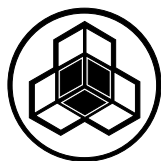


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Beijing Development (Hong Kong) Limited Xteam Software International Limited

北京發展(香港)有限公司

衝浪平台軟件國際有限公司

(Incorporated in Hong Kong with limited liability)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 154)

(Stock Code: 8178)

JOINT ANNOUNCEMENT

PLACING OF NEW SHARES OF XTEAM SOFTWARE INTERNATIONAL LIMITED,

DISCLOSEABLE TRANSACTION FOR BEIJING DEVELOPMENT (HONG KONG) LIMITED AND

RESUMPTION OF TRADING OF SHARES OF BEIJING DEVELOPMENT (HONG KONG) LIMITED AND XTEAM SOFTWARE INTERNATIONAL LIMITED

Placing Agent



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

SUMMARY

On 24 April 2007 the Company entered into the conditional Placing Agreement with the Placing Agent on a best endeavour basis for the placing of up to 468,000,000 new Shares to not less than six Places at the Placing Price of HK\$0.315 per Placing Share. All the Placing Shares have been fully placed as at the date of this announcement.

The Placing Shares represent approximately 11.19% of the existing issued share capital of the Company and approximately 10.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares assuming all the 468,000,000 Placing Shares are successfully placed out.

The Placing Price of HK\$0.315 represents (i) a discount of approximately 14.86% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on 23 April 2007, being the last trading day immediately before the date on which the Placing Agreement was signed; and (ii) a discount of approximately 16.67% to the average closing price of approximately HK\$0.378 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 23 April 2007.

Assuming all the 468,000,000 Placing Shares are successfully placed out, the gross proceeds of the Placing will amount to approximately HK\$147.42 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$142.87 million after deducting the placing commission and all costs, fees and expenses to be borne by the Company. It is presently expected that not less than 60% of the net proceeds will be applied towards the Group's future and potential investment(s) in the People's Republic of China, if identified, and the remaining will be applied as general working capital.

The Placing is conditional upon, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

At 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. and 9:31 a.m. on 24 April 2007 respectively pending the issue of this announcement. Applications have been made by the Company and Beijing Development to the Stock Exchange for the resumption of trading in the Shares and the shares of Beijing Development with effect from 9:30 a.m. on 26 April 2007.

THE PLACING AGREEMENT

Date: 24 April 2007

Issuer: The Company

Placing Agent: China Merchants Securities (HK) Co., Ltd., an Independent Third Party

Placee(s)

The Placing Shares will be placed on a best endeavour basis, to not fewer than six Placees which will be individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent. All Placees and their beneficial owner(s) will be Independent Third Parties. To the best knowledge of the Company, none of them will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company after the Placing. All the Placing Shares have been fully placed as at the date of this announcement.

Placing Shares

Up to 468,000,000 Placing Shares will be allotted and issued to the Placee(s) and represent approximately 11.19% of the existing issued share capital of the Company and approximately 10.06% of the issued share capital of the Company of 4,650,906,368 Shares as enlarged by the allotment and issue of the Placing Shares assuming all the 468,000,000 Placing Shares are successfully placed out.

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.315 per Placing Share represents (i) a discount of approximately 14.86% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on 23 April 2007, being the last trading day immediately before the date on which the Placing Agreement was signed; and (ii) a discount of approximately 16.67% to the average closing price of approximately HK\$0.378 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 23 April 2007.

The Placing Price, net of estimated expenses, is approximately HK\$0.305 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing Costs

Upon completion of the Placing Agreement, the Company shall pay to the Placing Agent the placing commission of 3% of the aggregate Placing Price of the total number of Placing Shares sold on behalf of the Company by the Placing Agent in pursuance of its obligations under the Placing Agreement and all costs, fees and expenses in relation to the Placing and the allotment and issue of the Placing Shares.

General mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to 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. Save for the Placing Shares, a total of 300,000,000 new Shares were issued under the above general mandate since 26 April 2006.

Condition of the Placing

The Placing is conditional upon the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

In the event that the condition of the Placing is not fulfilled on or before 14 Business Days from the date of the Placing Agreement, that is on or before 15 May 2007 (or such other date as may be agreed between the parties in writing), the Placing Agreement shall cease and neither the Company nor the Placing Agent shall have any claim against the others under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the second Business Day after the conditions of the Placing are fulfilled (or such other date as may be agreed between the Company and the Placing Agent).

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, all the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal business activities of the Group 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. As stated in the annual report of the Company for the year ended 31 December 2006, the audited consolidated net assets value of the Group as at 31 December 2006 is approximately HK\$140.39 million. The audited consolidated loss before taxation and after taxation of the Company for the year ended 31 December 2006 were approximately HK\$220.30 million and HK\$222.36 million respectively. The audited consolidated profit before taxation and after taxation of the Company for the year ended 31 December 2005 were approximately HK\$15.95 million and HK\$15.50 million respectively. The principal business activities of Beijing Development are the construction, operation and maintenance of information systems in mainland China.

The Board has considered various ways of raising funds and believes that taking into account of the current market conditions, the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base.

Assuming all the 468,000,000 Placing Shares are successfully placed out, the gross proceeds of the Placing will amount to approximately HK\$147.42 million. The net proceeds receivable by the Company, after deducting the placing commission and all costs, fees and expenses to be borne by the Company, are estimated to be approximately HK\$142.87 million assuming all the 468,000,000 Placing Shares are successfully placed out. It is presently expected that not less than 60% of the net proceeds will be applied towards the Group's future and potential investment(s) in the People's Republic of China, if identified, and the remaining will be applied as general working capital. As stated in the announcement of the Company dated 23 March 2007, a subsidiary of the Company entered into a letter of intent with a potential vendor in relation to the possible acquisition of a group of companies which are involved in the business of information technology. If the above acquisition proceed, part of the net proceeds may be applied for that acquisition. Otherwise, the Company will continue to identify other suitable investment. As at the date of this announcement, the Group has not identified any other potential investment.

The Directors, including the independent non-executive Directors consider that the Placing Agreement is entered into under normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

IMPLICATIONS UNDER THE LISTING RULES ON BEIJING DEVELOPMENT

As the Placing by the Company, which is a subsidiary of Beijing Development as at the date of this announcement, will result in a reduction of approximately 5.09% interest in the Company by Beijing Development, the Placing gives rise to deemed disposal of Beijing Development pursuant to Rule 14.29 of the Listing Rules. As the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Placing constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules.

A circular containing further details of the Placing will be dispatched to the shareholders of Beijing Development as soon as practicable and in accordance with the Listing Rules.

Immediately after the Placing, the Company will not become a subsidiary of Beijing Development and will no longer be consolidated in the accounts of Beijing Development after the completion of the Placing.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds as stated in the announcement	Actual use of proceeds
12 February 2007	Placing of 300 million existing Shares and subscription of new Shares	Approximately HK\$28.06 million	To be applied as general working capital of the Group	As to approximately HK\$13 million and HK\$1.2 million was utilised for repayment of interest bearing loan and financing operating expenses of the Group respectively. The net proceeds of approximately HK\$13.86 million is yet to be utilised.

Save as disclosed above, the Company had not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

CHANGES ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing, assuming all the 468,000,000 Placing Shares are successfully placed out, are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Placing		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate Percentage</i>	<i>No. of Shares</i>	<i>Approximate Percentage</i>
Beijing Development	2,115,513,445	50.58	2,115,513,445	45.49
The Placees	–	–	468,000,000	10.06
Other public Shareholders	2,067,392,923	49.42	2,067,392,923	44.45
Total	<u>4,182,906,368</u>	<u>100.00</u>	<u>4,650,906,368</u>	<u>100.00</u>

SUSPENSION AND RESUMPTION OF TRADING

At 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. and 9:31 a.m. on 24 April 2007 respectively 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 26 April 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“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”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Xteam Software International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“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 People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/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)
“Listing Committee”	the Listing sub-committee appointed by the Stock Exchange for considering applications for the granting of, and permission to deal in all of the Placing Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to selected investors pursuant to the Placing Agreement
“Placing Agent”	China Merchants Securities (HK) Co., Ltd., a licensed corporation licensed under the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
“Placing Agreement”	the agreement dated 24 April 2007 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.315 per Placing Share
“Placing Shares”	Up to a total of 468,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, 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
Xteam Software International Limited
Ng Weng Sin
Company Secretary

Hong Kong, 25 April 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 of Beijing Development are Mr. Cao Guxing, Prof. Liu Wei and Dr. Jin Lizuo.

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

Please also refer to the published version of this announcement in The Standard.