



# **Massive Resources International Corporation Limited**

(Incorporated in Hong Kong with limited liability)

Interim Report  
2004/05

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## CORPORATE INFORMATION

### DIRECTORS

#### *Executive Directors*

Mr Chen Chak Man (*Chairman*)  
Mr Lau Kwok Hung  
Mr Lau Kwok Keung  
Ms Chik Siu Yin, Urica

#### *Independent Non-executive Directors*

Mr Chow Pui Fung  
Mr Hung Shui Nam  
(Appointed on 30 September 2004)  
Mr Yue Fu Wing  
(Appointed on 15 January 2005)  
Mr Chan Ping Yim  
(Appointed on 30 September 2004  
and resigned on 15 January 2005)  
Mr Fok Po Tin  
(Resigned on 30 September 2004)

### COMPANY SECRETARY

Mr Lau Kwok Hung

### AUDIT COMMITTEE

Mr Chow Pui Fung  
Mr Hung Shui Nam  
(Appointed on 30 September 2004)  
Mr Yue Fu Wing  
(Appointed on 15 January 2005)  
Mr Chan Ping Yim  
(Appointed on 30 September 2004  
and resigned on 15 January 2005)  
Mr Fok Po Tin  
(Resigned on 30 September 2004)

### AUDITORS

HLB Hodgson Impey Cheng  
*Chartered Accountants*  
*Certified Public Accountants*

### PRINCIPAL BANKER

Liu Chong Hing Bank Limited

### LEGAL ADVISOR

Peter K.S. Chan & Co  
Solicitors & Notaries

### SHARE REGISTRAR AND TRANSFER OFFICE

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Services Limited  
Room 1712-16  
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### REGISTERED OFFICE

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### STOCK CODE

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## MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the "Directors") of Massive Resources International Corporation Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 31 December 2004.

### GENERAL

The principal activity of the Company continues to be investment holding. The principal activities of the Company's subsidiaries include: the manufacturing and trading of electrical equipment, the provision of electrical engineering and contracting services, the trading of listed securities and investments in the People's Republic of China.

### BUSINESS AND INVESTMENT REVIEW

For the six months ended 31 December 2004 the Group recorded a net loss of about HK\$7.4 million (2003: HK\$18.6 million). Provision for diminution in value of investments of HK\$5 million (2003: HK\$16.2 million) has been made during the period ended 31 December 2004.

#### *Manufacturing and trading of electrical equipment and the provision of electrical engineering and contracting services*

The manufacture and trading of electrical equipment and the provision of electrical engineering and contracting services continued to be profitable. Turnover increased when compared with the corresponding period last year as a result of improved trading conditions, and profits had been resumed to HK\$1 million when compared with the corresponding period in 2003 (HK\$0.1 million).

The economic conditions of Hong Kong are still improving and the Group expects to secure more electrical engineering contracts in future.

#### *Trading of investments in listed securities*

The Group did not engage in the trading of investments in listed securities during the period under review.

## INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2004 (2003: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had net current assets of HK\$118.3 million as at 31 December 2004 (at 30 June 2004: HK\$124.9 million). Total bank and other borrowings amounted to HK\$2.3 million as at 31 December 2004 (at 30 June 2004: HK\$3.2 million). The net asset value of the Group as at period end was HK\$115.8 million (at 30 June 2004: HK\$123.2 million). The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 December 2004, was approximately 24% (at 30 June 2004: 17%).

## EMPLOYEES

The Group has approximately 78 employees in Hong Kong. Total staff costs for the interim period under review amounted to approximately HK\$5.3 million. The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2004, the leasehold land and buildings of a Group's subsidiary with carrying value of HK\$5.7 million (at 30 June 2004: HK\$5.7 million) were pledged to a bank for banking facilities. A subsidiary's bank deposits of HK\$3 million (at 30 June 2004: HK\$3 million) had been pledged to secure general banking facilities granted to the subsidiary.

## PROSPECTS

The Group intends to diversify the Group's business into a range of potentially profitable areas. Continuous efforts have been extended to source some other business as our income center, such as the intended acquisitions in the field of gaming business. In view of the recent condition of property market which is expected to continue in the coming year, it is believed that the Group's business in the manufacture and trading of electrical equipment and the provision of electrical engineering and contracting services will be enhanced.

## ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

### DIRECTORS' INTERESTS IN SECURITIES

#### (i) Shares

As at 31 December 2004, the interests of the directors and their associates in the shares, underlying shares and debentures 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 (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") were as follows:

Director	Nature of interest	Number of ordinary shares held	Percentage of shares held
Mr Chen Chak Man	Corporate	447,300,000 <i>Note</i>	4.93%

*Note:* These shares are held by 369 Holdings Limited which is wholly and beneficially owned by Mr Chen Chak Man.

Save as disclosed above and other than certain nominee shares in the subsidiaries held by directors in trust for the Company, none of the Company's directors or their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

(ii) *Share Options*

The Company has a share option scheme under which the directors may, at their discretion, grant options to employees, including any of the directors of the Company or its subsidiaries, to subscribe for shares in the Company, subject to the stipulated terms and conditions. No options were granted to the directors of the Company during the six months ended 31 December 2004.

Save as disclosed above, none of the Company's directors and chief executives, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six months ended 31 December 2004.

## SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following interests in the Company's issued shares as at 31 December 2004 amounting to 5% or more of the ordinary shares in issue:

Name of shareholder	Number of ordinary shares held	Approximate shareholding percentage
Mr Chim Pui Chung ( <i>Note</i> )	1,819,560,000	20.04%

*Note:* These shares were held as to 1,247,820,000 shares by Gallery Land Ltd (a company wholly owned by Mr Chim Pui Chung), as to 568,800,000 shares by Golden Mount Ltd (a company wholly owned by Mr Chim Pui Chung) and as to 2,940,000 shares held by Mr Chim Pui Chung.

Save as disclosed above, the Company has not been notified of any other parties having an interest of 5% or more of the share capital of the Company that was required to be recorded under Section 336 of the SFO as at 31 December 2004.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2004, neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any of the Company's listed securities.

## COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has, as far as possible, complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## MODEL CODE

The Company has adopted the model code for securities transactions by Directors as set out in Appendix 10 of the Listing Rules.

## AUDIT COMMITTEE

The Audit Committee, comprising three Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 31 December 2004. At the request of the Directors, the Company's external auditors, Messrs HLB Hodgson Impey Cheng, have carried out a review of the unaudited interim financial statements in accordance with the Statement of Auditing Standards 700 "Engagement to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2004

	Note	Six months ended	
		2004	2003
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	3	40,008	28,595
Cost of sales		<u>(35,655)</u>	<u>(25,542)</u>
Gross profit		4,353	3,053
Other revenue		532	798
Distribution costs		(524)	(527)
Administrative expenses		(6,323)	(5,215)
Provision for diminution in value of investment in a joint venture		–	(6,922)
Provision for diminution in value for investments in listed securities		<u>(4,954)</u>	<u>(9,275)</u>
Loss from operations	3, 4	(6,916)	(18,088)
Finance costs		<u>(68)</u>	<u>(480)</u>
Loss from ordinary activities before taxation		(6,984)	(18,568)
Taxation	5	<u>(221)</u>	<u>(23)</u>
Loss before minority interests		(7,205)	(18,591)
Minority interests		<u>(201)</u>	<u>(25)</u>
Net loss for the period		<u>(7,406)</u>	<u>(18,616)</u>
Interim dividend	6	<u>–</u>	<u>–</u>
Loss per ordinary share			
Basic	7	<u>(0.1) cent</u>	<u>(0.8) cent</u>

All of the Group's operations are classed as continuing.

The notes on pages 14 to 25 form part of this interim financial report.

## CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2004

	Note	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
<b>Non-current assets</b>			
Tangible fixed assets	8	7,263	7,687
Development costs		635	939
		<u>7,898</u>	<u>8,626</u>
<b>Current assets</b>			
Properties under development for sale		27,200	27,200
Inventories		13,569	10,706
Trade and other receivables	10	23,740	17,556
Amount due from a related company		–	830
Investments in securities		1,353	6,307
Pledged bank deposits		3,000	3,000
Cash at securities company		54,011	54,000
Cash and bank balances		21,053	24,209
		<u>143,926</u>	<u>143,808</u>
<b>Less: current liabilities</b>			
Bank and other borrowings		511	1,181
Trade and other payables	11	22,517	15,332
Taxation		2,560	2,440
		<u>25,588</u>	<u>18,953</u>
<b>Net current assets</b>		<u>118,338</u>	<u>124,855</u>
<b>Total assets less current liabilities</b>		<u>126,236</u>	<u>133,481</u>

		31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
	Note		
<b>Non-current liabilities</b>			
Obligations under finance leases		430	215
Bank and other borrowings		1,806	2,062
		<u>2,236</u>	<u>2,277</u>
<b>Minority interests</b>			
		8,185	7,983
		<u>10,421</u>	<u>10,260</u>
<b>Net assets</b>			
		<u>115,815</u>	<u>123,221</u>
Representing:			
Share capital	12	181,627	181,627
Reserves	13	(65,812)	(58,406)
<b>Shareholders' funds</b>			
		<u>115,815</u>	<u>123,221</u>

The notes on pages 14 to 25 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2004

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total equity at 1 July	123,221	60,777
Net loss for the period	<u>(7,406)</u>	<u>(18,616)</u>
Total equity at 31 December	<u>115,815</u>	<u>42,161</u>

The notes on pages 14 to 25 form part of this interim financial report.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2004

	Six months ended	
	31 December	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(2,500)	353
Net cash inflow/(outflow) from investing activities	66	(734)
Net cash (outflow)/inflow from financing	(711)	3,159
(Decrease)/increase in cash and cash equivalents	(3,145)	2,778
Cash and cash equivalents at beginning of period	78,209	14,709
Cash and cash equivalents at end of period	75,064	17,487
Analysis of balances of cash and cash equivalents		
Cash and bank balances	21,053	17,487
Cash at securities company	54,011	-
	75,064	17,487

The notes on pages 14 to 25 form part of this interim financial report.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2004

### 1. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

### 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2004.

### 3. SEGMENTAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacturing and trading of electrical equipment, the trading of listed securities and provision of electrical engineering and contracting services. An analysis of the Group's turnover and contribution to loss from operations by principal activities and geographical locations during the period is shown as follows:

#### (a) Business segments

	Six months ended 31 December 2004 (unaudited)			
	Manufacture and sale of electrical equipment HK\$'000	Trading of listed securities HK\$'000	Provision of electrical engineering and contracting services HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>				
Sales/services to external customers	31,750	-	8,258	40,008
Segment results	3,575	-	778	4,353
Interest income				35
Other income				497
Distribution costs				(524)
General and administrative expenses				(11,277)
Loss from operating activities				(6,916)
Finance costs				(68)
Loss before taxation				(6,984)
Taxation				(221)
Loss before minority interests				(7,205)
Minority interests				(201)
Net loss for the period				(7,406)

3. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

	Six months ended 31 December 2004 (unaudited)			
	Manufacture and sale of electrical equipment HK\$'000	Trading of listed securities HK\$'000	Provision of electrical engineering and contracting services HK\$'000	Consolidated HK\$'000
Segment assets	46,521	8,468	9,472	64,461
Unallocated assets				87,363
<b>Total assets</b>				<b>151,824</b>
Segment liabilities	11,137	3,709	4,806	19,652
Unallocated liabilities				8,172
<b>Total liabilities</b>				<b>27,824</b>
<b>Other segment information:</b>				
Unallocated capital expenditure				-
Depreciation and amortisation	442	-	-	442
Unallocated amounts				220
				662
Other non-cash expenses	-	4,113	-	4,113

## 3. SEGMENTAL INFORMATION (continued)

## (a) Business segments (continued)

	Six months ended 31 December 2003 (unaudited)				
	Manufacture and sale of electrical equipment HK\$'000	Trading of listed securities HK\$'000	Provision of electrical engineering and contracting services HK\$'000	Entertainment business HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>					
Sales/services to external customers	23,079	-	5,516	-	28,595
Segment results	2,767	-	286	-	3,053
Interest income					43
Other income					755
Distribution costs					(527)
General and administrative expenses					(21,412)
Loss from operating activities					(18,088)
Finance costs					(480)
Loss before taxation					(18,568)
Taxation					(23)
Loss before minority interests					(18,591)
Minority interests					(25)
Net loss for the period					(18,616)
Segment assets	44,011	6,546	6,697	95	57,349
Unallocated assets					38,547
<b>Total assets</b>					<b>95,896</b>

3. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

	Six months ended 31 December 2003 (unaudited)				Consolidated HK\$'000
	Manufacture and sale of electrical equipment HK\$'000	Trading of listed securities HK\$'000	Provision of electrical engineering and contracting services HK\$'000	Entertainment business HK\$'000	
Segment liabilities	10,055	4,239	4,196	138	18,628
Unallocated liabilities					27,178
<b>Total liabilities</b>					<b>45,806</b>
<b>Other segment information:</b>					
Unallocated capital expenditure					734
Depreciation and amortisation	462	-	-	-	462
Unallocated amounts					220
					682
Other non-cash expenses	-	9,275	-	-	9,275
Unallocated amounts					6,922
					16,197

3. SEGMENTAL INFORMATION *(continued)*

 (b) *Geographical segments*

	Six months ended		
	31 December 2004 (unaudited)		
	Hong Kong HK\$'000	The PRC HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>			
Sales/services to external customers	40,008	–	40,008
Segment results	4,353	–	4,353
<b>Other segment information:</b>			
Segment assets	124,624	27,200	151,824
Capital expenditure	–	–	–

	Six months ended		
	31 December 2003 (unaudited)		
	Hong Kong HK\$'000	The PRC HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>			
Sales/services to extent customers	28,595	–	28,595
Segment results	3,053	–	3,053
<b>Other segment information:</b>			
Segment assets	66,320	29,576	95,896
Capital expenditure	734	–	734

#### 4. DEPRECIATION AND AMORTISATION

During the period, depreciation of HK\$358,000 (2003: HK\$542,000) was charged in respect of the Group's tangible fixed assets. Amortisation of HK\$304,000 (2003: HK\$140,000) was charged in respect of the Group's intangible fixed assets.

#### 5. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period.

#### 6. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the period under review (2003: Nil).

#### 7. LOSS PER ORDINARY SHARE

The calculation of the basic loss per ordinary share is based on the net loss for the period of HK\$7,406,000 (2003: HK\$18,616,000) and the 9,081,360,000 (2003: 2,270,340,000) ordinary shares in issue during the period.

There were no dilutive potential ordinary shares in issue during the period ended 31 December 2004 and accordingly, the diluted loss per ordinary share was not shown. No diluted loss per ordinary share has been presented for the period ended 31 December 2003 as the effect of the assumed conversion of the Company's outstanding convertible notes would result in a decrease in net loss per ordinary share.

#### 8. TANGIBLE FIXED ASSETS

The net book value of tangible fixed assets pledged to secure general banking facilities granted to the Group amounted to HK\$5,661,000 (at 30 June 2004: HK\$5,734,000) and the net book value of tangible fixed assets held under finance leases amounted to HK\$623,000 (at 30 June 2004: HK\$835,000).

9. SUBSIDIARIES NOT CONSOLIDATED

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
Unlisted shares at cost, net of provision	—	—

In February 2001, Goalstar Holdings Limited ("Goalstar"), a wholly-owned subsidiary of the Company, purportedly entered into an agreement whereby Goalstar would purchase 60% of the issued shares and the shareholders' loan of M-Star Limited ("M-Star"). Having obtained legal advice, Goalstar duly rescinded the purported agreement. The Company's investments in M-Star had not be incorporated into these financial statements and full provision of HK\$16,043,000 had been made during the year ended 30 June 2002. During the period, official receiver had been appointed for the liquidation of M-Star. In the opinion of the Board of Directors, the recoverability of the investment in M-Star is remote.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to 60 days to its trade customers. Included in trade and other receivables are trade debtors of HK\$20,987,000 (at 30 June 2004: HK\$13,534,000) with the following aging analysis:

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
Current	4,428	2,819
Over 30 days	5,247	3,642
Over 60 days	5,226	2,739
Over 90 days	6,086	4,334
	<u>20,987</u>	<u>13,534</u>

## 11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$11,122,000 (at 30 June 2004: HK\$5,514,000) with the following aging analysis:

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
Current	4,560	2,151
Over 30 days	2,669	1,646
Over 60 days	3,893	1,715
Over 90 days	-	2
	<u>11,122</u>	<u>5,514</u>

## 12. SHARE CAPITAL

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
<i>Authorised:</i> 50,000,000 ordinary shares of HK\$0.02 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid:</i> 9,081,360,000 ordinary shares of HK\$0.02 each	<u>181,627</u>	<u>181,627</u>

## 13. RESERVES

	Share premium (Unaudited) HK\$'000	Non- distributable reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
The Group:				
At 1 July 2004 (Audited)	17,198	2,264	(77,868)	(58,406)
Net loss for the period	—	—	(7,406)	(7,406)
<b>At 31 December 2004 (Unaudited)</b>	<b>17,198</b>	<b>2,264</b>	<b>(85,274)</b>	<b>(65,812)</b>

## 14. PLEDGE OF ASSETS

As at 31 December 2004, the leasehold land and buildings of a Group's subsidiary with carrying value of HK\$5,661,000 (30 June 2004: HK\$5,734,000) were pledged to a bank for banking facilities. A subsidiary's bank deposits of HK\$3,000,000 (30 June 2004: HK\$3,000,000) had been pledged to secure general banking facilities granted to the subsidiary.

15. CONTINGENT LIABILITIES

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
(i) Irrevocable letters of credit	—	409
(ii) On 1 September 2004, a writ of summons and statement of claim was made by The Centre (49) Limited in respect of the office premises previously surrendered by the Group. The claim is for a sum of approximately HK\$3.3 million together with interest and cost. On 26 October 2004, the Company filed a defence and counterclaim and the claimant also filed a reply and defence to the Company's counterclaim on 23 November 2004. The next step is for both sides to exchange their lists of documents and witness statements before the case is set down for trial. A provision of approximately HK\$1.6 million was made in the financial statements for the year ended 30 June 2004. The management does not expect the claim to have any significant adverse effect on the financial position of the Company.		

16. OPERATING LEASE COMMITMENTS

At 31 December 2004, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2004 (Unaudited) HK\$'000	30 June 2004 (Audited) HK\$'000
Within one year	54	114

## 17. POST BALANCE SHEET EVENTS

- (i) On 23 November 2004, the Company entered into a conditional sale and purchase agreement (the "EC Link Acquisition Agreement") in respect of the purchase of 70% interest and loan in EC Link Pacific Limited ("EC Link") at a consideration of HK\$35,000,000. The sole asset of EC Link is a 5% interest in Golden Gain Management Limited, which in turn, holds an 80% interest in the Golden Times Club, which is principally engaged in gaming related business. Completion of the EC Link Acquisition Agreement is scheduled to take place in April 2005. For further details, please refer to the Company's circular dated 24 December 2004.
- (ii) On 7 January 2005, the Company entered into a conditional sale and purchase agreement (the "Walden Acquisition Agreement") in respect of the purchase of 70% interest and loan in Walden Maritime S.A. ("Walden") at a consideration of HK\$68,000,000. Walden is a company incorporated solely for the purpose of owning the cruise ship, CT Neptune ex Olvia. It is intended that the Ship will be moored in Hong Kong after renovation and it will be engaged in the gaming and entertainment business in international waters. Completion of the Walden Acquisition Agreement is scheduled to take place in August 2005. For further details, please refer to the Company's circular dated 14 March 2005.

## 18. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group entered into sales transactions of HK\$8,256,000 (2003: HK\$5,447,000) and paid management fees of HK\$180,000 (2003: HK\$180,000) to related companies, in which directors of subsidiaries have controlling interests.

## 19. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board of Directors on 23 March 2005.

By Order of the Board  
**Lau Kwok Hung**  
*Executive Director*

Hong Kong, 23 March 2005

## INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF  
MASSIVE RESOURCES INTERNATIONAL CORPORATION LIMITED  
*(Incorporated in Hong Kong with limited liability)*

### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 1 to 25.

### DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

### REVIEW OF WORK PERFORMED

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 December 2004.

**HLB Hodgson Impey Cheng**  
*Chartered Accountants*  
*Certified Public Accountants*

Hong Kong, 23 March 2005