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北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

Stock code: 392

CONNECTED TRANSACTION



Beijing Development (Hong Kong) Limited

(incorporated in Hong Kong with limited liability)

Stock code: 154

**VERY SUBSTANTIAL
ACQUISITION
AND CONNECTED TRANSACTION**



Xteam Software International Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 8178

**MAJOR TRANSACTIONS
MAJOR AND CONNECTED
TRANSACTIONS
AND CONTINUING CONNECTED
TRANSACTION**

The Snow Fair Acquisition and the Pantosoft Acquisition

The board of directors of Xteam is pleased to announce that each of the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement were entered into on 10 February 2004 in respect of the Snow Fair Acquisition and the Pantosoft Acquisition respectively.

Pursuant to the Cosmos Town Agreement, Cosmos Town has agreed to sell and Xteam has agreed to purchase a 22% interest in Snow Fair at a consideration of HK\$3,500,010. Pursuant to the MC Capital Agreement, MC Capital has agreed to sell and Xteam has agreed to purchase a 9% interest in Snow Fair at a consideration of HK\$1,421,000. Pursuant to the Pantosoft Acquisition Agreement, Fortune Leo has agreed to sell and Snow Fair has agreed to purchase a 49% interest in Pantosoft at a consideration of HK\$15,598,190.

24,138,000 new Xteam Shares will be issued to Cosmos Town and 9,800,000 new Xteam Shares will be issued to MC Capital by Xteam as consideration for the Snow Fair Acquisition. To settle the consideration for the Pantosoft Acquisition, Xteam will issue 105,422,000 new Xteam Shares to Fortune Leo and Snow Fair will further pay HK\$312,000 in cash to Fortune Leo. The 24,138,000 new Xteam Shares to be issued as consideration under the Cosmos Town Acquisition to Cosmos Town, the 9,800,000 new Xteam Shares to be issued as consideration under the MC Capital Acquisition to MC Capital and the new 105,422,000 Xteam Shares to be issued as consideration under the Pantosoft Acquisition to Fortune Leo represent: (i) approximately 3.48%, approximately 1.41% and approximately 15.21% of the existing issued share capital of Xteam respectively; and (ii) approximately 0.64%, approximately 0.26% and approximately 2.80% of the issued share capital of Xteam as enlarged by the issue of the Xteam Shares as consideration under the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition (assuming that the number of Consideration Shares which is expected to be issued is 2,926,103,814) respectively.

Under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement, each Xteam Share will be issued at an issue price of HK\$0.145, which represents (i) a discount of approximately 4.6% to the closing price of each Xteam Share of HK\$0.152 as quoted on GEM on 6 February 2004, being the last trading day prior to the date of this announcement; (ii) a discount of approximately 3.3% to the average closing price per Xteam Share as quoted on GEM for the 10 consecutive trading days up to and including 6 February 2004 of approximately HK\$0.150; and (iii) a premium of approximately 116.4% over the underlying net asset value per Xteam Share (based on the unaudited balance sheet of the Xteam Group as at 30 September 2003).

Completion of the Pantosoft Acquisition is conditional on, among other things, the completion of the Snow Fair Acquisition while the completion of the Cosmos Town Acquisition and the MC Capital Acquisition are not conditional on each other and are not conditional on the completion of the Pantosoft Acquisition.

The Snow Fair Acquisition and the Pantosoft Acquisition, in aggregate, constitute a major transaction for Xteam under the Old GEM Listing Rules. Accordingly, the Snow Fair Acquisition and the Pantosoft Acquisition are subject to approval by the Xteam Shareholders.

The Acquisition

The respective boards of directors of Beijing Enterprises, Beijing Development and Xteam are pleased to announce that the Deed was entered into on 10 February 2004 in respect of the Acquisition.

Pursuant to the Deed, an aggregate interest of 68% in Astoria and the entire issued share capital of Wisdom Elite will be sold by the Beijing Development Group and the Other Vendors to Xteam and Xteam will issue the Consideration Shares, representing 75% of the issued share capital of Xteam on a fully diluted basis to the Beijing Development Group and the Other Vendors. The actual number of Consideration Shares to be issued therefore depends on the number of Xteam Shares and any securities of Xteam which carry rights to subscribe for or convert into new Xteam Shares in issue or agreed to be issued by Xteam prior to the completion date of the Deed. Based on 693,007,938 Xteam Shares in issue at the date of this announcement and taken together with (i) the issuance of an aggregate of 139,360,000 new Xteam Shares by Xteam upon completion of the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement; and (ii) the exercise in full of 143,000,000 share options outstanding as at the date of this announcement and assuming Xteam will not issue or agree to issue any further Xteam Shares and securities carrying rights to subscribe for or convert into the Xteam Shares prior to the completion date of the Acquisition, a total of 2,926,103,814 new Xteam Shares will be issued by Xteam to the Beijing Development Group and the Other Vendors as Consideration Shares. The Software Businesses of the Beijing Development Group will be sold to the Xteam Group and Xteam will become a subsidiary of Beijing Development upon completion of the Acquisition.

Assuming that 2,926,103,814 new Xteam Shares will be issued as the Consideration Shares, such number of Consideration Shares represents (i) approximately 4.2 times the existing issued share capital of Xteam; (ii) 77.85 % of the issued share capital of Xteam as enlarged by the issue of new Xteam Shares pursuant to the Snow Fair Acquisition and the Pantosoft Acquisition and the issue of the Consideration Shares; and (iii) 75.0% of the issued share capital of Xteam as enlarged by the issue of the new Xteam Shares pursuant to the Snow Fair Acquisition and the Pantosoft Acquisition and the Consideration Shares and assuming all the outstanding 143,000,000 share options of Xteam are exercised in full.

After the issue of the Consideration Shares under the Acquisition and assuming that 139,360,000 new Xteam Shares will be issued upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and none of the 143,000,000 outstanding share options of Xteam is exercised, the Beijing Development Group will own approximately 56.29% of the voting rights in Xteam and Beijing Development and its concert parties (including but not limited to Cosmos Vantage, the Other Vendors, Cosmos Town, MC Capital and Fortune Leo) will in aggregate own approximately 82.06% of the voting rights in Xteam. Accordingly, Beijing Development and its concert parties would trigger a mandatory general offer obligation under Rule 26.1 of the Takeovers Code in the absence of the Whitewash Waiver. Beijing Development will apply to the Executive for the Whitewash Waiver under Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code. The Whitewash Waiver will, if granted, be subject to approval by the Independent Xteam Shareholders who are not involved in, or interested in, the Acquisition by an independent vote cast by way of a poll at the EGM.

Completion of the Acquisition is conditional on the completion of the Snow Fair Acquisition and the Pantosoft Acquisition.

After completion of the Acquisition, the Transactions will constitute non-exempt continuing connected transactions for Xteam and are subject to the reporting, announcement and independent shareholders' approval requirements under the Existing GEM Listing Rules and the Cap Amounts will be approved by the Independent Xteam Shareholders at the EGM.

As the above transactions were entered into prior to 31 March 2004 when the recent amendments to the Rules Governing the Listing of Securities on the Main Board and GEM came into effect, the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition are governed by the Old Main Board Listing Rules and/or the Old GEM Listing Rules (as the case may be) which were in effect immediately prior to 31 March 2004.

As disclosed in the Holding Announcement, the Listing Division of the Stock Exchange previously ruled that the Acquisition constituted a reverse takeover for Xteam under the Old GEM Listing Rules and the Sale Transaction constituted a spin-off for Beijing Development under the Old Main Board Listing Rules. Beijing Development and Xteam applied to the Listing Committees (as defined in the Holding Announcement) for such ruling to be reviewed by the Listing Committees. The Listing Committees have decided that the Acquisition does not constitute a reverse takeover for Xteam under Rule 19.06(5) of the Old GEM Listing Rules and the Sale Transaction is not subject to Practice Note 15 of the Old Main Board Listing Rules (which Practice Note relates to spin-offs), subject to the condition that Mr. Ma and all other Xteam Shareholders who are interested in the Acquisition must abstain from voting at the EGM in respect of the resolution for approving the Acquisition.

The Sale Transaction constitutes a very substantial acquisition for Beijing Development under the Old Main Board Listing Rules. Accordingly, the Sale Transaction is subject to approval by the Beijing Development Shareholders under Rule 14.07(1) of the Old Main Board Listing Rules. The Stock Exchange has indicated that the Sale Transaction will not be treated as a new listing application under Rule 14.07(3) of the Old Main Board Listing Rules. Beijing Enterprises is the parent company of Beijing Development holding approximately 55.81% of the issued share capital of Beijing Development. As Mr. Cai Tianhong is a substantial shareholder of Astoria and a director of Astoria and its subsidiary, the Sale Transaction constitutes a connected transaction for Beijing Enterprises and Beijing Development under Rule 14.23(1)(b) of the Old Main Board Listing Rules, and is therefore subject to approvals by the respective independent shareholders of Beijing Enterprises and Beijing Development. Mr. He and Mr. Li who are parties to the Deed and Beijing Development Shareholders together with Mr. and Mrs. Chung Kwok Ho who are shareholders of Cosmos Vantage, which is a party to the Deed, and Beijing Development Shareholders are required to abstain from voting at the extraordinary general meeting of Beijing Development in respect of the resolution to approve the Sale Transaction. Save for Mr. He, Mr. Li and Mr. and Mrs. Chung Kwok Ho who are Beijing Development Shareholders and parties to the Deed, no other Beijing Development Shareholders are required to abstain from voting in respect of the resolution to approve the Sale Transaction. No connected persons of Beijing Enterprises have any material interest in the Sale Transaction. Therefore, no shareholders of Beijing Enterprises will be required to abstain from voting in respect of the resolution to approve the Sale Transaction.

Each of Beijing Enterprises and Beijing Development will issue a circular containing particulars relating to the Sale Transaction, the recommendation from the independent board committee in respect of the Sale Transaction and the advice of the independent financial adviser to the independent board committee, together with the notice of an extraordinary general meeting, which will be despatched to their respective shareholders as soon as practicable in accordance with the requirements under the Old Main Board Listing Rules. An announcement will be made by Beijing Enterprises and Beijing Development after they have appointed their independent financial adviser for the purposes of advising their respective independent board committees in respect of the Sale Transaction.

The Acquisition constitutes a major and connected transaction for Xteam under Rules 19.06(3) and 20.12(1)(b) of the Old GEM Listing Rules respectively. Accordingly, the Acquisition is subject to approval by the Independent Xteam Shareholders by way of a poll at the EGM. As a condition to the decision of the Listing Committees, Mr. Ma and other Xteam Shareholders who are interested in the Acquisition will abstain from voting at the EGM in respect of the resolution for approving the Acquisition. An independent board committee of Xteam will be appointed to advise the Independent Xteam Shareholders in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts. Somerley Limited has been appointed as the independent financial adviser to advise the independent board committee in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts.

A document containing, among other things, particulars relating to the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amount, the recommendation from the independent board committee of Xteam to the Independent Xteam Shareholders in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts, the letter of advice from the independent financial adviser, Somerley Limited, to the independent board committee of Xteam in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts and a notice convening the EGM will be despatched to the Xteam Shareholders as soon as practicable in accordance with the requirements under the Existing GEM Listing Rules (in the case of the Transactions), the Old GEM Listing Rules (in the case of the Snow Far Acquisition, the Pantosoft Acquisition and the Acquisition) and the Takeovers Code.

Beijing Development Shareholders and Xteam Shareholders should note that the respective completion of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition are conditional on the satisfaction of a number of conditions precedent. There is no assurance that all the necessary approvals required to satisfy all the conditions precedent will be obtained. The release of this announcement does not in any way imply that the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition will be completed. Caution should be exercised when dealing in the Beijing Development Shares and/or the Xteam Shares.

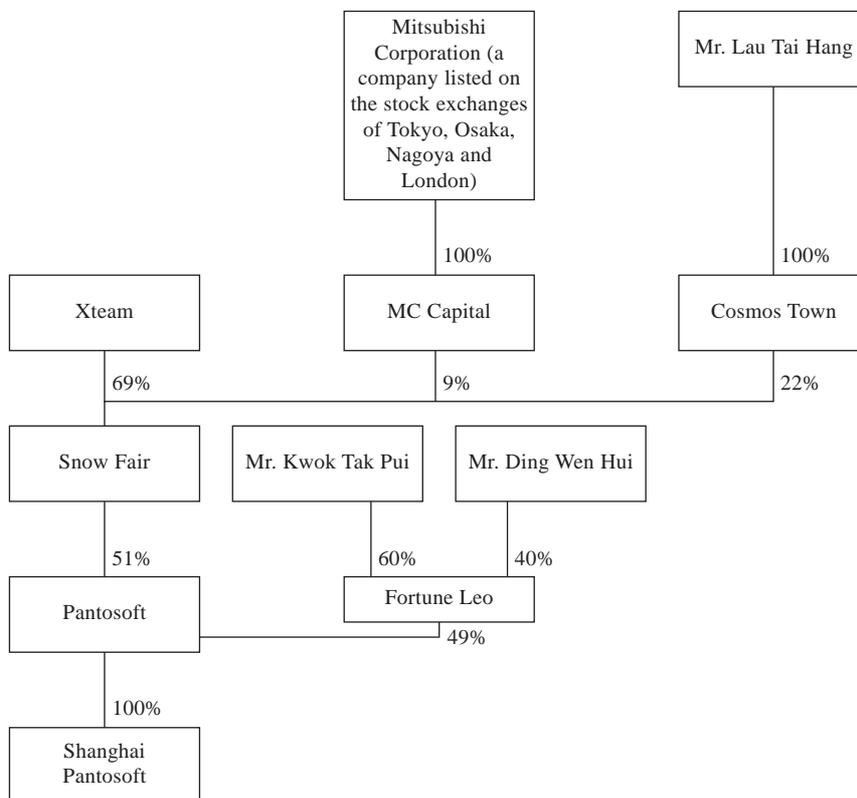
Trading of the Xteam Shares on the GEM has been suspended at the request of Xteam with effect from 9:30 a.m. on 9 February 2004 pending the release of this announcement. Trading of the Beijing Development Shares on the Stock Exchange has been suspended at the request of Beijing Development with effect from 9:30 a.m. on 11 February 2004 pending the release of this announcement.

Applications have been made by Xteam and Beijing Development to the Stock Exchange for the resumption of the trading of the Xteam Shares and the Beijing Development Shares respectively with effect from 9:30 a.m. on 20 May 2004.

THE SNOW FAIR ACQUISITION AND THE PANTOSOFT ACQUISITION

The board of directors of Xteam is pleased to announce that on 10 February 2004, the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement were entered into in respect of the Snow Fair Acquisition and the Pantosoft Acquisition respectively.

The diagram below shows the shareholding structures of Snow Fair and Pantosoft as at the date of this announcement.



The Cosmos Town Agreement

Date	: 10 February 2004
Vendor	: Cosmos Town
Purchaser	: Xteam
Subject assets	: 22 ordinary shares of Snow Fair owned by Cosmos Town, representing 22% of the issued share capital of Snow Fair
Consideration	: The consideration for the sale and purchase of 22 ordinary shares of Snow Fair owned by Cosmos Town shall be HK\$3,500,010, which shall be satisfied by Xteam allotting and issuing 24,138,000 new Xteam Shares to Cosmos Town, credited as fully paid, at an issue price of HK\$0.145 per Xteam Share

Cosmos Town is a private investment holding company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Lau Tai Hang, who is a merchant and an independent third party not connected with Xteam, the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. Cosmos Town is not a party acting in concert with any of the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. As at the date of this announcement, Cosmos Town does not own any Xteam Shares. Cosmos Town will cease to be a shareholder of Snow Fair after completion of the Cosmos Town Agreement.

The terms and conditions of the Cosmos Town Agreement were determined after arm's length negotiations between the parties, in particular, with reference to the historical financial track record of Snow Fair and its subsidiaries and the future prospects of Snow Fair and its subsidiaries. Please refer to the sub-section headed "Reasons for and benefits of the Snow Fair Acquisition and the Pantosoft Acquisition" for further information on Snow Fair and its subsidiaries.

The MC Capital Agreement

Date	:	10 February 2004
Vendor	:	MC Capital
Purchaser	:	Xteam
Subject assets	:	9 ordinary shares of Snow Fair owned by MC Capital, representing 9% of the issued share capital of Snow Fair Snow Fair is a private investment holding company holding a 51% interest in Pantosoft
Consideration	:	The consideration for the sale and purchase of 9 ordinary shares of Snow Fair owned by MC Capital shall be HK\$1,421,000, which shall be satisfied by Xteam allotting and issuing 9,800,000 new Xteam Shares to MC Capital, credited as fully paid, at an issue price of HK\$0.145 per Xteam Share

MC Capital is a private investment holding company incorporated in the Netherlands and is a wholly-owned subsidiary of Mitsubishi Corporation of Japan, the securities of which are listed on the stock exchanges of Tokyo, Osaka, Nagoya and London, and an independent third party not connected with Xteam, the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. As at the date of this announcement, MC Capital owns 18,610,829 Xteam Shares, representing approximately 2.69% of the issued share capital of Xteam. MC Capital is not a party acting in concert with any of the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. Upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition but before completion of the Acquisition (as more fully described in the section headed “The Acquisition” below), MC Capital will own approximately 3.41% of the issued share capital of Xteam. After completion of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition (assuming that 2,926,103,814 Consideration Shares will be issued under the Deed), MC Capital will own approximately 0.76% of the then enlarged issued share capital of Xteam.

MC Capital will cease to be a shareholder of Snow Fair after completion of the MC Capital Agreement. The terms and conditions of the MC Capital Agreement were determined after arm’s length negotiations between the parties, in particular, with reference to the historical financial track record of Snow Fair and its subsidiaries and the future prospects of Snow Fair and its subsidiaries. Please refer to the sub-section headed “Reasons for and benefits of the Snow Fair Acquisition and the Pantosoft Acquisition” for further information on Snow Fair and its subsidiaries.

The Pantosoft Acquisition Agreement

Date	:	10 February 2004
Vendor	:	Fortune Leo
Purchaser	:	Snow Fair
Subject assets	:	49 ordinary shares of Pantosoft owned by Fortune Leo, representing 49% of the issued share capital of Pantosoft

Consideration : The consideration for the sale and purchase of 49 ordinary shares of Pantosoftware owned by Fortune Leo shall be HK\$15,598,190, which shall be satisfied by Snow Fair procuring Xteam, which will hold the entire issued share capital of Snow Fair upon completion of the Pantosoftware Acquisition, to allot and issue 105,422,000 new Xteam Shares to Fortune Leo, credited as fully paid, at an issue price of HK\$0.145 per Xteam Share and the further payment of HK\$312,000 in cash by Snow Fair

Fortune Leo is a private investment holding company incorporated in the British Virgin Islands. Fortune Leo is ultimately and beneficially owned by Mr. Ding Wen Hui as to 40% and by Mr. Kwok Tak Pui as to 60%. Fortune Leo and the beneficial owners of Fortune Leo are independent third parties not connected with Xteam, the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. Fortune Leo is not a party acting in concert with any of the Xteam Directors, chief executive, substantial shareholders or management shareholders of Xteam or any of their respective associates. As at the date of this announcement, Fortune Leo does not hold any Xteam Shares.

The terms and conditions of the Pantosoftware Acquisition Agreement were determined after arm's length negotiations between the parties, in particular, with reference to the historical financial track record of Pantosoftware and its subsidiary and the future prospects of Pantosoftware and its subsidiary. Please refer to the sub-section headed "Reasons and benefits of the Snow Fair Acquisition and the Pantosoftware Acquisition" for further information on Pantosoftware and its subsidiary.

New Xteam Shares to be issued pursuant to the Snow Fair Acquisition and the Pantosoftware Acquisition

The new Xteam Shares to be issued under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoftware Acquisition Agreement shall rank pari passu in all respects with the Xteam Shares in issue on the date of allotment and issue of such new Xteam Shares. The 24,138,000 new Xteam Shares to be issued as consideration under the Cosmos Town Agreement to Cosmos Town, the 9,800,000 new Xteam Shares to be issued as consideration under the MC Capital Agreement to MC Capital and the new 105,422,000 Xteam Shares to be issued as consideration under the Pantosoftware Acquisition Agreement to Fortune Leo represent (i) approximately 3.48%, approximately 1.41% and approximately 15.21% of the existing issued share capital of Xteam respectively; and (ii) approximately 0.64%, approximately 0.26% and approximately 2.80% of the issued share capital of Xteam as enlarged by the issue of the Xteam Shares as consideration under the Snow Fair Acquisition, the Pantosoftware Acquisition and the Acquisition (assuming that the number of Consideration Shares which is expected to be issued is 2,926,103,814 as detailed in the section headed "The Acquisition" below) respectively. Please refer to the sub-section headed "the Deed" below for details of the Acquisition including the number of Consideration Shares which may be issued under the Deed.

The issue price of the new Xteam Shares to be issued under the Snow Fair Acquisition and the Pantosoftware Acquisition was determined by the parties to the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoftware Acquisition Agreement after arm's length negotiations in particular with reference to the market prices of Xteam Shares which have been traded at a premium over the net asset value per Xteam Share. The issue price of HK\$0.145 for each Xteam Share to be issued under the Snow Fair Acquisition and the Pantosoftware Acquisition represents (i) a

discount of approximately 4.6% to the closing price of each Xteam Share of HK\$0.152 as quoted on GEM on 6 February 2004, being the last trading day prior to the date of this announcement; (ii) a discount of approximately 3.3% to the average closing price per Xteam Share quoted on GEM for the 10 consecutive trading days as quoted on GEM up to and including 6 February 2004 of approximately HK\$0.150; and (iii) a premium of approximately 116.4% over the underlying net asset value per Xteam Share (based on the unaudited consolidated balance sheet of Xteam as at 30 September 2003). The Xteam Directors believe that such issue price is fair and reasonable when the interests of the Xteam Shareholders taken as a whole are considered.

Non-disposal undertakings

As requested by Xteam and agreed after arm's length negotiations between Xteam and each of Cosmos Town, MC Capital and Fortune Leo, each of Cosmos Town, MC Capital and Fortune Leo has undertaken under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement that it will not sell, transfer, grant any option on or otherwise dispose of (or enter into any agreement to sell, transfer, grant any option on or otherwise dispose of), nor permit the registered holder(s) to sell, transfer, grant any option on or otherwise dispose of (or to enter into any agreement to sell, transfer, grant any option on or otherwise dispose of) any of its direct or indirect interest in the Xteam Shares to be issued to them under the Cosmos Town Agreement, the MC Capital Agreement or the Pantosoft Acquisition Agreement (as the case may be) from the respective date of such issue until 31 May 2004. The Xteam Directors believe that such lock-up arrangement is beneficial to the Xteam Shareholders as it will help demonstrate the commitment of Cosmos Town, MC Capital and Fortune Leo in respect of their investments in Xteam.

Conditions precedent

Completion of the Pantosoft Acquisition is conditional on, among other things, completion of the Snow Fair Acquisition, while the completion of the Cosmos Town Acquisition and the MC Capital Acquisition are not conditional on each other and are not conditional upon the completion of the Pantosoft Acquisition. Save for the above, completion of the Snow Fair Acquisition and the Pantosoft Acquisition are subject to the following conditions precedent:

1. approval for the listing of, and permission to deal in, the new Xteam Shares to be issued under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement, being granted by the GEM Listing Committee of the Stock Exchange;
2. (if required) the granting of the consent by the Executive in relation to the transactions contemplated under the Cosmos Town Agreement, the MC Capital Agreement and/or the Pantosoft Acquisition Agreement;
3. in respect of the Cosmos Town Acquisition, approval by the Independent Xteam Shareholders for the transactions contemplated under the Cosmos Town Agreement including but not limited to the allotment and issue of the new Xteam Shares to be allotted and issued to Cosmos Town as settlement of the consideration for the Cosmos Town Acquisition;
4. in respect of the MC Capital Acquisition, approval by the Independent Xteam Shareholders for the transactions contemplated under the MC Capital Agreement including but not limited to the allotment and issue of the new Xteam Shares to be allotted and issued to MC Capital as settlement of the consideration for the MC Capital Acquisition;

5. in respect of the Pantosoftware Acquisition, approval by the Independent Xteam Shareholders for the transactions contemplated under the Pantosoftware Acquisition Agreement including but not limited to the allotment and issue of the new Xteam Shares to Fortune Leo as settlement of the consideration for the Pantosoftware Acquisition;
6. no act, omission, transaction or any other circumstances having occurred which constitutes a breach of any of the warranties given by Cosmos Town under the Cosmos Town Agreement or MC Capital under the MC Capital Agreement or Fortune Leo under the Pantosoftware Acquisition Agreement; and
7. the obtaining by Cosmos Town, MC Capital and Fortune Leo of all necessary consents which are required or desirable to be obtained by them for the completion of the Cosmos Town Agreement, the MC Capital Agreement or the Pantosoftware Acquisition Agreement.

Completion of the Snow Fair Acquisition and the Pantosoftware Acquisition shall take place on the third business day after satisfaction or waiver (in respect of conditions 6 and 7 above, in the absolute discretion of Xteam (in the case of the Snow Fair Acquisition) or Snow Fair (in the case of the Pantosoftware Acquisition)) of the above conditions precedent or upon such later date as may be agreed by Xteam (in the case of the Snow Fair Acquisition) or Snow Fair (in the case of the Pantosoftware Acquisition) in writing.

Listing Rules requirements

As the Snow Fair Acquisition and the Pantosoftware Acquisition were entered into prior to 31 March 2004, the date when the recent amendments to the Rules Governing the Listing of Securities on GEM became effective, the Snow Fair Acquisition and the Pantosoftware Acquisition are governed by the Old GEM Listing Rules.

The Snow Fair Acquisition and the Pantosoftware Acquisition, when aggregated, constitute a major transaction for Xteam under the Old GEM Listing Rules. Accordingly, the Snow Fair Acquisition and the Pantosoftware Acquisition are subject to approval by the Xteam Shareholders.

Application for listing

Xteam will apply to the Stock Exchange for the listing of, and permission to deal with, the new Xteam Shares to be issued under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoftware Acquisition Agreement.

Reasons for and benefits of the Snow Fair Acquisition and the Pantosoftware Acquisition

As set out in the announcement of Xteam dated 2 October 2002 and the circular of Xteam dated 28 October 2002, Xteam acquired a 51% interest in Snow Fair for a total consideration of HK\$12,224,000, of which HK\$9,391,000 was settled by cash and HK\$2,833,000 was settled by the issue of 5,666,000 new Xteam Shares at an issue price of HK\$0.50 each.

As set out in another announcement of Xteam dated 10 December 2002 and another circular of Xteam dated 31 December 2002, Xteam acquired a further 18% interest in Snow Fair for a total consideration of HK\$4,300,000, which was fully settled by cash.

Snow Fair is currently owned as to 69% by Xteam, 22% by Cosmos Town and 9% by MC Capital. Pantosoftware is owned as to 51% by Snow Fair and 49% by Fortune Leo. After completion of the Snow Fair Acquisition and the Pantosoftware Acquisition, Snow Fair and Pantosoftware will become wholly-owned subsidiaries of Xteam.

Pantosoftware holds the entire registered capital of Shanghai Pantosoftware. Shanghai Pantosoftware is principally engaged in the development of educational software as well as digital education campus in the PRC.

The Xteam Group is one of the software businesses endorsed by the PRC Government in the provision of credit system educational software which is used by colleges and other education institutions for recording credits of their students. Snow Fair and its subsidiaries successfully expanded their geographic reach to secure over 200 technical institutions in 16 provinces and municipalities, including Beijing, Shanghai and Chongqing. The Xteam Directors consider that the business development of Shanghai Pantosoftware has been satisfactory after the acquisition by Xteam of its majority stake in Snow Fair over one year ago.

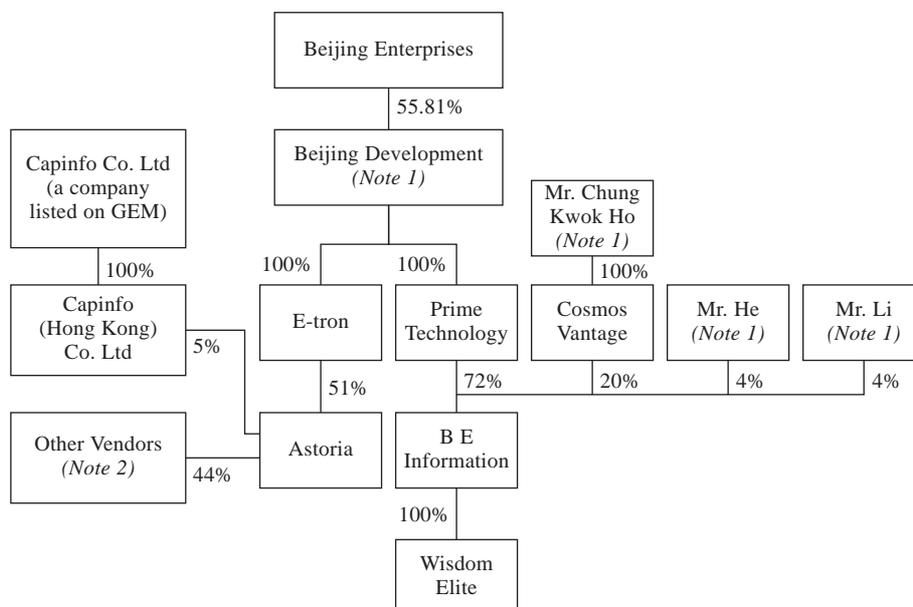
In view of the promotion of e-education by the PRC Government resulting in growing opportunities in the PRC e-education market, the results of Snow Fair and the performance of Shanghai Pantosoftware, the Xteam Directors believe that the Snow Fair Acquisition and the Pantosoftware Acquisition provide Xteam with an opportunity to further increase its investment interest in Snow Fair with a view to further capitalising upon the growing e-education market. The Xteam Directors (including the independent non-executive Xteam Directors) consider that the Snow Fair Acquisition and the Pantosoftware Acquisition are in the best interest of Xteam and the Xteam Shareholders.

Under the Takeovers Code, disclosing any unaudited profit/loss of Snow Fair, Pantosoftware and/or Shanghai Pantosoftware may be treated as a profit forecast under the Takeovers Code and may have to be reported on in accordance with Rule 10 of the Takeovers Code. As the Snow Fair Acquisition and the Pantosoftware Acquisition, in aggregate, constitute a major transaction for Xteam, an accountants' report on Snow Fair is required to be prepared and to be included in a circular to be dispatched to the Xteam Shareholders. The accountants' report will include the audited consolidated results of Snow Fair for (a) the period from 17 October 2001 (the date of incorporation) to 31 March 2002; (b) the year ended 31 March 2003 and (c) the period from 1 April 2003 to 31 December 2003. As the auditing work on the financial information on Snow Fair has not been completed, Xteam will not be in a position to comply with the reporting requirements under Rule 10 of the Takeovers Code if any of the unaudited results of Snow Fair is disclosed in this announcement. The financial results of Snow Fair will be included in the circular and the announcement regarding the despatch of the circular.

THE ACQUISITION

The board of directors of Beijing Enterprises, the board of directors of Beijing Development and the board of directors of Xteam are pleased to announce that the Deed was entered into on 10 February 2004 in respect of the Acquisition.

The diagram below shows the shareholding structures of Astoria and Wisdom Elite as at the date of this announcement.



Notes:

1. Mr. Chung Kwok Ho, the sole beneficial owner of Cosmos Vantage, and his wife held 76,000 Beijing Development Shares representing approximately 0.02% of the issued share capital of Beijing Development as at the date of this announcement. Each of Mr. He and Mr. Li held 4,533,760 Beijing Development Shares, representing approximately 0.9% of the issued share capital of Beijing Development as at the date of this announcement. Save for the above, no other party to the Deed held any Beijing Development Shares as at the date of this announcement.
2. The remaining 44% interests in Astoria are owned as to 11.0% by Mr. Liu Jun, 10.1% by Mr. Cai Tianhong, 10.1% by Mr. Chen Daqing, 4.4% by Ms. Zheng Xiaohua, 3.0% by Mr. He, 3.0% by Mr. Li and 2.4% by Mr. Yang Xiping.

The Deed

Date : 10 February 2004

Vendors : *In respect of Astoria*

1. E-tron, a wholly and beneficially owned subsidiary of Beijing Development, which has agreed to sell 510 shares of Astoria, representing 51% of the issued share capital of Astoria
2. Zheng Xiaohua, who has agreed to sell 44 shares of Astoria, representing 4.4% of the issued share capital of Astoria
3. Cai Tianhong, who has agreed to sell 39 shares of Astoria, representing 3.9% of the issued share capital of Astoria
4. Chen Daqing, who has agreed to sell 39 shares of Astoria, representing 3.9% of the issued share capital of Astoria
5. Liu Jun, who has agreed to sell 15 shares of Astoria, representing 1.5% of the issued share capital of Astoria
6. Yang Xiping, who has agreed to sell 9 shares of Astoria, representing 0.9% of the issued share capital of Astoria
7. Mr. He, who has agreed to sell 12 shares of Astoria, representing 1.2% of the issued share capital of Astoria
8. Mr. Li, who has agreed to sell 12 shares of Astoria, representing 1.2% of the issued share capital of Astoria

In respect of Wisdom Elite

B E Information has agreed to sell 100 shares of Wisdom Elite, representing 100% of the issued share capital of Wisdom Elite

B E Information is beneficially owned as to 72% by Prime Technology, 20% by Cosmos Vantage, 4% by Mr. He and 4% by Mr. Li.

Cosmos Vantage is wholly and beneficially owned by Mr. Chung Kwok Ho. Mr. Chung and his wife together held 76,000 Beijing Development Shares as at the date of this announcement.

Cosmos Vantage is a substantial shareholder of B E Information. Mr. He, Mr. Li are the respective chief executives of Wisdom Elite and its subsidiary. Ms. Zheng Xiaohua and Mr. Cai Tianhong are both directors of Astoria and its subsidiary. Mr. Cai Tianhong, Mr. Liu Jun and Mr. Chen Daqing are substantial shareholders of Astoria. Accordingly Cosmos Vantage, Mr. He, Mr. Li, Ms. Zheng Xiaohua, Mr. Cai Tianhong, Mr. Liu Jun and Mr. Chen Daqing, who are parties to the Deed, are connected persons of Beijing Development and Beijing Enterprises under the Old Main Board Listing Rules.

Purchaser	:	Xteam
Subject assets	:	<ol style="list-style-type: none">1. 680 shares of Astoria, representing 68% of the issued share capital of Astoria2. 100 shares of Wisdom Elite, representing the entire issued share capital of Wisdom Elite
Consideration	:	Xteam shall issue the Consideration Shares to E-tron, the Other Vendors and the shareholders of B E Information, as directed by B E Information, representing in aggregate 75% of the issued share capital of Xteam on a fully-diluted basis on completion of the Deed after taking into consideration (i) all new Xteam Shares which would be issued assuming full exercise of all outstanding share options granted or agreed to be granted over any Xteam Shares, all rights to acquire or convert into any new Xteam Shares granted or agreed to be granted, and all rights of subscription or conversion into new Xteam Shares granted or agreed to be granted, on or prior to the completion of the Deed; (ii) all new Xteam Shares to be issued or agreed to be issued on or prior to the completion of the Deed; and (iii) all new Xteam Shares to be issued pursuant to the Snow Fair Acquisition and the Pantosoft Acquisition. The actual number of Consideration Shares to be issued therefore depends on the number of Xteam Shares as at completion of the Deed and any securities of Xteam which carry rights to subscribe for or convert into new Xteam Shares in issue or agreed to be issued by Xteam prior to the completion date of the Deed.

Based on 693,007,938 Xteam Shares in issue as at the date of this announcement, the 139,360,000 Xteam Shares to be issued under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement and 143,000,000 share options outstanding as at the date of this announcement and assuming Xteam will not issue or agree to issue any Xteam Shares or securities carrying rights to subscribe for or convert into new Xteam Shares (other than the 139,360,000 new Xteam Shares which will be issued by Xteam pursuant to the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement) prior to the completion date of the Deed, a total of 2,926,103,814 Consideration Shares shall be issued by Xteam under the Deed, of which:

1. 217,967,375 new Xteam Shares will be issued by Xteam to E-tron;
2. an aggregate of 72,655,790 new Xteam Shares will be issued by Xteam to the Other Vendors pro rata to the number of Astoria's shares sold by each of them to Xteam; and
3. as directed by B E Information and to effect the Proposed Distribution, 1,897,546,070 new Xteam Shares will be issued to Prime Technology, 527,096,129 new Xteam Shares will be issued to Cosmos Vantage, 105,419,225 new Xteam Shares will be issued to Mr. He and 105,419,225 new Xteam Shares will be issued to Mr. Li by Xteam. Please refer to the section headed "The Proposed Distribution" for details of the Proposed Distribution.

Save as disclosed above, as at the date of this announcement, no other outstanding securities issued by Xteam carrying rights to subscribe for or convert into new Xteam Shares exist.

Based on the closing price of the Xteam Shares of HK\$0.152 as quoted on GEM on 6 February 2004 (being the last trading day of Xteam Shares prior to the date of this announcement) and assuming a total of 2,926,103,814 Consideration Shares to be issued, the monetary value of the consideration for the Acquisition is approximately HK\$445 million.

As at the date of this announcement, Xteam is an independent third party not connected with Beijing Enterprises and Beijing Development, the directors, chief executives and substantial shareholders of Beijing Enterprises or Beijing Development or any of their respective subsidiaries or any of their respective associates and Xteam is not a connected person of Beijing Enterprises and Beijing Development under the Old Main Board Listing Rules.

Beijing Development, E-tron, B E Information, the shareholders of B E Information (namely Prime Technology, Cosmos Vantage (including its beneficial owner), Mr. He and Mr. Li) and the Other Vendors (i) are independent third parties not connected with Xteam, the Xteam Directors, the chief executive, substantial shareholders and management shareholders of Xteam or any of their

respective associates and (ii) are not parties acting in concert with any of the Xteam Directors, the chief executive, substantial shareholders and management shareholders of Xteam or any of their respective associates.

Among the Other Vendors, (i) Mr. He and his associates hold 4,533,760 Beijing Development Shares, representing approximately 0.9% of the issued share capital of Beijing Development and (ii) Mr. Li and his associates hold 4,533,760 Beijing Development Shares, representing approximately 0.9% of the issued share capital of Beijing Development, as at the date of this announcement. Save for Mr. He and Mr. Li, no Other Vendors and their respective associates is a Beijing Development Shareholder. Mr. Chung Kwok Ho, the sole beneficial shareholder of Cosmos Vantage, together with his wife was interested in 76,000 Beijing Development shares as at the date of this announcement; representing approximately 0.02% of the issued share capital of Beijing Development.

The terms and conditions, including the consideration, of the Deed (including the consideration of the Acquisition) were determined after arm's length negotiations between the parties, in particular, with reference to the historical financial track record of the Software Businesses, the price-to-earnings ratios of other listed companies which are principally engaged in the development of software, the future prospects of the Software Businesses and the synergy between the Software Businesses and the business of the Xteam Group. The aggregate audited net profits of the Software Businesses for the year ended 31 December 2003 was approximately HK\$41.3 million. Based on the closing price per Xteam Share of HK\$0.152 as quoted on GEM on 6 February 2004 (being the last trading day of the Xteam Shares prior to the date of this announcement) and 2,926,103,814 Consideration Shares to be issued under the Deed, the consideration for the Acquisition is approximately HK\$444.8 million and the historical price to earnings ratio of the Software Businesses is approximately 11.28 times.

The Consideration Shares

The Consideration Shares to be issued under the Deed shall rank *pari passu* in all respects with the Xteam Shares in issue on the date of allotment and issue of the Consideration Shares. Xteam has undertaken to Beijing Development and the Other Vendors that it will not from the date of this announcement to the completion date of the Deed, issue or enter into any agreement to issue (i) any new Xteam Shares, other than those which may be issued pursuant to (a) the exercise of the 143,000,000 outstanding share options of Xteam; (b) the Cosmos Town Agreement; (c) the MC Capital Agreement; and (d) the Pantosoft Acquisition Agreement; and (ii) any securities carrying rights to subscribe for or convert into new Xteam Shares. On this basis, the maximum number of Xteam Shares that may be issued under the Deed to the Beijing Development Group and the Other Vendors is 2,926,103,814 Consideration Shares. Assuming 2,926,103,814 Xteam Shares shall be issued as Consideration Shares, such number of Consideration Shares represents (i) approximately 4.2 times the existing issued share capital of Xteam; (ii) 77.85% of the issued share capital of Xteam as enlarged by the issue of the new Xteam Shares under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement as well as the Consideration Shares; and (iii) 75.0% of the issued share capital of Xteam as enlarged by the issue of new Xteam Shares under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement as well as the Consideration Shares, assuming all the outstanding 143,000,000 share options of Xteam had been exercised in full.

Apart from the above outstanding share options, there are no other outstanding options, warrants or securities convertible into new Xteam Shares or other securities of Xteam.

Non-disposal undertakings

As requested by Xteam, each of E-tron, the Other Vendors, Prime Technology and Cosmos Vantage, has undertaken under the Deed that, it will not sell, transfer, grant any option over or otherwise dispose of (or enter into any agreement to sell, transfer, grant any option over or otherwise dispose of), nor permit the registered holder to sell, transfer, grant any option over or otherwise dispose of (or to enter into any agreement to sell, transfer, grant any option over or otherwise dispose of) any if its direct or indirect interest in the Consideration Shares to be issued to it or him or her under the Deed, from the issue date of such Consideration Shares to the date falling six months after completion of the Deed, save for (i) the Proposed Distribution, (ii) any transfer of the Consideration Shares by each of E-tron and Prime Technology to their respective associated companies (i.e. their subsidiaries, holding companies or subsidiaries of such holding companies) and (iii) any sale, transfer or otherwise disposal in order to maintain the public float of Xteam required under the GEM Listing Rules requested by the Stock Exchange or the SFC.

Upwise is a company wholly and beneficially owned by Mr. Ma. As at the date of this announcement, Upwise holds 74,821,349 Xteam Shares, representing approximately 10.8% of the existing issued share capital of Xteam. In view of Xteam's request for E-tron, the Other Vendors, Prime Technology and Cosmos Vantage to give the above non-disposal undertaking, E-tron, the Other Vendors, Prime Technology and Cosmos Vantage have also requested Upwise, as the substantial shareholder of Xteam, to undertake and Upwise has undertaken under the Deed that it will not sell, transfer, grant any option over or otherwise dispose of (or enter into any agreement to sell, transfer, grant any option over or otherwise dispose of), nor permit the registered holder to sell, transfer, grant any option over or otherwise dispose of (or to enter into any agreement to sell, transfer, grant any option over or otherwise dispose of) any of its interest in the 74,821,349 Xteam Shares held by it as at the date of the Deed from the date of the Deed to the date falling six months after completion of the Deed.

The Xteam Directors believe that the above lock-up arrangement is beneficial to the Xteam Shareholders and helps demonstrate the new investors' commitment in respect of their investments in Xteam and at the same time allows flexibility for the new investors to help restore the minimum public float of Xteam, if and when necessary.

Conditions precedent

Completion of the Deed is subject to, among other things, the following conditions precedent:

1. approval for the Sale Transaction being obtained from the Beijing Development Shareholders who are allowed to vote in respect of the Sale Transaction under the Old Main Board Listing Rules;
2. approval being obtained from the Independent Xteam Shareholders in respect of, among other things, the Acquisition and the Whitewash Waiver, who are allowed to vote under the Old GEM Listing Rules and the Takeovers Code, such vote to be by way of a poll;
3. approval being obtained from the Xteam Shareholders in respect of the increase in authorised share capital of Xteam from HK\$10 million to HK\$100 million in accordance with Xteam's memorandum and articles of association and the relevant Cayman Islands legislation;
4. the Executive granting the Whitewash Waiver to Beijing Development and the parties acting in concert with it;

5. approval for the listing of, and permission to deal in, the Consideration Shares being granted by the GEM Listing Committee;
6. the approval of the MC Capital Acquisition, the Cosmos Town Acquisition and/or the Pantosoft Acquisition, as the case may be, by the Xteam Shareholders, who are not involved in, or interested in, the MC Capital Acquisition, the Cosmos Town Acquisition and/or the Pantosoft Acquisition, as the case may be, and are allowed to vote in respect of such resolution(s) under the Takeovers Code, if necessary;
7. all the warranties given by the parties to the Deed, as the case may be, remaining true and accurate and not misleading up to and including the completion date of the Deed and the relevant parties to the Deed having performed all of the covenants and agreements under the Deed;
8. approval being obtained from the Independent Xteam Shareholders in respect of the Transactions and the Cap Amounts in accordance with the requirements under the GEM Listing Rules, such vote to be by way of a poll;
9. any other necessary consents from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement being obtained;
10. completion of the proposed transfer of Becom's software business to the subsidiary of Wisdom Elite; and
11. completion of the Snow Fair Acquisition and the Pantosoft Acquisition.

Please refer to the sub-section headed "Reasons for and benefits of the Acquisition" for details of Becom's software business and the relevant transfer and the section headed "Continuing connected transactions after completion of the Acquisition" for details of the Transactions and the Cap Amounts.

Completion of the Deed shall take place on the third business day after satisfaction or waiver of the above conditions precedent in accordance with the Deed or upon such other date as may be agreed between Xteam and Beijing Development. Conditions 1, 2, 3, 4, 5, 6 and 8 stated above cannot be waived by any parties to the Deed. If condition 11 is waived, the Acquisition may then proceed without the MC Capital Acquisition, the Cosmos Town Acquisition and/or the Pantosoft Acquisition being completed. If the Snow Fair Acquisition and the Pantosoft Acquisition are not completed, based on 693,007,938 Xteam Shares in issue as at the date of this announcement and 143,000,000 share options outstanding as at the date of this announcement, and assuming Xteam will not issue or agree to issue any Xteam Shares or securities carrying rights to subscribe for or convert into new Xteam Shares prior to the completion date of the Acquisition, 2,508,023,814 Consideration Shares will be issued by Xteam under the Deed.

Whitewash Waiver application

Under the Deed, Consideration Shares representing 75% of the enlarged issued share capital of Xteam on a fully diluted basis (as more fully described in the paragraph headed "the Deed" above) will be issued by Xteam to the Beijing Development Group and the Other Vendors upon completion of the Deed. Xteam has undertaken to Beijing Development and the Other Vendors that it will not from the date of this announcement to the completion date of the Deed, issue or enter into any agreement to issue (i) any new Xteam Shares, other than those which may be issued pursuant to (a) the exercise of the 143,000,000 outstanding share options of Xteam; (b) the Cosmos

Town Agreement; (c) the MC Capital Agreement; and (d) the Pantosoft Acquisition Agreement; and (ii) any securities carrying rights to subscribe for or convert into new Xteam Shares. On this basis, the maximum number of Xteam Shares that may be issued under the Deed to the Beijing Development Group and the Other Vendors is 2,926,103,814 Consideration Shares. Based on the closing price of HK\$0.152 of each Xteam Share as quoted on GEM on 6 February 2004 (being the last trading day of the Xteam Shares prior to the date of this announcement) and 2,926,103,814 Consideration Shares to be issued under the Deed, the consideration for the Acquisition is approximately HK\$444.8 million and the historical price to earnings ratio of the Software Businesses is approximately 11.28 times. Immediately after completion of the Acquisition and assuming (i) 2,926,103,814 Consideration Shares will be issued by Xteam under the Deed, (ii) 139,360,000 new Xteam Shares will be issued by Xteam upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and (iii) none of the 143,000,000 outstanding share options of Xteam is exercised, the Beijing Development Group will hold 56.29% of the voting rights of Xteam and Beijing Development and its concert parties (including Cosmos Vantage, the Other Vendors, Cosmos Town, MC Capital and Fortune Leo) will in aggregate hold approximately 82.06% of the voting rights in Xteam. Accordingly, Beijing Development would trigger a mandatory general offer obligation under Rule 26.1 of the Takeovers Code unless it obtains the Whitewash Waiver from the Executive.

Beijing Development and its concert parties will apply to the Executive for the Whitewash Waiver under Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code. Save for MC Capital, who owns 18,610,829 Xteam Shares, representing 2.69% of the issued share capital of Xteam, Beijing Development and its concert parties did not own any Xteam Shares as at the date of this announcement. Beijing Development and its concert parties have not acquired any Xteam Shares in the past six months prior to the date of this announcement.

The Whitewash Waiver will, if granted, be subject to approval by the Independent Xteam Shareholders who are not involved in, or interested in, the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition by an independent vote cast on a poll at a general meeting of Xteam. Mr. Ma holding 116,681,821 Xteam Shares (a non-executive Xteam Director and the Chairman of the board of directors of Xteam) who was involved in the negotiations in respect of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition and together with his concert parties will abstain from voting in respect of the Whitewash Waiver. Save for the involvement of Mr. Ma in the negotiation of the Agreement, Mr. Ma has no other relationship with Beijing Development, Prime Technology, E-tron, Becom, Cosmos Vantage and the Other Vendors.

Listing Rules requirements

As the Deed was entered into prior to 31 March 2004, the date when the recent amendments to the Rules Governing the Listing of Securities on the Main Board and GEM came into effect, the transactions under the Deed are governed by the Old Main Board Listing Rules and the Old GEM Listing Rules.

As disclosed in the Holding Announcement, the Listing Division of the Stock Exchange previously ruled that the Acquisition constituted a reverse takeover for Xteam under the Old GEM Listing Rules and the Sale Transaction constituted a spin-off for Beijing Development under the Old Main Board Listing Rules. Beijing Development and Xteam applied to the Listing Committees (as defined in the Holding Announcement) for such ruling to be reviewed by the Listing Committees. The Listing Committees have decided that the Acquisition does not constitute a reverse takeover for Xteam under Rule 19.06(5) of the Old GEM Listing Rules and the Sale Transaction is not

subject to Practice Note 15 of the Old Main Board Listing Rules (which Practice Note relates to spin-offs), subject to the condition that Mr. Ma and all other Xteam Shareholders who are interested in the Acquisition must abstain from voting at the EGM in respect of the resolution for approving the Acquisition.

In respect of Beijing Enterprises and Beijing Development

Very substantial acquisition for Beijing Development

As the aggregate consideration for the Sale Transaction exceeds 100% of the published net tangible asset value of the Beijing Development Group as at 30 June 2003, the Sale Transaction constitutes a very substantial acquisition for Beijing Development under the Old Main Board Listing Rules. Accordingly, the Sale Transaction is subject to approval by the Beijing Development Shareholders under Rule 14.07(1) of the Old Main Board Listing Rules. The Stock Exchange has indicated that the Sale Transaction will not be treated as a new listing application under Rule 14.07(3) of the Old Main Board Listing Rules.

Connected transactions for Beijing Enterprises and Beijing Development

Beijing Enterprises is the parent company of Beijing Development holding approximately 55.81% of the issued share capital of Beijing Development. As Mr. Cai Tianhong is a substantial shareholder of Astoria and a director of Astoria and its subsidiary, the Sale Transaction constitutes a connected transaction for Beijing Enterprises and Beijing Development under Rule 14.23(1)(b) of the Old Main Board Listing Rules and is therefore subject to approvals by the respective independent shareholders of Beijing Enterprises and Beijing Development.

Apart from being a shareholder of Beijing Development, Beijing Enterprises is not interested in the sale of shares in Astoria and Wisdom Elite by the Beijing Development Group pursuant to the Deed.

Mr. He and Mr. Li who are parties to the Deed and Beijing Development Shareholders together with Mr. and Mrs. Chung Kwok Ho who are shareholders of Cosmos Vantage, which is a party to the Deed, and Beijing Development Shareholders are required to abstain from voting at the extraordinary general meeting of Beijing Development in respect of the resolution to approve the Sale Transaction. Save for Mr. He, Mr. Li, Mr. and Mrs. Chung Kwok Ho, no other Beijing Development Shareholder is required to abstain from voting in respect of the Sale Transaction.

No connected persons of Beijing Enterprises have any material interest in the Sale Transaction. Therefore, no shareholders of Beijing Enterprises are required to abstain from voting in respect of the resolution to approve the Sale Transaction.

In respect of Xteam

As (i) the consideration for the Acquisition exceeds 50% of the latest published net tangible asset value of the Xteam Group as at 30 September 2003 as adjusted by the effects of the placing carried out by Xteam in October 2003 and (ii) the number of Consideration Shares exceeds 50% of the number of Xteam Shares in issue, the Acquisition constitutes a major transaction for Xteam under Rule 19.06(3) of the Old GEM Listing Rules. In addition, the Acquisition also constitutes a connected transaction for Xteam under Rule 20.12(1)(b) of the Old GEM Listing Rules because Beijing Development will become a controlling shareholder of Xteam and will appoint representatives as directors of Xteam after completion of the Acquisition. Accordingly, the Acquisition is subject to approval by the Independent Xteam Shareholders by way of a poll at the

EGM. In accordance with the decision of the Listing Committees, Mr. Gary Ma, and other Xteam Shareholders who are interested in the Acquisition will abstain from voting at the EGM in respect of the resolution for approving the Acquisition.

Application for listing

Xteam will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Board of directors of Xteam

The board of directors of Xteam currently comprises 9 members, including 5 executive directors, 2 non-executive directors and 2 independent non-executive directors. Upon completion of the Acquisition, Beijing Development intends to nominate such number of representatives to become Xteam Directors as shall constitute a majority of the board of the Xteam Directors. Beijing Development has not decided upon the identity of the persons that it will nominate as its representatives on the board of Xteam. The biographies of the representatives to be nominated by Beijing Development will be included in the circular of Xteam to be despatched to the Xteam Shareholders in connection with the Acquisition.

Increase in the authorised share capital of Xteam

As at the date of this announcement, the authorised share capital of Xteam is HK\$10 million comprising 1,000,000,000 Xteam Shares. The issued share capital of Xteam is approximately HK\$6.93 million comprising 693,007,938 Xteam Shares in issue. In order to facilitate the issue of the Consideration Shares under the Deed, the board of directors of Xteam proposes to increase the authorised share capital of Xteam from HK\$10 million to HK\$100 million by the creation of an additional 9,000,000,000 Xteam Shares. According to the memorandum and articles of association of Xteam, the proposed increase of authorised share capital of Xteam is subject to approval by the Xteam Shareholders by way of an ordinary resolution. As set out in the paragraph headed “Conditions precedent” above, completion of the Acquisition is subject to, among other things, the passing of an ordinary resolution by the Xteam Shareholders at the EGM approving the proposed increase of the authorised share capital of Xteam.

Reasons for and benefits of the Acquisition

The Software Businesses

Beijing Development acquired a 51% interest in Astoria in 14 April 2003. Astoria is principally engaged in the development and sale of re-employment and e-government software systems to government authorities.

The Beijing Development Group first acquired a 60% interest in Wisdom Elite in January 2003. As a result of such internal reorganisation, B E Information has become an intermediate holding company of the Beijing Development Group’s information technology business and Wisdom Elite has become a wholly-owned subsidiary of B E Information. Please refer to Beijing Development’s announcement dated 7 October 2003 and its circular dated 29 October 2003 for further details of the internal reorganisation of the information technology business of the Beijing Development Group. Wisdom Elite Group is principally engaged in the development and sale of social security information management systems and tax information management systems in the PRC. The clients of Wisdom Elite include governmental agencies and private enterprises in the PRC.

The software business of Becom is currently mainly related to the development and sale of educational and information management software and systems in the PRC. The customers of such software business include the Beijing Education Bureau and various schools in Beijing, the PRC. Becom is owned as to 95% by B E Information and 5% by 北京教育網絡和信息中心 (Beijing Education Network and Information Center) under the Beijing Education Bureau. The minority shareholder of Becom is an independent third party not connected with Beijing Development, the directors, chief executive and substantial shareholders of Beijing Development or any of its subsidiaries or any of their respective associates and accordingly, it is not a connected person of Beijing Development under the Old Main Board Listing Rules. In order to further rationalize the corporate structure of the information technology business of the Beijing Development Group, it is planned that the entire software business of Becom (including all the existing relevant contracts, intangible assets and staff) will be transferred by Becom to Beijing Enterprises VST Software Technology Co. Ltd. (北京北控偉仕軟件工程技術有限公司), a wholly-owned PRC subsidiary of Wisdom Elite, at nil consideration prior to the completion of the Acquisition. The Beijing Development Directors believe that this will further enhance the business prospects and competitiveness of the Wisdom Elite Group in the PRC software development market.

The Beijing Development Directors believe that the Software Businesses have established strong business relationships with a number of government departments in the PRC, such as the Beijing Education Bureau, the Labour and Social Security and Tax Authorities in the PRC. This gives the Software Businesses a strong foundation for further business development in the PRC.

The audited net profit before and after tax of Becom's software business for the two years ended 31 December 2003 are set out in the following table:

	For the year ended 31 December 2002 HK\$	For the year ended 31 December 2003 HK\$
Audited net profit before tax	2,995,000	11,647,000
Audited net profit after tax	2,995,000	11,647,000

The software business of Becom will be transferred to Wisdom Elite prior to completion of the Deed. The transfer of such business will mainly include the transfer of the personnel and the business contracts in progress. No material assets and liabilities will be transferred to Wisdom Elite.

The audited consolidated net profit before and after tax of Wisdom Elite for the period from 26 August 2002 (date of incorporation) to 31 December 2003 was HK\$23,770,000. The audited total assets and consolidated net tangible assets of Wisdom Elite as at 31 December 2003 were HK\$29,494,000 and HK\$25,657,000 respectively.

The audited consolidated net profit before and after tax of Astoria for the period from 20 January 2003 (date of incorporation) to 31 December 2003 was HK\$5,912,000. The audited total assets and consolidated net tangible assets of Astoria as at 31 December 2003 were HK\$9,413,000 and HK\$5,920,000 respectively.

No extraordinary items were recorded by (i) Becom for the two years ended 31 December 2003, (ii) Wisdom Elite for the period from 26 August 2002 to 31 December 2003 and (iii) Astoria for the period from 26 August 2002 to 31 December 2003.

As explained above in the section headed “The Deed”, the financial information on the Software Businesses will be included in the respective circulars of Beijing Development and Xteam to be despatched to their respective shareholders and in an announcement to be made jointly by Beijing Development and Xteam when the circulars are despatched.

The Xteam Group

The Xteam Group is principally engaged in the provision of Chinese Linux operating systems with kernel rewritten to specifically cater for Chinese users in the PRC and the provision of software based on the Linux operating platform for various hardware appliances including servers, mobile network systems and personal computers in the PRC. The Xteam Group also provides technical support and after-sales services to its customers. The Xteam Directors believe that the Xteam Group has established a strong business presence in the Chinese Linux software market in the PRC. In 2002, Xteam received “The Best Linux Product Award” from China Center of Information Industry Development of the Ministry of Information Industry. Xteam has been focusing on the e-government market in the PRC and was recognized as one of the “Top 100 e-Government IT Enterprises in the PRC” for the second year by China Weekly in October 2003.

As stated above, Xteam has in aggregate acquired a 69% interest in Snow Fair which in turn holds a 51% interest in Pantosoft. Shanghai Pantosoft is a wholly-owned subsidiary of Pantosoft. The entering into of the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement allows the Xteam Group to acquire the remaining 31% interest in Snow Fair and the remaining 49% interest in Pantosoft. Upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition, Snow Fair, Pantosoft and Shanghai Pantosoft will become wholly-owned subsidiaries of Xteam.

The head office of the Xteam Group is in Beijing. The Xteam Group has set up a sales office in Shanghai and a representative office in each of Guangzhou, Qingdao and Wuhan.

The audited profit/(loss) before and after tax and minority interests of the Xteam Group for the two years ended 31 March 2003 and the unaudited profit/(loss) before and after tax and minority interests of the Xteam Group for the nine months ended 31 December 2003 are set out in the following table.

	For the year ended 31 March		For the nine months ended 31 December	
	2002	2003	2002	2003
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax and minority interests	3,478	(10,327)	2,615	(9,034)
Profit/(loss) after tax and minority interests	3,478	(10,589)	1,987	(10,776)

No extraordinary items were recorded by the Xteam Group for the two years ended 31 March 2003 and the nine months ended 31 December 2003.

The results of the Xteam Group was greatly affected by the outbreak of SARS in the PRC in early 2003. Despite the Xteam Group recorded an unaudited net profit of approximately HK\$2.0 million for the nine months ended 31 December 2002, the Xteam Group made an audited net loss of approximately HK\$10.6 million for the year ended 31 March 2003. As the SARS impact started to diminish, the Xteam Group recorded modest growth in turnover for the three month ended 31 December 2003. The unaudited turnover of the three months ended 31 December 2003 amounted to approximately HK\$15.9 million, representing an increase of approximately 152% from that of the three months ended 30 September 2003 and an increase of approximately 8.9% from that of the three months ended 31 December 2002.

The unaudited net asset value and total assets value of the Xteam Group as at 30 September 2003 was approximately HK\$46.2 million and HK\$61.1 million respectively. In October 2003, Xteam issued 53 million Xteam Shares through a placing which raised net cash proceeds of approximately HK\$8 million.

Benefits and effects of the Acquisition

The Beijing Development Group is principally engaged in the provision of information technology solutions to several industries in the PRC (including the Software Businesses and the systems integration business, hardware and software solution businesses carried out by other subsidiaries of B E Information), internet and communication related services (including an internet service provider consultancy business), restaurant operations and property investment. It is a business strategy of Astoria and Wisdom Elite to continue to establish close business relationships with the various government departments in the PRC with a focus on the e-government and e-education market. The Xteam Group will continue to develop its Chinese Linux based software business in the PRC, including the e-government and e-education business segments.

Immediately after completion of the Acquisition, Xteam will become a 56.29% owned subsidiary of Beijing Development (assuming that the number of Consideration Shares which is to be issued under the Deed is 2,926,103,814). Astoria and Wisdom Elite will continue to be subsidiaries of Beijing Development after completion of the Acquisition. Assuming (i) 2,926,103,814 Consideration Shares shall be issued by Xteam under the Deed, (ii) 139,360,000 new Xteam Shares will be issued upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and (iii) none of the 143,000,000 outstanding share options of Xteam is exercised, the indirect attributable and effective interests of Beijing Development in Astoria and Wisdom Elite will decrease from 51% and 72% respectively to approximately 38.3% and approximately 56.29% respectively upon completion of the Acquisition. As described above, business of Astoria and Wisdom Elite and that of the Xteam Group are both software related. The Beijing Enterprises Directors, the Beijing Development Directors and the Xteam Directors believe that the Software Businesses and the business of the Xteam Group are in the same line of business and are complementary with each other. The combination of the two businesses will allow the Software Businesses to further enhance its technical capability and expertise while at the same time giving the Xteam Group opportunities to develop closer business relationships with various government departments in the PRC. The Beijing Enterprises Directors, the Beijing Development Directors and the Xteam Directors believe that the enlarged Xteam Group (including the Software Businesses) after completion of the Acquisition will be in a stronger position to capitalize, capture the opportunities available and to foster the rapid deployment of Linux technology in the PRC as a result of the promotion of e-government and e-education by the PRC Government.

Based on the above, the Beijing Enterprises Directors, the Beijing Development Directors (after evaluating the dilution effect to Beijing Development's effective interest in the Software Businesses and the expected benefits of combining the businesses of the Xteam Group and the Software Businesses as stated above) and the Xteam Directors believe that the Acquisition is in the best interest of Beijing Enterprises, Beijing Development and Xteam respectively and the terms of the Deed are fair and reasonable as far as the respective interests of the Beijing Enterprises Shareholders the Beijing Development Shareholders and the Xteam Shareholders are concerned.

As set out in the Prospectus, the objective of the Xteam Group is to become one of the prominent Linux developers in the Internet computing environment in the PRC in light of the increasing prevalence of the Internet and the merits of the Linux operating system in the Internet computing environment in the PRC. To achieve such business objective, one of the strategies of the Xteam Group is to acquire or form alliances with companies providing synergies and technological support. The Xteam Directors believe that the proposed combination of the business of the Xteam Group and the Software Businesses through the Acquisition is in line with the business objective and strategies of the Xteam Group as stated in the Prospectus.

The Stock Exchange has stated that it will closely monitor all future acquisitions or disposals of assets by Xteam. If the Xteam Shares remain listed on the Stock Exchange, any acquisition or disposal of assets by Xteam will be subject to the provisions of the Existing GEM Listing Rules. Pursuant to the Existing GEM Listing Rules, the Stock Exchange has discretion to require Xteam to issue a circular to its shareholders where an acquisition or disposal by Xteam is proposed, irrespective of the size of the proposed acquisitions or disposals of assets, particularly where such proposed acquisitions and disposals of assets represent a departure from the principal activities of Xteam. The Stock Exchange has the power to aggregate a series of acquisitions and disposals of assets by Xteam and any such acquisitions and disposals of assets may result in Xteam being treated as if it were a new listing applicant and subject to the requirements for new listing application as set out in the Existing GEM Listing Rules (including payment of a new listing fee).

THE PROPOSED DISTRIBUTION

B E Information is a 72% owned direct subsidiary of Prime Technology. Cosmos Vantage owns a 20% interest in B E Information and each of Mr. Li and Mr. He holds a 4% interest in B E Information. Mr. Li and Mr. He are respectively chief executives of Wisdom Elite and its subsidiary and are connected persons of Beijing Enterprises and Beijing Development. Mr. Chung Kwok Ho, the sole beneficial owner of Cosmos Vantage, is a director of certain subsidiaries of B E Information. Each of Mr. Li and Mr. He is also one of the Other Vendors under the Deed for the sale of their respective interests in Astoria. Under the Deed (assuming the issue of 139,360,000 new Xteam Shares upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and taking into account the 143,000,000 outstanding share options of Xteam), Mr. Li will be allotted 5,128,644 Consideration Shares and Mr. He will be allotted 5,128,644 Consideration Shares for the sale of their interests in Astoria.

In order to give effect to the allotment and issue of the Consideration Shares to the shareholders of B E Information, including Prime Technology, Cosmos Vantage, Mr. Li and Mr. He, as directed by B E Information under the Deed, B E Information intends to carry out the Proposed Distribution. Pursuant to the Proposed Distribution (assuming the issue of 139,360,000 new Xteam Shares upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and taking into account the 143,000,000 outstanding share options of Xteam), 2,635,480,649 Consideration Shares will be distributed by B E Information to its shareholders on a pro rata basis based on the proportion of

shares in B E Information held by each of such shareholders by way of distribution in specie. The Proposed Distribution is subject to the relevant requirements under the British Virgin Islands law and the memorandum and articles of association of B E Information. Under the Proposed Distribution, 1,897,546,070 Consideration Shares will be distributed to Prime Technology, 527,096,129 Consideration Shares will be distributed to Cosmos Vantage, 105,419,225 Consideration Shares will be distributed to Mr. He and 105,419,225 Consideration Shares will be distributed to Mr. Li assuming that the total number of Consideration Shares which will be issued by Xteam under the Deed is 2,926,103,814.

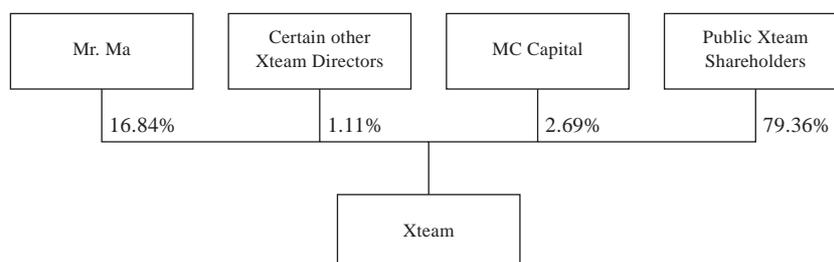
SHAREHOLDING STRUCTURE OF XTEAM

The table below shows the existing shareholding structure of Xteam and the structure immediately after completion of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition.

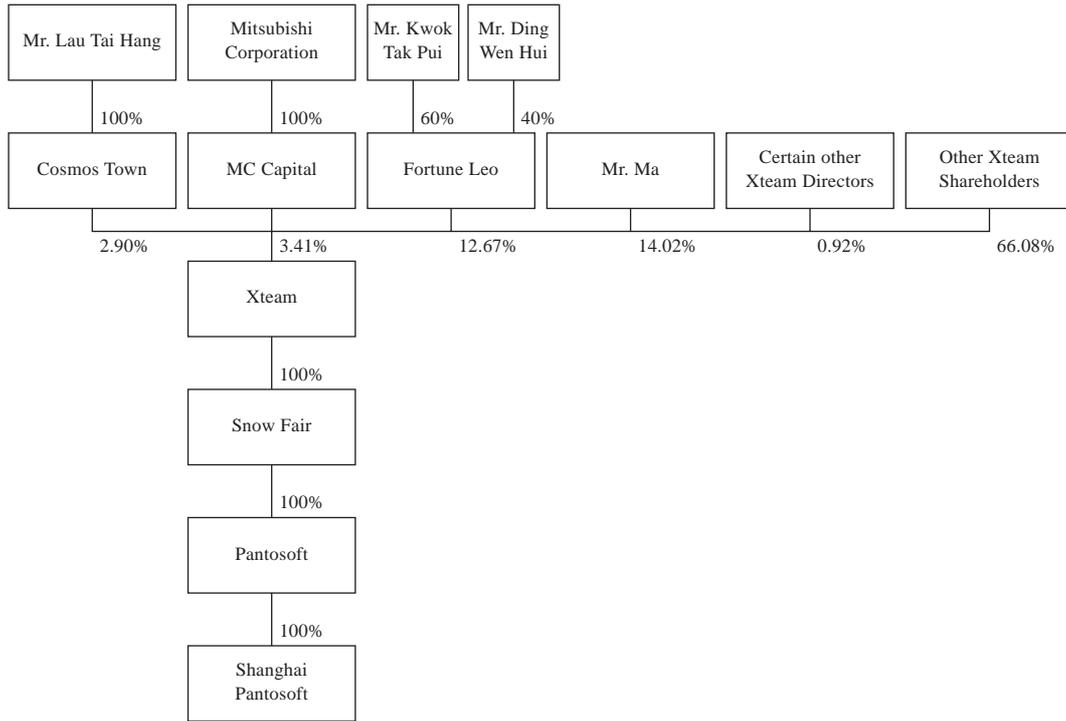
	Existing Shareholding	Percentage	Immediately after completion of Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition	Percentage	Immediately after completion of the Acquisition (assuming the Snow Fair Acquisition and the Pantosoft Acquisition are not completed)	Percentage
The Beijing Development Group	—	0.00%	2,115,513,445	56.29%	1,813,250,125	56.65%
Cosmos Vantage	—	0.00%	527,096,129	14.02%	451,784,943	14.11%
Other Vendors						
Mr. He	—	0.00%	110,547,869	2.94%	94,752,854	2.96%
Mr. Li	—	0.00%	110,547,869	2.94%	94,752,854	2.96%
Ms. Zheng Xiaohua	—	0.00%	18,805,028	0.50%	16,118,176	0.50%
Mr. Cai Tianhong	—	0.00%	16,668,093	0.44%	14,286,565	0.45%
Mr. Chen Daqing*	—	0.00%	16,668,093	0.44%	14,286,565	0.45%
Mr. Liu Jun*	—	0.00%	6,410,805	0.17%	5,494,833	0.17%
Mr. Yang Xiping*	—	0.00%	3,846,483	0.10%	3,296,899	0.10%
Cosmos Town*	—	0.00%	24,138,000	0.64%	—	0.00%
MC Capital*	18,610,829	2.69%	28,410,829	0.76%	18,610,829	0.58%
Fortune Leo*	—	0.00%	105,422,000	2.81%	—	0.00%
Beijing Development and its concert parties	18,610,829	2.69%	3,084,074,643	82.06%	2,526,634,643	78.93%
Mr. Ma	116,681,821	16.84%	116,681,821	3.10%	116,681,821	3.65%
Certain other Xteam Directors	7,701,469	1.11%	7,701,469	0.21%	7,701,469	0.24%
Other Xteam Shareholders						
Other existing public Xteam Shareholders*	550,013,819	79.36%	550,013,819	14.63%	550,013,819	17.18%
	<u>693,007,938</u>	<u>100%</u>	<u>3,758,471,752</u>	<u>100%</u>	<u>3,201,031,752</u>	<u>100%</u>
* public Xteam Shareholders	<u>568,624,648</u>	<u>82.05%</u>	<u>734,910,029</u>	<u>19.55%</u>	<u>591,702,947</u>	<u>18.48%</u>

Note: Assuming that apart from the new Xteam Shares to be allotted and issued pursuant to the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement and the Consideration Shares, no further new Xteam Shares and securities carrying rights to subscribe for or convert into new Xteam Shares or otherwise will be allotted and issued after the date of the Deed and before the completion of the Acquisition (including any new Xteam Shares which may be issued upon exercise of the outstanding share options of Xteam), 2,926,103,814 Consideration Shares will be issued under the Deed.

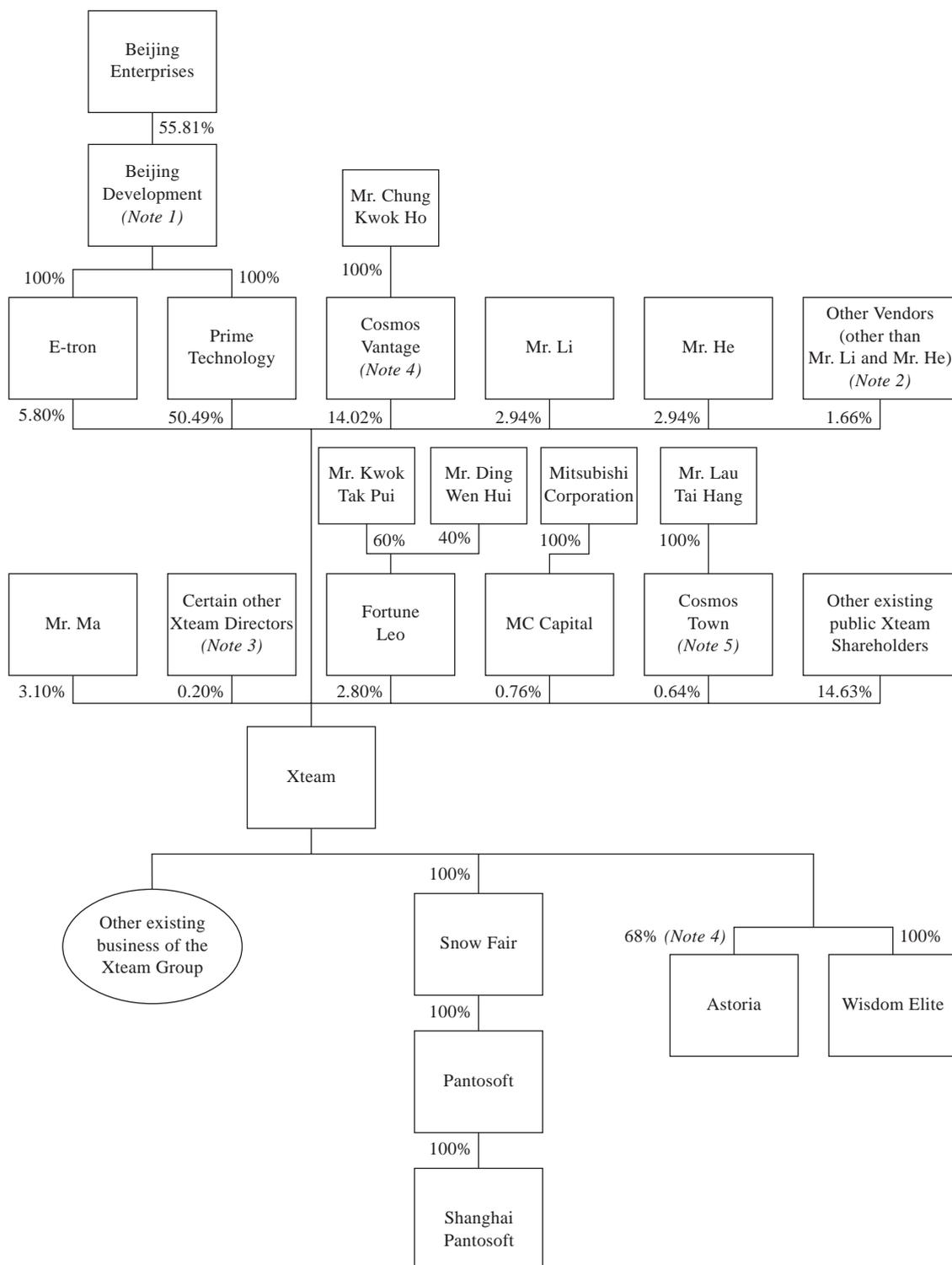
Shareholding structure of Xteam as at the date of this announcement is as follows:



After completion of the Snow Fair Acquisition and the Pantosoftware Acquisition but before completion of the Acquisition, the structure of the Xteam Group will be as follows:



After completion of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition, the structure of the Xteam Group will be as follows:



- Notes:
1. Mr. Chung Kwok Ho, the sole beneficial owner of Cosmos Vantage, and his wife held 76,000 Beijing Development Shares representing approximately 0.02% of the issued share capital of Beijing Development as at the date of this announcement. Each of Mr. He and Mr. Li held 4,533,760 Beijing Development Shares, representing approximately 0.9% of the issued share capital of Beijing Development as at the date of this announcement. Save for the above, no other party to the Deed held any Beijing Development Shares as at the date of this announcement.
 2. The 1.66% interests in Xteam will be owned by Ms. Zheng Xiaohua as to 0.50%, Mr. Cai Tianhong as to 0.44%, Mr. Chen Daqing as to 0.44%, Mr. Liu Jun as to 0.17% and Mr. Yang Xiping as to 0.10%.

3. The 0.20% interests in Xteam will be owned by Mr. Wu Meng Jie and Mr. Ren Yi (both are executive Xteam Directors) as to 0.16% and 0.04% respectively.
4. The remaining shareholding interests in Astoria are held by the Other Vendors as to 27% (9.5% by Mr. Liu Jun, 6.2% by Mr. Cai Tianhong, 6.2% by Mr. Chen Daqing, 1.5% by Mr. Yang Xiping, 1.8% by Mr. Li and 1.8% by Mr. He) and Capinfo (Hong Kong) Co. Ltd. as to 5%. Capinfo (Hong Kong) Co. Ltd. is a wholly-owned subsidiary of Capinfo Co. Ltd., the shares of which are listed on GEM. Mr. He, Mr. Li are the respective chief executives of Wisdom Elite and its subsidiary. Ms. Zheng Xiaohua and Mr. Cai Tianhong are directors of Astoria and its subsidiary. Accordingly, Mr. He, Mr. Li, Ms. Zheng Xiaohua and Mr. Cai Tianhong are connected persons of Beijing Enterprises and Beijing Development under the Old Main Board Listing Rules.
5. Cosmos Vantage is a substantial shareholder of B E Information and is thus a connected person of Beijing Enterprises and Beijing Development under the Old Main Board Listing Rules.

Both Mr. He and Mr. Li are chief executives of Wisdom Elite and its subsidiary and two of the Other Vendors, namely Mr. Cai Tianhong and Ms. Zheng Xiaohua, are both directors of Astoria and its subsidiary. As at the date of the Deed, Mr. He, Mr. Li, Mr. Cai Tianhong and Ms. Zheng Xiaohua held 3%, 3%, 10.1% and 4.4% of the issued share capital of Astoria respectively. Upon completion of the Deed, the interests of Mr. He, Mr. Li and Mr. Cai Tianhong in Astoria will decrease to approximately 1.8%, 1.8% and 6.2% respectively. Ms. Zheng Xiaohua will cease to be a shareholder of Astoria after completion of the Acquisition. After completion of the Acquisition, Mr. He, Mr. Li, Mr. Cai Tianhong and Ms. Zheng Xiaohua, as chief executives or directors of certain subsidiaries of Xteam, will become connected persons of Xteam under the GEM Listing Rules. Mr. He's, Mr. Li's, Mr. Cai Tianhong's and Ms. Zheng Xiaohua's shareholding interests in Xteam, amounting to approximately 6.83% in aggregate, will not be counted as public float under the GEM Listing Rules.

As a result of the completion of the Acquisition (assuming the issue of 139,360,000 new Xteam Shares upon completion of the Snow Fair Acquisition and the Pantosoft Acquisition and the 143,000,000 outstanding share options of Xteam not being exercised), the public float of Xteam will fall to approximately 19.55% which is below the 25% minimum level required under Rule 11.23(1) of the Existing GEM Listing Rules. Certain of the Other Vendors, including Mr. Chen Daqing, Mr. Liu Jun and Mr. Yang Xiping, together with Cosmos Town, MC Capital, Fortune Leo and the existing public Xteam Shareholders will be regarded as public Xteam Shareholders upon completion of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition. With a view to maintaining the minimum public float of Xteam, Beijing Development, the Beijing Development Directors, Xteam and the Xteam Directors will take all necessary actions to maintain the minimum required public float of Xteam upon completion of the Acquisition. It is proposed that Cosmos Vantage and/or the Other Vendors, other than Mr. Chen Daqing, Mr. Liu Jun and Mr. Yang Xiping, will place down their shareholding in the Xteam Shares to be issued to then under the Deed so that the Xteam Shares held by the public shareholders will not be less than 25% of the issued share capital of Xteam upon completion of the Acquisition. Up to the date of this announcement, no agreement has been entered into by any of Cosmos Vantage and/or the Other Vendors, other than Mr. Chen Daqing, Mr. Liu Jun and Mr. Yang Xiping, in respect of the possible placing down. Further announcement in respect of the possible placing down will be made by Xteam as and when required under the Existing GEM Listing Rules.

The Stock Exchange has indicated that should the Acquisition be completed, it will closely monitor trading in the Xteam Shares if less than 25% of the issued Xteam Shares are held by the public. If the Stock Exchange believes that a false market exists or may exist in the Xteam Shares; or there are too few Xteam Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Xteam Shares.

CONTINUING CONNECTED TRANSACTIONS AFTER COMPLETION OF THE ACQUISITION

The Transactions

The information technology businesses of the Beijing Development Group (including the Software Businesses) involve the design, build and implementation of computer and/or internet systems for clients. Such businesses may involve the design and development of software systems which are carried out by the Software Businesses. It is anticipated by the Beijing Development Directors that after completion of the Acquisition, certain wholly owned subsidiaries of B E Information, namely Beijing Enterprises Teletron Information Technology Co. Ltd. (北京北控電信通信息技術有限公司) and Beijing Enterprises Jetric Technology Development Co. Ltd. (北控捷通(北京)科技發展有限公司) which are indirect subsidiaries of Beijing Enterprises and Beijing Development, will act as the main contractors with the clients in the PRC and such subsidiaries of B E Information will then sub-contract the software related part of the businesses to the companies involved in the Software Businesses, including Astoria, Wisdom Elite and the software business to be transferred to Wisdom Elite by Becom prior completion of the Deed, i.e. (the “Transactions”). The fees in respect of the Transactions will be determined with reference to the market fees charged by the Software Businesses to independent customers, not within the Xteam Group and who are not connected persons, as defined in the Existing Main Board Listing Rules, of Beijing Development and Beijing Enterprises. The Master Agreement will be entered into upon completion of the Acquisition with a view to setting out the framework and general terms of the Transactions. Assuming the Master Agreement had been entered into on 1 January 2001, the Beijing Development Directors estimate that the annual aggregate fees which would have been received by Astoria, Wisdom Elite and the software business to be transferred to Wisdom Elite by Becom in respect of the Transactions would have been HK\$0.9 million, HK\$23.3 million and HK\$55.8 million for the years ended 31 December 2001, 2002 and 2003 respectively. The Beijing Development Directors and the Xteam Directors have confirmed that the Transactions will be carried out in (i) the ordinary and usual course of business of the Beijing Development Group and the Xteam Group respectively and (ii) on normal commercial terms.

Beijing Development and Xteam expect that the Transactions will continue in the future after completion of the Acquisition under substantially the same terms. In the past, agreements were entered into on a project by project basis. It is proposed that the Master Agreement will be entered into upon completion of the Deed to govern the terms of the Transactions. As the Transactions have been and will be conducted on normal commercial terms and the Beijing Development Group would be a major customer of the Software Businesses, the Xteam Directors believe that it is in the best interest of Xteam and the Xteam Shareholders to continue to carry out the Transactions after completion of the Acquisition.

Based on the historical amounts of the Transactions and the expectation that the market is growing, Beijing Development and Xteam propose to set the Cap Amounts to be HK\$120 million, HK\$150 million and HK\$200 million for each of the three years ending 31 March 2005, 2006 and 2007 respectively. The Cap Amounts were determined by the Beijing Development Directors and the Xteam Directors based on (i) the historical transaction amount as described above and the relevant historical growth rates and (ii) estimated growth of the Software Businesses in particular with reference to (a) the estimated growth rates of the software markets in the PRC and (b) the

estimated growth of expenditures on e-government in the PRC, which is one of the principal markets of the Software Businesses. Xteam Directors believe that the Cap Amounts are fair and reasonable to Xteam as far as the interests of the Xteam Shareholders as a whole are concerned.

Compliance with the GEM Listing Rules

After completion of the Acquisition, Beijing Development will become a controlling shareholder of Xteam. As the aggregate annual amount of the Transactions is expected to exceed the threshold under Rule 20.34 of the Existing GEM Listing Rules, the Transactions in the future after completion of the Acquisition will constitute non-exempt continuing connected transactions for Xteam under Rule 20.35 of the Existing GEM Listing Rules and will be subject to reporting, announcement and independent shareholders' approval requirements of the Existing GEM Listing Rules including those under Rules 20.45, 20.46 and 20.47 of the Existing GEM Listing Rules as well as the following conditions:

1. The annual aggregate amount of the Transactions payable by the then Xteam Group to the then Beijing Development Group for each of the three years ending 31 March 2005, 2006 and 2007 shall not exceed the Cap Amounts (being HK\$120 million, HK\$150 million and HK\$200 million respectively).
2. The Transactions shall be:
 - (a) entered into in the ordinary and usual course of business of the Xteam Group;
 - (b) on normal commercial terms or, if there is no available comparable transaction to judge whether the Transactions are on normal commercial terms, on terms no less favourable to Xteam than terms available to or from (as appropriate) independent third parties; and
 - (c) conducted in accordance with the terms of the Master Agreement and the relevant agreements as entered into by the then Xteam Group from time to time in respect of the Transactions.
3. Details of the Transactions shall be disclosed in the annual reports and accounts of Xteam in accordance with Rules 20.45(1) to (5) of the Existing GEM Listing Rules.
4. The independent non-executive Xteam Directors shall review annually the Transactions and confirm in the annual reports and accounts of Xteam that:
 - (a) the Transactions are executed in the ordinary and usual course of business of the then Xteam Group;
 - (b) the Transactions are executed on normal commercial terms or on terms not less favourable than those given to (or obtained from, whichever is applicable) independent third parties (if there are no sufficient comparable transaction to judge whether the Transactions are executed on normal commercial terms); and
 - (c) the Transactions are executed in accordance with the Master Agreement and the relevant agreements entered into by the then Xteam Group from time to time in relation to the Transactions, the terms of which are fair and reasonable and in the interests of the Xteam Shareholders as a whole.

5. The auditors of Xteam shall review annually the Transactions and confirm in writing to the board of Xteam Directors (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of Xteam's annual report) in respect of the following matters:
 - (a) the Transactions have been approved by the board of Xteam Directors;
 - (b) the Transactions are carried out in accordance with the pricing policies of the then Xteam Group;
 - (c) the Transactions are executed in accordance with the Master Agreement and the relevant agreements entered into by the then Xteam Group from time to time in relation to the Transactions; and
 - (d) the annual aggregate amount of the Transactions has not exceeded the relevant Cap Amount set out in paragraph 1 above.
6. Xteam and Beijing Development will undertake to the Stock Exchange to allow the auditors of Xteam sufficient access to their respective accounts and records for the purpose of facilitating the auditors of Xteam to report on the Transactions as described in paragraph 5 above.
7. Xteam will immediately notify the Stock Exchange and publish an announcement if it comes to its knowledge or has reason to believe that the independent non-executive Xteam Directors and/or the auditors of Xteam will be unable to confirm the matters set out in paragraphs 4 and 5 above. In that situation, Xteam may be required to re-comply with the reporting and announcement requirements under Rules 20.45 to 20.47 of the Existing GEM Listing Rules and the independent shareholders' approval requirement under Rule 20.35(4) of the Existing GEM Listing Rules.

Xteam proposes to seek approval from the Independent Xteam Shareholders for the Transactions and the Cap Amounts by poll at the EGM. No Xteam Shareholders are required to abstain from voting in respect of the Transactions and the Cap Amounts at the EGM under the Existing GEM Listing Rules.

GENERAL

The Sale Transaction constitutes a very substantial acquisition for Beijing Development and a connected transaction for Beijing Enterprises and Beijing Development. The Sale Transaction is subject to the approvals by the respective independent shareholders of Beijing Enterprises and Beijing Development. Mr. He, Mr. Li, Mr. and Mrs. Chung Kwok Ho have to abstain from voting at the extraordinary general meeting of Beijing Development in respect of the resolution to approve the Sale Transaction. Save for Mr. He, Mr. Li, Mr. and Mrs. Chung Kwok Ho, no other Beijing Development Shareholders are required to abstain from voting at the extraordinary general meeting of Beijing Development in respect of the resolution to approve the Sale Transaction. No shareholders of Beijing Enterprises will be required to abstain from voting in respect of the resolution to approve the Sale Transaction. Each of Beijing Enterprises and Beijing Development will convene an extraordinary general meeting to seek approval from its independent shareholders for the Sale Transaction. Each of Beijing Enterprises and Beijing Development will establish an independent board committee to advise its independent shareholders in respect of the Sale Transaction. Each of Beijing Enterprises and Beijing Development will despatch to its shareholders a circular setting out details of the Sale Transaction, the recommendation from their respective independent board committees in respect of the Sale Transaction and the advice

from the independent financial adviser to the independent board committee together with the notice of the extraordinary general meeting as soon as practicable in accordance with the requirements under the Old Main Board Listing Rules. An announcement will be made by Beijing Enterprises and Beijing Development after they have appointed their independent financial adviser for the purposes of advising their respective independent board committees in respect of the Sale Transaction.

As set out above in this announcement, the increase in the authorized share capital, the amendment of the memorandum and articles of association of Xteam and the issue and allotment of the new Xteam Shares under the Cosmos Town Agreement, the MC Capital Agreement and the Pantosoft Acquisition Agreement are subject to approval by the Xteam Shareholders by way of ordinary resolutions. The Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts are subject to approval by the Independent Xteam Shareholders in accordance with the Existing GEM Listing Rules (in the case of the Transactions and the Cap Amounts), the Old GEM Listing Rules (in the case of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition) and/or the Takeovers Code. An independent board committee of Xteam will be appointed to advise the Independent Xteam Shareholders in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amount. Somerley Limited has been appointed as the independent financial adviser to advise the independent board in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts.

A circular containing, among other things, particulars relating to the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts, the recommendation from the independent board committee of Xteam to the Independent Xteam Shareholders in respect of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition, the Whitewash Waiver, the Transactions and the Cap Amounts, the letter of advice from the independent financial adviser, Somerley Limited, to the independent board committee of Xteam and a notice convening the EGM will be despatched to the Xteam Shareholders as soon as practicable in accordance with the requirements under the Existing GEM Listing Rules and the Takeovers Code.

The board of directors of Beijing Enterprises comprises Mr. Yi Xi Qun, Mr. Zhang Honghai, Mr. Li Fu Cheng, Mr. Guo Ying Ming, Mr. Liu Kai, Mr. Bao Zong Ye, Mr. Zheng Wan He, Mr. Li Man, Mr. Li Zhong Gen and Mr. Guo Pu Jin (who are executive Beijing Enterprises Directors), and Mr. Lau Hon Chuen, Ambrose, Mr. Lee Tung Hai, Leo and Mr. Wang Xian Zhang (who are independent non-executive Beijing Enterprises Directors).

The board of directors of Beijing Development comprises Mr. Zhang Honghai, Mr. Ng Kong Fat, Brian, Mr. E Meng and Mr. Zhao Jifeng (who are executive Beijing Development Directors), and Mr. Cao Guixing and Mr. Feng Ching Yeng, Frank (who are independent non-executive Beijing Development Directors).

The board of directors of Xteam comprises Mr. Ren Yi, Mr. Yang Feng, Mr. Peng Wen Sheng, Mr. Mak To Wai and Mr. Wu Meng Jie (who are executive Xteam Directors), Mr. Ma, and Mr. Liu Jun (who are non-executive Xteam Directors), and Mr. Wang Shi Yu and Mr. Cheng Shu Wing (who are independent non-executive Xteam Directors).

Completions of the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition are conditional on the satisfaction of a number of conditions precedent. There is no assurance that all the necessary consents and approvals required to satisfy all the conditions precedent will be obtained. The release of this announcement does not in any way imply that the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition will be completed. Caution should be exercised when dealing in the Beijing Development Shares and/or the Xteam Shares.

Trading of the Xteam Shares on the GEM has been suspended at the request of Xteam with effect from 9:30 a.m. on 9 February 2004 pending the release of this announcement. Trading of the Beijing Development Shares on the Stock Exchange has been suspended at the request of Beijing Development with effect from 9:30 a.m. on 11 February 2004 pending the release of this announcement.

Applications have been made by Xteam and Beijing Development to the Stock Exchange for the resumption of the trading of the Xteam Shares and the Beijing Development Shares respectively with effect from 9:30 a.m. on 20 May 2004.

DEFINITIONS

“Acquisition”	the acquisition by Xteam of 680 shares of Astoria and 100 shares of Wisdom Elite pursuant to the Deed
“associate(s)”	has the meaning ascribed to it under the Old Main Board Listing Rules or the GEM Listing Rules, as the case may be
“Astoria”	Astoria Innovations Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 51.0% by E-tron (a wholly-owned subsidiary of Beijing Development), 11.0% by Mr. Liu Jun, 10.1% by Mr. Cai Tianhong, 10.1% by Mr. Chen Daqing, 4.4% by Ms. Zheng Xiaohua, 2.4% by Mr. Yang Xiping, 3.0% by Mr. He, 3.0% by Mr. Li and 5.0% by Capinfo (Hong Kong) Co., Ltd.
“B E Information”	B E Information Technology Group Limited (formerly known as Cyber Vantage Group Limited), a company incorporated in the British Virgin Islands with limited liability which is owned as to 72% by Prime Technology, 20% by Cosmos Vantage, 4% by Mr. Li and 4% by Mr. He
“Becom”	Becom Software Co., Ltd. (北控軟件有限公司), a company incorporated in the PRC in which B E Information indirectly holds a 95% interest and 北京教育網絡和信息中心 (Beijing Education Network and Information Center) holds a 5% interest
“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
“Beijing Development Director(s)”	the director(s) of Beijing Development

“Beijing Development Group”	Beijing Development and its subsidiaries
“Beijing Development Shareholder(s)”	holder(s) of the shares of HK\$1.00 each in the share capital of Beijing Development
“Beijing Enterprises”	Beijing Enterprises Holdings 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
“Beijing Enterprises Directors”	the directors of Beijing Enterprises
“Beijing Enterprises Shareholders”	holders of the shares of HK\$0.10 each in the share capital of Beijing Enterprises
“Cap Amounts”	the maximum transaction values for the Transactions for each the three years ending 31 March 2005, 2006 and 2007 being HK\$120 million, HK\$150 million and HK\$200 million respectively
“Consideration Shares”	the new Xteam Shares to be issued by Xteam as consideration for the Acquisition under the Deed
“Cosmos Town”	Cosmos Town Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Lau Tai Hang, which owns a 22% interest in Snow Fair
“Cosmos Town Acquisition”	the proposed acquisition of a 22% interest in Snow Fair by Xteam from Cosmos Town pursuant to the Cosmos Town Agreement
“Cosmos Town Agreement”	the conditional agreement entered into between Xteam, as purchaser, and Cosmos Town, as vendor, on 10 February 2004 in respect of the sale and purchase of 22 ordinary shares of Snow Fair
“Cosmos Vantage”	Cosmos Vantage Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Chung Kwok Ho, which holds a 20% interest in B E Information
“Deed”	the conditional deed entered into between Beijing Development, E-tron, the Other Vendors, B E Information, Cosmos Vantage and Prime Technology, Xteam and Upwise dated 10 February 2004 in respect of the sale and purchase of (a) 680 shares of Astoria and (b) 100 shares of Wisdom Elite
“e-education”	e-education refers to the use of electronic medium for education
“e-government”	e-government refers to the use of information and communications technologies to improve the efficiency, effectiveness, transparency and accountability of government

“EGM”	the extraordinary general meeting proposed to be held by Xteam in accordance with its articles of association for approving the Cosmos Town Acquisition, the MC Capital Acquisition, the Pantosoft Acquisition Agreement, the Acquisition, the Whitewash Waiver, the increase in the authorized share capital of Xteam, the amendment of the memorandum and articles of association of Xteam, the Transactions and the Cap Amounts
“E-tron”	E-tron Limited, a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of Beijing Development
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any or his delegates
“Existing GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM currently in effect
“Existing Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board currently in effect
“Fortune Leo”	Fortune Leo Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which owns a 49% interest in Pantosoft
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“Holding Announcement”	the joint announcement made by Beijing Enterprises, Beijing Development and Xteam on 29 April 2004 in respect of the Acquisition
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Xteam Shareholders”	Xteam Shareholders who (i) are independent, disinterested and not involved in the Snow Fair Acquisition, the Pantosoft Acquisition and the Acquisition and are allowed to vote in respect of each of the Snow Fair Acquisition, the Pantosoft Acquisition, the Acquisition and the Whitewash Waiver under the Old GEM Listing Rules and the Takeovers Code, or (ii) are independent and are allowed to vote in respect of the Transactions and the Cap Amounts, under the Existing GEM Listing Rules, as the case may be
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“Master Agreement”	the master agreement for the transactions to be entered into between the then Beijing Development Group and the then Xteam Group upon completion of the Acquisition in respect of the Transactions

“MC Capital”	MC Capital B.V., a company incorporated in the Netherlands with limited liability, which owns a 9% interest in Snow Fair
“MC Capital Acquisition”	the proposed acquisition of a 9% interest in Snow Fair by Xteam from MC Capital pursuant to the MC Capital Agreement
“MC Capital Agreement”	the conditional agreement entered into between Xteam, as purchaser, and MC Capital, as vendor, on 10 February 2004 in respect of the sale and purchase of 9 ordinary shares of Snow Fair
“Mr. He”	Mr. He Yingkai (賀迎凱), who holds a 4% interest in B E Information
“Mr. Li”	Mr. Li Jichen (李繼成), who holds a 4% interest in B E Information
“Mr. Ma”	Mr. Ma Ming Fai Gary, the non-executive Xteam Director and the Chairman of the board of directors of Xteam
“Old GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM in effect immediately prior to 31 March 2004
“Old Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board in effect immediately prior to 31 March 2004
“Other Vendors”	Mr. He, Mr. Li, Mr. Cai Tianhong, Ms. Zheng Xiaohua, Mr. Chen Daqing, Mr. Liu Jun and Mr. Yang Xiping, being all the vendors under the Deed, other than E-tron and B E Information
“Pantosoft”	Pantosoft International Limited, a company incorporated in the British Virgins Islands with limited liability on 7 June 2002
“Pantosoft Acquisition”	the proposed acquisition of the remaining 49% interest in Pantosoft by Snow Fair from Fortune Leo pursuant to the Pantosoft Acquisition Agreement
“Pantosoft Acquisition Agreement”	the conditional agreement entered into between Snow Fair, as purchaser and Fortune Leo, as vendor, on 10 February 2004 in respect of the sale and purchase of 49 ordinary shares of Pantosoft
“PRC”	People’s Republic of China
“Prime Technology”	Prime Technology Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of Beijing Development
“Proposed Distribution”	the proposed distribution of the Consideration Shares to which B E Information is entitled under the Deed by B E Information to its shareholders by way of distribution in specie
“Prospectus”	the prospectus of Xteam dated 30 November 2001

“Sale Transaction”	the sale of a 51% equity interests in Astoria and the entire issued share capital of Wisdom Elite by the Beijing Development Group to Xteam in the consideration of new Xteam Shares pursuant to the Deed
“SFC”	the Securities and Futures Commission
“Shanghai Pantosoft”	Shanghai Pantosoft Co., Ltd. (上海鵬達計算機系統開發有限公司), a company established in the PRC on 16 June 1996 which became a wholly foreign owned enterprise on 30 August 2002
“Snow Fair”	Snow Fair Co., Ltd., a company incorporated in the British Virgin Islands with limited liability on 17 October 2001
“Snow Fair Acquisition”	the Cosmos Town Acquisition and the MC Capital Acquisition
“Software Businesses”	the software businesses managed and operated by Astoria, together with the software business managed and operated by Wisdom Elite (including the software business to be transferred to Wisdom Elite by Becom prior to completion of the Deed)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Transactions”	the continuing connected transactions between the companies involved in the Software Businesses including Astoria and Wisdom Elite and their respective subsidiaries, and B E Information and its subsidiaries which are expected to continue after completion of the Acquisition
“Upwise”	Upwise Investments Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Ma
“Whitewash Waiver”	the whitewash waiver proposed to be applied for by Beijing Development and its concert parties in respect of the mandatory general offer obligation which would be triggered by Beijing Development and its concert parties upon completion of the Acquisition
“Wisdom Elite”	Wisdom Elite Holdings Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of B E Information
“Wisdom Elite Group”	Wisdom Elite and its subsidiary
“Xteam”	Xteam Software International Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Xteam Director(s)”	the director(s) of Xteam

“Xteam Group”	Xteam and its subsidiaries
“Xteam Shareholder(s)”	holder(s) of the Xteam Shares
“Xteam Shares”	the shares of HK\$0.01 each in the capital of Xteam

By Order of the Board
**Beijing Enterprises
Holdings Limited**

Zhang Honghai
President

By Order of the Board
**Beijing Development
(Hong Kong) Limited**

Ng Kong Fat, Brian
Managing Director

By Order of the Board
**Xteam Software
International Limited**

Ma Gary Ming Fai
Director

Hong Kong, 19 May 2004

The announcement will remain on the GEM website at <http://www.hkgem.com> at the “Latest company announcements” page for 7 days from the date of its publication.

The Beijing Development Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to Beijing Enterprises, the Beijing Development Group (including the Software Businesses) and confirm, having made all reasonable inquiries that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts concerning Beijing Enterprises, the Beijing Development Group (including the Software Businesses) not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Xteam Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that related to Beijing Enterprises and the Beijing Development Group and confirm, having made all reasonable inquiries that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts other than that related to Beijing Enterprises and the Beijing Development Group not contained in this announcement, the omission of which would make any statement in this announcement misleading.

*Please also refer to the published version of this announcement in Ming Pao,
The Standard and Hong Kong Economic Times.*