

The directors have pleasure in submitting their report together with the audited financial statements of Massive Resources International Corporation Limited (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in Note 20 to financial statements.

SEGMENT INFORMATION

An analysis of the Group’s turnover and contribution to results by principal activities and geographical area of operations for the year ended 30 June 2006 is set out in Note 6 to financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the five largest customers accounted for approximately 52% (2005: 39%) of the Group’s total turnover and the five largest suppliers accounted for approximately 62% (2005: 68%) of the Group’s total purchases.

The largest customer accounted for approximately 26% (2005: 21%) of the Group’s total turnover and the largest supplier accounted for approximately 22% (2005: 23%) of the Group’s total purchases.

None of the directors, their associates or any shareholder (who to the knowledge of the directors own more than 5% of the Company’s share capital) had beneficial interests in the Group’s five largest customers and suppliers.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 30 June 2006 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 22 to 83.

The directors do not recommend payment of a final dividend in respect of the year ended 30 June 2006 (2005: Nil).

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 31 to financial statements.

As at 30 June 2006, the Company did not have available reserves for distribution to shareholders (2005: Nil) in accordance with the provisions of section 79B of the Hong Kong Companies Ordinance.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out below:

Results

	Year ended 30 June				2006
	2002	2003	2004	2005	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	103,991	88,864	54,494	77,009	103,134
Operating (loss)/profit from ordinary activities	(48,989)	(44,466)	(25,720)	(10,608)	10,650
Taxation charge for the year	(417)	(759)	(76)	(366)	(1,047)
(Loss)/profit before minority interests	(49,406)	(45,225)	(25,796)	(10,974)	9,603
Minority interests	(306)	(54)	(79)	(379)	(2,456)
(Loss)/profit for the year	(49,712)	(45,279)	(25,875)	(11,353)	7,147

Assets and Liabilities

	At 30 June				2006
	2002	2003	2004	2005	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	140,073	116,660	152,434	286,054	354,521
Total liabilities	(44,167)	(47,979)	(21,230)	(55,218)	(113,805)
Minority interests	(7,850)	(7,904)	(7,983)	(8,386)	(10,842)
Shareholders' funds	88,056	60,777	123,221	222,450	229,874

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to financial statements.

SHARE CAPITAL

Details of movements in the share capital during the year are set out in Note 30 to financial statements.

BORROWINGS AND INTEREST CAPITALISED

All borrowings which are repayable within one year or on demand are classified as current liabilities.

No interest was capitalised by the Group during the year.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Lin Cheuk Fung (*Chairman*)

Mr. Lau Kwok Hung

Mr. Chan Shiu Kwong, Stephen

Mr. Lau Kwok Keung

Mr. Chen Chak Man

(Resigned on 8 June 2006)

Ms. Chik Siu Yin, Urica

(Resigned on 21 January 2006)

Independent non-executive directors:

Mr. Chow Pui Fung

Mr. Yue Fu Wing

Mr. Wong Yuk Man

(Appointed on 1 March 2006)

Mr. Hung Shui Nam

(Resigned on 1 March 2006)

In accordance with Articles 79 and 80 of the Company's Articles of Association, Mr. Lau Kwok Hung, Mr. Lau Kwok Keung, Mr. Chow Pui Fung and Mr. Wong Yuk Man shall retire by rotation and being eligible, offer themselves for re-election.

The terms of office of non-executive directors are subject to retirement by rotation in accordance with the above Articles.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

(i) Shares

As at 30 June 2006, 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 were as follows:

Long positions in ordinary shares of the Company

Director	Nature of interest	Number of ordinary shares held	Percentage of shares held
Mr. Lin Cheuk Fung	Personal	1,500,000,000	12.10%

Note:

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) Options

The Company operates a share option scheme (the "Scheme") under which the directors may, at their discretion, grant options to employees, including any of the directors of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions.

As at 30 June 2006, none of the directors of the Company had any interests in options to subscribe for shares granted under the Scheme.

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 year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

The share option scheme adopted by the Company on 30 November 2000 enables the directors and employees of the Group to subscribe for shares in the Company, details of which are set out in Note 30 to financial statements. The share option scheme was adopted prior to the new rules on share option schemes under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange coming into operation. The Company may only grant further options under the share option scheme if the options are granted in accordance with the requirement of the new rules of Chapter 17 of the Listing Rules.

Save as disclosed above, at no time during the year 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 debenture of the Company or any other body corporate.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates as at 30 June 2006 are set out in Notes 20 and 22 to financial statements respectively.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

MANAGEMENT CONTRACTS

A management services contract was made on the 1st day of October 2005 between Walden Maritime S.A. and the Company for a period of two years. Under this contract, the Company shall be paid a management fee of HK\$500,000 per month.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which any 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 AND INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2006, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	No. of ordinary shares held	Percentage of shares held
Mr. Chim Pui Chung (<i>Note</i>)	1,835,960,000	14.81%
Mr. Lin Cheuk Fung	1,500,000,000	12.10%

Note: These shares were held as to 1,264,220,000 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.

Details of the above interests of Mr. Lin Cheuk Fung are also disclosed above under directors' interests in securities. Save as disclosed above, no person had registered 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 30 June 2006.

CONNECTED/RELATED PARTY TRANSACTIONS

Details of other related party transactions of the Group are set out in Note 38 to financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Details of biographical details of directors and senior management are set out on pages 8 to 9 of this annual report.

RETIREMENT SCHEME

Details of the retirement scheme of the Group and the employer's pension costs charged to the consolidated income statement for the year are set out in Note 36 to financial statements. In the opinion of the directors, the Group had no significant obligations at 30 June 2006 for long service payments to its employees pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company was in compliance with the provisions of the Code on Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting year covered by the financial statements, except for code provisions A.2.1, A.4.1 and B1.1 details of which are set out in the Corporate Governance Report on pages 10 to 13 of this annual report.

MODEL CODE FOR SECURITIES BY DIRECTORS

The Company has complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company. Details of compliance with the Model Code by directors are set out in the Corporate Governance Report on page 10 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, comprising three members, all being Independent Non-executive Directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's financial statements for the year ended 30 June 2006.

AUDITORS

Messrs HLB Hodgson Impey Cheng retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the annual general meeting to re-appoint Messrs HLB Hodgson Impey Cheng as auditors of the Company.

On Behalf of the Board

Lin Cheuk Fung

Chairman

Hong Kong, 24 October 2006