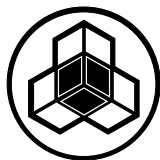


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北京發展(香港)有限公司
BEIJING DEVELOPMENT (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 154)



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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8178)

JOINT ANNOUNCEMENT

**MAJOR TRANSACTION FOR
BEIJING DEVELOPMENT (HONG KONG) LIMITED INVOLVING
PLACING OF EXISTING SHARES OF
XTEAM SOFTWARE INTERNATIONAL LIMITED BY
BEIJING DEVELOPMENT (HONG KONG) LIMITED,**

**MAJOR TRANSACTION AND EXEMPT CONNECTED TRANSACTION
FOR BEIJING DEVELOPMENT (HONG KONG) LIMITED INVOLVING
TOP-UP SUBSCRIPTION OF NEW SHARES OF
XTEAM SOFTWARE INTERNATIONAL LIMITED
AND
RESUMPTION OF TRADING OF SHARES OF
BEIJING DEVELOPMENT (HONG KONG) LIMITED AND
XTEAM SOFTWARE INTERNATIONAL LIMITED**

Placing Agent



SUMMARY

On 8 February 2007, the Vendor, which together with parties acting in concert with it (as defined in the Takeovers Code) holds approximately 55.05% of the existing issued share capital of the Company as at the date of the Placing and Subscription Agreement, entered into the Placing and Subscription Agreement with the Company and the Placing Agent, pursuant to which (i) the Vendor has agreed to place and the Placing Agent has agreed, on a best endeavours basis, to procure the placing of the Placing Shares, being up to a total of 300,000,000 Shares, to the Placees at the Placing Price of HK\$0.098 per Placing Share; and (ii) subject to fulfillment of the conditions set out in the paragraph headed "Conditions of the Subscription" below, the Vendor has agreed to subscribe for and the Company has agreed to allot and issue the Subscription Shares, which are equal to the number of Placing Shares that it place under the Placing, at the Subscription Price of HK\$0.098 per Subscription Share, which is equivalent to the Placing Price.

As at the date of this announcement, the Placing Shares have been fully placed out by the Placing Agent. Both the Placing Shares and the Subscription Shares represent approximately 7.81% of the issued share capital of the Company as at the date of the Placing and Subscription Agreement and approximately 7.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The Subscription Shares are to be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by the shareholders of the Company by a resolution passed at the annual general meeting of the Company held on 26 April 2006.

The net proceeds of the Subscription of approximately HK\$28.06 million will be applied for general working capital purpose. As at the date of this announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to the GEM Listing Rules.

The Placing and the Subscription constitute major transactions for Beijing Development as the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules are more than 25% but under 75% (for the Placing) and 100% (for the Subscription). The Subscription also constitutes an exempt connected transaction for Beijing Development pursuant to the Listing Rules. Beijing Development has applied to the Stock Exchange for a waiver from strict compliance with the disclosure and the shareholders' approval requirement in respect of the major transactions under Chapter 14 of the Listing Rules in respect of the Placing and the Subscription.

As the requests of the Company and Beijing Development, trading in the Shares and the shares of Beijing Development were suspended with effected from 9:30 a.m. on 9 February 2007 pending the issue of this announcement. Applications have been made by the Company and Beijing Development to the Stock Exchange for the resumptions of trading in the Shares and the shares of Beijing Development with effect from 9:30 a.m. on 13 February 2007.

PLACING AND SUBSCRIPTION AGREEMENT DATED 8 FEBRUARY 2007 ENTERED INTO BETWEEN THE COMPANY, THE VENDOR AND THE PLACING AGENT

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed with the Vendor to place up to a total of 300,000,000 existing Shares at the Placing Price on a best effort basis. Pursuant to the Placing and Subscription Agreement, on the second Business Day after the conditions of the Subscription have been fulfilled, the Company shall allot and issue to the Vendor the Subscription Shares, which are equal to the number of Placing Shares that the Vendor place under the Placing, at the Subscription Price. Details of the Placing and the Subscription are set out below:

I. The Placing

Vendor

Prime Technology Group Limited, a company incorporated in the British Virgin Islands, is a substantial shareholder of the Company. As at the date of the Placing and Subscription Agreement, the Vendor together with parties acting in concert with it (as defined in the Takeovers Code) holds 2,115,513,445 Shares, representing approximately 55.05% of the existing issued share capital of the Company as at the date of the Placing and Subscription Agreement. The Vendor is a wholly owned subsidiary of Beijing Development.

The principal business activities of the Vendor is investment holding. The principal business activities of Beijing Development are the construction, operation and maintenance of information systems in mainland China.

Placing Agent

China Merchants Securities (HK) Co., Ltd. Pursuant to the Placing and Subscription Agreement, the placing commission is 3.5% on the gross proceeds from the Placing. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

China Merchants Securities (HK) Co., Ltd. is not a connected person (as defined in the GEM Listing Rules) and is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) or management shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

Placees

The Placing Shares have been fully placed to not less than six independent investors. Institutional and individual investors procured by the Placing Agent or its sub-placing agent(s). All placees and their beneficial owner(s) are independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) or management shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules). To the best knowledge of the Company, none of them become a substantial shareholder (as defined in the GEM Listing Rules) of the Company after the Placing.

Number of Placing Shares

Pursuant to the Placing and Subscription Agreement, the number of Placing Shares shall be up to a total of 300,000,000. The Placing Shares represent approximately 7.81% of the issued share capital of the Company as at the date of the Placing and Subscription Agreement and approximately 7.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Placing Price

The Placing Price of HK\$0.098 per Placing Share represents

- (i) a discount of approximately 18.33% to the closing price of HK\$0.12 per Share as quoted on the Stock Exchange on 8 February 2007, being the last trading day before the date of the Placing and Subscription Agreement (being the date on which the terms of the Placing and Subscription Agreement were fixed);
- (ii) a discount of approximately 12.19% over the average of the closing prices of HK\$0.1116 per Share for the last five trading days up to and including 8 February 2007; and
- (iii) a discount of approximately 4.95% over the average of the closing prices of HK\$0.1031 per Share for the last ten trading days up to and including 8 February 2007.

The Placing Price was arrived after arm's length negotiation between the Company, the Vendor and the Placing Agent with reference to the closing prices as shown above.

The Company bears all the costs and expenses and reimburses the Vendor for all costs and expenses incurred by it in relation to the Placing and Subscription Agreement. Any interest received by the Vendor in relation to the proceeds of the Placing will be kept for the benefit of the Company.

Basis of Placing

Pursuant to the Placing and Subscription Agreement, the Placing Agent shall place the Placing Shares on a best endeavours basis. As at the date of this announcement, the Placing Shares have been fully placed out by the Placing Agent.

Rights of the Placing Shares

The Placing Shares are sold by the Vendor free from all liens, charges, encumbrances, claims, options and all third party rights. Upon completion of the Placing, the Placees are entitled to all rights attaching to the Placing Shares as at the date of the completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid by the Company in respect of the Placing Shares, the record date for which shall fall on or after the date of the completion of the Placing.

Completion of the Placing

The Placing is unconditional. According to the Placing and Subscription Agreement, completion of the Placing is expected to take place before 5:00 p.m. on the second Business Day immediately after the date of the Placing and Subscription Agreement, or if later, the date of resumption of trading in the Shares after publication of this announcement, or such other date and time as may be agreed between the Vendor and the Placing Agent. The Placing was completed on 12 February 2007.

II. The Subscription

Issuer

The Company

Subscriber

The Vendor

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares placed under the Placing, representing approximately 7.81% of the existing issued share capital of the Company as at the date of the Placing and Subscription Agreement and approximately 7.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The subscription price is HK\$0.098 per Subscription Share, which is equivalent to the Placing Price. The net proceeds upon completion of the Subscription, after taking into consideration of the costs and expenses in relation to the Placing and the Subscription, is estimated to be approximately HK\$28.06 million, and the net subscription price is approximately HK\$0.094 per Subscription Shares.

Mandate to issue Subscription Shares

The Subscription Shares shall be allotted and issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 26 April 2006 to issue up to a total of 768,521,274 Shares (and no part of such general mandate has been exercised by the Directors since 26 April 2006).

Ranking of the Subscription Shares

The Subscription Shares, when fully paid and issued, shall rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon full satisfaction of the following conditions by the Long Stop Date or such later time or date as the parties hereto may agree in writing:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (b) completion of the Placing pursuant to the Placing and Subscription Agreement;

In the event the conditions above not being fulfilled by the Long Stop Date (or such later time or date as may be agreed by the Vendor and the Company in writing), all rights, obligations and liabilities of the parties thereto in relation to the Subscription shall cease and determine. Condition (b) as stated above has been fulfilled as at the date of this announcement.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Pursuant to the Placing and Subscription Agreement, completion of the Subscription shall take place on the second Business Day following the fulfillment of all the conditions of the Subscription (or such other date as may be agreed between the Vendor and the Company). The Subscription constitutes a connected transaction under the GEM Listing Rules but it falls within the exemption under Rule 20.31(3)(d) of the GEM Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement (i.e. 22 February 2007). In the event that the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement and the Vendor and the Company agree to extend the Long Stop Date, the Subscription will not fall within the exemption under Rule 20.31(3)(d) of the GEM Listing Rules and shall be subject to the approval of independence shareholders of the Company and the Company will fully comply with the requirements of Chapter 20 of the GEM Listing Rules.

CHANGES IN THE SHAREHOLDING INTERESTS OF THE COMPANY

The shareholding interests of the Company as at the date of the Placing and Subscription Agreement, immediately after the Placing but before completion of the Subscription and immediately after completion of the Placing and the Subscription are as follows:

Shareholder	Existing shareholding		Immediately after the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
The Vendor and parties acting in concert with it (as defined in the Takeovers Code) (Note 1)	2,115,513,445	55.05%	1,815,513,445	47.25%	2,115,513,445	51.07%
Cosmos Vantage Limited (Note 2)	382,864,129	9.96%	382,864,129	9.96%	382,864,129	9.24%
The Placees	–	–	300,000,000	7.81%	300,000,000	7.24%
Other public Shareholders	1,344,228,794	34.99%	1,344,228,794	34.98%	1,344,228,794	32.45%
Total:	<u>3,842,606,368</u>	<u>100.00%</u>	<u>3,842,606,368</u>	<u>100.00%</u>	<u>4,142,606,368</u>	<u>100.00%</u>

Notes:

- (1) the Vendor, together with parties acting in concert with it, are directly wholly-owned by Beijing Development. Accordingly, the Shares in which the Vendor together with parties acting in concert with it is shown to be interested are also the Shares in which Beijing Development is interested.
- (2) These Shares are held by Cosmos Vantage Limited, which is wholly owned by Mr. Chung Kwok Ho.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF NET PROCEEDS OF THE SUBSCRIPTION

The principal activity of the Company is the development and sale of computer software primarily for large scale applications and provision of related support services to government and major corporate customers in mainland China.

The Directors (including the independent non-executive Directors) considered that the Placing and the Subscription represent an opportunity to raise additional working capital for the Company so that the Company can have available fund to use. The Board considers that it is beneficial to the Company and the shareholders of the Company as a whole to raise capital for the future business development of the Group by way of the Placing and the Subscription as it can broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares. The net proceeds of the Subscription is estimated to be approximately HK\$28.06 million. The Company intends to apply such amount as general working capital of the Group. As at the date of this announcement, the Group has no intention to use the net proceeds raised for any specific purpose and there is no negotiation in progress or agreement entered into by the Group, which triggers the disclosure obligation on the part of the Company pursuant to the GEM Listing Rules.

The Directors (including the independent non-executive Directors) considered that the Placing and Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between the Company, the Vendor and the Placing Agent, and that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES ON BEIJING DEVELOPMENT

The Placing and the Subscription constitute major transactions for Beijing Development as the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules are more than 25% but under 75% (for the Placing) and 100% (for the Subscription). The Subscription also constitutes an exempt connected transaction for Beijing Development pursuant to the Listing Rules. Beijing Development has applied to the Stock Exchange for a waiver from strict compliance with the disclosure and the shareholders' approval requirement in respect of the major transactions under Chapter 14 of the Listing Rules in respect of the Placing and the Subscription.

FUND RAISING DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising exercise during the past twelve months immediately preceding the date of the Placing and Subscription Agreement.

RESUMPTION OF TRADING OF SHARES

At the requests of the Company and Beijing Development, trading in the Shares and shares of Beijing Development were suspended with effect from 9:30 a.m. on 9 February 2007 pending the issue of this announcement. Applications have been made by the Company and Beijing Development to the Stock Exchange separately for the resumption of trading in the Shares and the shares of Beijing Development with effect from 9:30 a.m. on 13 February 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Beijing Development”	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong and the issued shares of which are listed on main board of the Stock Exchange
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“Company”	Xteam Software International Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the GEM
“Director(s)”	director(s) of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	22 February 2007
“Placees”	placees procured by the Placing Agent or its sub-placing agent (s), all of which are independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) or management shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules)
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agent”	China Merchants Securities (HK) Co., Ltd, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 (asset management) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong),
“Placing and Subscription Agreement”	the placing and subscription agreement entered into on 8 February 2007 by the Company, the Vendor and the Placing Agent in relation to the Placing and the Subscription
“Placing Price”	HK\$0.098 per Placing Share
“Placing Shares”	up to a total of 300,000,000 existing Shares owned by the Vendor as at the date of the Placing and Subscription Agreement
“PRC”	the People’s Republic of China
“Share(s)”	Share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement

“Subscription Price”	HK\$0.098 per Subscription Share
“Subscription Shares”	such number of Subscription Shares is equivalent to the aggregate number of Placing Shares sold to the Placees under the Placing, up to a maximum of 300,000,000 new Shares to be subscribed by the Vendor under the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“Vendor”	Prime Technology Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Beijing Development
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the board of directors
Beijing Development (Hong Kong) Limited
Wong Kwok Wai, Robin
Company Secretary

By order of the board of directors
Xteam Software International Limited
Ng Weng Sin
Company Secretary

Hong Kong, 12 February 2007

As at the date of this announcement, the executive directors of Beijing Development are Mr. Zhang Honghai, Mr. Li Kangying, Mr. E Meng, Mr. Wang Yong, Mr. Cao Wei, Dr. Yu Xiaoyang and Mr. Ng Kong Fat, Brian; and the independent non-executive directors are Mr. Cao Guxing, Prof. Liu Wei and Dr. Jin Lizuo.

As at the date of this announcement, the executive Directors of the Company are Mr. Li Kang Ying, Mr. Wang Dong Bin, Mr. Cao Wei, Mr. E Meng, Mr. Yan Qing, Mr. Ng Kong Fat, Brian and Ms. Chen Zhi; and the independent non-executive Directors of the Company are Ms. Ma Yu Hua, Ms. Liang Ye Ping and Mr. Jiang Qi Ping.

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