



CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8157)

The Board announces that the Judgment dated 9 December 2004 and given by the Intermediate Court found in favour of Huanan and the Company was ordered to pay damages of approximately RMB14,000,000 to Huanan. The Company is now seeking advice from its PRC legal advisers on the Judgment and is considering to lodge an appeal. As a result, the financial impact relating to the Litigation cannot be ascertained as at the date of this announcement.

Save for the Litigation and the legal proceedings disclosed in the Company's interim report 2004 and third quarterly report 2004, the Board considers that none of the Company or any of its subsidiaries is engaged in any litigation of material importance. The Company will issue further announcement to keep its shareholders informed in accordance with the GEM Listing Rules.

INTRODUCTION

The Board announces that the Judgment dated 9 December 2004 and given by the Intermediate Court regarding the Litigation between the Company and Huanan found in favour of Huanan.

BACKGROUND

The Company entered into the Contract with Huanan on 25 October 2002 in relation to the development and maintenance of the Sub-system by Huanan. The total consideration payable by the Company to Huanan for such service under the Contract amounted to RMB8,400,000. The Company has undertaken the development and maintenance of the Sub-system on its own since May 2003 as the Company considered that Huanan failed to perform its obligations under the Contract.

LITIGATION

On 5 June 2003, a writ which was filed by Huanan requesting the Company (i) to cease the development of the intellectual properties involving in the Sub-system; and (ii) to carry out the obligations of the Company under the Contract was accepted by the Peoples' Court of Haidian District, Beijing, the PRC. On 8 September 2003, Huanan amended the writ and the case was subsequently transferred to the Intermediate Court. The Judgment dated 9 December 2004 and given by the Intermediate Court found in favour of Huanan. Pursuant to the Judgment, the Company was ordered to pay damages of approximately RMB14,000,000 to Huanan.

The Company is now seeking advice from its PRC legal advisers on the Judgment and is considering to lodge an appeal. As a result, the financial impact relating to the Litigation cannot be ascertained as at the date of this announcement.

Save for the Litigation and the legal proceedings disclosed in the Company's interim report 2004 and third quarterly report 2004, the Board considers that none of the Company or any of its subsidiaries is engaged in any litigation of material importance. The Company will issue further announcement to keep its shareholders informed in accordance with the GEM Listing Rules.

Shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Capinfo Company Limited* (首都信息發展股份有限公司), a joint stock limited company incorporated in the PRC
“Contract”	a contract entered into between the Company and Huanan on 25 October 2002 in relation to the development and maintenance of the Sub-system
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong
“Huanan”	廣州華南資訊科技有限公司 (Guangzhou Huanan Information Technology Company Limited*)
“Intermediate Court”	北京市第一中級人民法院 (First Intermediate Court of Beijing of the PRC)
“Judgment”	a civil judgment on the Litigation dated 9 December 2004 which was given by the Intermediate Court
“Litigation”	a litigation between the Company and Huanan regarding the development and maintenance of intellectual properties of the Sub-system
“PRC”	the People's Republic of China
“Sub-system”	the Beijing Social Security Information System - Medical Insurance Information Sub-system, an e-Government Technology Services solution provided to the Beijing Municipal Labour and Social Security Bureau

By order of the Board
CAPINFO COMPANY LIMITED*
Dr. Chen Xinxiang
Chairman

Beijing, the People's Republic of China, 15 December 2004

This announcement, for which the directors of the Company (“Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—

(i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

As at the date hereof, the executive Directors are Dr. Chen Xinxiang, Dr. Wang Xu, Ms. Zhang Yan, Dr. Wu Bo; the non-executive Directors are Mr. Li Minji, Mr. Xing Dehai, Mr. Xu Zhe, Mr. Bai Limin, Mr. Qi Qigong, Mr. Pan Jiaren, Mr. Ye Yongdong, Mr. Lu Dongtao, Ms. Tan Guoan and the independent non-executive Directors are Mr. Wong Ying Ho, Kennedy, Mr. Ng Kin Fai, Francis and Mr. Liu Dongdong.

This announcement will remain on the “Latest Company Announcement” page of the GEM Website at www.hkgem.com for 7 days from the date of its publication.

** For identification purpose only*