

Massive Resources International Corporation Limited

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF MASSIVE RESOURCES INTERNATIONAL CORPORATION LIMITED

(formerly known as Mandarin Resources 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 29.

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 Society of 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 Society of Accountants, except that the scope of our review was limited as explained below.

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.

The scope of our review was limited as follows:

1. as disclosed in Note 10(a) to the condensed financial statements, there is a subsidiary not consolidated in relation to the Group's 89% interest in Hebei Dezhi Industry Co., Ltd. ("Hebei"), in respect of which the Group

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has been unable to exercise effective control since 1 July 1998 and which is stated at the Group's attributable share of net assets amounting to HK\$17,172,000 as at that date in the consolidated balance sheet. However, in the absence of any current financial information in respect of Hebei, the directors have been unable to determine whether there has been any diminution in value of Hebei since 1 July 1998 in respect of which further provision would be required in this interim financial report. At the same time, we were unable to obtain confirmation or other reliable evidence to satisfy ourselves as to whether amounts due to Hebei of HK\$26,275,000 as at 31 December 2001 are fairly stated;

2. as disclosed in Note 10(b) to the condensed financial statements, 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. Having obtained legal advice, Goalstar duly rescinded the purported agreement during the period under review. Senior Counsel engaged by Goalstar is of the opinion that Goalstar has an arguable claim for rescission, and accordingly a Writ of Summons will be issued therefor as soon as Senior Counsel has settled the Statement of Claim endorsed with the Writ of Summons. Goalstar will be seeking the return of a loan of HK\$750,000 made to M-Star Limited and is also seeking the return of its investment together with damages from the vendors of the shares in M-Star Limited purportedly purchased by Goalstar. The Board of Directors has taken the view that in the circumstances, the Company's investments in M-Star Limited should not be incorporated into these financial statements. The investment in M-Star Limited is stated at HK\$16,043,000 and in the opinion of the Board of Directors, no provision should be made in respect thereof pending the conclusion of or further developments in the impending court litigation. Pending the adjudgement of the impending litigation, we are unable to determine whether any provision for the investment in M-Star Limited is required; and
3. as explained in Note 11 to the condensed financial statements, investments in securities included as non-current assets include Maxview Enterprises Limited ("Maxview") in respect of which the Group has been unable to exercise any significant influence since 31 December 1998 and which is stated at the Group's share of net assets

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amounting to HK\$5,999,000 as at that date in the consolidated balance sheet. However, in the absence of any current financial information in respect of Maxview, the directors have been unable to determine whether there has been any diminution in value of Maxview since 31 December 1998 in respect of which further provision would be required in this interim financial report. At the same time, we were unable to obtain confirmation or other reliable evidence to satisfy ourselves as to whether an amount due to Maxview of HK\$4,016,000 as at 31 December 2001 is fairly stated.

Modified review conclusion arising from limitations of review scope

On the basis of our review which does not constitute an audit, with the exception of the possible adjustments that might have been determined to be necessary had the above limitations not existed, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 December 2001.

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong, 22 March 2002