS to extend the long-stop date for the Proposed DSS Acquisition to 31 March 2015 as announced in the SPA Supplemental Announcement, the Subscribers have agreed with the Company to, *inter alia*, (i) extend the Cut-Off Date for the closing of the Bonds Issue, from 31 January 2014 to 31 March 2015, to correspond with the extension of the Acquisition Long-Stop Date; (ii) increase the material adverse change threshold from US\$20 million to US\$56 million in connection with assessing the occurrence of an event of default by the Company under the Bonds Issue; and (iii) limit the Company's aggregate liabilities to all the Subscribers up to and including 31 March 2015 under the Subscription Agreement (including any accrued interest payable under the Mandatory Convertible Bonds) to no more than S\$46.5 million ("**Maximum Liabilities Limit**"), which shall constitute full and final settlement of all claims against the Company by the Subscribers in respect of the Corporate Guarantees.

2.2 Maximum Liabilities Limit. Each Subscriber agrees to reduce, on a proportionate basis and if required, the maximum principal amount of Bonds to be issued to such Subscriber ("**Maximum Principal Amount**") and the maximum amount of yield that shall accrue under the Bonds to be issued to such Subscriber ("**Maximum Yield Amount**"), such that the Company's aggregate liabilities to the Subscribers up to and including 31 March 2015 under the Subscription Agreement (including any accrued interest payable under the Mandatory Convertible Bonds) shall not exceed the Maximum Liabilities Limit.

2.3 Conversion Shares. For illustration only, based on the revised aggregate principal amount of the Bonds of up to S\$45,834,458.56, the Conversion Price, a Closing Date of 15 December

2014, the yield calculated at a rate of 5% per annum on the basis of a 365-day year and the actual number of days elapsed from 15 December 2014 up to until the Conversion Date, which is assumed to be 31 March 2015, the number of Conversion Shares to be allotted and issued by the Company assuming full conversion of the Bonds is approximately 2,447,368,421 Conversion Shares, representing approximately 63.33% of the existing issued share capital of the Company and approximately 2.14% of the enlarged share capital of the Company¹. An illustration of the foregoing is set out in Appendix A to this Announcement.

3. FURTHER INFORMATION

A copy of the MCB Supplemental Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their UFS Shares as the Proposed DSS Acquisition, the Bonds Issue and/or the issuance of the Conversion Shares are still subject to numerous conditions precedent and there is no certainty or assurance as at the date of this Announcement that all of the conditions precedent will be satisfied (or waived, as the case may be), or that the Proposed DSS Acquisition, the Bonds Issue and/or the issuance of the Conversion Shares will be completed. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

5. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

BY ORDER OF THE BOARD
UNITED FIBER SYSTEM LIMITED

Pauline Lee
Acting CEO
31 July 2014

¹ The enlarged share capital of the Company comprises the following assumptions: (a) 3,864,251,008 existing issued shares in the share capital of the Company as at the date of this Announcement; (b) 98,916,371,793 Shares to be issued by the Company as consideration for the Proposed DSS Acquisition; (c) 2,447,368,421 Conversion Shares to be issued by the Company concurrently with the Proposed DSS Acquisition Completion, and (d) the maximum number of 9,000,000,000 DSS Compensation Shares to be issued by the Company.

IMPORTANT NOTICE

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for or a sale of the Bonds and/or Conversion Shares in the United States or any other jurisdiction. The Bonds and/or Conversion Shares to be issued have not been, and will not be registered under the United States Securities Act of 1933 (as amended) ("**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

APPENDIX A

- 1. Assumptions:** For the purposes of illustration of the Maximum Principal Amount and the Maximum Yield Amount accruing to the Subscribers, and the Maximum Number of Conversion Shares to be issued to the Subscribers, pursuant to the revised terms under the MCB Supplemental Agreement:

- (a) the Closing Date is assumed to be 15 December 2014 (instead of 31 January 2014 as set out in Appendix A of the MCB Announcement);
- (b) the Aggregate Liabilities and Indebtedness of the Company to each Subscriber at 15 December 2014 are assumed to be as set out in the 3rd column of the table below (which is an aggregate of (i) the original maximum principal amount assuming closing on 31 January 2014 (as set out in Appendix A of the MCB Announcement); and (ii) additional interests and other liabilities or expenses accruing under the terms of Corporate Guarantees from 1 February 2014 up to and including 15 December 2014);
- (c) the yield is calculated at a rate of 5% per annum on the basis of a 365-day year and the actual number of days elapsed from 15 December 2014 (instead of 31 January 2014 as set out in Appendix A of the MCB Announcement) up to until the Conversion Date which is assumed to be 31 March 2015 (instead of 28 February 2014 as set out in Appendix A of the MCB Announcement); and
- (d) the Bonds (of an aggregate principal amount equivalent to the aggregate Maximum Principal Amount) and the aggregate Maximum Yield Amount are assumed to be converted into Conversion Shares at an issue price of S\$0.019 per Conversion Share.

2. Illustration:

S/N	Unsecured Creditor	Aggregate Liabilities and Indebtedness (S\$)	Maximum Principal Amount (S\$) ⁽¹⁾	Maximum Yield Amount (S\$) ⁽¹⁾	Maximum Principal Amount plus Maximum Yield Amount (S\$) ⁽¹⁾	Maximum Number of Conversion Shares ^{(1) (2)}
1	RHB Bank Berhad	3,162,644.78	3,099,258.43	45,002.93	3,144,261.36	165,487,440
2	First Capital Insurance Limited	20,322,516.83	19,915,208.98	289,179.74	20,204,388.72	1,063,388,880
3	ECICS Limited	1,051,914.87	1,030,832.19	14,968.25	1,045,800.44	55,042,128
4	EQ Insurance Company Ltd	7,612,615.60	7,460,042.07	108,323.90	7,568,365.97	398,335,051
5	The Bank of East Asia Ltd	255,112.97	249,999.95	3,630.13	253,630.08	13,348,951
6	United Overseas Bank Limited	4,453,227.32	4,363,974.87	63,367.30	4,427,342.17	233,018,008
7	First Gulf Bank PJSC	9,913,837.13	9,715,142.07	141,069.19	9,856,211.26	518,747,961
TOTAL		46,771,869.50	45,834,458.56	665,541.44	46,500,000.00	2,447,368,419⁽³⁾

Note:

- (1) In the event that there are any variations to the Aggregate Liabilities and Indebtedness of the Company to any one or more Subscribers as set out in the 3rd column of this table, the Maximum Principal Amount, the Maximum Yield Amount and the maximum number of Conversion Shares will, if required under the terms of the Maximum Liabilities Limit, be adjusted such that (i) the aggregate Maximum Principal Amount and the Maximum Yield Amount of all Subscribers shall not exceed the Maximum Liabilities Limit; and (ii) the Maximum Principal Amount of each Subscriber as set out in the 4th column of this table, shall be reduced in proportion to that which the individual Aggregate Liabilities and Indebtedness of the relevant Subscriber bears to the Aggregate Liabilities and Indebtedness to all the Subscribers as a whole.
- (2) The 2,447,368,421 Conversion Shares to be issued (instead of the 2,403,878,523 Conversion Shares to be issued as set out in Appendix A of the MCB Announcement) represents approximately 63.33% of the existing issued share capital of the Company and approximately 2.14% of the enlarged share capital of the Company, (instead of approximately 62.21% of the existing issued share capital of the Company and approximately 2.29% of the enlarged share capital of the Company as set out in Section 4.4 of the MCB Announcement).
- (3) The aggregate maximum number of Conversion Shares is less than 2,447,368,421, due to each Subscriber's maximum number of Conversion Shares being rounded down to the nearest whole Conversion Share.