

ADVANCE MODULES GROUP LIMITED

(Company Registration No. 200401776E)

UNDERTAKING TO INDEMNIFY AND COLLECTION OF OUTSTANDING AMOUNTS

Undertaking to Indemnify

Further to their announcements of 9 and 27 June 2006, the Directors of Advance Modules Group Limited (the **Company**) wish to announce that as at the time of this announcement, the Company has not collected the sum of USD14,338,425 from one of its customers (**Buyer**). In view of the indemnity dated 27 June 2006 that Mr Vincent Tan Hian Chong, the Managing Director of the Company, provided to the Company for the abovementioned sum (**Undertaking**), Vincent has agreed to pay to the Company the outstanding sum over a period of 12 months in equal monthly installments with the 1st installment commencing from 29th September 2006, upon the finalization of the assignment of the legal rights to collect the entire outstanding sum of USD14,338,425 from Buyer to him by the Company.

Collection of Outstanding Amounts

Promit Technology Corporation (**Promit**), a company operating in Taiwan, has been the Company's OEM customer since the first quarter of 2004. Some issues were raised by Promit in relation to the specifications of the OEM products sold by the Company, and although these issues were subsequently resolved, the Company and Promit agreed on a revised payment schedule to take into account the revised warranty period of the OEM products.

Promit had made payments in accordance with the revised payment schedule up to May 2006. However, pursuant to the revised payment schedule, Promit was due to pay the Company approximately USD1,200,000 at the end of June 2006 and to date, this sum remains outstanding. The Company is actively pursuing payment on the said outstanding sum through face-to-face discussions with clients and telephone calls and is of the opinion that legal action to enforce payment is not necessary at this stage as it can still obtain recover the outstanding sum from Promit on an amicable basis. The Company will continue to pursue payment from Promit and expects to receive full payment of the outstanding sum from Promit by the end of September 2006, failing which it will proceed to take legal action for recovery. The Company will provide updates on this matter duly.

BY ORDER OF THE BOARD
ADVANCE MODULES GROUP LIMITED

Hee Woon Loong
Director

18 August 2006