

ADVANCE MODULES GROUP LIMITED

(Company Registration No. 200401776E)

QUALIFICATION TO THE AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2005 - LETTER OF CREDIT AND INTERNAL CONTROLS

Letter of Credit

Further to their announcement of 27 May 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 received the relevant letter of credit and is continuing to pursue collection of the sum of USD14,338,425 from the end customer (the **Buyer**). The Company issued a letter of demand to the Buyer on 5 June 2006.

The Company remains committed to paying its shareholders the dividends announced in its Financial Statement and Dividend Announcement made on 28 February 2006 (the **Dividends**). However, investors should not treat the Dividends as an indication of the Company's future dividend policy, and the form, frequency and amount of future dividends on the Company's shares will depend on the Company's earnings, financial position, results of operations, capital needs, plans for expansion and other factors as the Directors of the Company may deem appropriate.

Tightening of internal controls

The Audit Committee has recommended to the Board of Directors of the Company (the **Board**), and the Board is in the process of adopting the proposed interim measures in the following areas:

- (i) formalising the Company's customer inquiry procedures and documentation;
- (ii) improving the Company's credit evaluation and debt collection procedures;
- (iii) notifying the Audit Committee of major contracts with new and existing customers, and seeking the Audit Committee's review of credit exposure for such customers; and
- (iv) strengthening the Company's warehouse delivery and invoicing procedures.

In addition, Baker Tilly TFWLCL has been appointed as the Company's internal auditors since 11 January 2006, to review its internal audit controls and procedures. Westcomb Capital Pte. Ltd, who sponsored the initial public offering of the Company's shares, will assist the Audit Committee in this respect.

BY ORDER OF THE BOARD
ADVANCE MODULES GROUP LIMITED

Vincent Tan Hian Chong
Director

9 June 2006