

ADDVALUE TECHNOLOGIES LTD
Registration no.: 199603037H

RESPONSE TO SGX QUERIES ON ANNUAL REPORT DATED 28 JUNE 2007

With reference to the queries from the SGX in relation of the Annual Report of Addvalue Technologies Ltd (the "Company") for the financial year ended 31 March 2007 (the "Annual Report"), the Board of Directors of the Company hereby provides its response as follow:-

- a. We note from Pg 60 and 62 of the Annual Report that Addvalue Technologies (Guangzhou) Limited was audited by Guangzhou Jincheng Accountants Office Co Ltd, China. In this respect, please advise whether and how Rules 712 and 715 have been complied with.**

The Company is in compliance with Rule 712 and 715 of the Listing Manual as Addvalue Technologies (Guangzhou) Limited is not considered to be a significant associate of the Company pursuant to Rule 718 of the Listing Manual.

- b. We note that the Company undertook some placement exercises and drew down on the convertible loan facility with Value Monetization Limited ("VML"). Please note that as one of the conditions of the AIP, the Company is required to provide a status update on the use of proceeds in its Annual Reports. We note that the Company has announced the use of proceed from the placement exercises but not for the convertible loan. In this regard, please make an SGXNET announcement on the use of proceeds from the convertible loan. The announcement should include detailed description of the proceeds used for working capital.**

Pursuant to the Convertible Loan Agreement dated 25 August 2006 (as amended by the Supplemental Agreement dated 6 September 2006) and entered into between the Company and VML, the loan amount of S\$1,470,000 has yet to be utilized for the intended investment purpose as at the date of the Annual Report. The use of the proceeds from VML was limited to investment in the satellite communications business, and as the intended project for which the loan was raised did not materialize, the Company is still holding the money as cash in bank.

Should VML exercise the option to convert the convertible loan into new ordinary shares of the Company prior to the proceeds having been deployed, the proceeds from VML can be used for general working capital purposes as well.

The Company will make the necessary announcement on the use of proceeds from VML accordingly once the proceeds have been materially deployed.

By Order of the Board

Submitted by: Tan Khai Pang
Chief Technology Officer

Date: 23 July 2007