

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 (collectively the "Group") for the six months ended 31 December 2002.

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, securities trading and investment in the People's Republic of China (the "PRC").

Business and Investment Review

For the six months ended 31 December 2002, the Group recorded a net loss of about HK\$19.9 million. The bulk of this loss mainly came from the decrease in turnover and thus the profit derived therefrom and the increase in the administrative costs of the Group including the incurring of legal, professional and other fees and expenses mainly for the PRC projects. One of the heavy-loaded expenses is the binding three-year contract at a substantially high rental in respect of its office premises since January 2001. Furthermore, the unfortunate 7.26 disaster for cent-stocks market in Hong Kong jeopardized one of the Company's major strategic investment co-operations with our Chinese business partner – CITIC Cultural & Sports Industry Company Limited for the potential development of the entertainment business and the efforts of business collaboration with famous European and American media, sports and cultural groups. As a result of the unexpected downside of the Company's business, the management is attempting to source several other business opportunities in trading, sole agency and distributorship in the Greater China Region.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business and Investment Review (Continued)

In order to enable the Group to defray the fees, expenses, rental of its office premises, salary of officers of the Group and its staff members, and other outstanding sundry indebtedness, and to enable the Group to diversify into businesses which have profit-generating potential, the management on one occasion during the period under review raised a total of around HK\$12 million by means of share placement and incurred about HK\$0.8 million in commissions, professional fees, levies etc for such a fund raising exercise.

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, although turnover had decreased compared with the corresponding period last year as a result of difficult trading conditions, and profits at HK\$0.3 million were substantially lower than for the corresponding period in 2001 (HK\$1.2 million).

Difficult economic conditions continued to affect Asia and Hong Kong in particular, and they are likely to do so in the coming year. Accordingly, management is technically upgrading its products, is applying stringent cost control measures in respect of its overall operations and is seeking to enter new markets by introducing new products. However, significant improvements to Group profits are not anticipated in the short term.

Trading of investments in listed securities

As a result of the unfavourable market conditions, the Group incurred a loss of HK\$86,000 in the trading of investments in listed securities during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Interim Dividend

The Board of Directors has resolved not to declare any interim dividend for the six months ended 31 December 2002 (2001: Nil).

Liquidity and Financial Resources

The Group had retained cash of approximately HK\$14.1 million as at 31 December 2002. As most of the retained cash was placed in Hong Kong Dollar short-term deposits with banks in Hong Kong, exposure to exchange fluctuations is considered minimal.

As at 31 December 2002, the Company had net current assets of approximately HK\$59 million. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 December 2002, was 0.61.

Employees

The Group has approximately 68 employees in Hong Kong. Total staff costs for the interim period under review amounted to approximately HK\$4.7 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 Company's Assets

As at 31 December 2002, the Group's land and building with net book value of HK\$5,887,000 was mortgaged to secure general banking facilities, which were granted to certain subsidiaries of the Group. And the Group's listed securities with net book value of HK\$2,233,000 were pledged to secure short-term borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 trading, sole agency and distributorship for some demanded commodities in the Mainland China. Cultural, sports and entertainment business shall remain as our concerning areas and if opportunities howsoever arise, the Company shall continue to proceed such businesses in Beijing.