



CAPITAL PROSPER LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1003)

ANNOUNCEMENT

The Company received a writ on 8 October 2004 from the Court of First Instance of the Hong Kong Special Administrative Region regarding the litigation instituted by a former director of the Company in respect of the loans due from two former subsidiaries of the company namely, Rockapetta Industrial Company Limited and Grand Extend Investments Limited.

The Company received a writ on 8 October 2004 from the Court of First Instance of the Hong Kong Special Administrative Region regarding the litigation instituted by a former director of the Company in respect of the loans due from Rockapetta Industrial Company Limited and Grand Extend Investments Limited, two former subsidiaries of the Company, for a sum of HK\$44.5 million and interest accrued thereof.

The Company has appointed a firm of solicitors to handle the case and sought counsel's advice on the merit of the claim. The Company was advised that the plaintiff does not have a genuine and valid claim against the Company and an application for striking out of the claim is under consideration. The Board is satisfied that the Company's operation and financial status are not affected.

By order of the Board
Capital Prosper Limited
Leung Wai Ho
Chairman

Hong Kong, 27 October 2004

As at the date of this announcement, the Board comprises Mr. Leung Wai Ho, Mr. Wong Chung Shun and Mr. Ha Kee Choy, Eugene as executive directors and Mr. Chui Chi Yun, Robert, Mr. Lam Kwok Cheong and Mr. Lai Wing Leung, Peter as independent non-executive directors.