CAPITAL PROSPER LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1003)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

The directors of Capital Prosper Limited (the "Company") are pleased to announce that the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2003 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2003

	Notes	**2003** *HK$'000*	2002 *HK$'000*
Turnover	*2*	**86,981**	119,718
Cost of sales		**(72,853)**	(108,837)
Gross profit		**14,128**	10,881
Other operating income		**1,580**	1,042
Distribution costs		**(6,198)**	(5,641)
Administrative expenses		**(24,763)**	(20,913)
Other operating expenses		**(838)**	(5,421)
Loss from operations	*3*	**(16,091)**	(20,052)
Finance costs	*4*	**(259)**	(2,343)
(Loss)gain on disposal of subsidiaries		**(6,236)**	14,208
Loss before taxation		**(22,586)**	(8,187)
Income tax expense	*5*	**—**	(4)
Loss before minority interests		**(22,586)**	(8,191)
Minority interests		**1,165**	(221)
Net loss for the year		**(21,421)**	(8,412)
Loss per share-Basic	*6*	**(3.0 cents)**	(1.2 cents)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal accounting policies

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"), the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP") and Interpretations approved by the HKSA.

Income taxes

In the current year, the Group has adopted SSAP 12 (Revised) "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. Segmental Information

An analysis of the Group's turnover and operating results by business segment is presented below:

For the year ended 31 December 2003

	Continuing operations		Discontinuing operation	
	Consumer products trading *HK$'000*	**Securities trading and investments** *HK$'000*	**Restaurants operation** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER	56,200	14,180	16,601	86,981
RESULT				
Segment result before amortisation of goodwill	(3,951)	(6,152)	(757)	(10,860)
Less: Amortisation of goodwill	—	—	(323)	(323)
Segment result	(3,951)	(6,152)	(1,080)	(11,183)
Other operating income				1,660
Unallocated corporate expenses				(6,568)
Loss from operations				(16,091)

For the year ended 31 December 2002

	Continuing operations		Discontinuing operations		
	Consumer products trading *HK$'000*	**Securities trading and investments** *HK$'000*	**Restaurants operation** *HK$'000*	**Toy manufacturing and distribution** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER	17,021	8,716	20,570	73,411	119,718
RESULT					
Segment result before amortisation of goodwill	295	(4,742)	470	(11,308)	(15,285)
Less: Amortisation of goodwill	—	—	(208)	—	(208)
Segment result	295	(4,742)	262	(11,308)	(15,493)
Other operating income					598
Unallocated corporate expenses					(5,157)
Loss from operations					(20,052)

Geographical Segments

The Group's restaurants operation and consumer products trading business are carried out in Singapore and the securities trading and investments are carried out in Hong Kong. In prior year, the Group was also engaged in the toy manufacturing and distribution businesses which were discontinued from 8 October 2002 and the customers of the discontinuing operation were mainly located in North America and Asia Pacific region.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2003 *HK$'000*	2002 *HK$'000*
Hong Kong	**14,180**	8,716
Singapore	**72,801**	37,591
North America	—	35,652
Europe	—	7,087
Other Asia Pacific regions	—	17,207
Others	—	13,465
	86,981	119,718

3. Loss from operations

	2003 *HK$'000*	2002 *HK$'000*
Loss from operations has been arrived at after charging:		
Depreciation and amortisation		
Owned assets	**1,146**	4,925
Asset under a finance lease	—	61
Goodwill (charged to other operating expenses)	**323**	208
Intangible asset (charged to other operating expenses)	**113**	585
Allowance for slow-moving and obsolete inventories	**2,995**	—
Impairment loss recognized in respect of intangible asset (charged to other operating expenses)	**320**	1,000
Net unrealised holding loss on other investments (charged to other operating expenses)	**—**	3,560
Loss on disposal of property, plant and equipment	**530**	—
Cost of inventories recognized as expenses	**67,268**	90,908
Realised loss (gain) on disposal of other investments	**1,172**	(1,509)
and after crediting:		
Bank interest income	**73**	231
Dividend income from investments in listed securities	**39**	180
Net unrealised holding gain on other investments (included in other operating income)	**449**	—
Write back of allowance for bad and doubtful debts	**470**	—

4. Finance costs

	2003 *HK$'000*	2002 *HK$'000*
Interest on:		
bank borrowings wholly repayable within five years	233	1,193
other loans wholly repayable within five years	26	1,139
a finance lease	—	11
	259	2,343

5. Income tax expense

The charge for prior year represented tax in other jurisdictions calculated at the rates prevailing in the relevant jurisdictions.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred tax losses for both years.

6. Loss per share

The calculation of the loss per share is based on the net loss for the year of approximately HK$21,421,000 (2002: HK$8,412,000) and on 712,360,000 (2002: weighted average number of 712,358,521) shares in issue during the year.

No diluted loss per share has been presented for both years as the exercise of the share options of subsidiaries would result in a decrease in loss per share.

FINAL DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31 December 2003 (2002: Nil).

REVIEW OF THE RESULTS

The turnover of the Group was decreased by 27.3% to approximately HK$87 million for the financial year 2003 when compared to approximately HK$119.7 million in 2002 and the net loss of the Group for the year was increased by 154.8% to approximately HK$21.4 million from approximately HK$8.4 million in last year. The increase in loss was mainly due to the loss on disposal of restaurants business of approximately HK$6.2 million during the year compared with the net gain on disposal of subsidiaries of approximately HK$14.2 million in 2002.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group was further improved after the disposal of loss making subsidiaries. All bank borrowings were settled. There was no bank borrowing at the year end and the gearing ratio of the Group, expressed as the percentage of the Group's total liability and minority interest over the shareholders' fund of approximately HK$36.5 million was decreased from 42.7% to 31.4%.

The Group also maintains sufficient working capital with net current assets of approximately HK$35.9 million as at 31 December 2003 (2002: HK$46.3 million). Current ratio was maintained at a healthy level of around 4.3 times (2002: 3). The Group's bank and cash balances amounted to approximately HK$18.9 million at the year end (2002: HK$13.1 million).

The Group currently earns revenue and incurs expenses mainly in Hong Kong dollars and Singapore dollars. The Group's borrowings and bank and cash balances are also denominated in Hong Kong dollars and Singapore dollars. The Group will conduct periodic review of its exposure to foreign exchange risk.

CORPORATE REVIEW AND PROSPECT

Business Review

Trading and Distribution

The Group is principally engaged in the trading and distribution of consumer goods, securities trading and other investments.

The global economy has been in recovery in previous years. However, the pace of economic recovery in Asian countries has been slowed down as result of Severe Acute Respiratory Syndrome in the first half of 2003. It has had a negative impact on the retailing sector, particularly for the food and beverages industries.

In the second half of the year 2003, the government of HKSAR has strengthened the business co-operation with China through several policies, such as implementation of the Closer Economic Partnership Arrangement ("CEPA"). HKSAR economy has continuously improved, specifically in the retailing sector. However, in the short term, the Group may not benefit from CEPA as its retailing business mainly focuses in Singapore. In this respect, the performance in the distribution and retailing of wines and spirits has decreased compared with that of 2002.

Consequently, to capture potential business opportunities created by CEPA, the Group has acquired 60% equity interest in a gifts and toys trading company in HKSAR in January 2004. The Board believes that this trading company will generate positive profit margin for the Group in the year 2004.

Securities trading and investment

Midway through 2003, the stock markets remained stagnant, both in terms of trading volume and turnover. The Group's business securities trading and investments remained relatively flat. The Group sold the security brokerage license. In the second half year 2003, the local market sentiment had gained much momentum from CEPA and inflow of foreign fund. The Group has invested in blue chips securities for long-term basis. The Group may consider making further investments in the high rating securities to strengthen its income flow from this sector.

Prospects

To enhance the shareholders' value and to line up with the corporate strategy of business diversification which was adopted in 2002, the Group will be seeking for business opportunities in the furtherance of its existing businesses and related undertakings.

The PRC is one of the countries with the fastest growth in the economy of the world. The Group is particularly excited by the opportunities in the emerging economy of the PRC. The Board is in confidence that the Group will benefit from CEPA to enter into the PRC market. In addition, the Japanese economy has recovered to a satisfactory level of an increase of 7% in the fourth quarter in 2003. The Board considers that Mr. Leung Wai Ho, the Chairman, who has over 20 years experiences in toys and consumer electronics business with Japanese customers, and Mr. Wong Chung Shun, the Deputy Chairman, who also has valuable experiences and network will contribute to the Group for future development of the distribution and retailing markets for the gifts, toys and consumer electronics business in both the PRC and Japan. To enter Japan's market, the Group is looking for joint effort from strategic partners.

Apart from seeking new business opportunities, the Board will actively implement measures to control operating costs and to enhance operational efficiency. The Board believes that production and effectiveness can be achieved in the pursuance of the strategy of both vertical and horizontal integration of its existing businesses. Therefore, to further develop the gifts, toys and consumer products business, the Group is planning to construct a manufacturing plant with plastic and alloy injection machines in the PRC. In addition, an investment in a packing material production factory in the PRC is also considered as one of the ways to reduce the operation costs and strengthen the Group's competitiveness in the market. The Board is confident that its management team, chaired by Mr. Leung Wai Ho and Mr. Wong Chung Shun, will lead the Group in every success in the expansion of the gift, toys and consumer electronics business.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the balance sheet date.

PLEDGE OF ASSETS

As at 31 December 2003, bank deposits of approximately HK$1.0 million (2002: HK$5.7 million) was pledged to secure banking facilities granted to the Group.

HUMAN RESOURCES

As at 31 December 2003, the Group had approximately 30 employees in Hong Kong and Singapore.

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries and sales commission, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. Share options may be granted to senior management as a recognition of their contribution and an incentive to motivate them.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not during the year, in compliance with the Code of Best Practice stipulated in Appendix 14 to the Listing Rules, except the independent non-executive directors and non-executive director of the Company were not appointed for specific terms as required by paragraph 7 of the code but are subject to retirement by rotation in accordance with the Company's Bye-laws.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A results announcement containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

AUDIT COMMITTEE

The audit committee has reviewed the financial statements of the Company for the year ended 31 December 2003.

By order of the Board
Leung Wai Ho
Executive Chairman

Hong Kong, 22 April 2003

As at the date of this announcement, the Board comprises Mr. Leung Wai Ho, Mr. Wong Chung Shun as executive Directors and Mr. Lam Lee G and Mr. Lam Kwok Cheong as independent non-executive Directors.