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Xteam Software International Limited
衝浪平台軟件國際有限公司

(incorporated in the Cayman Islands with limited liability)

Listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

by way of Placing of New Shares and Sale Shares

Number of Placing Shares	:	**57,600,000 New Shares and 28,800,000 Sale Shares (subject to Over-allotment Option)**
Placing Price	:	**HK$0.38 per Placing Share**
Nominal value	:	**HK$0.01 each**
Stock code	:	**8178**

Bookrunner, sponsor and lead manager

FIRST SHANGHAI SECURITIES LIMITED

Co-managers

CSC Securities (HK) Limited
International Bank of Asia Limited
Luen Fat Securities Company Limited
Phoenix Capital Securities Ltd.
SBI E2-Capital Securities Limited
Sino Grade Securities Limited
South China Securities Limited
Sun Hung Kai International Limited

SUMMARY

- The Placing Price has been fixed at HK$0.38 per Placing Share.
- A total of 86,400,000 Placing Shares initially available under the Placing have been fully subscribed and conditionally placed by the Underwriters. Pursuant to a securities borrowing agreement dated 30th November, 2001, First Shanghai Securities Limited ("First Shanghai"), on behalf of the Underwriters, borrowed 12,960,000 Shares from Upwise Investments Ltd. to cover the over-allocations under the Placing. As such, a total of 99,360,000 Shares have been conditionally placed under the Placing.
- Immediately after completion of the Placing, the Capitalisation Issue and the Conversion Issue (but without taking into account any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and excluding 12,960,000 Shares borrowed from Upwise Investments Ltd. to cover the over-allocations under the Placing), approximately 25.29% of the issued share capital of the Company will be held in the hands of the public.
- Dealings in the Shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited are expected to commence at 10:00 a.m. on Tuesday, 11th December, 2001.

Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the prospectus (the "Prospectus") dated 30th November, 2001 issued by Xteam Software International Limited (the "Company").

LEVEL OF INTEREST

The Placing Shares have been fully subscribed. Pursuant to a securities borrowing agreement dated 30th November, 2001, First Shanghai, on behalf of the Underwriters, borrowed 12,960,000 Shares from Upwise Investments Ltd. to cover the over-allotments under the Placing. As such, a total of 99,360,000 Shares have been conditionally placed to professional, institutional and individual investors in Hong Kong. All the placees are independent of and not connected with any of the directors, chief executives, substantial shareholders and initial management shareholders of the Company or any of their respective associates.

RESULTS OF PLACING

Pursuant to the Placing, 99,360,000 Shares have been conditionally placed to a total of 116 placees. The following table sets out the concentration of Placing Shares:

	Aggregate number of Placing Shares held	Approximate percentage of the Placing Shares	Approximate percentage of shareholding immediately after completion of the Placing, the Capitalisation Issue and the Conversion Issue
Top placee	24,000,000	24.15%	4.47%
Top 5 placees	66,696,000	67.13%	12.41%
Top 10 placees	79,376,000	79.89%	14.77%
Top 25 placees	87,976,000	88.54%	16.37%

The placing of the 99,360,000 Shares to a total of 116 placees can be analysed as follows:

Number of Shares	Number of placees
8,000 to 48,000	24
48,001 to 104,000	27
104,001 to 200,000	26
200,001 to 504,000	23
504,001 to 1,000,000	9
1,000,001 to 5,000,000	1
5,000,001 to 10,000,000	3
10,000,000 or above	3
Total	116

There is a high concentration of the Placing Shares held by a small number of Shareholders. Investors should be aware that the concentration of Shareholders may affect the liquidity of the Placing Shares. Shareholders and potential investors are advised to exercise extreme caution in dealing with the Placing Shares.

No Placing Share has been placed to any party or group of persons specified under Rule 10.12(4) of the GEM Listing Rules.

PLACING PRICE

The Company and First Shanghai (on behalf of the Underwritiers) have entered into the Price Determination Agreement on 5th December, 2001 pursuant to which the Placing Price was fixed at HK$0.38 per Placing Share, being the highest point of the indicative range of the Placing Price.

MINIMUM PUBLIC FLOAT REQUIREMENT

After the completion of the Placing, at least 25% of the Company's issued share capital will be held in hands of the public as stipulated under the GEM Listing Rules. Immediately after completion of the Placing, the Capitalisation Issue and the Conversion Issue (but without taking into account any Shares which may fall to be allotted and issued pursuant to the exericse of the Over-allotment Option and excluding 12,960,000 Shares borrowed from Upwise Investments Ltd. to cover the over-allocations under the Placing), approximately 25.29% of the issued share capital of the Company will be held in the hands of the public.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM as well as the compliance with the stock admission requirements of Hong Kong Securities Clearing Company Limited ("Hongkong Clearing"), the Shares will be accepted as eligible securities by Hongkong Clearing for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by Hongkong Clearing ("CCASS") with effect from the commencement date of dealings in the Shares on GEM or such other date as determined by Hongkong Clearing. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shares certificates for the Placing Shares to be distributed through CCASS are expected to be deposited into CCASS on Friday, 7th December, 2001 for credit to the respective CCASS participants' stock accounts designated by the Sponsor, the placees or their agents, as the case may be.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 10:00 a.m. on Tuesday, 11th December, 2001.

By order of the board of Directors
Xteam Software International Limited
Ma Gary Ming Fai
Chairman

Hong Kong, 7th December, 2001

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and is not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and all opinions expressed in this announcement have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website for 7 days from the date of its posting.