

CYBER VILLAGE HOLDINGS LIMITED

ACQUISITION OF THE ENTIRE ISSUED SHARES OF SINGALAB INTERNATIONAL PTE LTD

Background

The Board of Directors of Cyber Village Holdings Limited (the "Company" or "CVHL") wishes to announce that the Company (as the Purchaser) and Ng Kek Wee, Atomic International Ltd, Accord Perfect Investment Corporation and Sim City Technology Ltd (as the Vendors) have entered into a Deed of Sale and Purchase (the "S&P Agreement") on 8 June 2005 for the sale and purchase of the entire issued shares in the capital of Singalab International Pte Ltd (the "Target Company"). The consideration for the share purchase will be satisfied by the allotment and issue of up to 32,900,000 new ordinary shares of S\$0.05 each in the capital of the Company to the Vendors or their nominee at a deemed issue price of \$0.09 per share, in accordance with the terms and conditions of the S&P Agreement.

Singalab International Pte Ltd is, and/or will be on Completion of the S&P Agreement, the investment holding company for 2 principal subsidiaries – Singalab Pte Ltd based in Singapore and Beans Factory Hong Kong Company Ltd based in Hong Kong. The principal business activities of the subsidiaries is the provision of e-business solutions specialising mainly in Java-based software applications.

Particulars of Transaction and Purchase Consideration

In accordance with the S&P Agreement, all of the issued shares in the capital of Singalab International Pte Ltd shall be transferred to the Company and/or its nominee. In consideration of a purchase price of S\$2,961,000, being approximately 4.0 times the profit contribution guarantee of US\$500,000 (approximately S\$825,000) provided by the Vendors on a per annum basis for FY2005 to FY2007. The payment of the purchase price shall be satisfied by the Purchaser allotting and issuing to the Vendor an aggregate of 32,900,000 ordinary shares of S\$0.05 each in the capital of the Company, and crediting the same as fully paid-up (the "Consideration Shares").

The purchase consideration shall be tendered in the following manner:-

- (1) 16,450,000 shares in the capital of the Company (the "First Tranche") shall be allotted and issued to the Vendor or its nominee on the Completion Date, as defined in the S&P Agreement.
- (2) 9,870,000 shares in the capital of the Company (the "Second Tranche") shall be allotted and issued to the Vendor or its nominee upon meeting the Actual Profit Contribution to the CVHL Group (as defined in the S&P Agreement) for the financial year 2005 being at least US\$500,000;
- (3) 6,580,000 shares in the capital of the Company (the "Third Tranche") shall be allotted and issued to the Vendor upon the Actual Profit Contribution to the CVHL Group (as defined in the S&P Agreement) for the financial year 2006 being at least US\$500,000;

The above terms have been arrived at on a willing buyer and willing seller basis.

Moratorium

The Vendors have agreed to observe a moratorium on the transfer or disposal of the Consideration Shares as follows:-

- (1) at least 50% of the First Tranche for the first 6 months from the date of issue of the First Tranche and the next 50% of the First Tranche for the next 9 months from the date of issue of the First Tranche;
- (2) at least 50% of the Second Tranche for the first 9 months from the date of issue of the Second Tranche and the next 50% of the Second Tranche for the next 9 months from the date of issue of the Second Tranche; and
- (3) at least 50% of the Third Tranche for the first 6 months from the date of issue of the Third Tranche and the next 50% of the Third Tranche for the next 9 months from the date of issue of the Third Tranche.

Other Material Conditions

The transaction contemplated by the S&P Agreement is also conditional upon the following material conditions, among others:-

- (1) completion of a legal due diligence exercise on the Target Company and the results of such exercise and audit being satisfactory to the Purchasers;
- (2) All necessary approvals of the SGX-ST (including the approval for the listing and quotation of the said 32,900,000 shares in capital of the Purchaser on the SGX-SESDAQ) being obtained and remaining in force;
- (3) There being no material adverse change in the prospects, operations or financial position of the Target Company or CVHL from that reflected in their respective audited accounts for the financial year ended 31 December 2004, occurring between the date hereof and Completion Date; and
- (4) All relevant approvals and consents for the transactions contemplated in the S&P Agreement and the issuance of the Consideration Shares, including without limitation, where necessary the approval of the SGX and/or the shareholders of CVHL.

Rationale for and Benefits of Acquisition of the Target Company

After due consideration, the existing management believe that the Target Company is an excellent acquisition opportunity which will immediately add value to the Group.

The acquisition will result in one of the largest e-business professional services firms in the region today. We will have a team size of approximately 100 professionals, with significant market coverage in Singapore, Malaysia, Hong Kong, China, Taiwan and Macao. The size will also provide flexibility and mobility with regards to our professionals

as lower demand for services in a particular market will be compensated by demand from the other markets.

The combined size and performance of CVHL and the Target Company will provide the Group with better market recognition, visibility and interest, particularly to prospective clients.

Impact on Earnings Per Share and Net Tangible Asset Value

Based on the latest management accounts provided by the Target Company, assuming that the transaction had been effected at the end of the previous financial year ended 31 December 2004, the loss per share of the Group would have been reduced from a loss of 0.55 cents per share to a loss of 0.45 cents per share. The net tangible asset value of the Group would have been increased from 1.29 cents per share to 1.39 cents per share.

Directors' and Substantial Shareholders' Interests

None of the directors or the substantial shareholders of the Company (or its subsidiaries) has any interest, direct or indirect, in the acquisition of the Target Company.

Copy of S&P Agreement Available for Inspection

A copy of the S&P Agreement is available for inspection from 9.00 a.m. to 6.00 p.m. at the Company's registered office at 50 Raffles Place #29-00, Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this announcement.

Submitted by Tony Pua Kiam Wee, Chief Executive Officer on 8 June 2005.