



MANAGEMENT DISCUSSION AND ANALYSIS

On 10 July 2002, the Receivers, the Company and Power Assets Enterprises Limited entered into various Restructuring Agreements. The purpose of the Restructuring Agreements is to implement a restructuring proposal which involves, inter alia, capital restructuring, asset transfers, share transfers and debt restructuring.

On 8 November 2002, the Company obtained a conditional approval of the resumption proposal submitted to the relevant authorities. Please refer to details in the announcement on 18 November 2002.

A unanimous resolution was passed at a creditors' meeting held on 11 November 2002 to approve the restructuring proposal. The creditors' scheme was sanctioned by the Hong Kong Court on 3 December 2002.

A court hearing has also been arranged in Bermuda for sanctioning the creditors' scheme which is likely to take place in early December 2002. Nevertheless, the Bermuda court sanction is not a condition precedent to the completion of the Restructuring Agreements.

On 16 November 2002, the Circular containing detailed information concerning the restructuring was dispatched to the shareholders. A special general meeting of the Company was held on 9 December 2002 and various resolutions in relation to the restructuring were approved by the shareholders.

Subject to the above and the fulfillment of all conditions as set out by the authorities, the trading of the Company's shares is expected to occur by end of December 2002. Trading of the Company's shares was suspended since 2:30 pm on Friday, 19 October 2001.

Employment and Remuneration Policies

As at 30 September 2002, the Group had 3 employees in Hong Kong. Subsequent to the appointment of the receivers and managers, most of the employees of the Group were terminated. The remaining employees are remunerated on a daily contractual basis, without taking into account general market conditions. The remuneration policies are not subject to review by the Directors of the Group.