THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xteam Software International Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8178)

(1) PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES; (2) PROPOSED REFRESHMENT OF THE LIMIT OF THE EXISTING SHARE OPTION SCHEME; (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; (4) PROPOSED RE-ELECTION OF RETIRING DIRECTORS; AND (5) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company to be held at Basement Function Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on 26 April 2007 (Thursday) at 11:00 a.m. is accompanying this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Whether or not you are able to attend the annual general meeting of the Company, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.

4 April 2007

CONTENTS

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

RESPONSIBILITY STATEMENT

This circular, for which 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 enquiries, confirm that, to the best of their knowledge and belief:

1. the information contained in this circular is accurate and complete in all material respects and not misleading;

2. there are no other matters the omission of which would make any statement in this circular misleading; and

3. all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

In this circular, the following expressions have the following meanings unless the context indicates otherwise:

"AGM"	the annual general meeting of the Company to be convened and held on 26 April 2007 at Basement Function Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m., the notice of which is set out on pages 13 to 18 of this circular
"Articles of Association"	the articles of association from time to time adopted by the Company
"associate(s)"	shall have the meaning ascribed to it under the GEM Listing Rules
"Beijing Development"	Beijing Development (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, Beijing Development held 51.01% of the issued share capital of the Company
"Board"	the board of Directors
"Company"	Xteam Software International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Companies Law"	the Companies Law, Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands
"Director(s)"	the director(s) of the Company
"GEM"	the Growth Enterprise Market operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"General Mandate"	the general mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with new Shares not exceeding 20% of the number of issued Shares as at the date of the AGM which is to be extended by the number of Shares purchased pursuant to the Repurchase Mandate

"Group"	the Company and its subsidiaries
"Latest Practicable Date"	3 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Option(s)/Share Option(s)"	option(s) granted, or which may be granted, pursuant to the terms of the Scheme, to subscribe for new Shares
"Proposed Refreshment"	the proposal to refresh the limit under the Scheme so that the Company may grant new Options to subscribe for new Shares representing in aggregate up to 10% of its issued share capital as at the date of the AGM
"Repurchase Mandate"	the general mandate proposed to be granted to the Directors to exercise all powers of the Company to purchase its Shares not exceeding 10% of the issued Share as at the date of the AGM
"Scheme"	the share option scheme of the Company adopted on 21 November 2001, details of which were set forth in the prospectus of the Company dated 30 November 2001
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8178)

Executive Directors:
Mr. Li Kang Ying
Mr. Wang Dong Bin
Mr. Cao Wei
Mr. E Meng
Mr. Yan Qing
Mr. Ng Kong Fat, Brian
Ms. Chen Zhi

Independent non-executive Directors:
Ms. Ma Yu Hua
Ms. Liang Ye Ping
Mr. Jiang Qi Ping

Registered office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman,
Cayman Islands
British West Indies

Principal place of business in Hong Kong:
Room 3401, West Tower
Shun Tak Centre
200 Connaught Road Central
Sheung Wan
Hong Kong

4 April 2007

To the Shareholders, and for information only, holders of Options

Dear Sir or Madam,

(1) PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES; (2) PROPOSED REFRESHMENT OF THE LIMIT OF THE EXISTING SHARE OPTION SCHEME; (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; (4) PROPOSED RE-ELECTION OF RETIRING DIRECTORS; AND (5) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the proposed grant of the General Mandate and the Repurchase Mandate, (ii) the proposed refreshment of the limit of the existing Share Option Scheme, (iii) the proposed amendments to Articles of Association, and (iv) the proposed re-election of the retiring Directors to be approved at the AGM, and to give you the notice of the AGM together with a form of proxy.

(1) THE GENERAL MANDATE AND THE REPURCHASE MANDATE

The existing general mandates granted to the Directors to allot and issue new Shares and to repurchase Shares at the annual general meeting of the Company held on 26 April 2006 will lapse at the conclusion of the AGM.

At the AGM, ordinary resolutions will be proposed to the Shareholders (a) approving the grant of the General Mandate to the Directors to allot, issue and otherwise deal with new Shares not exceeding in aggregate 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing such resolution; (b) approving the grant of the Repurchase Mandate to the Directors to repurchase, inter alia, Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such resolution; and (c) adding to the number of Shares which may be allotted, issued or dealt with under the General Mandate the amount of any Shares repurchased by the Company under the Repurchase Mandate.

The General Mandate

Under the General Mandate, the Directors will be given a general mandate to allot, issue and deal with new Shares representing not more than 20% of the issued share capital of the Company outstanding as at the conclusion of the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 4,147,606,368 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the General Mandate and assuming that no Shares will be issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with up to a maximum of 829,521,274 new Shares.

The Repurchase Mandate

It is also proposed that the Repurchase Mandate be granted to the Directors. The explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out on pages 10 to 12 of this circular.

The Directors wish to state that they have no present intention to repurchase any Shares.

Extension of the General Mandate

Subject to the approval of the Repurchase Mandate, another ordinary resolution will be proposed at the AGM to add to the limit under the General Mandate the amount of any Shares repurchased by the Company pursuant to the Repurchase Mandate.

Effectiveness of General Mandate and Repurchase Mandate

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company; or

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any applicable law of the Cayman Islands to be held; or

(c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors,

(2) REFRESHMENT OF THE LIMIT OF THE EXISTING SHARE OPTION SCHEME

The Scheme was adopted pursuant to the written resolution passed by all Shareholders on 21 November 2001. The Scheme authorizes the Directors to grant Options to subscribe for new Shares and to allot, issue and deal with new Shares pursuant to the exercise of Options granted under the Scheme.

Pursuant to the resolution passed by the Shareholders at annual general meeting of the Company held on 28 April 2005, the Company has been given a mandate to grant Options under the Scheme in respect of new Shares representing up to 10% (equivalent to 375,847,175 Shares) of the issued share capital of the Company as at the date of the passing of such resolution (being 3,758,471,752 Shares).

Reasons for the Proposed Refreshment

Up to the Latest Practicable Date, 59,000,000 Options have been outstanding under the existing scheme, of which 30,000,000 Options were granted to employees and 29,000,000 Options were granted to advisers and consultants, representing approximately 1.42% of the issued share capital. The Board considers that it is necessary to "refresh" the limit of the Scheme so as to allow sufficient flexibility to grant Options pursuant to the Scheme as a means to provide incentive and reward to talented individuals and other participants who will contribute towards the long-term success and prosperity of the Group. If the Proposed Refreshment is approved, based on 4,147,606,368 Shares in issue and assuming that there will be no issue or repurchase of Shares between the Latest Practicable Date and the date of the AGM, the Board will be able to grant Options for subscription of up to a total of 414,760,637 Shares being 10% of the issued share capital of the Company. After the Proposed Refreshment is approved, the total Share Options, will represent approximately 11.4% of the issued share capital of the Company as at the Latest Practicable Date.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

Conditions of the Proposed Refreshment

The Proposed Refreshment is conditional upon (i) the approval of such refreshment at the AGM, (ii) the simultaneous approval of an ordinary resolution by the shareholders of Beijing Development at its general meeting to approve the Prosposed Refreshment as stipulated in GEM listing rules 23.01(4) and (iii) upon granting by the Stock Exchange of the listing of and permission to deal in the Shares to be issued upon the exercise of the Options which may be granted under the "refreshed" limit of the Scheme. The Company will apply to the Stock Exchange for the approval of the listing of the Shares, representing 10% of the issued share capital of the Company as at the date of the AGM, to be issued upon exercise of the Options which may be granted under the Scheme.

A resolution will be proposed at the AGM to refresh, and to grant to the Directors, a general authority to grant Options for the subscription of new Shares representing not more than 10% of the entire issued Share capital of the Company as at the date of the passing of such resolution and to allot, issue and otherwise deal with the Shares pursuant to the exercise of such Options.

(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Regulation No. 6 of the Articles of Association provides that the Company may from time to time by special resolution, subject to any confirmation or consent required by The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Law"), reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by law. Regulation No. 146 (1) of the Articles of Association further provides that the Company may apply the share premium account in any manner permitted by the Law.

The Board considers that it is beneficial to the Company and its shareholders if the Company has the flexibility to apply the share premium account to offset any accumulated losses, as this will make any future distribution of dividend possible and the Company will then be in a better position to attract investors.

Therefore, the Board proposes that the said Regulations No. 6 and No. 146(1) of the Articles of Association be amended, so that the sanction of a special resolution is not required for a reduction of the share premium account, and the Board will have the power to apply the share premium account of the Company in writing off accumulated losses of the Company.

(4) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Company sets out below the biographies of the retiring Directors.

In relation to ordinary resolutions set out in the notice of AGM regarding the re-election of retiring Directors, Mr. Li Kang Ying, ("Mr. Li") and Mr. E Meng ("Mr. E"), Mr. Ng Kong Fat, Brian ("Mr. Ng") and Ms. Chen Zhi ("Ms. Chen") who are executive Directors, shall hold office only until the AGM and shall then be eligible for re-election at the AGM pursuant to Article (87)(1) and (87)(2) of the Articles of Association, and, being eligible, will offer themselves for re-election at the AGM.

Mr. LI Kang Ying, aged 50, is the chairman of the Board of Directors and also the executive director and president of Beijing Development. Mr. Li graduated from North China University of Electric Power majoring in telecommunications and is a qualified engineer in the PRC. He was a university lecturer and a member of the governmental research institute and has been responsible for the management and operational affairs in the technological field for the past decade. Mr. Li joined the Group in August 2004. In 2006, Mr. Li did not receive any remuneration or other forms of benefits from the Group.

Mr. E Meng, aged 48, is the executive director and vice president of Beijing Enterprises, the executive director of Beijing Development and the independent non-executive director of Macro-Link International Holdings Limited (stock code: 472). Mr. E graduated from China Science and Technology University with a master's degree in engineering, and is a PRC senior accountant with the qualifications of PRC certified accountant, asset appraiser, certified real estate appraiser and tax appraiser. From 1988 to 1997, Mr. E was the deputy director of Beijing New Technology Development Zone ("BNTDZ"), the director for BNTDZ Department of Finance Auditing and State Asset Management, the manager of BNTDZ Investment Operation Company, the director of Beijing Tianping Accounting Firm and the deputy director of the State Asset Management Office of Beijing Haidian District. Mr. E has over 16 years' experience in economics, finance and enterprise management. Mr. E joined the Group in August 2004. In 2006, Mr. E did not receive any remuneration or other forms of benefits from the Group.

Mr. NG Kong Fat, Brian, aged 51, is the executive director of Beijing Development. Mr. Ng graduated from the University of Stirling in Scotland in 1983 and is a member of the Institute of Chartered Accountants of Scotland. Mr. Ng has over 21 years' experience in corporate, investment and financial management. He joined the Group in August 2004. In 2006, Mr. Ng did not receive any remuneration or other forms of benefits from the Group.

Ms. CHEN Zhi, aged 35, graduated from Fudan University, Shanghai in 1992. Ms. Chen has over 11 years of experience in marketing, financial, corporate and human resources management in the information technology field in the PRC and Canada. She joined the Group in August 2004. In 2006, Ms. Chen did not receive any remuneration or other forms of benefits from the Group.

Save as disclosed above, Mr. Li, Mr. E, Mr. Ng and Ms. Chen are independent of any Directors, senior management, management shareholders, substantial or controlling shareholders of the Company and do not have any interest in Shares within the meaning of Part XV of the SFO. No service contract for their appointment has been or will be entered into. All of them have not been and will not be appointed with fixed terms of service, including length of services.

Save as disclosed above, the Board is not aware of any other matters or information that need to be brought to the attention of the shareholders of the Company or to be disclosed pursuant to Rule 17.50(2) (h) to (v) of the GEM Listing Rules in relation to the proposed re-election of the aforesaid retiring directors.

Save as disclosed above, none of the above retiring Directors hold any positions in the Company and any of its subsidiaries, and hold or, in the last three years, held any other directorships or major appointments in listed public companies.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to Article (66) of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the memorandum and Articles of Association will be available for inspection at the Company's head office and principal place of business in Hong Kong at Room 3401, West Tower, Shun Tak Centre, 200 Connaught Road Central, Sheung Wan, Hong Kong during normal business hours on any business day up to and including 26 April 2007 and at the AGM.

RECOMMENDATION

The Directors consider that (i) the proposed granting of general mandate to issue and repurchase shares; (ii) the proposed refreshment of the limit of the existing share option scheme; (iii) the proposed amendments to the Articles of Association; (iv) the proposed re-election of retiring directors are fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the related ordinary resolutions and special resolution which will be proposed at the AGM.

ACTION TO BE TAKEN

The notice of AGM is set out on pages 13 to 18 of this circular. At the AGM, ordinary resolutions will be proposed to approve, inter alia, the granting of the General Mandate, the Repurchase Mandate and the re-election of the retiring Directors.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event, not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Yours faithfully,
By order of the Board
XTEAM SOFTWARE INTERNATIONAL LIMITED
Li Kang Ying
Chairman

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM authorizing the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 4,147,606,368 Shares of the Company in issue as at the Latest Practicable Date, could result in up to 414,760,637 Shares listed on GEM or on another stock exchange recognized by the Securities and Futures Commission and the Stock Exchange under the Code on Share Repurchases being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company after the AGM; (ii) the expiration of the period within which the next annual general meeting of the Company after the AGM is required by the Articles of Association or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the repurchase mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or which would result in the Company's gearing levels increasing to a degree which in the opinion of the Directors from time to time would be inappropriate for the Company.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and the Articles of Association and the applicable laws of the Cayman Islands.

There are no Directors or, to the best of the knowledge of the Directors having made all reasonable enquiries, any associates of the Directors, who have a present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

6. TAKEOVERS CODE

A repurchase of Shares will result in an increase in the remaining Shareholders' respective proportionate interests in the voting rights of the Company. Such an increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result of a repurchase of Shares, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the voting rights of the Company, could obtain or consolidate control of the Company for the purposes of the Takeovers Code and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Beijing Development and its associates, directly and indirectly, held 2,115,513,445 Shares, representing approximately 51.01% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of Repurchase Mandate, then (if the present shareholdings otherwise remain the same) the aggregate interests of Beijing Development and its associates would increase to approximately 56.67% of the issued share capital of the Company. To the best knowledge of the Directors, no Shareholders would be obliged to make a mandatory offer for all the securities of the Company under Rule 26 of the Takeovers Code if the Repurchase Mandate is exercised.

The Directors have no present intention to repurchase Shares to such extent which will result in the number of Shares held by the public falling below 25% if the proposed Repurchase Mandate is approved at the AGM.

7. SHARE REPURCHASE MADE BY THE COMPANY

No purchases of Shares have been made by the Company (whether on GEM or otherwise) in the six months prior to the date of this circular.

8. CONNECTED PERSON

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

9. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the twelve months before the Latest Practicable Date were as follows:

	Highest	**Lowest**
	HK$	*HK$*
2006		
March	0.075	0.058
April	0.071	0.050
May	0.064	0.040
June	0.048	0.036
July	0.058	0.031
August	0.048	0.031
September	0.042	0.033
October	0.042	0.036
November	0.041	0.034
December	0.039	0.034
2007		
January	0.107	0.037
February	0.183	0.083
March (up to the Latest Practicable Date)	0.465	0.141

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NOTICE IS HEREBY GIVEN that the 2007 Annual General Meeting of the Company will be held at Basement Function Room, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 26 April 2007 at 11:00 a.m. for the following purposes:

1. To consider and adopt the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2006;

2. To re-elect Mr. Li Kang Ying as Director;

3. To re-elect Mr. E Mang as Director;

4. To re-elect Mr. Ng Kong Fat, Brian as Director;

5. To re-elect Ms. Chen Chi as Director;

6. To authorise the Directors to fix their remuneration;

7. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration;

8. As special business, to consider and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

   A. "**THAT**

      (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or options, warrants, or similar rights to subscribe for any shares or convertible securities and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this Resolution), (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of options to subscribe for, or rights to acquire, shares of the Company or, (iv) any scrip dividend or similar arrangement providing for the allotment of shares in the capital of the Company in lieu of the whole or part of the cash payment for any dividend on shares of the Company pursuant to the Articles of Association of the Company from time to time, shall not in aggregate exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:–

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; or

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in a general meeting; and "Rights Issue" means the allotment, issue or grant of shares in the capital of the Company pursuant to an offer of shares open for a period fixed by the Directors made to holders of shares of the Company or any class thereof whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in or in any territory applicable to the Company)."

B. "**THAT**

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) of this Resolution) of all the powers of the Company to repurchase its own issued shares in the capital of the Company in accordance with laws and requirements and regulations of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchanges on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange or rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:–

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:–

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; or

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in a general meeting."

C. "**THAT** subject to the passing of the Ordinary Resolution Nos. 8A and 8B, the general mandate granted to the Directors to allot, issue and deal with additional securities pursuant to Resolution No. 8A be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to Resolution No. 8B, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing this Resolution."

9. As special business, to consider and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

"**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the shares of HK$0.01 each ("**Shares**") in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Refreshed Limit (as defined below), the existing scheme mandate limit ("**Scheme Mandate Limit**") under the share option scheme ("**Share Option Scheme**") of the Company adopted pursuant to written resolutions of the shareholders of the Company passed on 21 November, 2001 be refreshed so that the aggregate nominal amount of share capital to be allotted and issued pursuant to the grant or exercise of any options under the Share Option Scheme and any other schemes of the Company (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and any other schemes of the Company) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution ("**Refreshed Limit**") and that the directors of the Company be and are hereby unconditionally authorised to grant options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such options."

10. As special business, to consider and, if thought fit, pass the special resolutions with or without amendments:

"That the existing Articles of Association be and are hereby amended in the following manner:

(a) Article 6

By deleting the words "or any share premium account" after the words "reduce its share capital"

(b) Article 146(1)

By deleting the following sentence in its entirety:

"The Company may apply the share premium account in any manner permitted by the Law"

and substituting therefor the following:

"Unless otherwise provided in these Articles, the Board may apply the share premium account in any manner permitted by the Law including, but without limitation, writing off accumulated losses of the Company."

As of the date of this notice, the Board comprises the following directors:

Executive Directors:
Mr. Li Kang Ying
Mr. Wang Dong Bin
Mr. Cao Wei
Mr. E Meng
Mr. Yan Qing
Mr. Ng Kong Fat, Brian
Ms. Chen Zhi

Independent non-executive Directors:
Ms. Ma Yu Hua
Ms. Liang Ye Ping
Mr. Jiang Qi Ping

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

Hong Kong, 4 April 2007

Head office and principal place of business:
Room 3401, West Tower, Shun Tak Centre
200 Connaught Road Central
Sheung Wan
Hong Kong