

INNO-PACIFIC HOLDINGS LTD
(Company Registration No. 197301788K)

MEGA HIGHLIGHTS SUPPLEMENTAL LOAN AGREEMENT

The Board of Directors (the "Board") of Inno-Pacific Holdings Ltd (the "Company") refers to the announcements dated 28 November 2005 and 30 November 2005 in relation to the subscription agreement dated 28 November 2005 entered between Awana Rentak Sdn Bhd ("ARSB"), a wholly owned subsidiary of the Company, and Mega Highlights Sdn Bhd ("Mega Highlights") and the loan agreement dated 28 November 2005 (the "Loan Agreement") entered between ARSB, Mega Highlights and Mr Khoriri bin Hj. Abu Sabri ("Mr Khoriri"), a major shareholder of Mega Highlights.

The Board wishes to announce that ARSB had today entered into a supplemental agreement (the "Supplemental Agreement") with Mega Highlights and Mr Khoriri to vary, amend and modify the Loan Agreement. The salient terms of the Supplemental Agreement are as follows:-

1. the loan amount is increased from RM2 million to RM2.5 million (the "Loan");
2. the Loan shall carry an interest at the rate of 5% per annum commencing 1 July 2006
3. the Loan together with all interest accrued thereon, shall be repayable in full not later than 30 June 2007 or within 7 days from the date of drawdown of other loans obtained by Mega Highlights for the purpose of redeeming the Loan;
4. in the event that Mega Highlights obtains one or more additional loans from banks or financial institutions or other sources for working capital or other purposes, Mega Highlights shall, each time it draws down on such additional loans, apply an amount equal to 20% of the amount drawn down on the additional loans towards partial or full (as the case may be) repayment of the principal amount of the Loan and interest accrued thereon;
5. if Mega Highlights shall be in default of repayment of the principal amount of the Loan together with interest accrued thereon and 50% or more of the principal amount of the Loan together with interest accrued thereon shall remain unpaid after 30 June 2007, ARSB shall be entitled to sell and dispose of all or part of the 100,000 ordinary shares of Mega Highlights pledged by Mr Khoriri as collateral;
6. if Mega Highlights shall be in default of repayment of the principal amount of the Loan together with interest accrued thereon and less than 50% of the principal amount of the Loan together with interest accrued thereon shall remain unpaid after 30 June 2007, Mega Highlights shall be allowed to repay the principal amount of the Loan then outstanding together with interest accrued thereon by 12 consecutive equal monthly instalments; and
7. the 100,000 ordinary shares of Mega Highlights, representing all the shares not owned by ARSB, pledged by Mr Khoriri shall be returned to Mr Khoriri upon the full repayment of the Loan together with all interest accrued thereon.

Except to the extent varied or amended by the provisions of the Supplemental Agreement, the terms and conditions of the Loan Agreement shall remain unaltered and shall continue to be valid and binding on the parties.

By Order of the Board
Inno-Pacific Holdings Ltd
Ivy Lim Sze Chern
Company Secretary