

AUDITORS' REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOUTH SEA HOLDING COMPANY LIMITED
(formerly known as Learning Concepts Holdings Limited, Savoy Concepts Limited
and Team Concepts Holdings Limited)**

(incorporated in Bermuda with limited liability)

We have audited the accounts on pages 22 to 70 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of Directors and auditors

The Company's Directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the accounts concerning the adoption of the going concern basis for the preparation of the accounts. As detailed in note 1 to the accounts, the accounts have been prepared on a going concern basis, the validity of which is dependent upon a number of factors, in particular, the capitalisation of certain unsecured debts and the extension of the repayment period of certain bank loans and overdrafts. The accounts do not include any adjustments that would result from a failure of the Group to operate as a going concern. Should the going concern basis not be valid, adjustments would have to be made to reduce the value of all assets of the Group to their recoverable amounts, to provide for any further liabilities for the Group which might arise and to reclassify the non-current assets of the Group as current assets and the long-term liabilities as current liabilities. We consider that the fundamental uncertainty has been properly accounted for and disclosed in the accounts and our opinion is not qualified in this respect.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2001 and of the loss and cash flows of the Group for the period from 1st January 2000 to 31st March 2001 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27th August 2001