

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.