13. Contingent Liabilities

(a) A wholly-owned subsidiary of the Company has given a several guarantee in favour of a bank to secure 50% of the credit facilities granted to, and utilised by, a jointly controlled entity. As at 30th September, 2001, the Group's proportionate share of such utilised credit facilities was approximately HK$68,650,000.

(b) The Group has an interest in a joint venture which, until December 1996, owned a property which was financed in part by a loan secured by a mortgage on the property. Each joint venturer is committed to the repayment of its proportionate share of the liability under the mortgage and this is reflected in a several guarantee given by the venturers to the mortgagee. During 1996, the property was sold by the mortgagee and the Group wrote off its investment in the joint venture and provided for its proportionate share of the mortgage liability under the guarantee. There is a contingent liability in respect of the remaining excess mortgage liability of approximately HK$110 million as at 30th September, 2001, in the event that the Group's obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. The Group had obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.

(c) Claims have been made against certain subsidiaries for damages in respect of alleged defamation. The directors consider that the chance of the group suffering any material loss in respect of these claims is remote and, accordingly, no provision has been made in the accounts.

14. Capital Commitments

	Unaudited As at 30th September 2001 *HK$'000*	Audited As at 31st March 2001 *HK$'000*
Contracted but not provided for	**5,912**	5,928

15. Pledge of Assets

The Group's land and building with a net book value of approximately HK$64.7 million (As at 31st March, 2001: HK$65.5m) were pledged to secure general banking facilities granted to the Group.

The Group's plant and machinery with a net book value of approximately HK$6.7 million (As at 31st March, 2001: Nil) were pledged to secure a term machine loan to a subsidiary of the Group.

16 Comparative Amounts

Certain comparative amounts in the Group's profit and loss account have been reclassified to conform with the current period's presentation.

17. Approval and Review of the Interim Financial Statements

The interim results for the Period and the comparative figures for the corresponding period in the previous year have not been audited by the Company's Auditors, but have been reviewed by the Audit Committee.

INTERIM DIVIDEND

The directors have resolved that no interim dividend be declared in respect of the Period (2000: nil).

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Review of Operations

The consolidated turnover for the Period recorded a decline of 4% to HK$648.5 million as compared to the prior corresponding period while operating losses increased to HK$26.0 million. Loss attributable to shareholders amounted to HK$35.0 million. This included a sum of HK$12 million as part of the costs of a business restructuring and staff redundancy programme in September.

Hong Kong newspaper operations

Turnover for the Hong Kong newspaper operations declined by 2% during the Period. The decline was mainly attributable to decrease in advertising income as a result of the general economic downturn in Hong Kong since early this year, which was further exacerbated by the 9-11 event. To counter the challenging operating environment, the Group undertook a series of business restructuring exercises during the Period which resulted in the redundancy of approximately 180 staff and potential annual cost savings of approximately HK$50 million. In particular, Hong Kong iMail was repositioned into a newspaper focusing on business news in the Greater China region. Such restructuring would allow the Group to cost-effectively exploit an underserved segment within the English-language newspaper market.