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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**



**北京發展（香港）有限公司**  
**Beijing Development (Hong Kong) Limited**  
*(incorporated in Hong Kong with limited liability)*  
**Stock code: 154**



**Xteam**  
**SOFTWARE**  
**Xteam Software International Limited**  
*(incorporated in the Cayman Islands with limited liability)*  
**Stock code: 8178**

ANNOUNCEMENT

The BD Subsidiaries and the Other Vendors entered into the Deed with Xteam on 10 February 2004 pursuant to which the BD Subsidiaries and the Other Vendors have agreed to sell their interests in the Software Businesses to Xteam in consideration for the issue of new shares by Xteam to the BD Subsidiaries and the Other Vendors. Based on the present shareholding structure of Xteam, the shares of Xteam which may be issued to the BD Subsidiaries under the Deed represent approximately 56.29% of the enlarged issued share capital of Xteam. Beijing Enterprises and Beijing Development believe that the proposed sale of the BD Subsidiaries’ interests in the Software Businesses under the Deed would constitute a connected transaction for Beijing Enterprises and a notifiable and connected transaction for Beijing Development under the Main Board Listing Rules. Xteam believes that the acquisition of the Software Businesses under the Deed would constitute a major and connected transaction for Xteam under the GEM Listing Rules. The Listing Division has ruled that the transaction under the Deed constitutes a reverse takeover for Xteam under the GEM Listing Rules and a spin-off for Beijing Development under the Main Board Listing Rules. This is in addition to the requirements for notifiable transactions under Chapter 14 of the Main Board Listing Rules. Beijing Development and Xteam have applied for such rulings to be reviewed by the Main Board Listing Committee of the Stock Exchange under the Main Board Listing Rules and by the GEM Listing Committee of the Stock Exchange under the GEM Listing Rules. The Listing Committees heard such review application on 27 April 2004. Up to the date of this announcement, Beijing Development and Xteam have not yet received the decision from the Listing Committees. It is uncertain whether the transactions under the Deed will be able to proceed or not. In the meantime, trading of the shares of Beijing Development and Xteam will continue to be suspended.

The respective board of directors of Beijing Development (Hong Kong) Limited (“Beijing Development”) and Xteam Software International Limited (“Xteam”) would like to announce that certain subsidiaries of Beijing Development (the “BD Subsidiaries”) and certain other persons (the “Other Vendors”) entered into a deed with Xteam on 10 February 2004 (the “Deed”).

Pursuant to the Deed, the BD Subsidiaries have agreed to transfer all their respective interests in the software businesses of Beijing Development (the “Software Businesses”) to Xteam in consideration for the issue of new shares by Xteam to the BD Subsidiaries and the Other Vendors representing, in aggregate, 75% of the enlarged issued share capital of Xteam (on a fully diluted basis). Based on the present shareholding structure of Xteam, the shares of Xteam which may be issued to the BD Subsidiaries under the Deed represent approximately 56.29% of the enlarged issued share capital of Xteam. The BD Subsidiaries and the Other Vendors plan to apply to the Securities and Futures Commission for a whitewash waiver in respect of the mandatory general offer obligation which may be triggered as a result of the possible transactions under the Deed pursuant to Rule 26 of the Code on Takeovers and Mergers.

Beijing Enterprises Holdings Limited (“Beijing Enterprises”) owns approximately 55.81% of the issued share capital of Beijing Development. Beijing Enterprises and Beijing Development believe that the proposed sale of the BD Subsidiaries’ interests in the Software Businesses under the Deed would constitute a connected transaction for Beijing Enterprises and a notifiable and connected transaction for Beijing Development under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Main Board Listing Rules”).

Xteam believes that the acquisition of the Software Businesses under the Deed would constitute a major and connected transaction for Xteam under the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The Listing Division of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has ruled that the transactions under the Deed constitute a reverse takeover for Xteam under the GEM Listing Rules and a spin-off for Beijing Development under the Main Board Listing Rules. This is in addition to the requirements for notifiable transactions under Chapter 14 of the Main Board Listing Rules. Beijing Development and Xteam have applied for such rulings to be reviewed by the Main Board Listing Committee of the Stock Exchange under the Main Board Listing Rules and by the GEM Listing Committee of the Stock Exchange under the GEM Listing Rules. The Main Board Listing Committee and the GEM Listing Committee (together the “Listing Committees”) heard such review application on 27 April 2004. Up to the date of this announcement, Beijing Development and Xteam have not yet received the decision from the Listing Committees. It is uncertain whether the transactions under the Deed will be able to proceed or not.

The board of directors of Xteam would also like to announce that it entered into three other conditional agreements on 10 February 2004 (the “Other Xteam Agreements”) for the acquisitions of equity interests in certain of its non-wholly owned subsidiaries from the relevant minority shareholders. Xteam understands that the possible transactions under the Other Xteam Agreements would constitute major transactions for Xteam under the GEM Listing Rules.

Trading of the shares of Xteam has been suspended since 9 February 2004 and the trading of the shares of Beijing Development has been suspended since 11 February 2004. Further announcement in respect of the possible transactions under the Deed and/or the Other Xteam Agreements will be made by Beijing Enterprises, Beijing Development and/or Xteam as and when appropriate. In the meantime, trading of the shares of Beijing Development and Xteam will continue to be suspended.

Beijing Enterprises is a company listed on the Main Board of the Stock Exchange. 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 directors) and Mr. Lau Hon Chuen, Ambrose, Mr. Lee Tung Hai, Leo and Mr. Wang Xian Zhang (who are independent non-executive directors).

Beijing Development is a company listed on the Main Board of the Stock Exchange. 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 directors) and Mr. Cao Guixing and Mr. Feng Ching Yeng, Frank (who are independent non-executive directors).

Xteam is a company listed on GEM. 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 directors), Mr. Ma Gary Ming Fai and Mr. Liu Jun (who are non-executive directors) and Mr. Wang Shi Yu and Mr. Cheng Shu Wing (who are independent non-executive directors).

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**  
*Non-executive Chairman*

Hong Kong, 29 April 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 directors of Beijing Enterprises jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to Beijing Enterprises 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 not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of Beijing Development and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Beijing Development and its subsidiaries (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 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 directors of Xteam 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  
The Standard, Hong Kong Economic Times and Hong Kong Economic Journal.*