



Report of the Directors

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 2005.

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 15 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 2005 is set out in Note 4 to financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the five largest customers accounted for approximately 39% (2004: 39%) of the Group’s total turnover and the five largest suppliers accounted for approximately 68% (2004: 75%) of the Group’s total purchases.

The largest customer accounted for approximately 21% (2004: 19%) of the Group’s total turnover and the largest supplier accounted for approximately 23% (2004: 24%) 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 2005 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 15 to 65.

The directors do not recommend payment of a final dividend in respect of the year ended 30 June 2005 (2004: Nil).

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 27 to financial statements.

As at 30 June 2005, the Company did not have available reserves for distribution to shareholders (2004: 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				2005 HK\$'000
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	
Turnover	198,024	103,991	88,864	54,494	77,009
Operating loss from ordinary activities	(42,769)	(48,989)	(44,466)	(25,720)	(10,608)
Taxation charge for the year	(1,086)	(417)	(759)	(76)	(366)
Loss before minority interests	(43,855)	(49,406)	(45,225)	(25,796)	(10,974)
Minority interests	(3,134)	(306)	(54)	(79)	(379)
Loss for the year	(46,989)	(49,712)	(45,279)	(25,875)	(11,353)

Assets and Liabilities

	At 30 June				2005 HK\$'000
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	
Total assets	156,149	140,073	116,660	152,434	286,054
Total liabilities	(75,047)	(44,167)	(47,979)	(21,230)	(55,218)
Minority interests	(6,646)	(7,850)	(7,904)	(7,983)	(8,386)
Shareholders' funds	74,456	88,056	60,777	123,221	222,450

TANGIBLE FIXED ASSETS

Details of the movements in tangible fixed assets of the Group during the year are set out in Note 12 to financial statements.

SHARE CAPITAL

Details of movements in the share capital during the year are set out in Note 26 to financial statements.

Report of the Directors *(Continued)*

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.

USE OF PROCEEDS FROM OPEN OFFER

The proceeds from the issue of 6,811,020,000 ordinary shares of the Company under the open offer as set out in the Company's circular dated 24 May 2004 (the "Circular"), after deduction of related issuance expenses, amounted to approximately HK\$87.8 million was applied in accordance with the proposed applications as stated in the Circular during the year ended 30 June 2005.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr Chen Chak Man (*Chairman*)

Mr Lau Kwok Hung

Mr Lau Kwok Keung

Ms Chik Siu Yin, Urica

Mr Chan Shiu Kwong, Stephen (Appointed on 20 April 2005)

Mr Lin Cheuk Fung (Appointed on 21 June 2005)

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)

In accordance with Articles 79 and 80 of the Company's Articles of Association, Mr Chan Shiu Kwong, Stephen, Mr Lin Cheuk Fung and Mr Yue Fu Wing 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' INTERESTS IN SECURITIES

(1) Shares

As at 30 June 2005, 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 Chen Chak Man	Corporate	447,300,000 (Note i)	3.61%
Mr Lin Cheuk Fung	Personal	1,500,000,000	12.10%

Note:

- (i) These shares were held by 369 Holdings Limited which is wholly and beneficially held 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.

(2) 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 2005, 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.

Report of the Directors *(Continued)*

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 26 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.

Saved 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 2005 are set out in Notes 15 and 17 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

No contracts, other than contract of service with any person engaged in the full time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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 INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company has been notified of the following interests in the Company's issued shares as at 30 June 2005 amounting to 5% or more of the ordinary shares in issue:

Name of shareholders	No. of ordinary shares held	Percentage of shares held
Mr Chim Pui Chung (Note)	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 568,800,00 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' interest 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 2005.

CONNECTED/RELATED PARTY TRANSACTIONS

Details of other related party transactions of the Group are set out in Note 34 to financial statements.

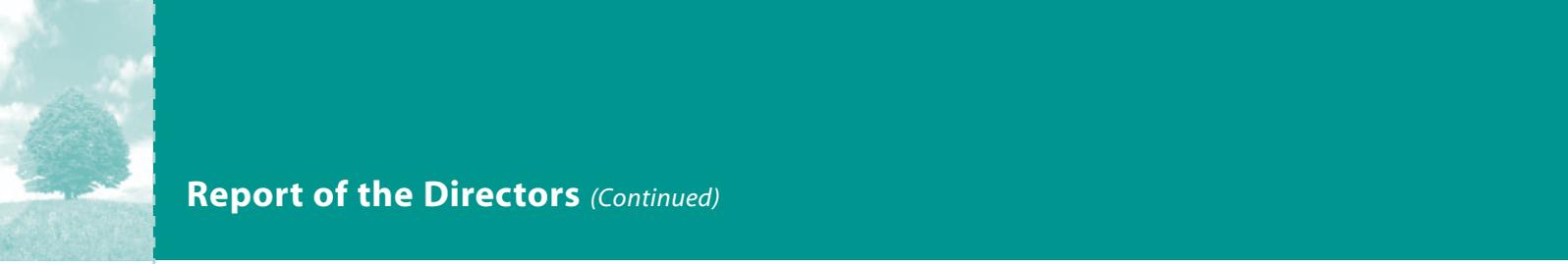
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr Chen Chak Man, aged 53, was appointed the Chairman of the Board and an Executive Director on 31 July 2001. He holds a Diploma of Technology from the British Columbia Institute of Technology, Canada. He was accredited as a member of Canadian Credit Institute, Canada, and as Associate of the Institute of Canadian Bankers.

Mr Lau Kwok Hung, aged 59, was appointed an Executive Director on 11 October 2001. Mr Lau holds a senior executive master degree in business administration from Charles Darwin University. He is a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 25 years of experience in accounting and finance, auditing, taxation, company secretarial practice and corporate finance. He is also the Company Secretary of the Company.

Mr Lau Kwok Keung, aged 57, was appointed an Executive Director of the Company on 13 May 2003. Mr Lau graduated from the Faculty of Social Sciences, University of Hong Kong majoring in Economics, Accounting and Business Management. He has over 25 years of experience in manufacturing, trading, property development and securities investments. He is the younger brother of Mr Lau Kwok Hung.

Ms Chik Siu Yin, Urica, aged 35, was appointed as an Executive Director of the Company on 13 May 2003. Ms Chik is responsible for overseeing the accounting and finance function of the Company. She has over 10 years of experience in accounting and company secretarial field. Before joining the Company in September 2001, she has worked for a public listed company for six years.



Report of the Directors *(Continued)*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Mr Chan Shiu Kwong, Stephen, age 49, was appointed an Executive Director of the Company on 20 April 2005. Mr Chan holds a Bachelor of Commerce in Curtin University of Technology, Australia and is currently a member of Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries and CPA (Australia). Mr Chan has over 20 years of experience in property development, manufacturing and travel related industries. He has previously served a number of multinational companies as chief financial personnel and many local public listed companies as a project financial manager and these attribute to his profound experience in merger and acquisition in PRC infrastructure.

Mr Lin Cheuk Fung, aged 32, was appointed an Executive Director of the Company on 21 June 2005. Mr Lin has over 10 years' experience in a number of business activities ranging from garment industry, automobile business, property investment, cruise ship operation to casino operation. Currently, he is also the director of Hong Kong Commerce & Industry Association Ltd and the vice president of The Association of Industries and Commerce of N.E. New Territories.

Mr Chow Pui Fung, aged 65, was appointed an Independent Non-executive Director of the Company on 13 May 2003. Mr Chow is a merchant and has been in the business of securities investments, shipping and import & export for years.

Mr Hung Shui Nam, aged 34, was appointed as an Independent Non-executive Director of the Company on 30 September 2004. Mr Hung has been in the accounting field for approximately 10 years. He gained most of his experience in the manufacturing sector, of which he spent several years in some factories owned by two companies listed on The Stock Exchange of Hong Kong Limited.

Mr Yue Fu Wing, aged 37, was appointed as an Independent Non-executive Director of the Company on 15 January 2005. Mr Yue is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has a Master Degree in PRC Accounting from Jinan University in China and a Bachelor Degree in Accountancy from the City University of Hong Kong. Mr Yue has over ten years' experience in accounting and finance. He has worked for a multi-national company, a Hong Kong listed company and an international accounting firm.

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 32 to financial statements. In the opinion of the directors, the Group had no significant obligations at 30 June 2005 for long service payments to its employees pursuant to the requirements under the Employment Ordinance.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company was in compliance with the Code of Best Practice (the "Code"), 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 annual report, except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's Articles of Association.

The Code as set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

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.

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 2005.

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

Lau Kwok Hung

Executive Director

Hong Kong, 25 October 2005