

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 33 to the financial statements.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders on 22 May 2003, the name of the Company was changed from Rockapetta Holdings Limited (樂家集團有限公司) to Capital Prosper Limited (興旺行有限公司).

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2003 are set out in the consolidated income statement on page 15.

The shares of affairs of the Group and the Company as at 31 December are set out in the balance sheets on page 16 and page 17 respectively.

The cash flows of the Group are set out in the statement on pages 19 to 20.

The directors do not recommend the payment of a dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total turnover and total purchases of the Group for the year.

None of the directors, their associates or shareholders which to the knowledge of the directors owns more than 5% of the Company's share capital has any beneficial interest in the five largest customers or suppliers of the Group.

SHARE CAPITAL

Pursuant to special resolutions passed by the shareholders of the Company in a special general meeting held on 22 May 2003, the Company carried out the capital reorganisation, which involved inter-alia (i) the reduction of nominal value of issued and unissued share capital from HK\$0.1 to HK\$0.01; (ii) the increase in number of shares in the authorised share capital; (iii) the cancellation of share premium; and (iv) transfer of credit arising from (i), and (iii) and contributed surplus account to accumulated losses details of which are set out in the circular of the Company dated 5 May 2003.

Details of other movements during the year in the share capital of the Company are set out in note 21 to the financial statements.

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CHANGE IN SUBSTANTIAL SHAREHOLDERS

Following the completion of the agreement on 10 November 2003, Capital Strategic Investment Limited ("CSI") sold its entire interests in 201,000,000 shares, representing approximately 28.22% of the issued share capital of the Company by selling 100% of all issued shares in Charm Management Limited ("Charm"), which is wholly owned by CSI to New Spread Investments Limited ("New Spread") which is beneficially owned as to 50% by Mr. Leung Wai Ho, a chairman of the Company and as of 50% by Mr. Wong Chung Shun, a deputy chairman of the Company through intermediary investment holding companies.

Details of Mr. Leung, Mr. Wong, Charm and New Spread's interest in the share capital of the Company as at 31 December 2003 are disclosed under the sections "Directors' Interests in Securities" and "Substantial Shareholders".

SUBSIDIARIES

During the year, the Group disposed of its entire interests in a subsidiary, Masindo International Limited ("Masindo"), which carried out all of the Group's restaurants operation at a total cash consideration of HK\$8,500,000.

Details of the above transaction were set out in a circular issued by the Company to the shareholders dated 6 August 2003.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of property, plant and equipment with an aggregate net book value amounted to approximately HK\$3,918,000 as a result of the disposal of the Group's restaurant business.

Details of these and other movements during the year in property, plant and equipment of the Group and the Company are set out in note 12 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 52.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 18 and note 23 to the financial statements respectively.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

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DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Leung Wai Ho, <i>Chairman</i>	(appointed on 11 November 2003)
Wong Chung Shun, <i>Deputy Chairman</i>	(appointed on 11 November 2003)
Choo Yeow Ming	(appointed on 21 March 2003 and resigned on 11 November 2003)
Chow Hou Man	(appointed on 21 March 2003 and resigned on 11 November 2003)
Lam Kwok Kin	(resigned on 21 March 2003)
Chan Sheung Wai	(resigned on 21 March 2003)
Ma Tak Lun	(resigned on 23 January 2003)
Foo Yong Yow	(resigned on 14 January 2004)
Chan Lay Hoon	(resigned on 7 April 2004)

Non-executive Director:

Ma Wai Man, Catherine	(appointed as executive director on 21 March 2003 and redesignated as non-executive director on 17 February 2004 and resigned on 22 April 2004)
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Independent Non-executive Directors:

Lam Lee G.	
Lam Kwok Cheong	(appointed on 14 January 2004)
Ho Tat Kin	(resigned on 3 February 2004)

In accordance with articles 99 and 102(B) of the Company's Bye-laws Mr. Lam Lee G. will retire at the forthcoming annual general meeting ("AGM") to be held on 8 June 2004 by rotation, and, Messrs. Leung Wai Ho, Wong Chung Shun and Lam Kwok Cheong, who were newly appointed during the period from the last AGM to the date of this report will retire at the forthcoming AGM. All above retiring directors, being eligible, offer themselves for re-election at the forthcoming AGM.

The term of office of each non-executive director is the period from the date of appointment up to his retirement by rotation in accordance with the Company's bye-laws.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

1. Interests in shares

At 31 December 2003, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions in the ordinary shares of HK\$0.01 each of the Company:

Name of Director	Number of shares			Others	Total
	Personal Interest	Family Interest	Corporate Interests		
Leung Wai Ho	—	—	201,000,000 (L) (Note 2)	—	201,000,000 (L)
Wong Chung Shun	—	—	201,000,000 (L) (Note 3)	—	201,000,000 (L)

- Notes:
1. The letter "L" denotes the Director's long position in such securities.
 2. 201,000,000 shares are held by Charm Management Limited, which is a wholly-owned subsidiary of New Spread Investments Limited. New Spread Investments Limited is owned as to one-third by Excel Advance Holdings Limited and as to one-third by Grand Achieve Group Limited and as to one-third of Good Achieve Holdings Limited. As Mr. Leung Wai Ho is beneficially interested in the entire issued share capital of Excel Advance Holdings Limited and 50% of the issued share capital of Grand Achieve Group Limited, he is deemed to be interested in 201,000,000 shares held by Charm Management Limited.
 3. New Spread Investments Limited, which holds 201,000,000 shares, is owned as to one-third by Good Achieve Holding Limited, as to one-third by Grand Achieve Group Limited and as to one-third by Excel Advance Holdings Limited. As Mr. Wong Chung Shun is beneficially interested in the entire issued share capital of Good Achieve Holdings Limited and 50% of the issued share capital of Grand Achieve Group Limited, he is deemed to be interested in 201,000,000 shares.

Save as disclosed above, as at 31 December 2003, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

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ARRANGEMENTS TO PURCHASES SHARES OR DEBENTURES

Particulars of the Company's share option scheme are set out in note 22 to the financial statements.

No share options was offered or exercised during the year. No share option was held by directors as at 31 December 2003.

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in noted 32 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company:

Name of shareholder	Number of shares of the Company held		Percentage of issued share capital %
	Direct Interest	Deemed Interest	
Leung Wai Ho		201,000,000 (L) (Note 2)	28.22%
Wong Chung Shun		201,000,000 (L) (Note 2)	28.22%
Charm Management Limited	201,000,000 (L)		28.22%
New Spread Investments Limited	—	201,000,000 (L) (Note 3)	28.22%
Grand Achieve Group Limited	—	201,000,000 (L) (Note 4)	28.22%
Excel Advance Holdings Limited	—	201,000,000 (L) (Note 4)	28.22%
Good Achieve Holdings Limited	—	201,000,000 (L) (Note 4)	28.22%
Goodrich Holdings Limited	39,000,000 (L)	—	5.47%
Kok Kum Yue	—	39,000,000 (L) (Note 5)	5.47%

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- Notes:
1. The letter "L" denotes the person's long position in such securities.
 2. details of Mr. Leung Wai Ho's and Mr. Wong Chung Shun's interest have been disclosed under section "Directors' Interests in Securities"
 3. Charm Management Limited, a wholly-owned subsidiary of New Spread Investments Limited, holds 201,000,000 shares in the Company.
 4. Each of Grand Achieve Group Limited, Excel Advance Holdings Limited and Good Achieve Holdings Limited is interested in one-third of the issued share capital of New Spread Investments and therefore, each of them is deemed to be interested in 201,000,000 Shares.
 5. Kok Kum Yue is beneficially interested in the entire issued share capital of Goodrich Holdings Limited and Kok Kum Yue is deemed to be interested in 39,000,000 Shares.

Save as disclosed above, the Company has not been notified of any other relevant long or short positions in the issued share capital of the Company as at 31 December 2003.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 31 to the financial statements.

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.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirement of the Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. On 3 February 2004, Mr. Ho Tat Kin resigned as a member of audit committee and Mr. Lam Kwok Cheong was appointed to fill the causal vacancy created by Mr. Ho's resignation. As at the date of this annual report, the audit committee comprises Mr. Lam Lee G. and Mr. Lam Kwok Cheong, two independent non-executive directors of the Company. The Group's financial statements for the year ended 31 December 2003 have been reviewed by the committee, who is of the opinion that such statements complied with the applicable accounting standard and legal requirement, and that adequate disclosures have been made.

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AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Leung Wai Ho
Chairman

Hong Kong, 22 April 2004