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PACIFIC PLYWOOD HOLDINGS LIMITED

太平洋實業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 767)

EXTENSION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED INVESTMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules. Unless otherwise specified, terms used herein shall have the same meaning as defined in the announcement of the Company dated 6 July 2010 (the “**Announcement**”).

EXTENSION OF THE MOU

Reference is made to the Announcement in relation to the MOU regarding the Proposed Investment in the Oilfield. The MOU shall have a term until 30 September 2010 (the “**Term**”) (or such longer period as the Company and MSB may mutually agree to in writing).

As additional time is required for the due diligence review, the parties to the MOU (the “**Parties**”) have agreed to enter into the second memorandum of understanding (the “**Second MOU**”) on 18 October 2010 to extend the Term.

Under the Second MOU, the Term is extended to 15 December 2010 (the “**New Term**”) (or such longer period as the Parties may mutually agree to in writing) unless the Company gives a written notice to MSB of its intention to abandon further negotiations, or until superseded by the execution of Formal Agreement in relation to the transaction contemplated hereunder, whichever is the earlier.

Save for the abovementioned, all other terms of the MOU will remain unchanged and continue to be in full force and all the respective obligation, covenants and/or undertakings of the Parties under the MOU shall remain in full force and effect and where applicable, be binding on the Parties.

* *For identification purposes only*

The Company shall comply with the relevant disclosure requirements under the Listing Rules regarding the Proposed Investment at all times.

The Board wishes to emphasize that the Proposed Investment is subject to, among other things, the signing of the Formal Agreement and the terms and conditions of which are yet to be agreed. As the Proposed Investment may or may not proceed, investors and Shareholders are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Investment will be made by the Company should any Formal Agreement be entered into as and when appropriate in accordance with the Listing Rules.

By order of the Board of
Pacific Plywood Holdings Limited
Huang Chuan Fu
Executive Director

Hong Kong, 18 October 2010

As at the date of this announcement, the executive Directors are Dr. Budiono Widodo (Chairman), Mr. Sardjono Widodo (Managing Director), Mr. Liao Yun Kuang (President), Mr. Yu Chien Te, Ms. Jia Hui, Mr. Huang Chuan Fu, Mr. Jiang Yi Ren and Mr. Liang Jian Hua and the independent non-executive Directors are Mr. Marzuki Usman, Mr. Wong Chun Hung and Mr. Chan Kin Sang.

This announcement will remain on the website of the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.